2019

RÉMY COINTREAU

REGISTRATION DOCUMENT 2018/2019

INCLUDING THE ANNUAL FINANCIAL REPORT

CONTENTS

The elements of the annual financial report are identified by the AFR symbol

RÉMY COINTREAU

REGISTRATION DOCUMENT 2018/2019
AND ANNUAL FINANCIAL REPORT

The Rémy Cointreau Group is one of the major operators in the global Wine & Spirits market with a portfolio of exceptional brands, which include the Rémy Martin et LOUIS XIII cognacs and the Cointreau liqueur. The brands are mostly distributed by a network of subsidiaries established in the Group's various strategic markets.

Rémy Cointreau is listed on Euronext Paris. The free float represents approximately 42%. The Rémy Cointreau Group is controlled by the majority shareholder, the Andromède family holding company.

AUTORITÉ DES MARCHÉS FINANCIERS AMF

This registration document was filed with the French Financial Markets Authority (AMF) on 28 June 2019, in accordance with Article 212-13 of its General Regulation. It may be used in support of a financial transaction if accompanied by a memorandum approved by the AMF. It was prepared by the issuer under the responsibility of its signatories.

CHAIRMAN'S MESSAGE

MARC HÉRIARD DUBREUIL

It is with great pride that we end this year. In a buoyant high-end spirits market, the uniqueness of our brand portfolio, the quality of our execution, and the creativity and commitment of our teams have enabled the Group to deliver historic results in 2018/2019 across all areas: sales, operating margin and profits.

It has taken some time to get to this point, but we are confident in remaining here in the future, despite the changing environment with which we are faced. Our performance allows us to look to the future without fear.

Our brands have taken their time to mature, to thrive and craft these exceptional spirits that win over our clients and which will continue to attract new generations. They are the wealth on which we can capitalise as we pave the way forward, harnessing the momentum provided by digital technology to accelerate the pace.

And I am even prouder to say that our results have been achieved by respecting our CSR commitments, which are at the heart of our strategic ambition. It is more important than ever that our CSR policy is an active part of the Group's value

creation, while continuing to build on its annual commitment to the Global Compact.

A key point of our strategic CSR vision, is our environmental commitment to responsible and sustainable winemaking that respects our terroirs. All our brands have their roots in the earth. The attachment that they have to their terroirs helps to build awareness of the importance of preserving resources.

Accordingly, in Cognac, 94% of the vineyards supplying the House of Rémy Martin are committed to this approach and 42% are now High Environmental Value certified. On the isle of Islay, our Bruichladdich distillery has been certified "Biodynamic" by the European Union, just like that of Domaine des Hautes Glaces in the French Alps. And at Cointreau, a certification process for oranges has been initiated with our suppliers. Our ambition is clear: over the next five years, 100% of the land used to grow our ingredients and produce our *eaux-de-vie* will be managed responsibly and sustainably. This commitment is essential for preserving our brands over the centuries.

The age-old reasoning of the Group's brands considers the long term. The Group's Houses have survived the test of time, and always with the same preoccupation: transmitting everything they can to ensure the future.

Time is our challenge but it is also our ally in assisting our ambition: to be the leader in exceptional spirits.

"ALL OUR BRANDS HAVE THEIR ROOTS IN THE EARTH. THE ATTACHMENT THEY HAVE TO THEIR TERROIRS HELPS TO BUILD AWARENESS OF THE IMPORTANCE OF PRESERVING RESOURCES."

HISTORY OF THE GROUP

The Rémy Cointreau Group, whose charentaise origins date back to 1724, is the result of the merger in 1990 of the holding companies of the Hériard Dubreuil and Cointreau families, which controlled E. Rémy Martin & C° SA and Cointreau & Cie SA respectively. It is also the result of successive alliances between companies operating in the same Wines and Spirits business segment.

Key dates and events

1703 Creation of Mount Gay Rum in Barbados

1724 Establishment of The House of Rémy Martin Cognac

1849 Creation of Cointreau & Cie by the Cointreau brothers

1881 Creation of the Bruichladdich Distillery in Islay

1888 Creation of the Metaxa brand

1924 Acquisition by André Renaud of E. Rémy Martin & C° SA

1965 André Hériard Dubreuil takes over from his-father-in-law, André Renaud

1966 Creation of Rémy Martin's international distribution network

1980 Creation by Rémy Martin of the French-Chinese joint venture Dynasty Winery in partnership with the city of Tianjin (China)

1985 Acquisition by the Rémy Martin Group of Charles Heidsieck Champagne

1986 Creation of the Passoã brand

1988 Acquisition by the Rémy Martin Group of Piper-Heidsieck Champagne

1989 Acquisition by the Rémy Martin Group of Mount Gay Rum

1990 Transfer by Pavis SA of Rémy Martin shares to Cointreau & Cie SA

1991 Adoption by the Group of the corporate name of Rémy Cointreau

1998 Dominique Hériard Dubreuil becomes Chair of Rémy Cointreau

1999 Establishment of the Maxxium distribution joint-venture with three partners, the Rémy Cointreau Group, the Edrington Group and Jim Beam Brands Worldwide (Fortune Brands)

2000 Acquisition of Bols Royal Distilleries including, in particular, the Bols and Metaxa brands

2001 Vin & Sprit joins the Maxxium network as its fourth partner

2005 Initial public offering of Dynasty Fine Wines Group on the Hong Kong Stock Exchange

Disposal of Bols' Polish operations to CEDC

2006 Disposal of the Dutch and Italian Liqueurs & Spirits operations

Decision by Rémy Cointreau to resume full control over its distribution by March 2009

2008 Creation of a proprietary distribution network

2009 30 March: Rémy Cointreau exits the Maxxium distribution joint venture

1 April: Rémy Cointreau controls 80% of its distribution

2011 8 July: Rémy Cointreau sells its Champagne division to EPI

2012 3 September: acquisition of the Bruichladdich Distillery, which produces single malt whiskies on the isle of Islay in Scotland

20 November: François Hériard Dubreuil becomes Chairman of the Rémy Cointreau Group

18 December: acquisition of the cognac company Larsen

2013 30 August: disposal of Larsen to the Finnish Altia group

2015 27 October: disposal of Izarra to Spirited Brands

2016 1 December: set-up of a joint-venture for the activities of Passoã

2017 5 January: acquisition of The Domaine des Hautes Glaces distillery, which produces single malt whiskies in the French Alps

6 January: acquisition of the Westland distillery, which produces single malt whiskies in the state of Washington, US

1 October: Marc Hériard Dubreuil becomes Chairman of the Rémy Cointreau Group

2019 1 April: Rémy Cointreau sells its distribution subsidiaries in the Czech Republic and Slovakia

A PORTFOLIO OF EXCEPTIONAL SPIRITS

The French family-controlled Rémy Cointreau Group boasts a portfolio of exceptional world-renowned spirits: Rémy Martin and LOUIS XIII cognacs, Cointreau liqueur, Greek Metaxa spirit, Mount Gay rum, St-Rémy brandy, The Botanist gin, and the single malt whiskies Bruichladdich, Port Charlotte, Octomore, Westland and Domaine des Hautes Glaces.

During the 2018/2019 financial year, the Group set a new record with net sales of €1,216.5 million (*proforma**) and organic growth of 7.8% (with the Group Brands up by 9.8%). The Group's current operating profit totalled €263.6 million and current operating margin increased to 21.7% (*proforma**).

The Rémy Cointreau Group's internal organisation is based on nine brand divisions and four sales divisions (Americas, Europe, Middle-East, Africa, Asia-Pacific and Global Travel Retail). All these divisions receive support from the holding company. Depending on the spirit category, production process and geographic sales distribution, the Group's brands are allocated to one of the following two divisions: "The House of Rémy Martin" or "Liqueurs & Spirits".

Brands which Rémy Cointreau distributes through its network on behalf of third parties form a separate category, "Partner Brands".

Rémy Cointreau's Group Brands

Net sales by division*

* *Proforma figures (pre-IFRS 15, 16 and 9).*

HOUSE OF RÉMY MARTIN

House of Rémy Martin brands

The House of Rémy Martin produces a range of cognacs under the Rémy Martin and LOUIS XIII brands. These cognacs are made exclusively from *eaux-de-vie* sourced in Grande Champagne and Petite Champagne, the two leading crus of the Cognac appellation, which offer the greatest ageing potential (more than 100 years, for some Grande Champagne *eaux-de-vie*).

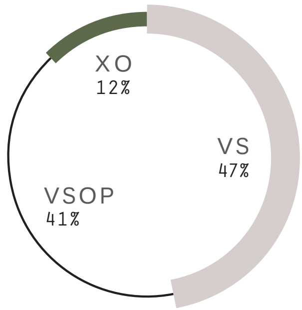
The House of Rémy Martin is thus positioned in the high-end segment, with four flagship products:

- VSOP Fine Champagne;
- The "intermediate" quality products 1738 Accord Royal and CLUB;
- XO Excellence Fine Champagne;
- LOUIS XIII Grande Champagne.

Competitive positioning

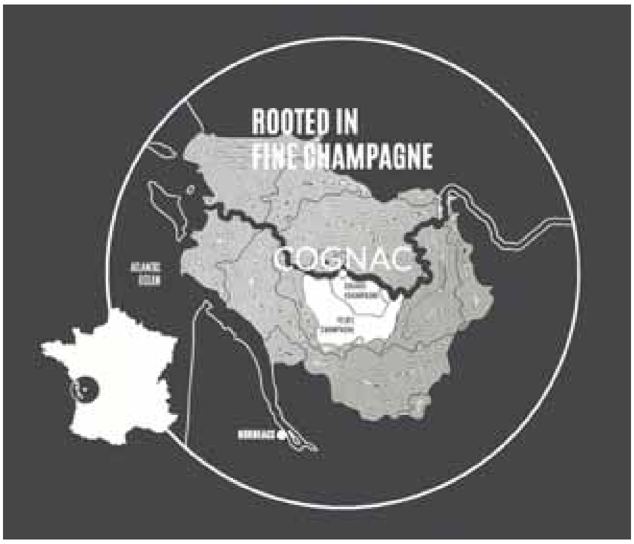
Four Cognac brands share around 85% of the world market by volume and nearly 90% by value (source: IWSR): Hennessy (LVMH), Martell (Pernod Ricard), Rémy Martin (Rémy Cointreau), and Courvoisier (Suntory). Rémy Martin's market share of cognac shipments for all qualities combined is 12% by volume (source: BNIC March 2019). Rémy Martin makes 98% of its shipments in the QS (*Qualité Supérieure*) segment, which accounts for 53% of the total cognac market (source: BNIC March 2019). In the superior qualities (QS) segment, Rémy Cointreau has a market share of 23% by volume (source: BNIC).

Global cognac shipments by quality (source: BNIC)



Cognac *appellation d'origine contrôlée* and "Fine Champagne"

Cognac is an *appellation d'origine contrôlée* (AOC) brandy (*eau-de-vie* distilled from grapes) that comes from vineyards in the Cognac region (south-west France). The appellation covers six crus: Grande Champagne, Petite Champagne, Borderies, Fins Bois, Bons Bois and Bois Ordinaires. "Fine Champagne", which refers to a cognac made exclusively from the first two crus, Grande Champagne (at least 50%) and Petite Champagne make up a separate *appellation d'origine contrôlée* within the Cognac AOC.



Rémy Martin only selects its *eaux-de-vie* from the "Fine Champagne" (Grande Champagne and Petite Champagne) AOC, whose quality is best suited to the production of its superior quality cognacs with their longer ageing potential.

Cognac is a blend of *eaux-de-vie* of different vintages (after ageing in oak barrels). Accordingly, there are several quality levels classified in accordance with legal standards (BNIC) based on the youngest *eau-de-vie* used:

- VS ("Very Special"), which by law must be aged for a minimum of two years;
- QS (*Qualité Supérieure*), covering all the VSOP and QSS labels;
- VSOP ("Very Superior Old Pale"), which by law must be aged for a minimum of four years;
- QSS (*Qualité Supérieure Supérieure),* which by law must be aged for a minimum of ten years;
- XO ("Extra Old"), which is included in the QSS category.

The House of Rémy Martin and the sourcing of *eaux-de-vie*

All House of Rémy Martin cognacs are produced in and around the town of Cognac, on a site that includes ageing and fermentation cellars, laboratories, a packaging complex, offices and a visitor and reception centre.

The House also owns wine estates (238 hectares of vines eligible for the Cognac appellation), as well as a new distillery in Juillac, which opened in November 2018. However, the stock of Cognac *eaux-de-vie* has been built up largely as a result of exclusive partnerships with Grande and Petite Champagne producers. This partnership policy, introduced in 1966, has enabled the Group to manage its long-term supplies and meet the quality standards required by the House of Rémy Martin.

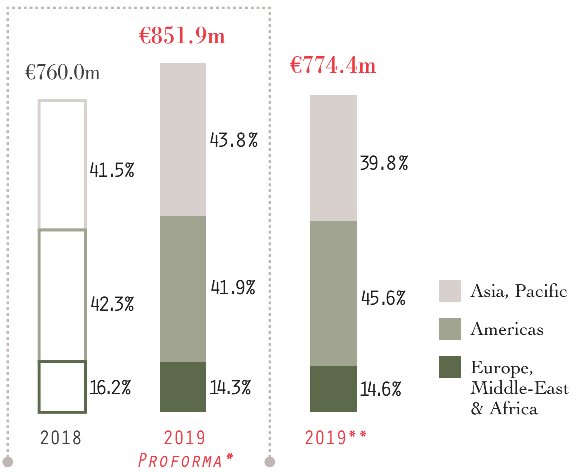
The partnership mainly consists of a cooperative, Alliance Fine Champagne (AFC), whose members manage around 60% of the Grande Champagne and Petite Champagne vineyards, *via* different types of collective and individual long-term agreements.

From an accounting point of view, the commitments made by the House of Rémy Martin through the AFC are fully recognised in the consolidated statement of financial position of the Rémy Cointreau Group, once the *eaux-de-vie* covered by these agreements have been produced and have passed quality control. Any contractual commitments not yet produced are disclosed in off-balance sheet commitments.

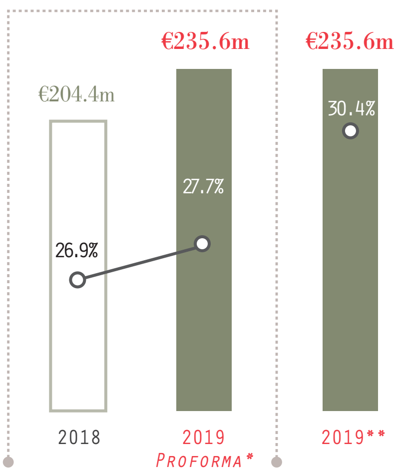
House of Rémy Martin key figures

In 2018/2019, the House of Rémy Martin accounted for 70% of the Group's total net sales and 99% of its international sales.

Net sales (in €m) and breakdown by geographic area (in %)



Current operating profit/(loss) (in €m) and current operating margin (in %)



* *Proforma figures (pre-IFRS 15, 16 and 9).*
** *Figures post-IFRS 15, 16 and 9.*

LIQUEURS & SPIRITS

Liqueurs & Spirits brands

The Liqueurs & Spirits division is made up of ten spirit brands in categories such as liqueurs, brandy, gin, single malt whisky and rum. Within each category, the spirits have particular characteristics, the main one being that all the brands are produced in their country of origin, often with know-how passed down through generations:

- Cointreau, an orange-peel liqueur;
- Metaxa, a Greek brown spirit, produced from a blend of wine distillates and aged Muscat wine;
- Mount Gay, a rum from Barbados;
- St-Rémy, a French brandy;
- The Botanist, a gin from Islay (Scotland);
- Bruichladdich, Port Charlotte and Octomore, three brands of single malt Scotch whisky from the Isle of Islay (Scotland);
- Domaine des Hautes Glaces and its range of single malt whiskies produced in the heart of the French Alps;
- Westland and its range of single malt whiskies produced in the state of Washington, US.

Competitive positioning

The Liqueurs & Spirits brands operate in a market characterised by a large number of players (of various sizes), with numerous international brands coexisting alongside local brands.

Liqueurs & Spirits: sourcing and production sites

The Group's Liqueurs & Spirits brands do not have significant sourcing or production constraints. Consequently, the Group purchases the necessary ingredients (barley, oranges, aromatics, sugar cane, etc.) for the *eaux-de-vie* distillation process, utilising the specific know-how of each brand. The Group's master distillers and blenders then take care of the ageing and blending of the *eaux-de-vie* as required.

The Rémy Cointreau Group also sub-contracts part of its bottling operations to other companies located abroad, in particular Greece for the production of Metaxa, for all markets. Sub-contracting represents 15% of the total volume of Group brands.

Angers (France)

The production of the Cointreau liqueur and the St-Rémy brandy range is located in St-Barthélémy d'Anjou (on the outskirts of Angers). This site also carries out bottling operations for other Group brands. It comprises distilling facilities, fermentation cellars, laboratories, a packaging complex, offices, a visitor and reception centre.

Trièves (France)

The Domaine des Hautes Glaces, located in the heart of the Trièves region of the Alps, is a mountain farm/distillery which combines French know-how (distilling with traditional Charente stills) and ingredients from local producers. The supplies of barley, rye and spelt (organically grown) come exclusively from growers in the Alps.

Brandons and St Lucy (Barbados)

Mount Gay rum is produced at the distillery of the same name, located close to Mount Gay in the north of the island of Barbados, in the parish of St Lucy. The storage cellars in which the casks of rum are aged are also located at this historic site. Since January 2015, an additional 134 hectares of agricultural land at this site have been devoted to the farming of sugar cane. Mount Gay Distilleries' head office and bottling facilities are located in Brandons, close to the port of Bridgetown in the south of the island.

Isle of Islay (Scotland)

The Bruichladdich distillery is located on the isle of Islay in Scotland, one of the world's most iconic locations for the production of single malt Scotch whiskies.

The production operation (distilling, ageing, bottling) is carried out on the island, on a historic site created in 1881. In March 2018, the acquisition of around 12 hectares of agricultural land was signed. This agricultural land adjoins the distillery, and will mainly be devoted to growing barley and trialling different varieties.

Seattle (USA)

Westland Distillery (US), located in South Downtown Seattle in the state of Washington, gets its malt from producers in the terroirs of the Pacific North-West.

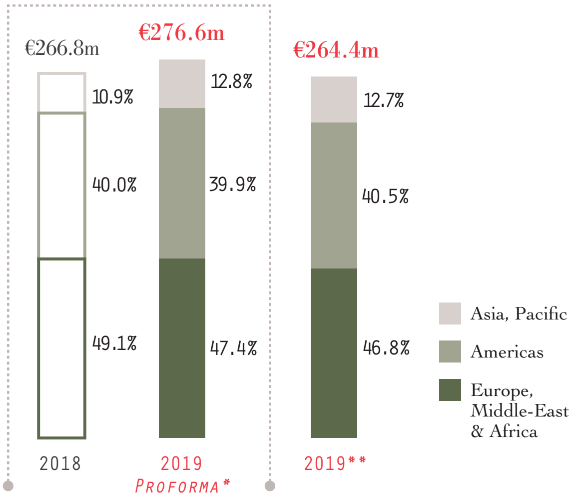
Samos (Greece)

As part of its "terroir" policy, the House of Metaxa acquired a 1.2 hectare wine property on the island of Samos, located at the heart of the island's muscat vineyards. Muscat wine is an essential component in Metaxa's signature taste.

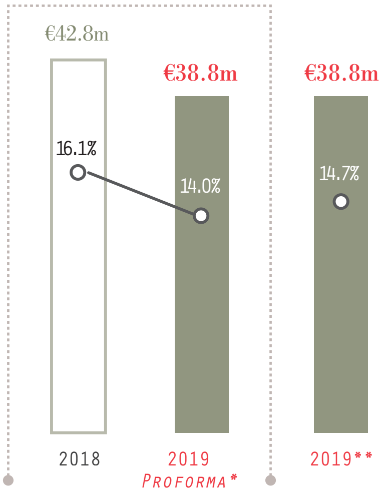
Liqueurs & Spirits key figures

In 2018/2019, the Liqueurs & Spirits division accounted for 23% of the Group's total net sales.

Net sales (in €m) and breakdown by geographic area (in %)



Current operating profit/(loss) (in €m) and current operating margin (in %)



PARTNER BRANDS

In 2018/2019, Partner Brands accounted for 7% (*proforma*) of the Group's total net sales.

This category includes brands belonging to other operators in the Wines & Spirits sector. These are distributed by Rémy Cointreau under global agreements or agreements limited to a particular country or region.

Following the non-renewal of many distribution agreements in recent years (as part of the Group's move upmarket), the brands still distributed (as of 31 March 2019) are Passoã liqueur, Jägermeister spirits and certain spirits of the William Grant & Sons Group.

* *Proforma figures (pre-IFRS 15, 16 and 9).*
** *Figures post-IFRS 15, 16 and 9.*

STRATEGIC VISION: HIGH-END POSITIONING IN A HIGH-GROWTH SEGMENT

A SINGLE AMBITION: TO BECOME THE GLOBAL LEADER IN EXCEPTIONAL SPIRITS

The Spirits market features an extensive number of co-existing local and international brands in a particularly competitive environment.

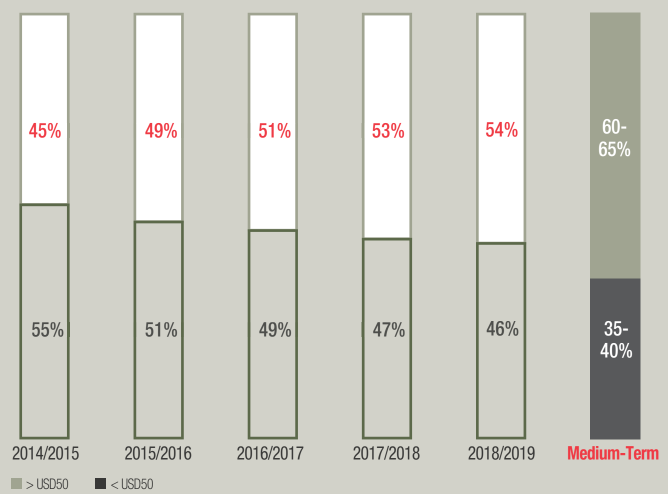
Against this background, Rémy Cointreau has, for many years, implemented a value creation strategy aimed at developing its upmarket brands in the high-end segments of the global markets, which offer high growth and earnings potential. Over the past 15 years, the implementation of this strategy has led the Group to dispose of brands and other assets deemed less suited to its value creation strategy and to resume full control of its distribution in key markets (exit from Maxxium in April 2009).

With its own distribution network in Asia, the US and in some European countries, Rémy Cointreau controls around 85% of its net sales. The Group is therefore able to implement a pricing and distribution strategy consistent with its high-end positioning.

For the past four years, the Group has accelerated its strategy of moving upmarket so as to differentiate itself and emphasise its uniqueness: ultimately, the Group's ambition is to become the world leader in exceptional spirits (which retail at more than $50). **In 2018/2019, the Group's exceptional spirits represented 54% of the Group's net sales (compared with 53% in 2017/2018 and 45% in 2014/2015).**

The Group's ambition is for its exceptional spirits to increase gradually so that in the medium term they make up between 60% and 65% of its net sales.

Contribution of exceptional spirits (> US$50) to the Group's net sales



EXCEPTIONAL SPIRITS ENJOY AN ATTRACTIVE DYNAMIC

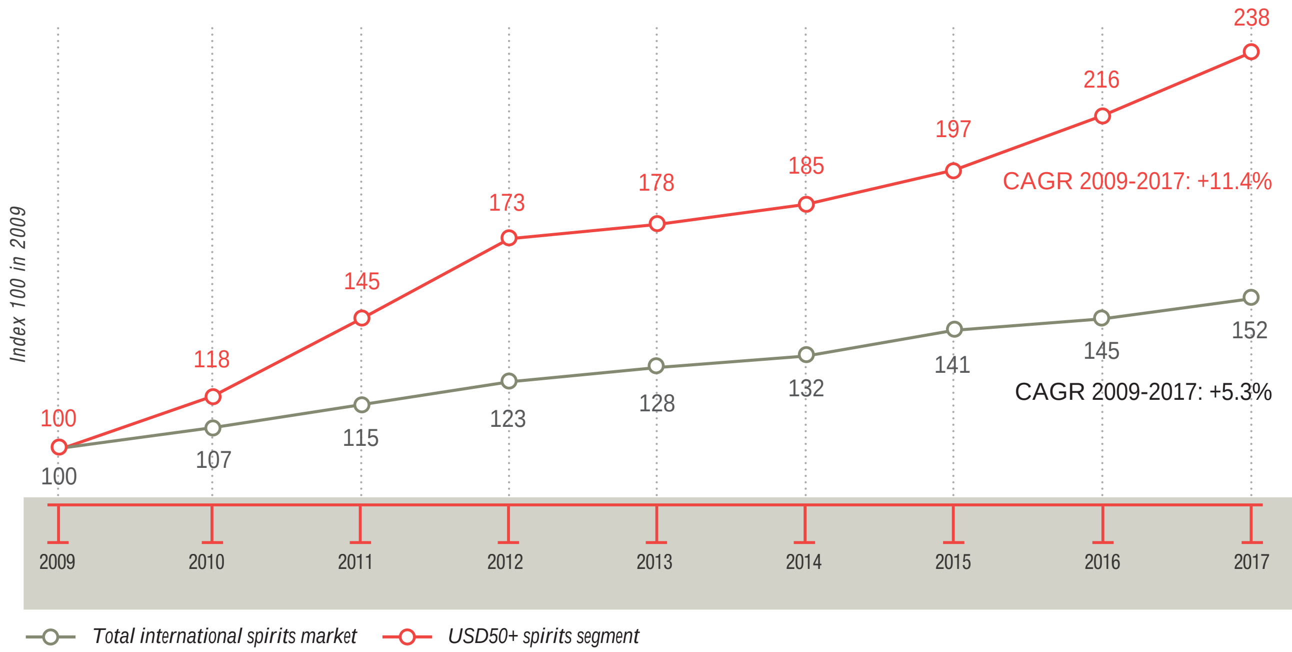
Rémy Cointreau has solid credentials in the exceptional spirits segment: exceptional spirits represent 54% of the Group's sales, whereas they comprise just 9% of the global spirits market. These exceptional spirits enjoy an attractive dynamic (+11% growth per year on average, compared with +5% for the spirits market as a whole over the last eight years), driven by a move towards the high-end of the market and an increasingly discerning clientele in terms of the quality, production, know-how and history of the spirits they consume.

Spirits > USD50: a fast-growing segment

MARKET VALUE SPLIT PER PRICE SEGMENT		Segment		CAGR 2009-2017 (IN VALUE)
0.3%	+9% €17 billion	UPPER LUXURY >$1.000	+11.4%	+6.2%
3.3%		LUXURY $100-$1.000		+11.1%
5.1%		ULTRA PREMIUM $50-$100		+11.9%
30.1%		PREMIUM $20-$50		+6.3%
61.2%		MASS <$20		+4.6%

Source: IWSR, Rémy Cointreau; international Spirits market estimated at USD200 billion.

The exceptional spirits segment has structurally outperformed the global spirits market since 2009.

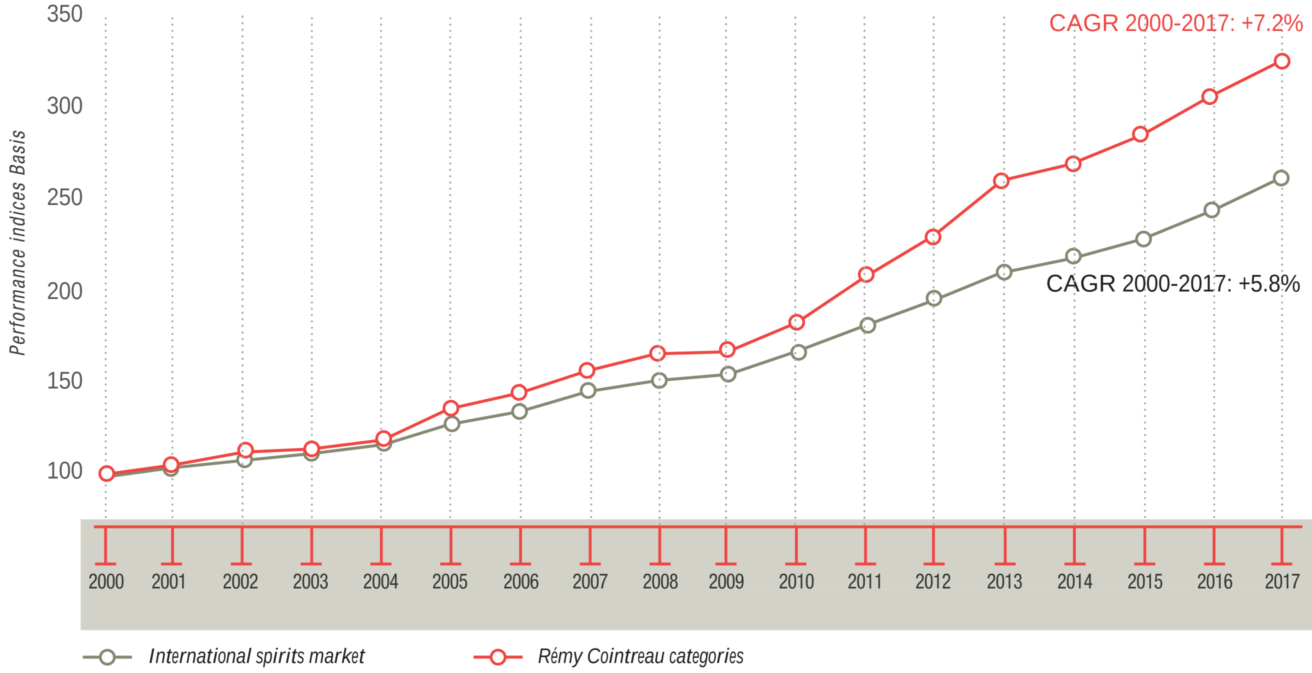


Source : IWSR, Rémy Cointreau, international spirits market estimated at around 200 billion USD.

POSITIONED ON FAST-GROWING CATEGORIES OF SPIRITS

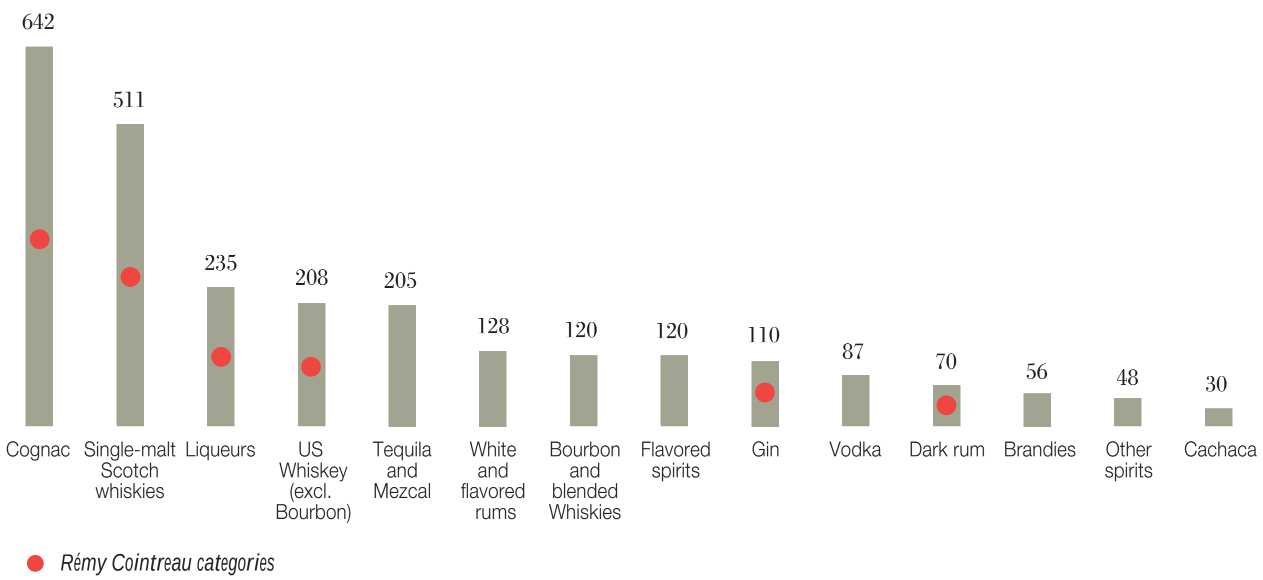
In addition, Rémy Cointreau Group brands belong to categories of spirits (such as cognac, single malt whisky, dark rum or gin) that have significantly outperformed the market in recent years (+7.2% per year on average during the period 2000-2017, compared with 5.8% for the market) and that retain a strong consumer appeal.

Rémy Cointreau Group categories structurally outperformed market growth



Correspondingly, these categories offer very attractive valuation levels ("value per case"): cognac, single malt whisky and liqueurs are the categories of spirits with the highest value per case on the market.

Value per case by category of spirits *(in €)*



Source: IWSR, Rémy Cointreau.

A NEW GENERATION OF CLIENTS

Clients of high-end spirits have changed in recent years. Younger, more connected and from affluent backgrounds, these globetrotting millennials from generations Y and Z want to know about the origins of the spirits, their history, how they are made and what makes them different. At the same time, there is a growing demand for transparency about the quality of the products. Our clients are also looking for a more convenient way of buying our spirits (growth of e-commerce), as well as more services, an enhanced shopping experience and a tailor-made offering.

New demographic

- Emergence of an affluent middle class
- Rise in the number of well-off households
- Younger clientele: Millennials (generations Y and Z)

New consumer trends

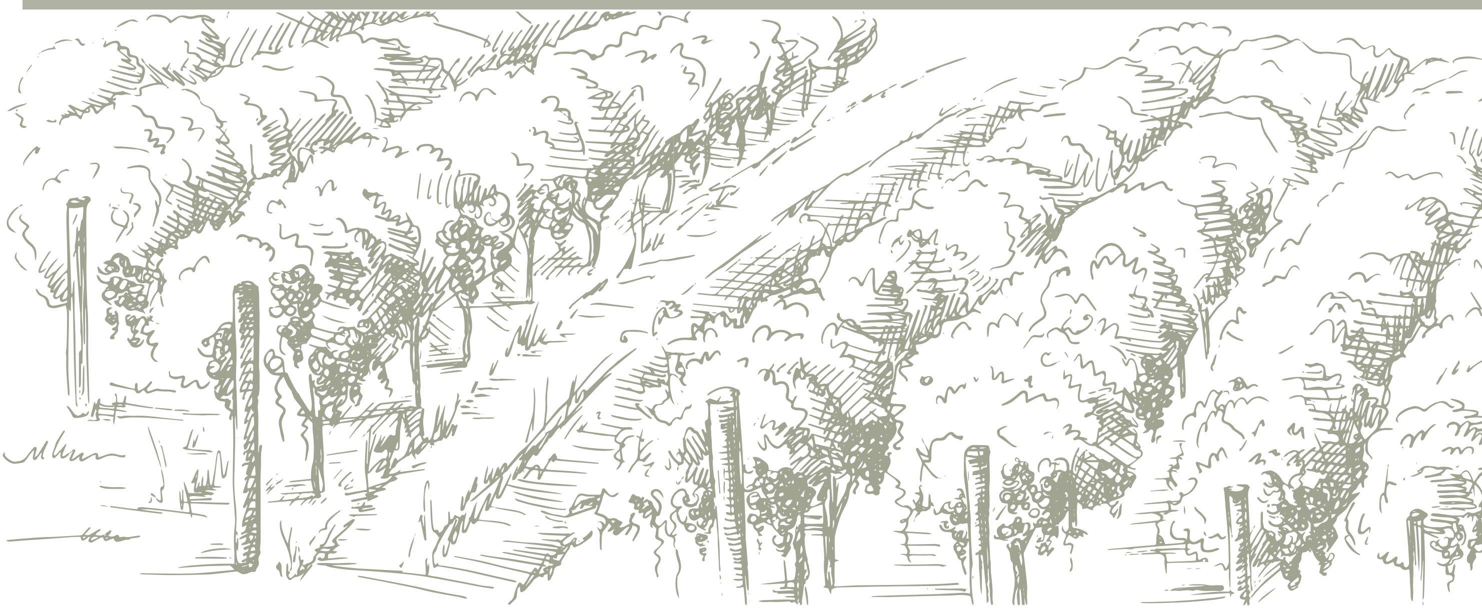
- "Drinking less, but better"
- Increasingly sophisticated demand
- Better knowledge of spirits
- Interest in origins, know-how and authenticity
- Demand for transparency in terms of ingredients and respect for the environment
- Globalisation and digitalisation of consumption patterns

Increased mobility

- Growth in international mobility
- Development of Travel Retail

Proliferation of distribution channels and new technological challenges

- Proliferation of distribution channels (e-commerce, travel retail, direct, etc.)
- Growing importance of CRMs
- Personalisation of customer service



FIVE STRATEGIC LEVERS TO BECOME THE GLOBAL LEADER IN EXCEPTIONAL SPIRITS

Emphasising the unique brand positioning

Each of the Group's spirits is linked to a particular terroir and know-how:

- within the AOC Cognac region, the House of Rémy Martin's *eaux-de-vie* come exclusively from Grande Champagne and Petite Champagne, which have unrivalled aromatic profiles and ageing potential;
- our Islay single malt whiskeys are made uniquely from Scottish barley, then distilled and aged on the isle of Islay in accordance with traditional methods.

Maximising the geographic potential of the brands and diversifying the growth drivers

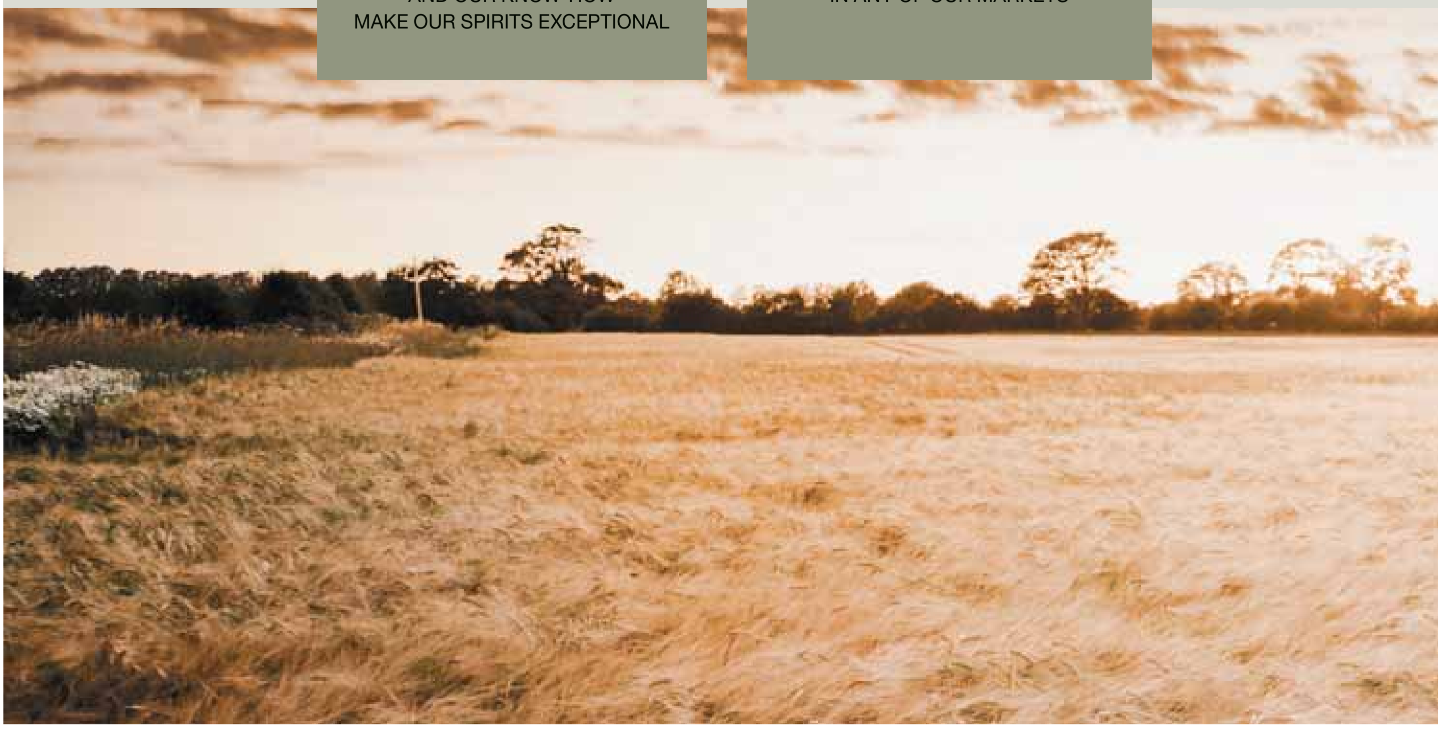
- Our brands are still under-potentialized from a geographic standpoint: LOUIS XIII in the United States, Rémy Martin in Africa, as well as Cointreau and Metaxa in China.
- The increasing strength of our pioneering brands: single malt whiskies, The Botanist gin or Mount Gay rum provide attractive growth potential.

Our distinctive advantage

THE SPECIFIC CHARACTERISTICS OF EACH TERROIR AND OUR KNOW-HOW MAKE OUR SPIRITS EXCEPTIONAL

Our distinctive advantage

OUR BRANDS HAVE NOT YET REACHED THEIR FULL POTENTIAL IN ANY OF OUR MARKETS



Building an emotional relationship with our clients

- Increasing the desirability of our spirits: establishing a direct and personalised relationship with our clients through media and digital investments with targeted creative content, but also unique and unforgettable events.
- Retaining our clients: a better understanding of their expectations allows a genuine and long-lasting relationship with our brands.

Our distinctive advantage

OUR CLIENTS ARE SEEKING EXPERTISE AND DISCERNMENT BUT ABOVE ALL, EMOTION AND EXPERIENCE, ELEMENTS CONSISTENT WITH OUR BRAND PORTFOLIO

Improving the distribution network in accordance with the Group's strategy

- The Group's strategy of moving towards the high-end of the market must be based on a distribution network whose expertise is consistent with the positioning of our brands: selective retail (wine merchants), high-end bars, restaurants and hotels, and even "retail": for its LOUIS XIII cognac, the Group has a specific sales force and has opened three stores dedicated to the brand.
- The development of online sales will also play a role in building a more direct approach to the distribution of our spirits.

Our distinctive advantage

RECOGNISED EXPERTISE AT HIGH-END RETAILERS

Accelerating the Group's CSR ambitions

- Rémy Cointreau's 2020 CSR plan operationally focuses on 10 of the United Nation's 17 Sustainable Development Goals, selected based on relevancy to the Group.
- In particular, by 2020, the Group's ambition is to achieve 100% responsible purchasing (percentage of suppliers having joined SEDEX), and have all of its winemaking partners committed to an environmental approach (AHVE 1).

Our distinctive advantage

EXPERTISE AND CSR ACTIONS FOR MORE THAN 15 YEARS

A DISTRIBUTION NETWORK: LOCAL KNOW-HOW, AN INTERNATIONAL PRESENCE

DISTRIBUTION AND ADMINISTRATION

The Group has premises and commercial or administrative offices in many countries, including the USA (primarily New York), China (Shanghai and Hong Kong), Singapore, Russia and the United Kingdom (London and Glasgow). The Group does not own any premises in these countries and therefore uses leasing contracts.

Moreover, the headquarters of Rémy Cointreau, which includes most of the Group's central services, is based in rented premises at 21 boulevard Haussmann, Paris.

> RÉMY COINTREAU BEGAN BUILDING ITS DISTRIBUTION NETWORK ACROSS ALL CONTINENTS AT THE END OF THE 1950S.

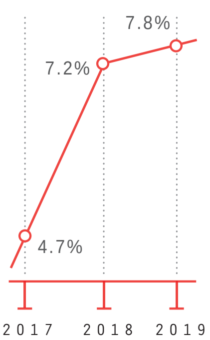
Today, the Group has a dozen directly owned subsidiaries (from the United States to China, including the United Kingdom, Belgium, Malaysia and Japan). This distribution network allows the Group to implement a price strategy and to be selective about its sales outlets in a manner consistent with its high-end positioning.

Americas

RÉMY COINTREAU
Group

€1,216.5M
in net sales*

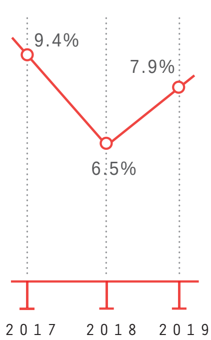
Organic sales growth for the Group



€474.4M
in net sales*

39%
of Group sales

Organic sales growth for the zone

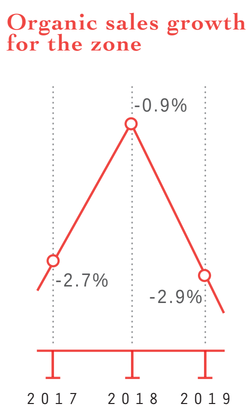


* *Proforma (pre-IFRS 15, 16 and 9).*

Europe, Middle-East & Africa

€329.3M
in net sales*

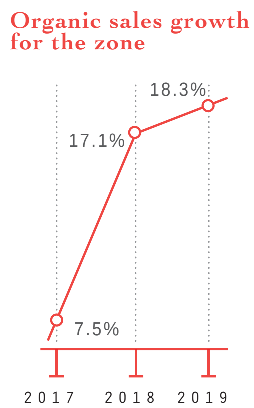
27%
of Group sales



Asia Pacific

€412.8M
in net sales*

34%
of Group sales



VALUE CREATION

THE GROUP'S DNA

TERRORS

TERROIRS

- Exceptional terroirs (Cognac, Islay, Samos, Barbados, etc.)
- Supply agreements that advocate sustainable agriculture
- **92%** of suppliers are SEDEX members

PEOPLE

- Preservation of ancestral know-how (cellar masters)
- Commitment to employee well-being
- Shared ethical responsibility

TIME

- Family-owned company since 1724
- Ageing of certain of our *eaux-de-vie* for more than 100 years
- Engaged governance to support the Group for the long term

EXCEPTIONAL SPIRITS THAT TASTE LIKE THEIR TERROIR...

High-end positioning in high-growth segments

A portfolio of 12 exceptional spirits (retail price > $50)

SUSTAINABLE VALUE CREATION

Stronger pricing power behind our spirits (price/mix gains)

Reinforcement of brand recognition and attractiveness

...AND CREATE VALUE

Above-market growth in sales (+9.8% for the Group Brands in 2018/2019)

Significant increase in gross margin (up 1.2 points in 2018/2019)

Sustained investment in:

- Brands (media, digital education)
- Distribution network:
  - Development of a direct distribution network (boutiques, e-commerce, Private Client Directors, etc.)
  - Growing contribution of the on-trade (bars, restaurants, clubs, etc.) and selective distribution (wine merchants)

SHARED WITH ITS STAKEHOLDERS

EMPLOYEES

- Average Group salary: score of **107** compared with international benchmark
- **26,615** hours of training

GOVERNMENT

- **€68m** paid in corporate income tax in 2018/2019 (tax rate: 29%)

CIVIL SOCIETY

- **€1m** (over a five-year period) invested by the Rémy Cointreau Foundation to promote and transfer exemplary skills and know-how

SHAREHOLDERS

- Steady increase in dividends over the past 20 years (2018/2019: ordinary dividend of **€1.65** and extraordinary dividend of **€1.00**)
- Stock market capitalisation up **€3 billion** over the last five years (at 31 March 2019)

LOCAL COMMUNITIES

- Strong commitment within the communities of Cognac (France), Angers (France), Islay (Scotland) and Barbados

SUPPLIERS

- Alliance Fine Champagne: **2.26%** shareholder of Rémy Cointreau
- Partner training provided by our agronomists (sustainable agriculture)

GROUP'S MAIN CHALLENGES AND RISKS

THE GROUP'S MAIN NON-FINANCIAL CHALLENGES

Terroirs, People and Time. The Rémy Cointreau Group's CSR ambition is built around the three key pillars of our signature:

- **protecting our terroir** through sustainable agriculture;
- **making a commitment to people** to protect their ancestral know-how, ensure their well-being within the Group and teach them about the ethics that are so vital for the Group's credibility. At the same time, pledging to protect all stakeholders, both internal and external, through a policy of responsible consumption;
- **recognising the value of time**, protecting the atmosphere (through our carbon footprint) and water supply as essential resources for our businesses.

Following a materiality assessment in 2016/2017, 10 key Sustainable Development Goals were selected (out of the 17 identified by the United Nations). Based on these SDGs, we have now identified the 10 major challenges facing the Group, the risks associated with these challenges and the indicators that will enable us to monitor their development in the future. In some cases, the Group has already committed itself by setting targets for improvement.

The targets cover SDGs 6, 8, 12, 13 and 15, which are used as CSR performance criteria to calculate the Executive Committee's variable remuneration.

SDGs	Challenges	Risks associated with the challenge	Risk indicators (quantified targets/ progress plan)	Challenges linked to the remuneration of an Executive Committee member
Clean water and sanitation	Water management	Availability of water/ water quality	Water consumption	Operations Director
Decent work and economic growth	Employee well-being	absenteeism, turnover, workplace accidents, occupational health, work-related alcohol consumption	Turnover and absenteeism	Human Resources Director
Responsible consumption and production	Circular economy and reduction of raw material consumption	Company's reputation among customers	EPI (Environmental Performance Index) of packaging	CEO Liqueurs & Spirits
Climate action	Contribution to the global effort (2°C limit) and sustainability of the business	Changes in regulatory and fiscal framework (carbon tax)	CO_2 emissions: significant emissions, by brand, focus on transport/reduction of CO_2 emissions	CEOs of the Americas, EMEA and Asia Pacific regions
Life on land	Sustainable agriculture: adapting the terroir and protecting biodiversity	Sustainable production of our agricultural raw materials	Percentage of sustainably managed land	CEO House of Rémy Martin and CEO Whisky Business Unit

The remaining members of the Executive Committee are also linked to these targets, with their variable "CSR" component corresponding to the average of the achievements of the Executive Committee members directly concerned.

THE GROUP'S MAIN STRATEGIC AND FINANCIAL RISKS

The Group has set up a system to anticipate and manage its risks. This system is constantly updated to take into account any regulatory, legislative, economic, societal, geopolitical and competition changes.

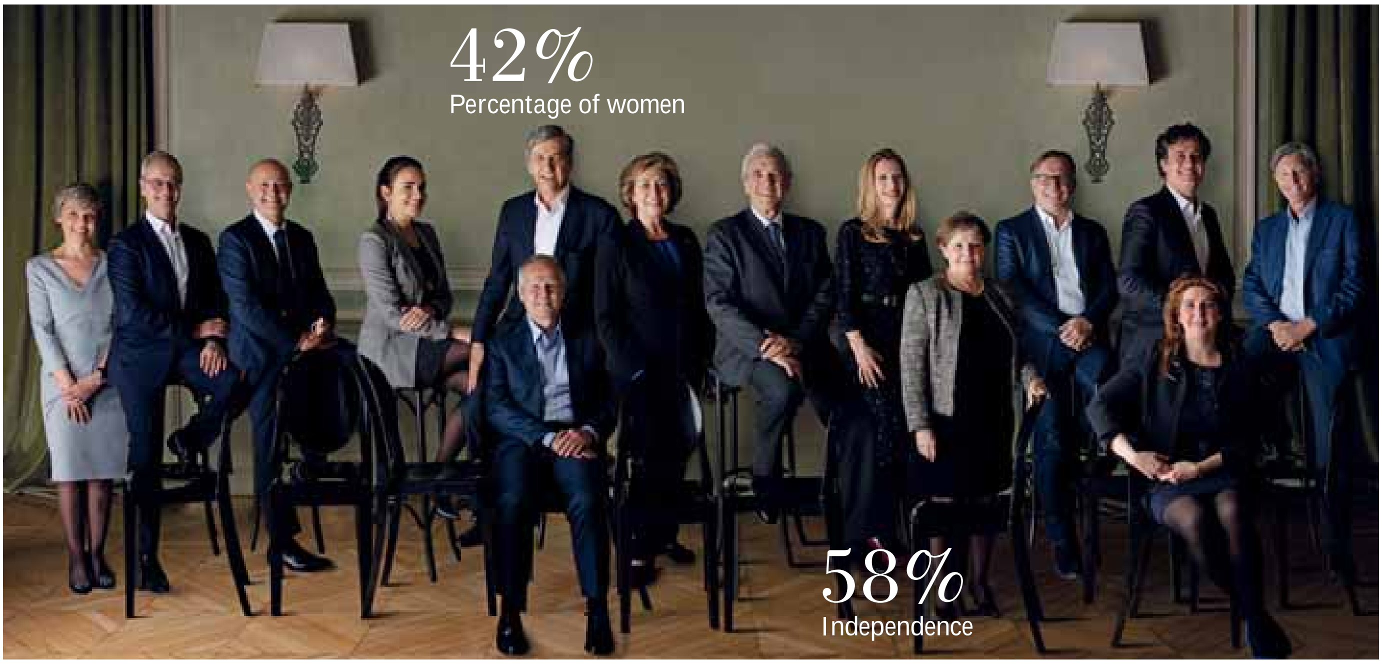
The main risk factors to which the Group is exposed given its business model are presented in this table (more details can be found in section 2 of this document).

Subject	Risks	Description	Measures taken
Strategic risks	Principal contracts and customers	Capacity to manage a risk of strong dependence on a supplier or customer	This risk is covered, as regards suppliers, by a diversification of the procurement sources and, as regards customers, a diversification of the distribution networks
	Changing tastes and consumer preferences	Change in consumer trends, for reasons such as taste, health and prices, which have a negative impact on the Group's sales	Rémy Cointreau is seeking to diversify its brand portfolio and develop its product range in order to limit its exposure to a particular brand and price range
Brand and product-related risks	Reputational risk	Reputational risk is any event that could negatively impact on the image and reputation of the Group or its brands in any or all of its markets	To address these risks and their consequences, the Group has expanded its digital marketing teams and set up an effective media monitoring strategy, enabling it to respond quickly and effectively to potential rumours
Financial, legal and IT risks	IT and digital risks	IT risks consist of data loss (both commercial and financial), the inability to operate effectively due to a technical fault, system intrusion or hacking and attacks against the digital platforms of the Rémy Cointreau Group	To guard against these risks, a data protection and backup plan and business continuity plan have been implemented in each company, allowing the Group to continue operating in all circumstances
	Non-compliance risks and unethical conduct	The Group's business is international and therefore subject to many laws and regulations. These include various regulations regarding anti-corruption, data protection as well as principles set out in the Global Compact	In order to guarantee compliance, the Group has implemented relevant action plans to fight against corruption and protect data. A whistleblowing line has been set up, as well as ethics training modules, which have been followed by 84% of employees

GOVERNANCE THAT ENSURES CONTINUITY AND TRANSMISSION

The Board of Directors

The Rémy Cointreau Group is administered by a Board of Directors which, since September 2004, has adopted a governance structure that separates the roles of Chairman of the Board of Directors and Chief Executive Officer. The profiles of the Board members reflect the values of family succession, a clear expertise in the world of luxury goods as well as a deep understanding of international markets.



From left to right, back row: Florence Rollet, Emmanuel de Geuser, Olivier Jolivet, Laure Hériard Dubreuil, Marc Hériard Dubreuil, Dominique Hériard Dubreuil, François Hériard Dubreuil, Gisèle Durand, Bruno Pavlovsky, Elie Hériard Dubreuil (non-voting member), Jacques-Étienne de T'Serclaes. Front row: Yves Guillemot, Guylaine Saucier, Marie-Amélie Jacquet (non-voting member).

	Board of Directors	Audit-Finance	Nomination and Remuneration	CSR
Number of members	12	4	4	3
Number of meetings in 2018/2019	8	3	6	3
Attendance rate	93%	100%	85%	89%
Marc Hériard Dubreuil	● (Chairman)			
Dominique Hériard Dubreuil	●		●	● (Chairman)
François Hériard Dubreuil	●	●		
Laure Hériard Dubreuil	●			
Florence Rollet*	●			●
Yves Guillemot*	●		● (Chairman)	
Bruno Pavlovsky*	●		●	
Olivier Jolivet*	●			●
Jacques-Étienne de T'Serclaes*	●	● (Chairman)		
Guylaine Saucier*	●	●		
Emmanuel de Geuser*	●	●		
Gisèle Durand	●		●	
Marie-Amélie Jacquet (non-voting member)	●			
Elie Hériard Dubreuil (non-voting member)	●			

* *Independent Board member* ● *Board/Committee Chairman*

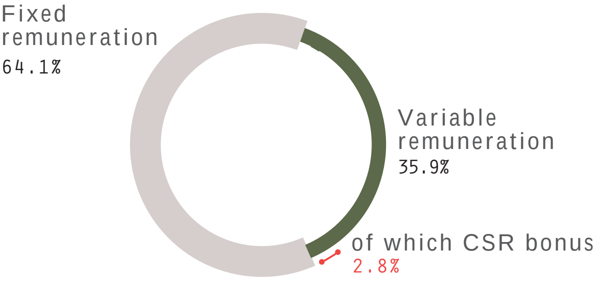
Executive Committee with an international dimension

Valérie Chapoulaud-Floquet, Chief Executive Officer, has gathered a team of directors that includes eight different nationalities from a range of backgrounds: Spirits, cosmetics, fashion and accessories, and the art of entertaining.

From left to right, back row: David Ennes (CEO Asia-Pacific and Global Travel Retail); Spyridon Ghikas (CEO EMEA); Simon Coughlin (CEO Whisky Business Unit); Ian McLernon (CEO Americas); Marc-Henri Bernard (Human Resources Director); Luca Marotta (CFO); Philippe Farnier (CEO House of Rémy Martin).

Front row: Valérie Chapoulaud Floquet (CEO), Jean-Denis Voin (CEO Liqueurs & Spirits); Valérie Alexandre (Senior Vice President Strategic Planning); Patrick Marchand (Operations Director).

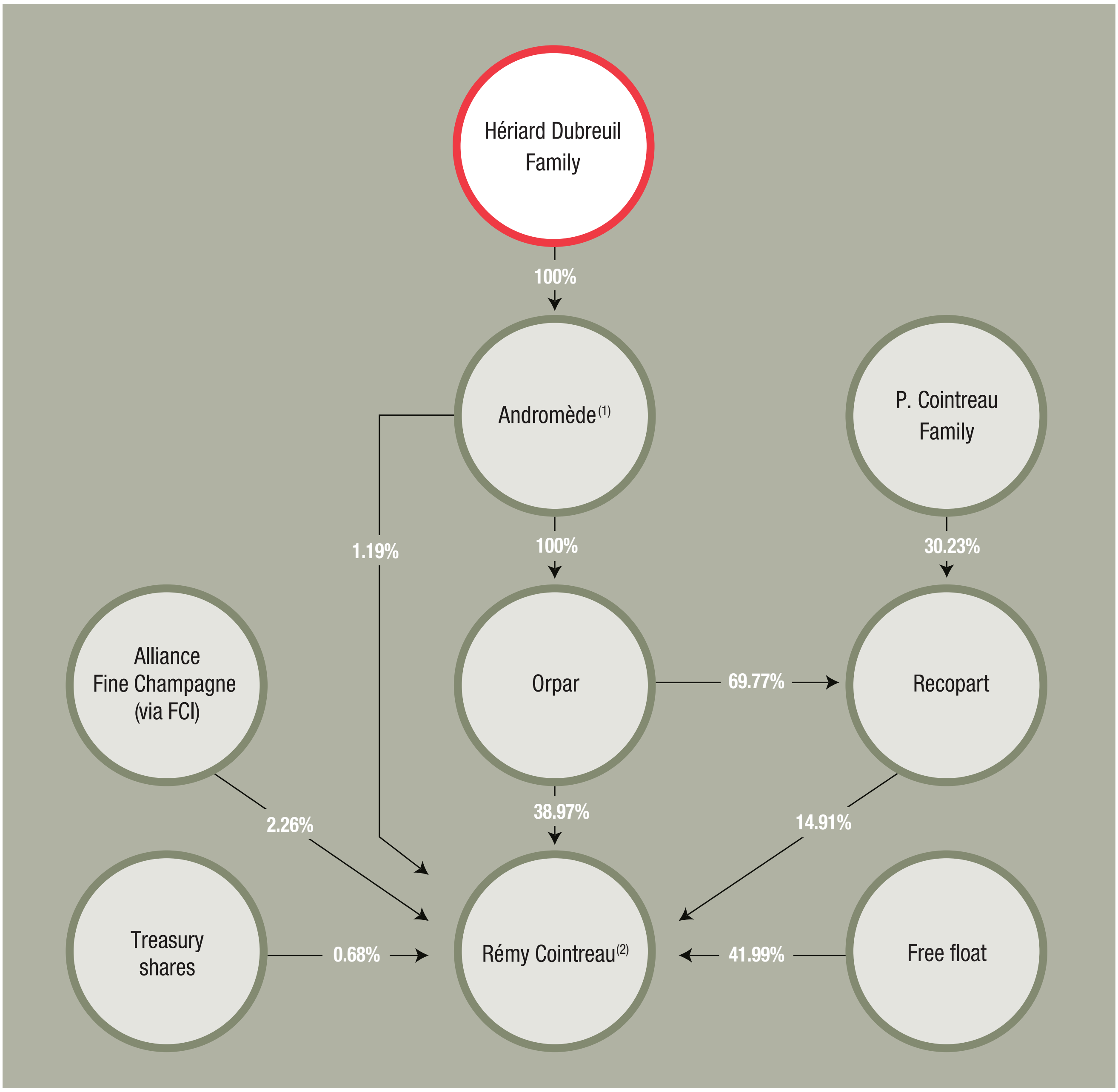
Composition of remuneration of senior management (excluding LTIP)



SHARE OWNERSHIP STRUCTURE

At 31 March 2019

(% equity interest)

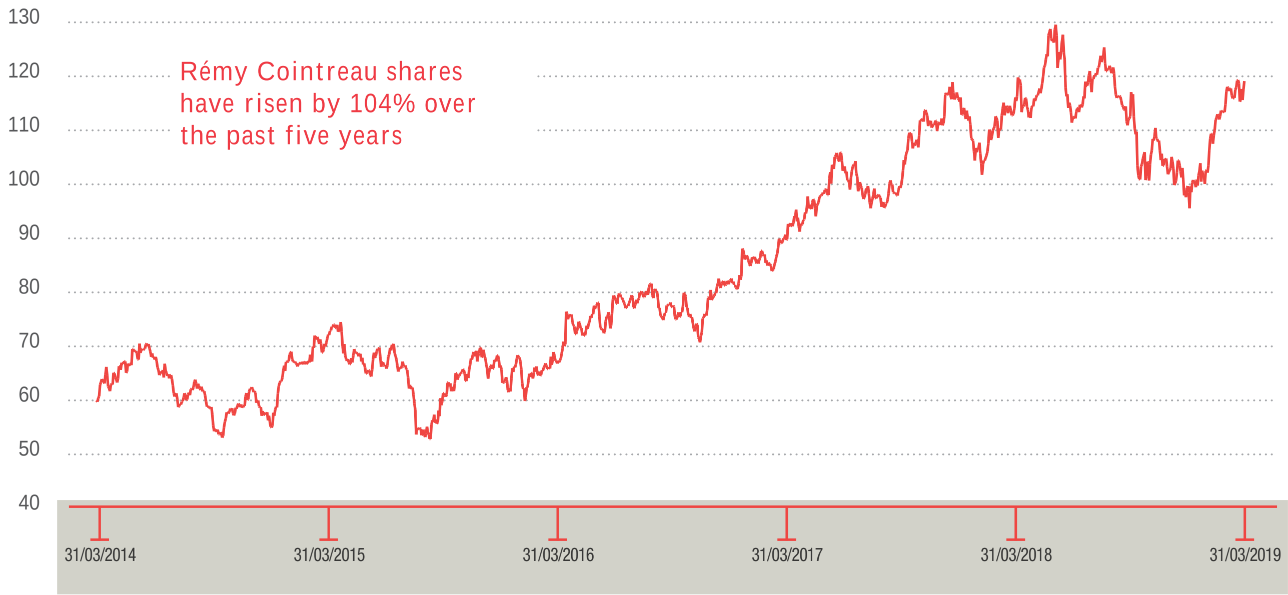


(1) Rémy Cointreau is consolidated within the Andromède Group.
(2) Only Rémy Cointreau shares are traded on the stock market.

SHARE PERFORMANCE AND DIVIDENDS

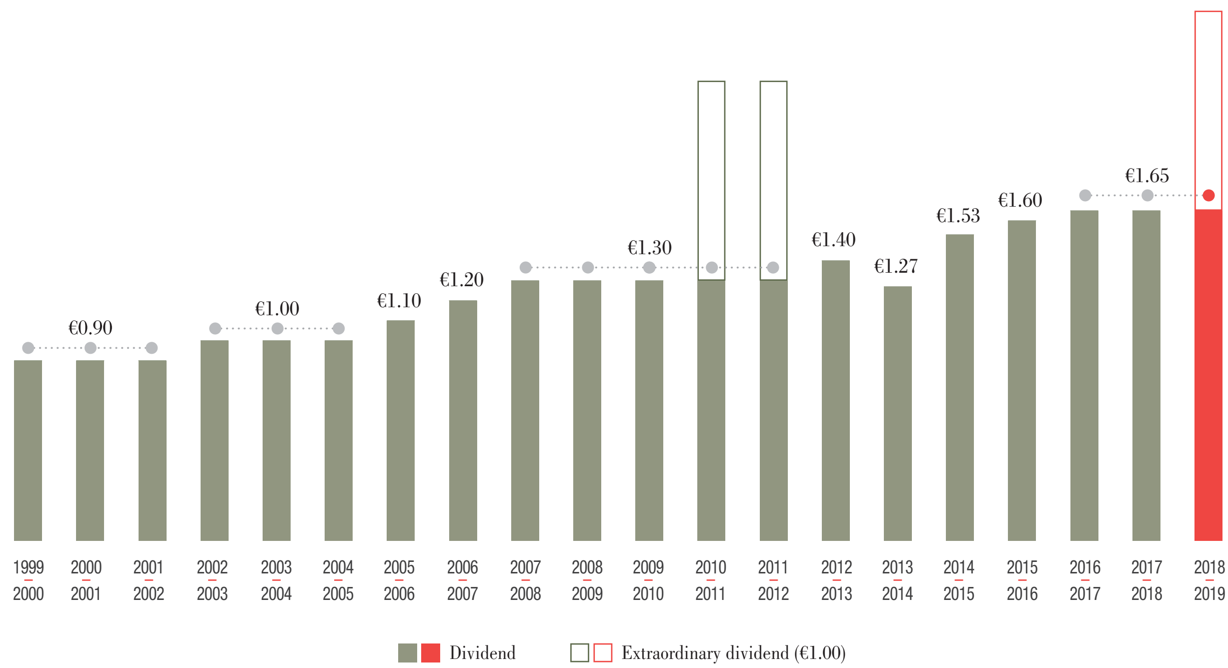
The Group's strategy has boosted the share price over the past five years.

Rémy Cointreau shares have risen by 104% over the past five years, reflected in an increase of nearly €3 billion in the market capitalisation. This value creation confirms the relevance of the strategy put in place by the Executive Committee and implemented by the Group's employees.



Regular dividend policy

Over the past 20 years, the Group has paid an annual dividend which has increased in stages. In addition, it paid an extraordinary dividend of €1.00 per share in respect of 2010/2011, 2011/2012 and will also pay such a dividend in 2018/2019 (subject to the approval of the Ordinary Shareholders' Meeting on 24 July 2019).



KEY FIGURES 2018/2019

Data in € millions, for the period 1 April to 31 March	2019	2019 *Proforma**	2018
Net sales	1,125.9	1,216.5	1,127.0
Current operating profit/(loss)	264.1	263.6	236.8
Current operating margin	23.5%	21.7%	21.0%
profit (loss) for the period	159.2	157.1	148.2
Net profit/(loss) excluding non-recurring items	169.9	167.8	151.3
Capital expenditure and administrative investments	44.9	44.6	33.6
Equity – Group share	1,425.1	1,450.1	1,407.1
Net financial debt	343.3	313.0	282.8
Ratio of net debt/EBITDA	1.19	1.08	1.48
Dividends paid during the financial year (per share in €):	2.65**	2.65**	1.65
Earnings per share (basic, in €):			
On net profit excluding non-recurring items – attributable to the owners of the parent	3.39	3.35	3.04
On net profit – Group share	3.18	3.14	2.98

Net sales by division	2019	2019 *Proforma**	2018
House of Rémy Martin	774.4	851.9	760.0
Liqueurs & Spirits	264.4	276.6	266.8
Sub-total Group brands	**1,038.8**	**1,128.6**	**1,026.8**
Partner Brands	87.2	87.9	100.2
TOTAL	**1,125.9**	**1,216.5**	**1,127.0**

Current operating profit/(loss) by division	2019	2019 *Proforma**	2018
House of Rémy Martin	235.6	236.6	204.4
Liqueurs & Spirits	38.8	38.8	42.8
Sub-total Group brands	**274.4**	**274.4**	**247.2**
Partner Brands	4.9	4.9	5.3
Holding	(15.2)	(15.8)	(15.7)
TOTAL	**264.1**	**263.6**	**236.8**

Net sales by geographic area	2019	2019 *Proforma**	2018
Europe, Middle-East, Africa	311.9	329.3	342.3
Americas	467.8	474.4	435.8
Asia Pacific	346.3	412.8	348.9
TOTAL	**1,125.9**	**1,216.5**	**1,127.0**

Net sales by currency	% total	2019	2019 *Proforma**	2018
Euro	16%	174.1	182.0	200.0
US dollar, HK dollar, Chinese yuan, Barbadian dollar	65%	735.3	799.4	709.5
Other currencies	19%	216.6	235.1	217.4
TOTAL		**1,125.9**	**1,216.5**	**1,127.0**

Non-financial data	2019	2018
Percentage of AFC cooperative members' land using an environmental approach:		
High environmental value farming (AHVE) certification level 1	94.0%	64.3%
High environmental value farming (AHVE) certification level 3	42.0%	23.0%
Number of hours training	26,615	24,243
Percentage of women managers	44%	43%
Average age of Group employees	40 years	41 years
Absenteeism rate (hours of absence per hours worked)	2.0%	2.3%
Responsible purchasing: percentage of suppliers having joined SEDEX	93%	89.0%
Ethifinance rating	3rd out of 230	4th out of 230

* *Proforma : pre-IFRS 15, 16 and 9.*

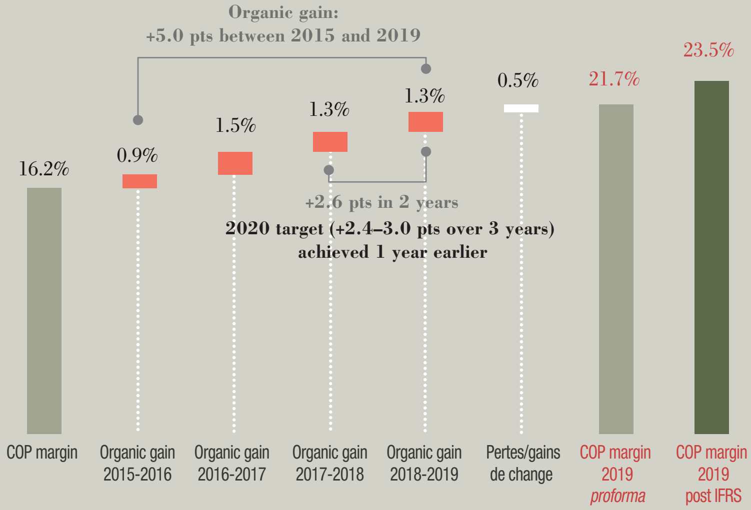
** *Of which an extraordinary dividend of €1.00.*

FINANCIAL TARGETS

2018/2019 WAS A RECORD YEAR FOR ALL THE GROUP'S FINANCIAL INDICATORS.

This is due to the strong acceleration in organic sales growth over the past three years, combined with a sharp increase in profitability as a result of the Group's strategy to move upmarket. Current operating margin stood at 21.7% in 2018/2019, a **cumulative organic increase of 5.0 percentage points** (at constant currency and scope) since the 2014/2015 financial year (new senior management team). Over the last two years, cumulative organic growth in the current operating margin was 2.6 points, **thereby hitting the 2019/2020 target** (+2.4-3.0 points over three years) **one year early**.

Change in the Group's current operating margin



NEW MEDIUM-TERM PROSPECTS

In an uncertain economic and geopolitical context, **the Rémy Cointreau Group reiterates its ambition to become the world leader in exceptional spirits.** In the medium term, this will result in 60 to 65% of its turnover being generated by exceptional spirits (retail sales price over USD50).

In addition, after a strong increase in profitability in recent years, **the Group remains ambitious regarding the potential of its Current Operating Margin in the medium term,** as it will continue to benefit from its value strategy, while continuing to invest significantly behind its brands and distribution network. Rémy Cointreau's objective is to **build an increasingly sustainable, resilient and profitable business model.**

In the short term, Rémy Cointreau anticipates that **2019/20 will unfold within the framework of the Group's medium-term objectives.** It will also include the termination of distribution contracts for partner brands (in the Czech Republic, Slovakia and the United States), which are estimated to have an impact **of €56 million on sales and €5 million on Current Operating Profits.**

NON-FINANCIAL TARGETS TO 2020

INDICATORS	Scope	Values 2016/2017	Values 2017/2018	Values 2018/2019	Targets 2019/2020
8 DECENT WORK AND ECONOMIC GROWTH — **Decent work and economic growth/Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all** Responsible purchasing: percentage of suppliers having joined SEDEX	World	83%	89%	**92%**	100%
13 CLIMATE ACTION — **Take action to combat climate change and its impacts** Potential reduction of direct and indirect energy consumption in order to reduce CO_2 emissions.	France	0 MWh	-423 MWh	**-441 MWh**	-900 MWh
15 LIFE ON LAND — **Sustainable land management/Protect, restore and promote sustainable use of land ecosystems/ Sustainably manage forests/Preserve biodiversity** Sustainable viticulture: AFC cooperative surface areas committed to an environmental approach (AHVE 1 or the Sustainable Viticulture standards)	France	37%	64%	**94%**	100%

1

CSR CHALLENGES (STATEMENT OF NON-FINANCIAL PERFORMANCE)

_ 1.1 Main challenges

All over the world, people are looking for exceptional experiences. For these customers, diversity of terroirs goes hand in hand with a variety of flavours. Our expertise, passed down from generation to generation over the centuries, is equal to their expectations. The time these clients devote to drinking our products is a tribute to all those who have worked to develop them.

It is for these men and women that Rémy Cointreau, a family-owned French Group, protects its terroirs, cultivates exceptional multi-centenary spirits and undertakes to preserve their eternal modernity.

The Group's portfolio includes 12 unique brands, such as the Rémy Martin and LOUIS XIII cognacs, and Cointreau liqueur.

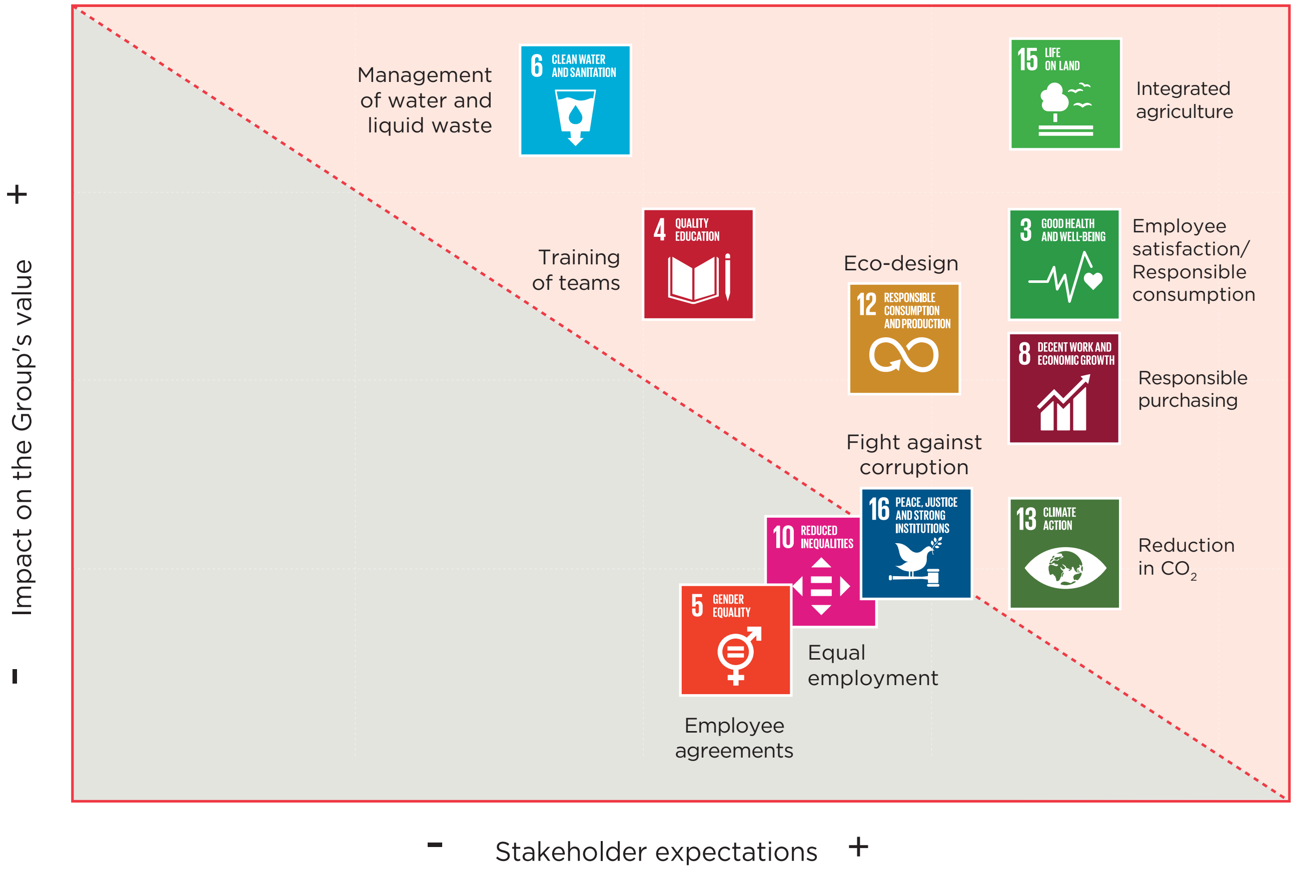
Rémy Cointreau has a single ambition: to become the world leader in exceptional spirits. For that, it relies on the commitment and creativity of its 1,900 employees and on its distribution subsidiaries.

The secret of Rémy Cointreau's excellence is based on the quality of its products, and the values rooted in the Group's DNA. While Rémy Cointreau has always been committed to corporate social responsibility, the international context in recent years has only served to confirm – and strengthen – its resolve.

The Group's CSR policy is intended to be unifying and can be summarised as follows: To do things right, do the right thing. That's why Rémy Cointreau has decided to assert the unique values that have always been at its core. Its motto "Terroirs, people and time" refers to the three pillars that underpin its organisation. They echo the Group's main CSR challenges, inspired by the Sustainable Development Goals (SDGs) defined by the United Nations. Rémy Cointreau has its sights firmly set on these 17 objectives. They reflect its CSR ambitions by incorporating issues such as climate change and sustainable agriculture.

As a true corporate governance tool and in line with Rémy Cointreau's required standards, a materiality analysis was carried out. Its aim was to prioritise the challenges and identify those that have a significant impact on the Group's growth, value creation and sustainability, while taking all stakeholder expectations into account.

MATERIALITY MATRIX



Out of the 17 SDGs, Rémy Cointreau has selected 10 relating to its main challenges:

	Rémy Cointreau's challenges
Ensure healthy lives and promote well-being for all at all ages	Responsible consumption (internally and externally)
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	In-house training Skills development
Gender equality: achieve gender equality	Non-discrimination and internal social balance
Ensure availability and sustainable management of water	Water management (specific case of the Barbados site)
Decent work and economic growth/ Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employee well-being Responsible purchasing Local impact (terroir)
Reduce inequality within and among countries	Internal social balance Global consistency
Ensure sustainable consumption and production patterns	Circular economy and reduction of raw material consumption Customer information (labelling, recycling)
Take action to combat climate change and its impacts	Contribution to the global effort (2°C limit) Sustainability of the business
Sustainable land management/Protect, restore and promote sustainable use of land ecosystems/Sustainably manage forests/Preserve biodiversity	Sustainable agriculture Biodiversity conservation
Peace and justice: build effective and accountable institutions	Business ethics Governance

NB: The materiality analysis did not identify food waste, food poverty, animal welfare or responsible, fair and sustainable nutrition as key CSR challenges for the Group.

The various challenges selected form the basis of our new CSR Charter, produced this year.

It is based on three main pillars:

- **Protecting our terroirs** in order to showcase their excellence, by encouraging responsible cultivation methods, safeguarding the unique characteristics of each terroir and finding new ways to preserve them;
- **Looking after people** in order to highlight our uniqueness, by ensuring workplace wellness, gender equality and non-discrimination, promoting responsible purchasing, engaging with local communities and promoting responsible consumption of our products to customers;
- **Recognising the importance of time** in creating exceptional products, taking an active part in the fight against global warming, conserving water resources and taking steps to reduce the environmental impact of our activities.

Due to the alignment of the Group's CSR strategy with the UN SDGs, the Group featured this year in the second edition of the Comité 21 report on the adoption of SDGs by French actors. Particular attention has been paid to the five priority SDGs (SDGs 6, 8, 12, 13 and 15), which are now linked to the variable compensation of the Group's senior management. The Board of Directors' CSR Committee, responsible for implementing the CSR strategy, monitors compliance with this commitment.

1.2 Identification of risks and indicators associated with the challenges

During the past year, an internal working group focusing on the statement of non-financial performance was set up with representatives from the HR, Public Relations and CSR, Internal Audit and Finance departments.

The working group identified the risks associated with the main challenges described in the previous paragraph (GRI Standard 102-15).

A plan to manage these risks has been approved. It consists of various actions linked to quantified targets and progress indicators.

Some quantified targets will be finalised this year. These will provide the framework for the future 2024 CSR plan, to be unveiled in March 2020.

Risk management is also supplemented from time to time by monitoring indicators. These are used to test the effectiveness and continuation of the actions implemented, without significant progress being expected on the subject concerned.

Other management indicators will complete the risk management framework

Rémy Cointreau's challenges	Risks relating to the challenges	Indicators
Responsible consumption (internally and externally)	Binding regulatory and fiscal framework (risk of prohibition)	Qualitative information
In-house training	Loss or deterioration of certain know-how	% of employees completing at least one training course per year(1) Hours of training(2)
Skills development	Lack of staff training in some countries	
Non-discrimination and internal societal balance	Lack of appeal of the Company	Ratio of male/female managers(1) Weighted difference in promotion rate between women and men(1) Breakdown of male/female training(2)
	Reputation of the Company	
Water management (specific case of the Barbados site)	Water availability and quality	Water consumption(1)
	Pollution from liquid waste discharges	Volume of liquid waste recovered(2)
Employee well-being	Absenteeism, turnover, workplace accidents, occupational health, work-related alcohol consumption	Turnover(1) Absenteeism(1) Workplace accident frequency and severity rate(2) Average age(2) Seniority(2) Workforce by region, business and occupation(3)
Responsible purchasing	Failure of suppliers to comply with regulations	Percentage of suppliers who are Sedex members(1) Supplier CSR rating(1)*
	Company's reputation among customers (boycott)	
Local impact (terroir)	Lack of appeal of the Company	Qualitative information
	Reputation of the Company	

Rémy Cointreau's challenges	Risks relating to the challenges	Indicators
Internal social balance/ global consistency	Lack of appeal of the Company	Employment rate of people with disabilities[3] % of work-study contracts[3]
	Reputation of the Company	
Circular economy and reduction of raw material consumption	Increased raw material costs	Packaging EPI (Environmental Performance Index)[1] Change in EPI[1]* Volume of solid waste recovered[2]
Customer information (labelling, recycling)	Company's reputation among customers	
Contribution to the global effort (2°C limit) and sustainability of the company	Binding regulatory and fiscal framework (carbon tax)	Significant CO_2 emissions (scope 3)[1] CO_2 emissions reduction rate[1] Energy consumption[2] % renewable electricity consumption[2] CO_2 emissions from business travel[3]
	Company's reputation among customers	
Sustainable agriculture	Sustainable production of our agricultural raw materials	Percentage of agricultural land managed sustainably[1] Percentage of HVE certification of the Cognac wine cooperative (AFC)[1]
Biodiversity conservation	Company's reputation among customers	Qualitative information
Business ethics	Binding regulatory and fiscal framework (prohibition)	Percentage of the workforce trained in the Code of ethics[1] Number of alerts[2]
Governance	Efficiency and consistency in the implementation of the CSR strategy within the Company	Executive Committee compensation linked to the % achievement of CSR targets[3]

Key to indicators:
(1): progress indicators.
(1): progress indicators under development.*
(2): monitoring indicators.
(3): management indicators.

For several years, Rémy Cointreau has been linking its indicators to those of the Global Reporting Initiative (GRI), using the GRI G4 guidelines. This year, the Group is applying the new "GRI Standards" (see references in the text and *section* 1.6 "Cross-reference tables").

The CSR reporting covers 29 companies which provide all their employee-related, environmental and societal information (see *section* 1.5 "Note on methodology for reporting indicators"). The reporting is verified by an independent external expert (see *section* 1.7 "Report of the independent third-party body on the consolidated employee-related, environmental and societal information contained in the management report").

1.3 Managing the risks and challenges: policy, action plans and indicators

1.3.1 Employee-related risks

1.3.1.1 EMPLOYEE WELL-BEING

Challenge

The women and men at Rémy Cointreau's are the Company's key asset because they embody the expertise that has been passed down from generation to generation and which is fundamental to crafting exceptional products. We have a responsibility to ensure their safety, with the best working conditions, and to help them flourish in their careers. We believe, for example, that the absenteeism and employee turnover indicators provide a good overall picture of how we meet the needs of our employees.

Policy

The Group is committed to employee career development, diversity and strengthening the sense of belonging within the Group. The Rémy Cointreau Group also strives to provide and maintain a working environment that ensures the health and safety of staff, clients, external contractors, visitors and the general public who may reasonably be affected by its activities. The Group's policy in this area is to prevent workplace accidents, illnesses and other injuries by ensuring that the risks are taken into account in the operational management of production processes. In addition, in France, true to the historical choices it has made, Rémy Cointreau favours collective agreements in all areas of negotiation.

Moreover, the Group closely monitors the evolution of Human Resource indicators in order to implement preventive measures as early as possible when a deterioration in the overall working conditions is identified.

In addition, the Group encourages the implementation of security management systems at production sites on a local scale. In some cases, this translates into the creation of a health and safety policy.

Action plans

Rémy Cointreau promotes, both locally and Group-wide, initiatives that target the improvement of working conditions and foster the well-being of employees.

Over the course of the year, Rémy Cointreau repeated a worldwide satisfaction survey to measure its employees' commitment. This type of survey will be conducted every two years to measure progress. 88% of the Group's employees responded to the survey; its results were presented at each site during the 2018/2019 financial year. Following this, meetings were organised with groups of employees. This enabled action plans to be drawn up, taking into account the recommendations and feedback provided during these meetings.

Both at Angers and Cognac, various ergonomic improvements continued to be made to certain administrative or industrial workstations to improve working conditions. Accordingly, at Cognac, the site continued its work aimed at improving working conditions: setting-up of new healthcare and social premises, building of a lift to improve access for people with disabilities, creation of a new pallet storage area.

This year also saw the construction of a new distillery and wine-making cellar at the sites of Rémy Martin's agricultural domains in Cognac, in compliance with safety and ergonomics standards. Walkways and railings were installed for access to the wine-making vats and boilers. Special equipment to remove the lids of the boilers was designed and put in place to minimise human constraints. All the presses were equipped with security ladders to make their access and maintenance easier. A number of projects were carried out to improve working conditions and employee safety: at the Product Manufacturing Centre, the safety of at-height work was improved with the introduction of baseboards and guard rails on the stainless steel vats and the replacement of access ladders to the barrels and vats; many of the sprinklers and hose systems were brought into compliance in our ageing and fermentation cellars. The Merpins packing unit was the subject of a project to secure access for people working at-height on the palletisers and fall-protection systems were introduced for the palletisers on the various bottling lines.

Moreover, the Group closely monitors the Group employee turnover rate to analyse any possible deterioration if necessary. In the 2018/2019 financial year, the Group recruited 270 people, mainly in the sales teams (18.9%), production roles (15.2%), finance (13.3%) and marketing (13.7%). 67.8% of the recruitment was for permanent contracts.

At the same time and within the same scope, there were 223 departures, of which 27.8% were resignations, 13.0% were mutually agreed, 16.1% were as a result of fixed-term contracts coming to an end and 14.8% were retirements. Redundancies on personal grounds accounted for 15.7% of departures.

The turnover rate was 13.2% of employees (GRI Standard 401-1). Given the difficult employment conditions in certain markets in which the Group operates, the Company's target is to make sure that this rate does not exceed 17%.

The Group also continues to monitor changes in the workforce as a vigilance indicator. Thus at 31 March 2019, the Group's total workforce stood at 1,908 employees on permanent and fixed-term contracts.

WORKFORCE BY GEOGRAPHIC AREA (GRI STANDARD 401-1)

	March 2019	%	March 2018	%	March 2017	%
France[1]	719	37.7	704	37.8	683	38.1
Europe (outside France) – Africa	375	19.7	384	20.6	363	20.2
Americas[2]	380	19.9	377	20.3	354	19.7
Asia	434	22.7	396	21.3	394	22.0
TOTAL	**1,908**	**100**	**1,861**	**100**	**1,794**	**100**

(1) Excluding Domaine des Hautes Glaces (2 employees) in 2017.
(2) Excluding Westland (14 employees) in 2017.

WORKFORCE BY ACTIVITY (GRI STANDARD 401-1)

	March 2019	%	March 2018	%	March 2017	%
Group brands[1]	750	39.6	736	39.5	701	39.1
Distribution	1,077	56.4	1,050	56.4	1,027	57.2
Holding	81	4.0	75	4.0	66	3.7
TOTAL	**1,908**	**100**	**1,861**	**100**	**1,764**	**100**

(1) Excluding Domaine des Hautes Glaces (2 employees) and Westland (14 employees) in 2017.

The distribution business still accounts for more than half of the Group's workforce (56.4%).

WORKFORCE BY FUNCTION AND OCCUPATION

	March 2019	%	March 2018	%	March 2017[1]	%
Sales	539	28.2	537	28.9	501	27.9
Marketing	309	16.2	274	14.7	271	15.1
Production and purchasing	355	18.6	352	18.9	350	19.5
Supply Chain	139	7.3	157	8.4	148	8.2
Ageing	156	8.2	158	8.5	138	7.7
Finance & legal	217	11.4	207	11.1	220	12.3
Information systems	57	3.0	51	2.7	50	2.8
Human resources	60	3.1	53	2.9	46	2.6
General services	29	1.5	28	1.5	27	1.5
Senior management	47	2.5	44	2.4	43	2.4
TOTAL	**1,908**	**100**	**1,861**	**100**	**1,764**	**100**

(1) Excluding Domaine des Hautes Glaces (2 employees) and Westland (14 employees) in 2017.

The breakdown of the workforce by gender remained stable; men accounted for 55.6% of the workforce and women 44.4%, with different figures according to occupation and country (GRI Standard 401-1).

Analysed by occupation, men tend to make up the majority of personnel in ageing, maintenance and sales. There are more women in marketing, client services and packaging.

The average age of Rémy Cointreau's workforce is 40.5 years, although in France it is very slightly higher.

The average length of service of the Group's workforce is 7.9 years, with a very similar average in France, at 8.

Aware that a number of its employees work in an industrial environment, Rémy Cointreau pays special attention to the impact of noise pollution. To this end, several actions have been carried out since 2017 at the Cognac and Angers sites to implement a Health Safety Environment plan for noise pollution.

At the Cognac site, CARSAT (Retirement and Work Health Office – Caisse de retraite et de santé au travail) was asked to measure workstation and workshop noise levels. As soon as the report was received, initiatives were put in place in order to reduce noise levels: controls on conveyors, installation of silencers on compressed air compressors, introduction of noise reduction enclosures.

This year, special focus was placed on the noisiest packaging line and work was done on regulating the conveyor belts. A significant noise reduction was also achieved thanks to work on a new corking machine (reduction in noise/vibration at source). Other efforts are underway on machines that generate noise pollution, such as the case erectors.

On the Angers site, a personal dosimetry campaign was carried out at packing and operating stations in 2017. Subsequently to this campaign, investments were made towards measures aimed at reducing the noise from conveyor belts, the fitting of soundproofing panels on a pallet unloader and the construction of a soundproof wall in the packaging workshop (improvement of 6 dB(A)).

This year, the optimal utilisation of a soundproofing casing for a glass skip used for decanting, enabled a reduction of 10 dB(A) in ambient noise.

The Group's noise pollution is managed inside and outside. The studies carried out on the sites by an external service provider relating to noise pollution on the property line (during the day and at night) have ensured that the values measured were below regulatory limits. These regulatory limits are also complied with internally.

The Group also monitors the absenteeism rate for France, Barbados and Islay. In the coming five years, the Group is looking to include the Domaine des Hautes Glaces and Westland entities. For the financial year ended, the absenteeism rate, measured in hours of absence per theoretical hours worked, stood at 2%, down from the previous financial year. This rate does not include sick leave periods of more than 90 days (GRI Standard 403-2).

In addition, the workplace accident frequency rate at the production sites in France (excl. DHG), Barbados and Islay for 2018/2019 was 8.51, expressed as the number of workplace accidents with workdays lost per million actual hours worked (GRI Standard 403-2). In the coming five years, the Group is looking to include the Domaine des Hautes Glaces and Westland entities.

The severity rate, expressed as the number of days lost to workplace accidents per thousand actual hours worked (GRI Standard 403-2), was 0.59. In order to remedy the causes of each accident, the members of the Health and Safety Committee systematically carry out a root cause analysis and report their findings and recommendations to the committee.

1.3.1.2 NON-DISCRIMINATION AND INTERNAL SOCIAL BALANCE

Challenge

Rémy Cointreau aspires to fairly reflect the employment areas in which it is located, the markets in which it operates and its customers. To this end, the Group seeks to preserve the good reputation it has vis-à-vis its various stakeholders to maintain its attractiveness and ensure social balance.

Policy

In terms of equal treatment for men and women and non discrimination in general, the Rémy Cointreau Group has taken the decision to implement international procedures and processes that guarantee equal treatment for the Group's employees. Non-discrimination in terms of race, religion, colour, age, gender, nationality or any other discriminatory factor not based on criteria of occupational requirement forms an integral part of Rémy Cointreau's policies and practices, particularly with respect to recruitment, promotion, transfers, salary increases and training.

Rémy Cointreau also strives to ensure that its practices in terms of working hours and other time spent within the Company aim as far as possible to maintain a healthy work-life balance, particularly in order to help employees fulfil their parental duties.

As regards remuneration, in France, the Group has undertaken to implement its policy in such a way as to ensure that the distinction between men and women is not taken into account. Three initiatives have thus been formalised with a shared objective and shared measurement indicators:

- no difference between men and women in terms of starting salary where the employees are equally qualified;
- no difference between men and women in terms of individual salary increases where the employees' performance level and market ratio are the same;
- analysis of differences between men and women in terms of basic salary where the employees' employment, experience and performance levels are the same, and action plans aiming to reduce any differences.

Action plans

In France, collective agreements on gender equality and the employment of older workers have helped formalise objectives and progress indicators in the areas of recruitment, remuneration, careers and training, working conditions and work-life balance.

Moreover, working time arrangements can be made to allow employees to accompany their children on hospital stays. Moreover, wherever possible, meetings are arranged during 2 working hours and training sessions scheduled early to allow parents to arrange childcare where required. In addition, the parties sought to adapt the application of compassionate leave and allow the employees in question to discuss with their manager a way of adjusting their work to part-time hours when they have family issues to deal with.

The remuneration policies are governed by occupational evaluations informed by an external method and appraisal and by a performance assessment based on identifying skills and shared goals. The recruitment and internal mobility policies are subject to procedures and/or international charters that guide managers and encourage joint decision-making based on objective criteria.

To further distil the Group's multicultural identity and foster diversity, the Group is actively committed to encouraging the professional inclusion of recently graduated students, with a *Bac +3* or higher degree, who are aged under 30 and come from a modest social environment or priority economic areas. The partnership with *Nos Quartiers ont du Talent*, initiated at Rémy Martin in 2014, continued to gain momentum. In December 2018, a major regional round table was organised by the Rémy Martin HR department in Cognac at which more than 80 sponsors from 20 businesses in the area shared their experiences. Many young jobseekers were actively involved at this special event which was dedicated to them. Rémy Martin hosted the Chairman of the NQT non-profit, which provides certification to companies committed to equal employment opportunities. A total of 70 young people were mentored by 15 managers of the Company over the past five years and 40 of them found a job in line with their expectations.

In Angers, the Group has opted to pay its traineeship taxes to organisations, schools or entities that promote the employment of disabled people.

In 2018, the percentage of workers with a disability at the Rémy Martin Cognac site complied with the legal requirement of 6%, despite a strong increase in temporary workers who were incorporated into the figures. Rémy Martin has successfully continued its efforts to integrate disabled people in both permanent and temporary roles, or through the Cognac work-based support centres.

Rémy Cointreau also took part in the annual job fair which was held in Angoulême in March 2019. A dynamic Rémy Martin stand manned by the Human Resources department received large numbers of people with a disability and/or jobseekers.

Rémy Cointreau offers traineeships to train the talents of tomorrow. On the three French sites, young trainees (from vocational *Baccalauréat* to Masters level) learn a trade, with a view to quickly developing the meticulousness, creativity and professionalism required by the professional world. The Rémy Cointreau Group thus continued its proactive work-linked training policy, with the renewal of all work-linked training contracts where necessary and additional recruitment in new positions. These contracts accounted for 3.3% of the workforce in France at the end of March 2019.

Moreover, each trainee is also interviewed before their departure, in order to go over their training with the Group and share ideas for their future direction.

Lastly, in order to develop young talent and skills at an international level, Rémy Cointreau offers worldwide contracts under the international volunteer programme (VIE).

The Group monitors the Women/Men manager ratio, which stood at 44% for the 2018/2019 financial year at Group level and which remained stable compared with the previous financial year (43%). In France, we also monitor the indicator for the weighted difference in the rate of promotion between women and men per calendar year. In 2018, it was -0.14%, which reflects a promotion percentage (proportion of employees promoted in terms of socio-economic category) of 1.6% for women *vs*. 1.1% for men. This indicator is included in the calculation of the women/men equality index, as established by the implementing Decree and published in the French Official Journal of Legal Announcements of 9 January 2019. Please note that the more negative the weighted difference, the higher the proportion of women promoted. The Group will also publish the women/men equality index during the 2019/2020 financial year, in accordance with legal provisions.

Moreover, the Group makes sure that female and male employees have an equal access to training. In the 2018/2019 financial year, the ratio of Women/Men that benefited from at least one training course stood at 46%, in line with the proportion of Women/Men in the Group (44%) and with the ratio for the previous year (43%).

1.3.1.3 IN-HOUSE TRAINING AND SKILLS DEVELOPMENT

Challenge

Rémy Cointreau's challenge is to keep its employee skills development in line with the Company's needs in terms of qualification. The human resources policy must constantly anticipate the Group's needs and this is particularly the case as regards training.

Policy

Rémy Cointreau is committed to fostering skill development, particularly through in-house training, which is necessary to pass down the fundamental expertise required to craft our exceptional products.

Action plans

Rémy Cointreau has continued to use its international tools to encourage the development of its employees’ skills. Performance evaluation processes, succession plans and training and international mobility policies have 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 skills development and contributing to team performance.

Due to the international dimension of its business, as of 31 March 2019, 62.3% of Rémy Cointreau's workforce was located outside France. The Group believes that its multicultural dimension represents a significant asset in its international development. Training is focused on sharing experiences in all 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. The Group’s commitment to diversity is also demonstrated by its willingness to favour building teams that include men and women of different ages, and with different training backgrounds and professional experience.

In particular, a process to identify key positions, shared with 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 in the long term.

For the 2018/2019 financial year, the Group set up an indicator expressed as a percentage of employees who have benefited from at least one training course a year. In this financial year, this indicator was 79.3% of employees for the scope covered (excluding Europe and Domaines des Hautes Glaces). The Group's ambition is to extend this indicator to production sites worldwide and sales subsidiaries of more than 20 people and keep this percentage above 50%.

In addition, the number of training hours declared in 2018/2019 for the entire Group scope, including both outside Europe and France, for employees on permanent contracts, was 26,615 hours, of which 11,677 were for women and 14,938 for men (GRI Standard 404-1). The aim is to be able to extend this indicator to production sites worldwide and sales subsidiaries with more that 20 people.

1.3.2 Environmental risks

Environmental information currently covers the production sites in Cognac, Angers, Barbados and Islay (Scotland), the Paris administrative site, the companies Domaines Rémy Martin, Domaine des Hautes Glaces and Westland. The eaux-de-vie storage site in Cognac is classified as Seveso high threshold on account of the quantities of eaux-de-vie ageing. The site is subject to a comprehensive Safety Management System (SMS).

The distribution subsidiaries are excluded from providing the information referred to below as their environmental impact is not deemed to be significant. The scope of application of each indicator is specified in *section* 1.5 "Note on methodology for reporting indicators".

1.3.2.1 SUSTAINABLE AGRICULTURE

Challenge

Rémy Cointreau's ambition is to remain the leader in economically-competitive winemaking whilst being intransigent on product quality and environmental protection. In this respect, Rémy Cointreau has a duty to help protect its terroirs and natural resources, which are key to the exceptional quality of its products.

The main challenge is to secure the long-term production of our agricultural raw materials by protecting know-how and refining the wine-growing and agricultural practices of our supplier partners.

Policy

One of the 2020 CSR plan's priorities is environmental protection: *giving back to the land what it gives us*. Since its creation, Rémy Cointreau has made its environmental commitment a long-term driver of its economic success, thanks notably to an ambitious certification policy to recognise the efforts made and to influence cultivation.

Wherever in the world that the Group operates, Rémy Cointreau's Houses are involved in protecting the land that they cultivate, both directly and indirectly. Looking after and respecting the terroirs from which they extract the character and authenticity of their products is essential. Soil, climate, air, biodiversity, production methods: every region is distinctive. The terroirs are the melting pot in which traditions are handed down and new expertise is developed. As small plots on an enormous planet, they are the places where women and men repeat ancient traditions that are enhanced at every step by each person's intuition. Every aspect of a terroir – geographical, human, cultural – contributes to the individuality of Rémy Cointreau's spirits. The quality of the environment and the wealth of biodiversity contribute directly to the excellence of the products.

At the Cognac site, the excellence of Rémy Martin's cognac *eaux-de-vie* is down to its grapes. To make the most of them, Rémy Martin relies on a trusted partner, the Alliance Fine Champagne (AFC) agricultural cooperative, from which it has sourced its supplies since 1966. This cooperative structure accompanies its growth. This partnership needs to reflect the Group's efforts in environmental protection. Rémy Martin also has its own vineyards, grouped under Domaines Rémy Martin. They are now used as a testing platform to promote the Group's innovative and environmentally-friendly winemaking policy.

Action plans

The policy of protecting terroirs is reflected in the responsible and sustainable agricultural practices used to produce all our raw materials and the ambition that all the land used be covered by a responsible and sustainable agricultural standard or label.

In 2017/2018, the focus was on creating the first global terroir map and introducing a new indicator to demonstrate and manage this commitment. This first stage enabled an estimation of the agricultural land used for Rémy Cointreau's strategic supplies:

- vineyards for Rémy Martin and LOUIS XIII cognacs and Saint-Rémy brandy;
- cereal production land for the Bruichladdich, Westland and Domaine des Hautes Glaces whiskies;
- land devoted to growing sugar cane for Mount Gay rum;
- land devoted to growing oranges for the Cointreau liquor.

This year, based on the information collected, just over 18,000 hectares of agricultural land and vineyards are used by Rémy Cointreau in total.

The Group's ambition is that all of this land will be cultivated in accordance with a responsible and sustainable agricultural model by 2024.

At present, 52% of the land is farmed sustainably. This has risen by 16 percentage points in one year (36% in 2017/2018), largely thanks to the work carried out in Cognac with the AFC.

Introducing eco-friendly growing methods at the Cognac site

Domaines Rémy Martin have continued to contribute to the quest for environmental excellence in French winemaking, associated with the reduction in the use of pesticides and fertilisers.

Domaines Rémy Martin are members of the Ecophyto network, a national initiative originating from the *Grenelle de l'Environnement* and steered by the French Ministry for Agriculture. This initiative seeks to gradually decrease the use of pesticides and thus cut soil pollution.

Around 30 of the 220 hectares of vineyards owned by Domaines Rémy Martin are set aside for wine-growing, agronomic and environmental experiments. The aim of these experiments is to address various challenges, such as reducing pesticide use, producing quality *eaux-de-vie* while factoring in climate change and developing new technologies.

Particular attention is paid to the application of these new technologies. They are seen as a real way forward in improving knowledge among wine-growers, adapting techniques and optimising work from a technical, economic and environmental point of view.

Several tools are being tested on the ground or in the air:

- on-board sensors:
  These are used to assess the intensity of the vegetation and therefore the health of the vines. Some 5,500 measurements are carried out over a single hectare. These are then used to improve how the vineyard is managed;
- drones:
  In partnership with several drone image analysis companies, an aerial study is being carried out to detect whether the vines are infected with flavescence dorée. Successfully detecting the symptoms of this disease will be invaluable in identifying the correct treatment;
- robotisation:
  Robotisation is a possible alternative for mechanical weeding and reducing the use of herbicides. In partnership with Naïo Technologies, the first robot is being trialled on a *section* of the vineyard. Equipped with suitable tools, it can carry out mechanical weeding efficiently and thus offer a considerable time saving. Ultimately, the aim is for it to function autonomously.

Other studies are also being carried out on:

- using biocontrol products to combat vine diseases:
  The study is concerned with researching technical methods that promote the use of biocontrol products using natural mechanisms as part of an integrated approach to combating insects or species that threaten the vines;
- using green fertilisers:
  Domaines Rémy Martin are studying the use and management of winter coverings such as green fertiliser. The aim is to generate significant plant biomass during the vine's rest period (Autumn-Winter-Start of Spring), to capture the nitrogen (soil and atmospheric) and to return it to the vine during the growing period in order to reduce external inputs;
- selecting resistant grape varieties:
  The study is focusing on new alternatives for combating mildew and powdery mildew with the assistance of new grape varieties selected by the Bureau National Interprofessionnel du Cognac (BNIC) (the national body representing growers in Cognac) and the Institut national de la recherche agronomique (INRA) (the French institute for agricultural research). The selection phase that is ongoing has enabled four different grape varieties to be selected, planted on four plots belonging to Domaines;
- combating mildew:
  A Mildew platform aims to test different mildew treatment programmes with lower environmental impacts. These programmes focus on reducing doses and promoting the use of alternative products (for example, natural vine defence stimulators);
- natural forms of control such as releasing trichogramma:
  An experimental platform has been set up to study the use of trichogramma to combat grapevine moths (partnership with the Charente Chamber of Agriculture and the company Bioline).

Domaines Rémy Martin, "integrated agriculture" certified since 2009, obtained level 3 in AFNOR's "high environmental value farming" (HVE) certification in 2012. In addition to rewarding action to preserve biodiversity and reduce pesticides, this is also a recognition of the efforts made and a guideline for daily activity.

This certification was renewed again this year for another three years. Domaines Rémy Martin are now registered in the national directory of HVE level 3 certified agricultural holdings.

As part of this certification, employee training continues to focus on the responsible use and management of treatment products (GRI Standard 404-1).

Rémy Cointreau would like all of its internal partners and all Alliance Fine Champagne (AFC) winemakers and distillers to follow its lead by obtaining HVE certifications.

A specific 2020 CSR working group was created within the AFC in 2016 to establish an HVE certification programme and communicate the objectives of the Rémy Cointreau CSR plan to the cooperative.

The aim is for 100% of cooperative members to be committed to the environmental approach by 2020 with a majority of winemakers level 3 HVE certified by 2022. The AFC and Rémy Martin have agreed that by 2020, all cooperative members should have taken part in the environmental training sessions organised jointly with the local chambers of agriculture. HVE certification is based, amongst other criteria, on the reduction in the Treatment Frequency Index (TFI).

The Ministry for Agriculture and Food's HVE environmental information brochure has been circulated to all of the AFC's winegrowers. Several "Meetings with Maison Rémy Martin" events have been organised in order to encourage winegrowers to become involved in the AHVE system. The aim of these meetings was to unveil the ambitions of the AFC and Rémy Martin in terms of HVE certification. Rémy Martin's cellar master and winegrowing and wine production consultants have hosted some 20 meetings, fostering direct and constructive discussions in a bid to achieve the HVE certification targets.

By meeting these HVE targets, the AFC will also meet the objectives set by the National Inter-professional Cognac Office (BNIC), which is now committed to an environmental certification approach thanks to new local "sustainable winemaking" guidelines.

In 2018/2019, 226 winegrowers followed the two-day AHVE level 1 training course which includes the local Sustainable Winemaking guidelines. For five years, 601 winegrowers have been following the environmental approach, *i.e.* 75% of the cooperative's members (representing 94% of the cooperative's vineyards).

This year 103 winegrowers obtained level 3 HVE certification, the certification's highest level of commitment, bringing total certified winegrowers to 183 over a five-year period, *i.e.* 23% of the cooperative's members (representing 42% of the cooperative's vineyards).

Largely as a result of the AFC certification project, the Charentes region is France's third most-involved region in the HVE certification process.

For the past two years, Rémy Martin has held an annual *Centaure de l'Environnement* award ceremony in recognition of HVE-certified winegrowers. This year, 103 winegrowers received recognition for their efforts and their commitment to the environmental excellence of their vineyards.

Rémy Martin aims to establish close ties with winegrowers and to provide them with all the necessary information about the partnership and the Company itself. For this reason, it created the Rémysphère Newsletter. It is timed to coincide with the different winemaking phases, *i.e.* flowering, harvest and distillation.

The newsletter, distributed in hard copy and also available on the rémysphère.com website, also provides regular information to winegrowers on the Group's results, brand updates and news on the economic climate as well as technical developments. The website also features a special *section* with a regular CSR update and provides information on the progress of the AHVE project. Rémy Cointreau's first CSR report was also published on the Rémysphère website in an effort to share the Group's employee-related, societal and environmental ambitions with all winegrowers.

To promote the AFC certification process to a wider audience, a digital press kit consisting of nine short films has been posted online (env.remymartin.com). It provides factual information on Rémy Martin's environmental approach, highlighting the various initiatives led by the AFC and Domaines Rémy Martin.

Islay site: acquisition of plots of land and introduction of sustainable agriculture

The actions of our teams on Islay in Scotland (PHD: Progressive Hebridean Distillers, which covers the Bruichladdich, Port Charlotte, Octomore and The Botanist brands) are helping to showcase the potential of the local terroir. The reintroduction of different varieties of traditional barley and the preservation of Bere barley are now assets for the Company, which is also supplied with barley produced on the banks of the Moray Firth in north-east Scotland. A product of organic farming, a five-year crop rotation system is followed in order to maintain soil fertility.

This year, PHD acquired 12 hectares of land to develop programmes to study sustainable farming practices. These plots of land will also be used to test different varieties of barley.

A "Croft Summit", which included representatives from Domaine des Hautes Glaces and Westland, was held on Islay in late 2018 to examine different ways of cultivating the new plots as sustainably as possible. The event was attended by soil and crop experts, specialists, organic farmers and researchers from all over the world. Following discussions with PHD teams, a major project was devised to plant several varieties of barley on test plots, in order to test those best suited to the island's terroir, without using synthetic products. The aim is to improve knowledge of local growing conditions and to adapt farming practices to preserve the terroir. Ultimately, other farmers on the island will also benefit from it.

In addition, as of this year the Bruichladdich distillery has been certified in accordance with EU legislation on organic production and labelling of organic products (Council regulation (EC) No 834/2007 and Commission regulation (EC) No 889/2008).

Cointreau: measuring the use of sustainable agriculture in orange production

In order to measure the environmental commitment of orange suppliers, Cointreau has published its own internal standards for sustainable agriculture, based on the French HVE standards.

An initial audit was carried out at one of our main suppliers. This confirmed a real commitment to sustainable agriculture and was accompanied by an improvement plan.

In Ghana, all of the Group's partner orange plantations are already certified as organic.

This initiative is part of the "Orange & Terroir" project launched this year. The project focuses on four key areas:

- the use of responsible and sustainable agriculture;
- environmental protection;
- building partnerships with suppliers modelled on Cognac's AFC wine cooperative;
- the search for an international standard for responsible and sustainable agriculture.

On the latter point, the "Fruit and Vegetables Certification" *section* of the GLOBALG.A.P. standard could be used. Eventually, all oranges used to make Cointreau liqueur will have to be grown sustainably.

St-Rémy: supplier awareness of sustainable agriculture

To raise supplier awareness of Rémy Cointreau's "Sustainable Agriculture" project, an initial information meeting was held this year with the main supplier of *eaux-de-vie*.

This addressed the following points:

- presentation of Rémy Cointreau's CSR policy;
- method of calculating the size of the area used for supplies;
- the agricultural practices implemented;
- carbon emissions associated with *eaux-de-vie* production.

Regarding agricultural practices, a decision was made to circulate a questionnaire to the main wine cooperatives to gather environmental information on their wine-making practices.

A review was also carried out of the environmental certification standards that could be used to ensure best practices in wine-growing (HVE certification or others recognised in France).

Protecting natural resources in Barbados

In Barbados, Rémy Cointreau incorporates the protection of natural resources in all of its activities. Mount Gay is contributing to the renewal of traditional expertise in sugar cane cultivation. While organising improved management of the raw material, the Group's work to rediscover the local specifics relating to sugar cane is behind the development of a shared awareness. Following the purchase of the Mount Gay distillery, in 2018 the Group acquired 134 hectares of sugar cane plantations. It is continuing to experiment with new organic growing and permaculture techniques, with advice from the world's leading experts in soil cultivation.

Domaine des Hautes Glaces and local development

Using the surrounding cereal crops, Domaine des Hautes Glaces is creating – at the moment on a small scale – products that are the fruit of a local development project in which farmers are committed partners. This relatively new brand emphasises its links to the region, for example by encouraging crop rotation to improve soil management and creating a balance through agricultural economics.

The project resonates effortlessly with the Group's values. Domaine des Hautes Glaces is working with local farmers to develop new varieties of organic barley, rye, spelt, oats and triticale. The creation of this new rural whisky offering brings a new vision for regional development and sustainable opportunities from converting farms to organic agriculture.

The Group is exploring and bringing about the rebirth of expertise that is many centuries old, far removed from standards and stereotypes. This includes the still, made by a local boilermaker and heated by a wood pellet burner. Domaine des Hautes Glaces thus captures the essence of the local area, soil and climate.

In addition, as of this year, the Domaine des Hautes Glaces distillery has been certified in accordance with EU legislation on organic production and labelling of organic products (Council regulation (EC) No 834/2007 and Commission regulation (EC) No 889/2008).

Westland and crop rotation

Westland, based in Seattle in the United States, joined the Group in early 2017. It produces single-malt whiskey exclusively from local barley. A study is currently under way to examine the most suitable crop rotation in this terroir, which boasts one of the best climates in the world for growing barley.

1.3.2.2 BIODIVERSITY CONSERVATION

Challenge

Biodiversity conservation has become a major concern. Natural habitats such as farmland and woodland are under threat. This could potentially have an impact on terroirs and the production of raw materials (cereals, grapes, sugar cane, oranges, wood, etc.). Rémy Cointreau thus has a duty to play an active role in biodiversity conservation. It is also a question of the Group's reputation with its customers.

Policy

Rémy Cointreau prioritises the long-term development of its brands. They share common core values, central to which are responsible agriculture and biodiversity.

As mentioned in the previous paragraph (and in section 1.3.2.1 "Sustainable agriculture"), at each of the Group's locations around the world, Rémy Cointreau is committed to the stewardship of the land it farms either directly or indirectly. The biodiversity of each region is unique and plays a major part in the distinctiveness of Rémy Cointreau's spirits. It is vital therefore that the Group takes action to protect biodiversity according to the terroirs and natural resources used.

From the Charente to the Pacific North West, Rémy Cointreau gives special consideration to each site, taking steps to conserve its biodiversity so that it can secure the site's long-term future and continue making exceptional products.

To reflect this commitment, Rémy Cointreau has decided to support the "act4nature" initiative this year, joining other leading French companies in campaigning for biodiversity. To that end, Rémy Cointreau has signed a collective declaration on the inclusion of nature (fauna, flora, ecosystems, etc.) in the Company's strategy. The aim is to take concrete action for biodiversity conservation and restoration. Rémy Cointreau has chosen six major commitments, ranging from employee engagement to agricultural practices, HVE certification in France and the protection of terroirs, forests and bees.

Action plans

Cognac site

Because forest cover helps protect biodiversity by safeguarding natural habitats, Rémy Martin has been involved for nearly ten years in protecting forests in France through a corporate sponsorship initiative in partnership with the French Forestry Commission (*Office National des Forêts* – ONF):

- **2010/2012:** funding for a scheme to plant 115,000 oak trees on around 40 hectares in the Senonches national forest in Eure-et-Loir, France.
  The aim was to replace existing tree species on this site (Sitka fir and Douglas fir) with sessile oak, and thus encourage biodiversity through improved compatibility with the region's climate, terrain and soil;
- **2013/2014:** funding for the restoration of the Parc François Ier in Cognac, which was severely damaged during the great storm of 1999.
  The new landscaping work was approved by the local council and consisted of planting more than 300 oak trees and building a wooden observatory on a natural promontory. A nature trail with information boards was also created, to raise public awareness of biodiversity conservation issues;
- **2015/2016:** funding for improvements at La Braconne Bois-Blanc national forest.
  Located east of Angoulême, this forest is the largest forested area in the Charente region and was also affected by the 1999 storm. To raise public awareness of forestry protection by providing first-class visitor facilities offering enjoyable new ways for visitors to experience the forest, the ONF has developed a multimedia trail and harnessed new information and communication technologies to communicate its message (smartphone app);
- **2016/2017:** funding for improvements in the Vouillé Saint-Hilaire national forest (Poitou-Charentes). Designed to raise public awareness of biodiversity, the project involves afforestation and the planting of 300 oak trees near to a visitor centre;
- **2017/2018:** funding for a sponsorship scheme to secure the future of the Moulières national forest in Vienne. The project focused on forestry renewal with the reforestation of a dozen hectares with more drought-resistant oaks;
- **2018/2019:** funding for two sponsorship schemes involving pedunculate oak.
  The first project, entitled "Renessence", is aimed at creating a network of small plantations to find out whether pedunculate oak trees in Poitou-Charentes can adapt to climate change. The second project consists of establishing pedunculate oak in the Monnaie national forest (Maine-et-Loire), to promote and preserve this species in the forest.

In the coming years, a special effort will be made to grow pedunculate oak, characteristic of the production of Rémy Martin cognac.

Rémy Martin also renewed its partnership this year with the non-profit organisation *Un toit pour les abeilles*. Ten beehives have been set up in Charente, in a truffle oak growing area surrounded by 40 hectares of flower meadows. This allows pure honey to be produced, which is then distributed to all employees in France. Each pot of honey is accompanied by an educational leaflet on the importance of bee protection.

Domaines Rémy Martin, in partnership with the French Bird Protection League, is involved in the ecological monitoring of a site on the banks of the Charente: flora and fauna surveys were carried out in 2017 and will be repeated every three years. These will improve forest management and preserve the biodiversity of the site. The monitoring carried out to date shows an improvement in species diversity on the site. The planting of several tree species (poplar, ash, etc.) on this site also plays an important role in filtering drinking water and contributes to biodiversity conservation (GRI Standard 304-3). The first diagnostic assessment carried out revealed a high floral diversity, the presence of four remarkable plant species on the banks of the Charente, and fourteen remarkable species of wildlife, also near the river bank.

Domaines Rémy Martin, in partnership with the Charente Chamber of Agriculture, uses green fertiliser to fertilise the soil naturally at the vineyard and thus promote biodiversity. Wildlife corridors have been set up at various locations on the estate to allow fauna, insects and flora to re-establish habitats. The preservation of hedges and the cultivation of wildflower meadows also help encourage bees, which are essential for natural ecosystems to function.

Islay site

The principal mission of the Botanist Foundation is to work with the island's inhabitants. The aim is to improve understanding and conservation of the island's botanical diversity. Protecting species is a vital aspect for the future of The Botanist, the one and only gin on Islay. A total of 22 plants are harvested for the distillation process. Ensuring that the island's crops are harvested sustainably and responsibly builds on the Group's work in Scotland, underscores the coherence of its policy and makes a substantial contribution to local biodiversity conservation.

Westland site

Westland pays special attention to the different varieties of oak. The Company uses an unusual variety of oak, Quercus garryana, to age its whiskeys. The oak, which is sourced exclusively from local forests, is what makes Westland so distinctive. Over the past two years, 600 Quercus garryana have been planted, with the goal of reintroducing an additional 2,000 over the next five years.

1.3.2.3 CLIMATE CHANGE

Challenge

Mindful of the impact of its operations, Rémy Cointreau has an obligation to contribute to the global effort to reduce global warming to 2°. It is a question of the Company's sustainability, its reputation with its customers, and its response to the possibility of a future carbon tax.

Climate change could have a highly significant impact on the level of production and quality of our products, whether it be cognac, whisky and gin from Islay, whisky from Isère, or whiskey from Washington State.

Rémy Cointreau's new motto, "Terroirs, people and time", underscores the importance of nature for its business.

The main consequences in terms of risks would be:

- a change in meteorological conditions (warming or cooling) which could affect harvests and production:
  - in a few years, Rémy Cointreau could face smaller harvests, forcing it to scale back production,
  - in the longer term, the displacement of growing areas would have a critical impact on Rémy Cointreau, calling into question the notion of terroir;
- an impact on Rémy Cointreau's financial performance, since any decline in production would necessarily entail a sharp rise in the price of raw materials.

Policy

As regards environmental issues, the Group has made long-standing and strong commitments, as it shares the concerns expressed during the 2015 COP21 conference held in Paris. The conference brought together countries from around the world to discuss these issues. The 21st Conference of the Parties reached an agreement to limit the temperature rise to less than 2°C, or even 1.5°C, by 2100. These targets are consistent with those set internally by Rémy Cointreau for 2020. The Group has integrated the reduction in carbon emissions in its 2020 CSR plan.

The main challenges of the CSR 2020 plan have been defined with a view to involving the whole company. One of the most important of these concerns the measurement and reduction of greenhouse gas (GHG) emissions at all levels of the business, as well as the eco-design of products and their transportation.

The plan to reduce the Group's GHG emissions and carbon footprint is a common indicator that enables everyone in the Group to assess their practices and be aware of their responsibilities at their own level. The initial priorities have already been defined; these include wine-making practices, energy efficiency, the eco-design of packaging and optimised product transportation.

Since 2006, Rémy Cointreau has measured its carbon emissions using the Bilan Carbone® standard. For the first time this year, the GHG Protocol standard has been used to harmonise the responses to global surveys such as the Climate Change survey of the Carbon Disclosure Project (CDP).

This year, scope 3 of the Bilan Carbone has been extended to all Rémy Cointreau's production business. As in the previous year, it includes the production activities of the Cognac, Angers and Barbados sites and the upstream and downstream impacts of product transportation worldwide. For the first time this year, it includes the activities of the Islay, Westland and Domaine des Hautes Glaces production sites and the transportation of products in Australia (GRI Standard 305-3).

Various measures have been implemented to control greenhouse gas (GHG) emissions. Since 2011, eco-design actions, the increasingly systematic use of videoconferencing and the introduction of electric vehicles on the Angers and Cognac sites have all helped reduce CO_2 emissions.

As a listed company, the Group meets the requirements of Article 173-IV-A of the French law on energy transition and green growth.

The information given in the following paragraph is taken from the management report.

Action plans

Information on the main sources of greenhouse gas emissions

CO_2 emissions for scopes 1, 2 and 3 totalled 174,842 tCO_2eq. This breaks down as follows (GRI Standard 305-3):

- Cognac site: 93,949 tCO_2eq;
- Angers site: 45,017 tCO_2eq;
- Barbados site: 22,135 tCO_2eq;
- Islay site: 8,881 tCO_2eq;
- Domaine des Hautes Glaces site: 21 tCO_2eq;
- Westland site: 610 tCO_2eq;
- Domaines Rémy Martin site: 4,229 tCO_2eq.

Compared with the previous year, total scope 3 CO_2 emissions have increased by 22%. This is due to the change in how emissions are calculated (migration from the *Bilan Carbone* tool to the GHG Protocol tool) and the inclusion of the Islay, Domaine des Hautes Glaces and Westland sites in the measurement.

The main sources of greenhouse gas emissions for Rémy Cointreau are as follows:

- product packaging: 81,232 tCO_2eq (46.5% of total emissions);
- upstream transportation of products and freight: 33,804 tCO_2eq (*i.e.* 19.4% of total emissions);
- raw materials: 25,701 tCO_2eq (14.7% of total emissions).

Compared with the previous year, significant emission items remain the same.

In the 2020/2021 financial year, the preparation of the 2024 CSR plan will include a plan to reduce scope 3 CO_2 emissions from the following year, in line with the Assessing Low-Carbon Transition (ACT) method devised by the French environment and energy management agency (ADEME) and the global initiative SBT (Science Based Targets).

It should also be noted that for the first time this year, a breakdown of CO_2 emissions was given for each of the main brands:

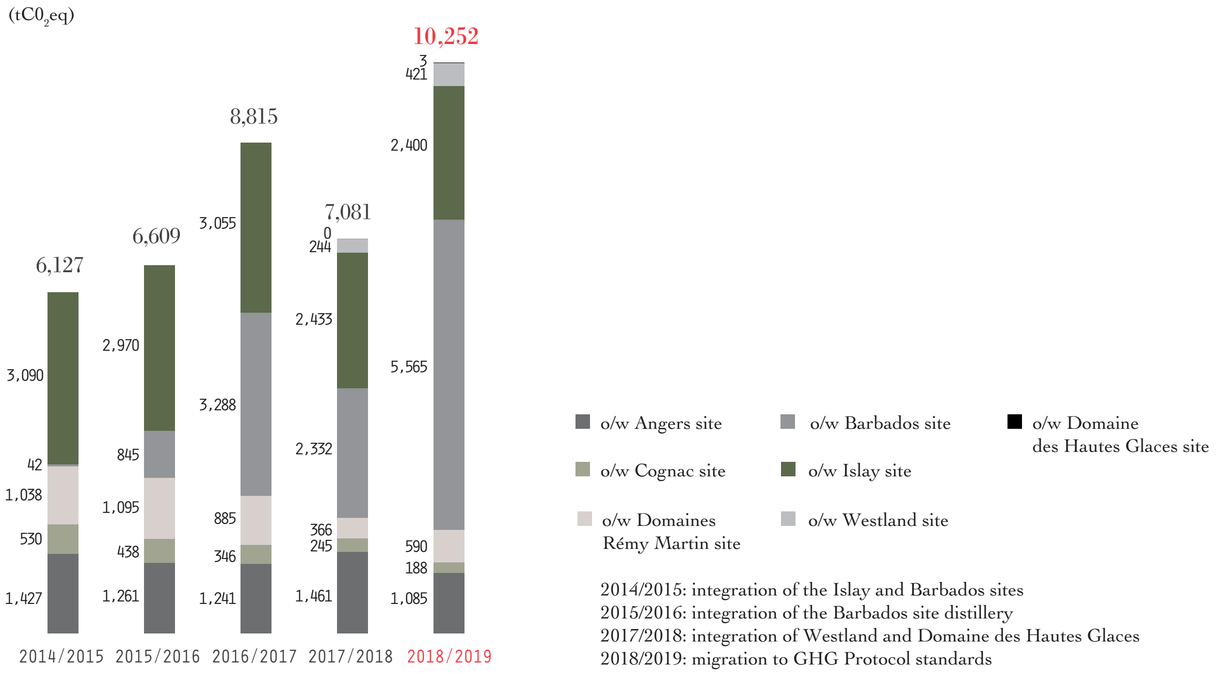
- Rémy Martin cognac: 98,178 tCO_2eq;
- Cointreau liqueur: 24,624 tCO_2eq;
- St-Rémy brandy: 13,652 tCO_2eq;
- Bruichladdich whisky: 2,759 tCO_2eq;
- Botanist Gin: 6,122 tCO_2eq;
- Westland whisky: 610 tCO_2eq;
- Domaine des Hautes Glaces whisky 21 tCO_2eq.

This breakdown will allow each brand to move increasingly towards carbon neutrality and to measure progress effectively. The actions to be implemented in this respect will form part of the future 2024 CSR plan.

By defining quantified targets for reducing carbon emissions, Rémy Cointreau is determined, through its 2024 CSR plan, to contribute to the international effort to limit global warming to 2°C.

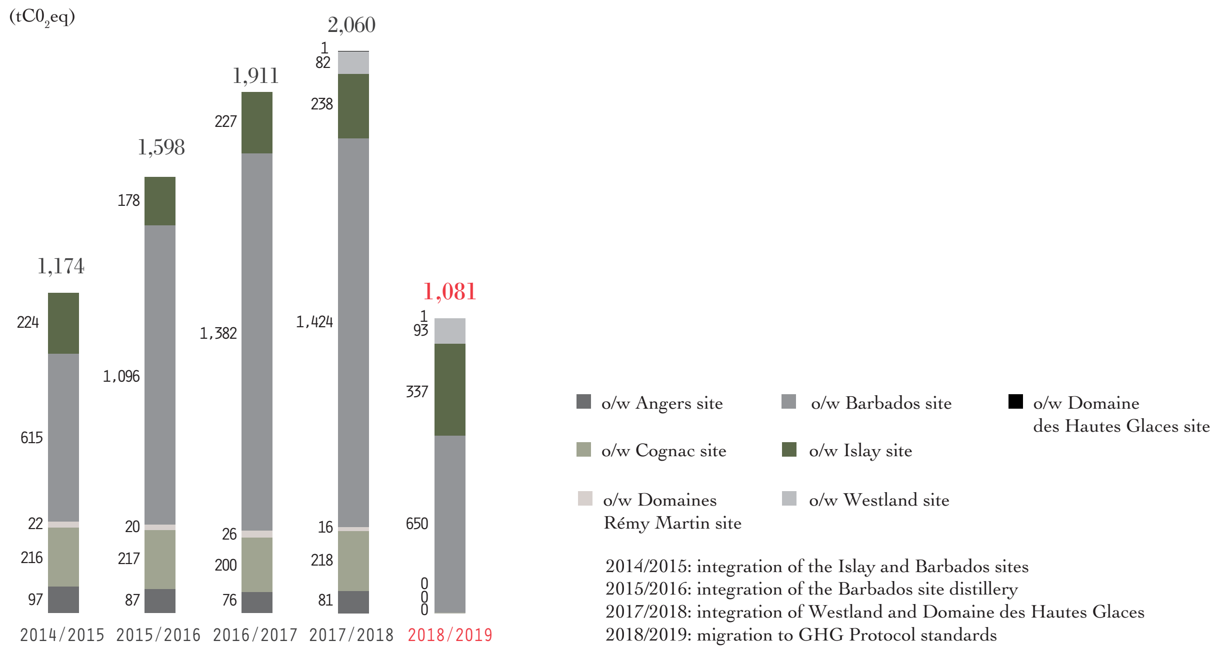
CO_2 emissions under scopes 1 and 2 have risen 19% to 11,333 tCO_2eq (scope 1: 10,252 tCO_2eq/scope 2: 1,081 tCO_2eq – GRI Standards 305-1 and 305-2). The reasons for this change are identical to those mentioned above for scope 3.

GHG EMISSIONS / SCOPE 1 (GRI STANDARD 305-1)



2014/2015: integration of the Islay and Barbados sites
2015/2016: integration of the Barbados site distillery
2017/2018: integration of Westland and Domaine des Hautes Glaces
2018/2019: migration to GHG Protocol standards

GHG EMISSIONS / SCOPE 2 (GRI STANDARD 305-2)



2014/2015: integration of the Islay and Barbados sites
2015/2016: integration of the Barbados site distillery
2017/2018: integration of Westland and Domaine des Hautes Glaces
2018/2019: migration to GHG Protocol standards

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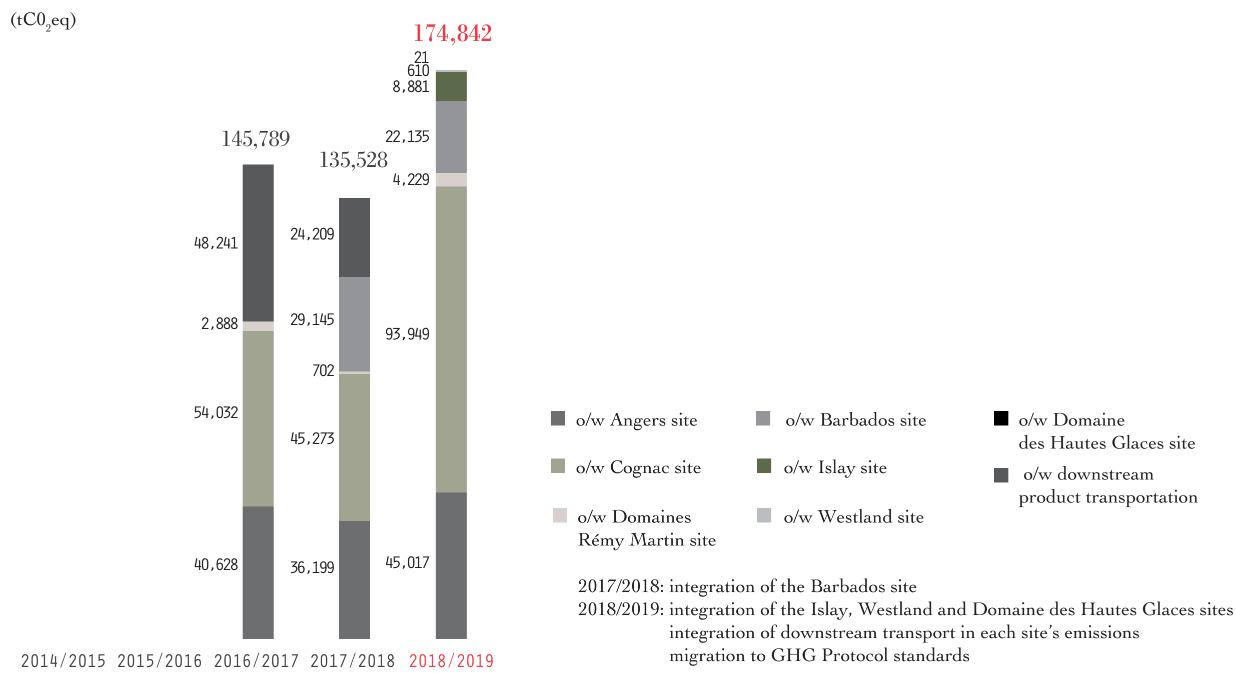
GHG EMISSIONS/SCOPES 1,2 & 3 (GRI STANDARD 305-3)



Introduction of a low-carbon strategy across all areas of the business

Rémy Cointreau is pursuing its efforts to reduce indirect GHG emissions. It has reduced emissions by 317 tCO_2eq (GRI Standard 305-5), mainly as a result of improvements to business travel.

The "substitution rate" indicator introduced in association with the travel agency Frequent Flyer Travel Paris, looks at business travel by the Group's employees.

It measures the replacement of short-haul flights by train travel, which emits less CO_2 (scope: France and neighbouring European countries, train journeys of three hours or less).

The substitution rate serves to illustrate this initiative. An initial assessment of business journeys gave a value of 87.8% in 2016/2017 and 91.9% in 2017/2018. It rose again this year to 97.6%, reflecting the fact that nearly 98% of short journeys are made by train.

From 2017, the implementation of the CO_2 emissions reduction plan for the Company vehicle fleet has led to a new internal policy for company and service vehicles in France. Each vehicle renewal or acquisition must be a rechargeable hybrid or electric vehicle. For that purpose, electric vehicle charging points have been installed in the car park at the Paris site. The percentage of "clean" vehicles (electric or hybrid vehicles or those with CO_2 emissions of less than 100 g/km) continued to increase this year to 64%, compared with 41% in 2017/2018 and 22% in 2016/2017.

In accordance with the regulations in effect since the beginning of 2018, the Angers site has prepared its mobility plan and submitted it to the relevant local authorities. This plan has enabled initiatives which have been implemented for several years to be highlighted. They include the mobility survey carried out in 2017, alternatives to individual cars for site access (two bike shelters, three car-sharing spaces, two electric vehicle charging points), the introduction of telecommuting, and the reduction and improvement of business travel (videoconferences, audio conferences, the Skype for Business tool and e-learning).

The 2018/2019 action plan continued to be rolled out this year, with training in eco-driving for employees and the installation of a car tyre inflation point.

Currently, average emissions for the Group's entire French vehicle fleet are 85 gCO_2/km. These were 92 gCO_2/km in 2017/2018 and 124 gCO_2/km in 2016/2017, a fall of 31% in two years.

In 2018/2019, 14 vehicles were acquired, including 9 petrol hybrid vehicles, replacing 16 vehicles. The average emissions level for new vehicles is 75 gCO_2/km, compared with 127 g previously for the vehicles replaced, representing a 41% drop in emissions.

The Group is also continuing its efforts to use communication technologies such as Skype, to encourage videoconferencing and thus avoid CO_2 emissions linked to business travel. This year, 12,313 videoconferences were held, compared with 787 in 2017/2018. The sharp increase is mainly due to the use of Skype tools.

As part of its effort to cut carbon emissions, the Group is also switching to paperless processes. This year, new systems were set up in the Accounts Payable department to enable the receipt and processing of electronic tax invoices from suppliers. All suppliers were contacted to inform them and raise awareness of the new document exchange procedures.

Product transportation

As part of the 2020 CSR plan, a "CO_2 Transport Emissions" project was launched in 2017. For the past two years, CSR reporting has included CO_2 emissions from the transportation of products in the USA and Asia (China, Japan, Taiwan and Vietnam).

As of this year, the reporting has also included Australian transport emissions for the first time.

Total scope 3 CO_2 emissions associated with downstream product transportation amounted to 25,176 tCO_2eq (GRI Standard 305-3). This is one of the significant greenhouse gas emission generators for Rémy Cointreau. Emissions are broadly stable compared with the previous year (limited increase of 4%).

This value includes product transportation:

- in France, between production sites and logistics platforms;
- between logistics platforms and the first shipping ports or airports;
- maritime and air transport between the first shipping ports or airports and the arrival ports or airports worldwide;
- in Europe;
- in the USA and in Asia (China, Japan, Taiwan and Vietnam);
- in Australia.

A specific focus on air freight transport is designed to prioritise the reduction of its CO_2 emissions.

The specifications for "Transport" tenders define the environmental conditions applicable to the Group's products. Each month, all selected carriers must report the greenhouse gas emissions for their transportation services during the year. Carriers must also demonstrate their commitment in charters for the reduction of CO_2 emissions.

This year, 44% of carriers sent CO_2 information on shipments handled for the Group. This represents 86% of the volumes transported.

Energy consumption

In 2016, based on the energy audits carried out in 2015, an energy consumption reduction plan was drawn up for the Angers and Cognac sites, with the choice of targets for potential reductions in energy consumption (electricity and gas) by 2020 (GRI Standard 302-4). The target to be achieved by the end of the 2020 CSR plan is a 900 MWh reduction in energy consumption on the French sites. The main actions include optimising air compressor operation, replacing compressors, monitoring heating modes, managing lighting and renovating buildings.

This year, the initiatives carried out are in line with the plan and correspond to reductions in energy consumption of 441 MWh, or 49% of the 2020 targets.

The main actions consisted of replacing lighting, optimising boilers and replacing gas heaters with air to air rooftop units.

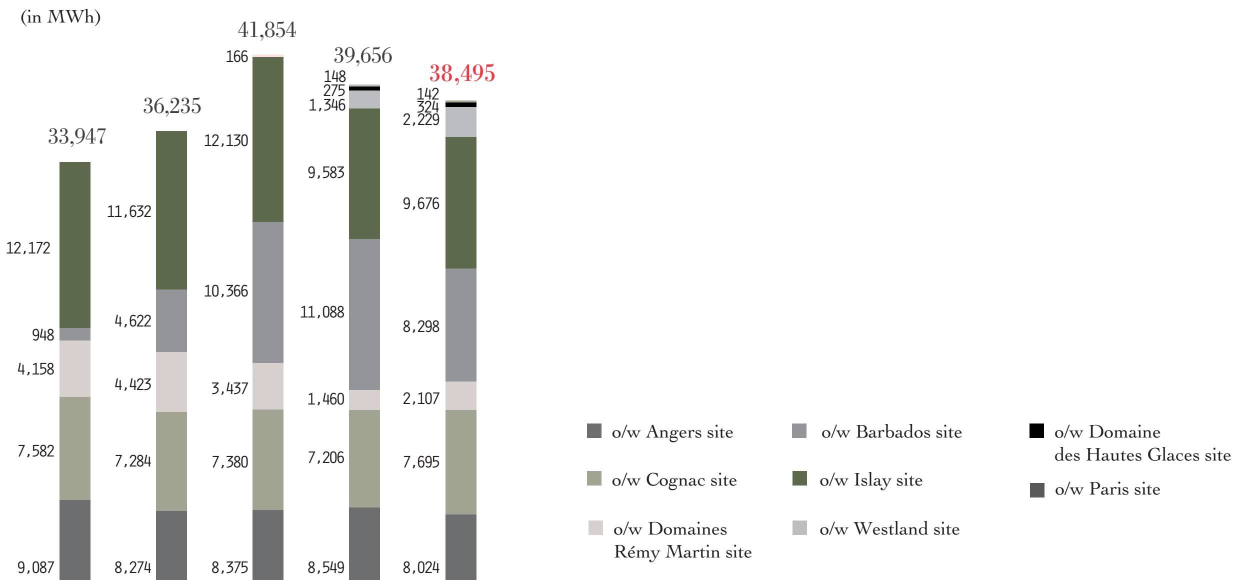
On the Angers site, the reduction in energy consumption continued to rely on actions from the Energy working group: the automatic shutdown of computers, monitors and printers at the end of the day; automatic lighting in bathrooms; scheduled printer operation times; a master off-switch for computer hardware in offices.

The studies carried out on sites to assess the potential for integrating green energy into the production processes enabled the signing of contracts to procure renewable energy. Since 2016, all energy consumption on the Group's French sites (except for Domaine des Hautes Glaces) comes from renewable sources (energy from hydraulic production). For Domaine des Hautes Glaces, 94% of total energy consumption is from renewable sources (wood-heated stills).

This year, a site generated photovoltaic energy for the first time: solar panels have been installed at the Barbados site, which in the coming weeks will cover 25% of the total electricity consumption of the packaging site.

In 2018/2019, the Group's total energy consumption stood at 38,495 MWh, down by 3% compared with the previous year, principally because of the reduction in direct energy consumption including gas, fuel oil and diesel consumption (GRI Standard 302-1).

TOTAL ENERGY CONSUMPTION (GRI STANDARD 302-1)

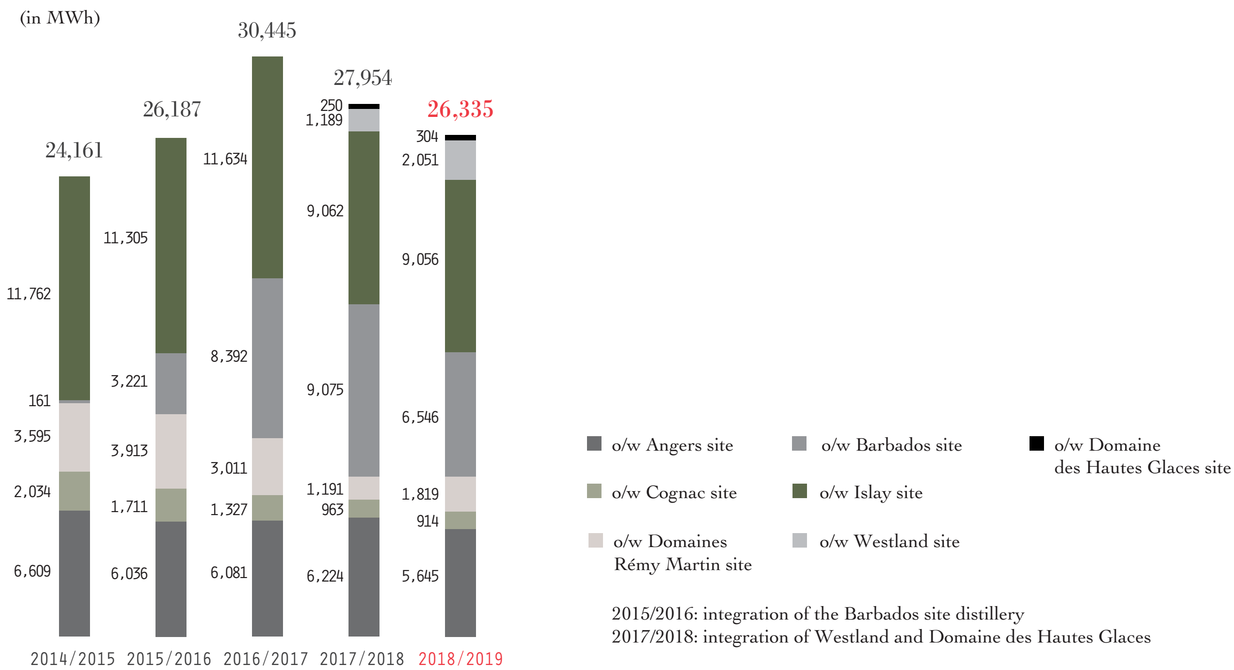


2015/2016: integration of the Barbados site distillery
2016/2017: integration of the Paris site
2017/2018: integration of Westland and Domaine des Hautes Glaces

Consumption of this direct energy came to 26,335 MWh, down 6% compared to the previous year.

This year, the Angers site recorded a 9% fall in natural gas consumption, as a result of the milder winter and the introduction of a new boiler management process. The decline in the Group's direct energy consumption is also partly due to the use by the Barbados site of locally recycled fuels (marine and automotive oils). These recycled fuels do not count towards the site's energy consumption.

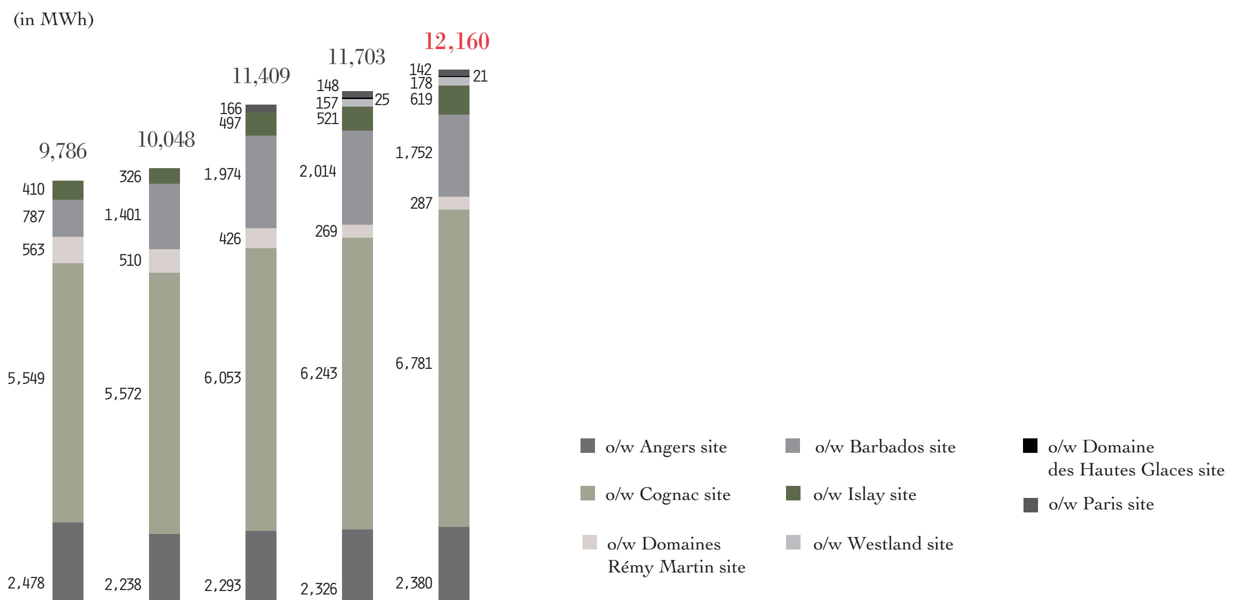
DIRECT ENERGY CONSUMPTION (GAS, FUEL OIL, DIESEL) (GRI STANDARD 302-1)



2015/2016: integration of the Barbados site distillery
2017/2018: integration of Westland and Domaine des Hautes Glaces

For indirect energy, electricity consumption (12,160 MWh) was up 4%, mainly due to the 19% rise in consumption at the Islay site following the addition of a second bottling line.

INDIRECT ENERGY CONSUMPTION (ELECTRICITY) (GRI STANDARD 302-1)



2015/2016: integration of the Barbados site distillery
2016/2017: integration of the Paris site
2017/2018: integration of Westland and Domaine des Hautes Glaces

1.3.2.4 WATER MANAGEMENT

Challenge

Rémy Cointreau's ambition is to remain the leader in economically-competitive winemaking whilst being intransigent on product quality and environmental protection. In this respect, Rémy Cointreau has a duty to help protect its terroirs and natural resources, which are key to the quality of its products.

Among these natural resources, water poses a major challenge for the Group, particularly in terms of its availability for distillation activities at the Barbados, Islay, Domaines Rémy Martin and Domaine des Hautes Glaces sites, and its quality for the production of the Group's products.

The same is true of liquid waste discharges. Rémy Cointreau is committed to protecting its terroirs and preserving their biodiversity. It is essential therefore to minimise liquid waste and ensure that it is treated before being discharged into the natural environment.

Policy

The Group has long pledged its commitment to the environment. As early as 2016, the 2020 CSR plan identified water consumption and conservation as an environmental objective.

For the last four years, Rémy Cointreau has met CDP Water reporting requirements. In line with this reporting, the Group has improved its water resource protection targets. The first step – which is in the process of being finalized – was to make consumption measurements more reliable at all production sites. This target was achieved this year. As of next year, the focus will be on validating targets for reducing and optimising water consumption under the 2024 CSR plan.

In parallel with these actions, the commercial subsidiaries are also committed to managing water consumption, with the installation of water fountains and the provision of water carafes to employees in meeting rooms in order to eliminate the use of water bottles.

As part of the 2020 CSR plan, special attention is given to processing liquid waste from production sites. The majority of this liquid waste takes the form of vinasse. For several years, the volume of liquid waste has been monitored and BOD/COD analyses are carried out regularly before and after treatment and before discharge into the natural environment (GRI Standard 306-1).

For the Cognac and Angers sites, all liquid waste is processed by local treatment plants.

The Barbados site uses part of its vinasse as fertiliser in accordance with specifications that comply with local regulations, with the remainder being discharged to the natural environment in compliance with local practices. Some of the vinasse is spread on agricultural land in Barbados, contributing to the natural fertilisation and irrigation of the soil. This initiative is carried out in partnership with local environmental bodies.

At the Islay site, and in accordance with local regulations, the vinasse is sent to a reprocessing plant shared with other distilleries on the island. The vinasse is diluted then discharged to sea by pipeline to a point far from the coast in order to ensure that the discharge has no environmental impacts.

All of the Domaines Rémy Martin vinasse is entrusted to a local vinasse methane conversion and green energy production plant, on whose board Rémy Martin sits (Revico site in Cognac).

Domaine des Hautes Glaces spreads all of its vinasse on agricultural land in accordance with spreading specifications that comply with local regulations. This enables a reduction in the amount of chemical fertilisers used for future crops.

All liquid waste from the Westland site is treated by a local liquid waste processing plant.

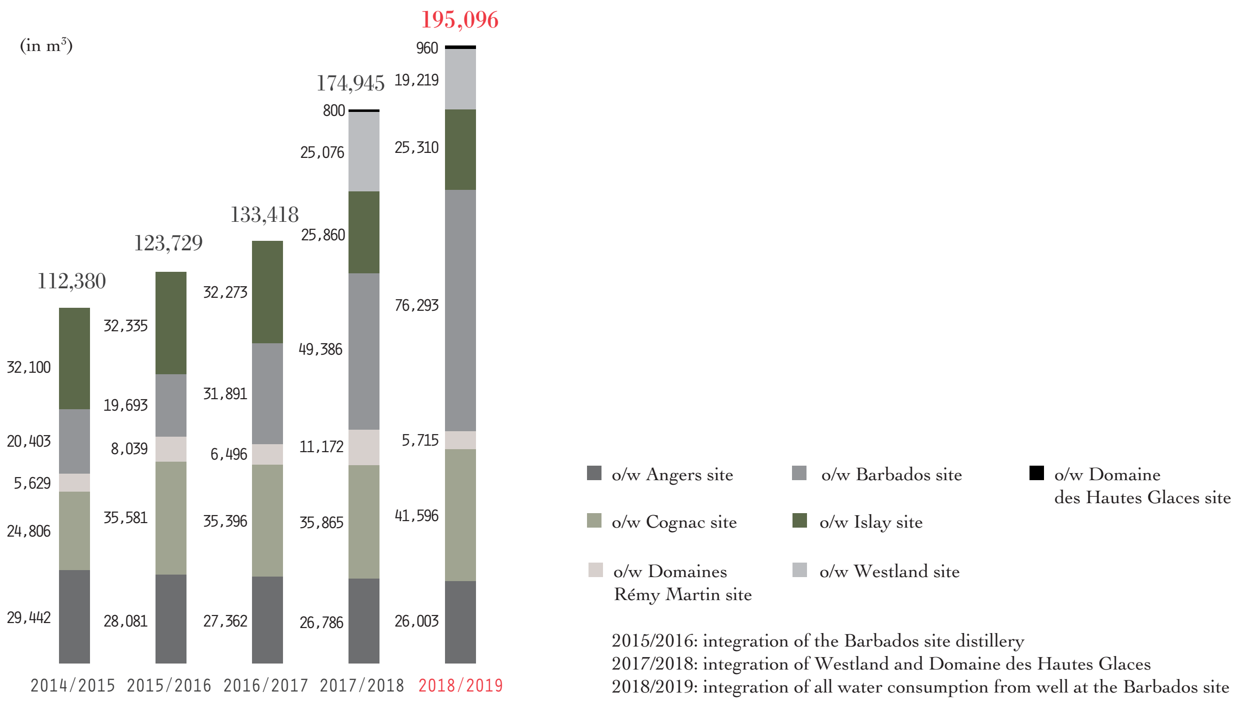
Action plans

Water availability and quality

Total water consumption (195,096 m³) was up 12% (GRI Standard 303-1). This is largely due to the inclusion for the first time in CSR reporting of all water consumption from a well used at the Barbados site. This will allow the site, which is situated in a water stress zone, to implement a water management plan as part of the 2024 CSR plan. The first step was taken this year and consists of accurately mapping water consumption so as to measure the water actually consumed and discharged from the site.

This mapping process will also be used at the Cognac, Angers and Domaine des Hautes Glaces sites.

WATER CONSUMPTION (GRI STANDARD 303-1)



Liquid waste discharges

Liquid waste discharges (83,677 m^3) are stable compared with the previous year (GRI Standard 306-1).

VOLUME OF LIQUID WASTE (GRI STANDARD 306-1)

2015/2016: integration of the Islay and Barbados sites
2017/2018: integration of Westland and Domaine des Hautes Glaces

At the Angers, Cognac and Domaines Rémy Martin sites, after treatment in water treatment plants and being returned to the natural environment, pollution from liquid waste rose slightly compared with the previous year, with 0.9 tonnes of BOD (Biochemical Oxygen Demand – 0.7 tonnes in 2017/2018) and 3.6 tonnes of COD (Chemical Oxygen Demand – 2.9 tonnes in 2017/2018).

This increase is mainly due to the growth in wine production at Domaines Rémy Martin, as well as an accidental spill of a finished product into the network leading to the waste pre-treatment plant on the Angers site.

Total liquid waste pollution discharged from the Barbados, Islay and Domaine des Hautes Glaces sites was 1,264 tonnes of BOD and 2,041 tonnes of COD. The value of BOD has increased (from 772 tonnes in 2017/2018), mainly due to the increase in distillation operations at the Barbados and Domaine des Hautes Glaces sites, which generated an additional volume of vinasse.

According to a new indicator introduced this year, vinasse recovery is 16.1% (GRI Standard 306-1), up from the previous year (8.1%). This is due to the progression of the vinasse spreading plan at the Barbados site.

1.3.2.5 CIRCULAR ECONOMY AND REDUCTION OF RAW MATERIAL CONSUMPTION/CUSTOMER INFORMATION

Challenge

Rémy Cointreau believes it has a duty to contribute to the international effort to tackle global warming. The management of raw materials is part and parcel of this objective.

The main challenge is to reduce the consumption of raw materials, particularly in product packaging. This is one of the most significant carbon emission items, and it is possible that the cost of these raw materials will increase in the coming years. The introduction of circular economy initiatives based on waste reduction and recovery is also a priority issue for the Group.

Another point to note is that civil society and our customers are deeply concerned about natural resources and their management. Rémy Cointreau has a duty to provide answers and assurances in response to these expectations. It ultimately boils down to the Company's sustainability and customer reputation.

Policy

In parallel with the implementation of the 2020 CSR plan, an "Eco-design" project was launched in 2017. A CSR eco-design Steering Committee, composed of representatives from the Product Development, Liqueurs & Spirits and CSR departments, was set up with a project to train the Purchasing, Marketing and Product Development teams in eco-design and oversee the operational launch of the "packaging environmental performance index" (EPI) project. The aim is to install internal software to measure the environmental impacts of Rémy Cointreau's product packaging. Particular attention will be paid to CO_2 emissions and water consumption (GRI Standards 303-1 and 305-3).

With regard to its waste treatment, the Group's policy is first and foremost to reduce its tonnage, for example by monitoring the amount of waste generated by packaging lines. The aim will then be to recycle all waste, giving priority to sorting and materials recovery. This ties in neatly with the concept of a circular economy. Energy from waste is a last resort for the final recovery of residual unsorted waste.

Clients are a core concern for Rémy Cointreau, which constantly strives to closely meet their needs and expectations. To respond to them as precisely and as quickly as possible, Rémy Cointreau keeps a very close eye on client demand through constant monitoring, especially on social networks. Rémy Cointreau is keen to develop indispensable local support for its customers worldwide in order to provide all the product information they require, for example through labelling and the information available on the Group and brand websites.

Action plans

Eco-design of products

The first step in the Eco-design project was to launch an eco-design training plan for the Purchasing, Marketing and Product Development teams in 2017. The aim was to raise awareness on reducing the environmental impact of packaging by analysing and improving the product life cycle. For these teams, the aim is to work upstream with simple indicators, shared by the three business sectors, with well-defined objectives such as reducing raw materials or increasing the use of recycled materials.

Two types of training were provided in 2017:

- general training in eco-design for employees in Marketing, Purchasing and Product Development;
- technical training in eco-design for Product Development staff at the Cognac and Angers sites.

The training was repeated this year, geared in particular towards the Marketing and Purchasing departments.

The next milestone was the operational launch of the "packaging environmental performance index" (EPI) project, using internal software to measure the environmental impacts of Rémy Cointreau's product packaging.

The indicators obtained need to be taken into account when designing products. The first product eco-design study carried out in 2017 showed that cases and boxes were made from 58% and 67% of recycled cardboard, respectively (GRI Standard 301-2).

The eco-design Steering Committee undertook first to define the operating plan for 2020 initiatives, incorporating eco-design into the various stages of the product development process.

Life cycle assessments (LCA) for key Rémy Martin and Cointreau products were also carried out and have helped to support technical training for employees.

In 2018, efforts focused on developing the environmental performance index (EPI). The objective was achieved, allowing the first map to be produced of the environmental impact of packaging for all Rémy Martin brand products and the flagship products of other brands (Cointreau, St-Rémy and Metaxa).

The scores obtained are on a scale of 1 to 9; the higher the score, the greater the environmental impact. This has already identified improvements to mitigate the environmental impacts, for example by reducing the weight of the various materials used in packaging. This fully addresses the need to reduce the consumption of raw materials. Other initiatives may also be examined, depending on the processes used by suppliers. Contact has already been made with suppliers to involve them in the Group's circular economy targets, by encouraging the use of recycled materials in the manufacture of packaging.

As part of this effort, the Group pledged at year-end to make all of its operations "zero plastic". The pledge will be described in more detail in the 2024 CSR plan.

From now on, the EPI measurement will apply to any new packaging design and will be part of the decision-making process for new products. This will enable the reduction of the environmental impacts of the Group's products to be incorporated into this process.

Waste management

Rémy Cointreau takes measures to reduce the amount of solid waste on its sites with a policy of educating staff about waste sorting and recycling.

Generally, solid waste from the Group's production sites supplies energy or materials recycling channels. It is mainly comprised of packaging waste (glass and cardboard). For two years, solid waste monitoring and processing indicators have made the distinction between materials recycling and energy recovery. The Group's priority objective is to reduce the tonnage of solid waste and then to encourage material recycling rather than energy recovery. The new indicators have been calculated retrospectively for previous years.

All production sites seek to sort and recycle their waste. The tonnage of waste is not measured at the Westland site, although waste is sorted (glass, cardboard and other waste). This does not fundamentally affect the Group's overall data, given that production from this site is relatively insignificant compared with other sites.

At the Group's Paris administrative site, sorting has been in place since December 2016 with the company Greenwishes. Office bins have been replaced by three centralised sorting bins and waste collected is guaranteed to be 100% locally recycled. Note that after this initiative was shared with all of the companies who occupy the same building, the solid waste sorting and recycling initiative was extended to the entire building. The Paris site also replaced traditional paper towel rolls with electric hand driers. This year, the collection of plastic stoppers was introduced at the Paris site, in partnership with the charity *Les bouchons d'amour*. By recycling the stoppers collected, the charity can purchase special equipment for disabled athletes and help improve the lives of people with disabilities.

Special sorting initiatives have also been introduced. For example, the Cognac and Angers sites have introduced the sorting and recycling of plastic cups. Recycling initiatives are carried out by organisations offering stable employment to people who find it difficult to enter the workplace or with disabilities and the plastic material is reused in the plastics industry. Waste from the company restaurant at the Cognac site is also sorted and recycled. The same can be said of the Angers site.

There are also plans at the Cognac site to include the quantity of waste resulting from the use of ink cartridges, oil separators/traps and plastic cups in 2019.

In addition, a new waste treatment process – mainly for glass, cardboard and plastic – was introduced at the Barbados site during the year. The first recycling rate measured for this site was 35.2% this year.

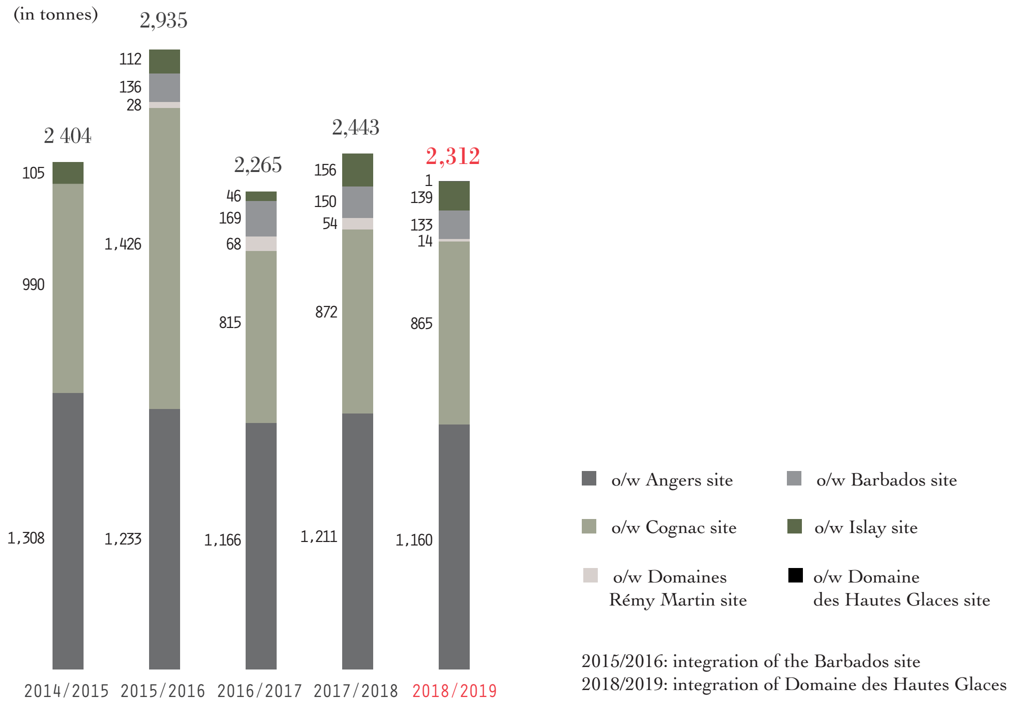
Since September 2012, the OIW (Ordinary Industrial Waste) from the Angers site has been recycled by a combined energy unit (urban heating). Since October 2017, at the Cognac site, OIW is recovered for use as solid recovered fuel (SRF) to produce energy.

Total solid waste (2,312 tonnes – GRI Standard 306-2) fell by 5% across all production sites.

The rate of materials recycling and energy recovery increased and were measured respectively at 87.2% and 7.1% compared with 83.0% and 8.7% the previous year. Solid waste recovery reached 94.2% this year (91.6% in 2018/2019).

The Angers and Cognac sites maintained an excellent performance with total recovery rates of 99.9% and 99.8% respectively.

QUANTITY OF WASTE (GRI STANDARD 306-2)



Customer information

Sometimes far away, but always close, the clients of Rémy Cointreau are at the heart of our concerns. Our customers are given all the necessary regulatory information, whether on labels or dedicated websites.

Rémy Cointreau will also be co-signatory to the "Self-regulatory proposal from the European alcoholic beverages sectors on the provision of nutrition information and ingredients listing". This voluntary commitment will increasingly require the Group to provide detailed nutritional information (energy and ingredients) for all its brands – on labels or online – throughout the EU by the end of 2022.

All Group packaging also features symbols denoting the recyclability of the packaging. It also includes advice on drinking responsibly (see *section* 1.3.3.1 "Responsible consumption of our products").

For the past few years, Rémy Cointreau has conducted a twice-yearly internal rating process. Areas for improvement are then systematically examined and shared to assess the satisfaction level of all retailer customers. This year, the rating was 17.8 out of 20, up slightly from the previous year (GRI Standards 102-43 and 102-44).

The Group also replied to questions from retailer customers, mainly in the UK and northern Europe, concerning best environmental practices and its CSR policy.

The site visits offered by the Group also reflect its quest for excellence. Rémy Martin offers world-class wine tourism packages with bespoke itineraries. It focuses on offering visitors a warm welcome, organising tours that showcase the know-how, heritage and history of the brand. A total of 260 people took part in visits organised as part of the "Heritage Days" event.

Internally, the Cognac and Angers sites published a welcome, visits and reception Quality Charter incorporating responsible consumption.

The Cognac site won the national wine tourism award in the "development of a cellar or viticulture site" category, and this year held onto its TripAdvisor certificate of excellence. Because this certificate has been obtained every year for the past five years, the site recently made it into the "Certificate of Excellence Hall of Fame". The site was also selected this year by the association *Entreprise et Découverte* as one of the 100 sites of excellence in industrial tourism. Since 2012, the Cognac site has also held the French government's *Entreprise du Patrimoine Vivant* (Living Heritage Company) label, which was established to reward businesses who promote French craftsmanship and tradition. The certification has been renewed for five years.

The Angers site still holds its "Quality Tourism" certification.

At Cognac and Angers, the visitor circuit guides are trained each year in the CSR policy so that they can explain and promote the Group's best practices to visitors. This year, the guides received updated CSR training.

The need for transparency towards customers and all stakeholders requires the Group to respond regularly to requests for information on socially responsible investment (SRI) and non-financial ratings.

Since 2010, Rémy Cointreau has been assessed by the non-financial Gaïa (EthiFinance) index, the benchmark sustainable development index that assesses the level of transparency of more than 400 intermediate-sized listed and unlisted European companies, based on CSR-related environmental, social and governance criteria.

This year, the Group improved and was ranked 3rd out of 230 companies making up the Gaïa index (4th out of 230 in 2017/2018 and 11th out of 230 in 2016/2017). The overall rating has risen steadily and now stands at 89/100 (87 in 2017/2018 and 80 in 2016/2017). The Group also maintained the maximum score of 100 with regard to relations with external stakeholders (relations with suppliers, customers and civil society) and scored 99/100 for its environmental commitments (98/100 in 2017/2018).

The Group is also assessed by the Vigeo Eiris non-financial agency. For the latest rating carried out at the beginning of 2018, Rémy Cointreau made progress in a number of areas compared with the previous rating conducted in 2016:

- in the field of governance with the quality of shareholder relations and the method of executive remuneration based on CSR targets;
- in the HR field with career management and the development of employability;
- in the environmental field with the use of renewable energies, the account taken of the environmental impacts of product transportation and the management of health and safety conditions in the workplace.

Areas of improvement are expected, for example, for societal commitments and the running of the Company. Set out in the 2020 CSR Plan, the initiatives carried out concerning the code of ethics, Whistleblowing Code and mandatory employee training in business ethics form part of the responses to these expectations.

Rémy Cointreau also regularly responds to information requests from other rating agencies such as MSCI, Sustainalytics, Quercus and Trucost.

For several years, the Group has completed annual CDP (Carbon Disclosure Project) questionnaires on the management of greenhouse gas emissions (Climate Change programme) and water (Water Security programme).

For the first time this year, the Group took part in two specific CSR roadshows in Paris, where it presented the entire CSR strategy to various SRI funds.

1.3.3 Societal risks

1.3.3.1 RESPONSIBLE CONSUMPTION OF OUR PRODUCTS

Challenge

The promotion of responsible consumption is a key issue for Rémy Cointreau. The fact that the Group's products are positioned at the high end of the range brings with it a major commitment to responsible consumption and the protection of our exacting clients, from both an ethical and performance point of view.

Policy

Rémy Cointreau's responsibility on the subject of responsible consumption of products covers two areas:

- promoting responsible consumption;
- promoting responsible advertising.

By actively participating in the "Alcohol and Society" or "Alcohol and Health" working groups set up by professional bodies, Rémy Cointreau is helping to implement a responsible strategy developed by the wider spirits industry (GRI Standard 417-1).

Action plans

The key role of representative organisations

Rémy Cointreau is active in the following major organisations:

- in France: the FFS (Fédération *française des spiritueux*, or French federation of spirits producers) and FEVS (*Fédération des exportateurs de vins et spiritueux*, or French federation of wine and spirits exporters);
- in Europe: spirits EUROPE (the European Spirits Industry Federation);
- in the United States: DISCUS (Distilled Spirits Council of the United States);
- in Barbados: BAIA (Barbados Alcohol Industry Association);
- in Asia: APIWSA (Asia Pacific International Wines and Spirits Alliance);
- in China: FSPA (Foreign Spirits Producers Association).

One of the objectives shared by all these groups is to contribute to the development of alcohol action plans to assist governments to protect consumers, through their members' ethical commitments and advertising self-regulation.

By their very nature, it is impossible to measure quantifiable results on these major and long-term measures. Nonetheless, the outcomes of these programmes mean that international bodies (WHO, OECD) consider that:

- the primary objective of the actions is to combat excess alcohol consumption;
- the voice of the spirits industry is important in establishing consumer protection programmes and, as a result, representative organisations must be present during discussions addressing the issue of responsible consumption by consumers;
- the principle of ethical self-regulation of the promotion and advertising of spirits provides a guarantee of safety for the consumer.

The spirits industry continues to improve the information provided to consumers (packaging, development of online information) by developing web sites dedicated to disseminating knowledge about the health risks of alcohol.

This year, Rémy Cointreau was closely involved in the new French "Alcohol Prevention" plan. Drawn up by five professional bodies in the alcoholic beverage sector, the plan commits professionals to being proactive in preventing risky behaviours. Several actions are proposed, such as supporting people who may have a problem with alcohol and issuing breathalysers.

Initiatives to promote responsible consumption

A raft of initiatives conducted over recent years reflect Rémy Cointreau's commitment to promoting responsible consumption of its products:

- in Europe and Asia, the Group is gradually implementing voluntary decisions to include symbols on its packaging with advice for pregnant women (GRI Standard 417-1);
- a willingness, in Europe, to include the responsibledrinking.eu URL on packaging. This is the EU portal for consumers of 28 European countries, which provides comprehensive information on the risks of alcohol abuse;
- the development of a responsible consumption page on the Rémy Cointreau Intranet;
- distribution of Responsible Consumption materials to the sales force: Responsible Consumption guide, a booklet on "How to plan for responsible consumption of Rémy Cointreau products when hosting and receiving our guests", and a "Responsible Consumption menu";
- update and new distribution of the RC Alcooflash app for iPhone users (internal audience);
- signing the DFWC (Duty Free World Council) code of conduct, which focuses principally on responsible advertising and the responsible management of points of sale;
- an awareness-raising campaign of responsible consumption in Barbados.

This year, these initiatives were supplemented by:

- participating in Barbados in the creation of the BAIA, which seeks to conduct responsible drinking campaigns. The first campaign launched involved the distribution of breathalysers to the public;
- supporting the Substance Abuse Foundation (SAF) in Barbados on the promotion of responsible drinking (and especially not drinking and driving);
- supporting the activities of the non-profit association APIWSA (a prevention scheme aimed at fostering a responsible attitude among young people, mainly on the subject of "drinking and driving").

Aside from these examples, Rémy Cointreau also adheres to the various responsible communication and consumption codes of international professional bodies and federations. Compliance with these codes is ensured internally by the Responsible Communication Committee (CCR), which is made up of members representing the Public Relations and CSR, Legal, Marketing, Communications and Sales departments.

1.3.3.2 RESPONSIBLE PURCHASING

Challenge

For Rémy Cointreau, CSR implies the involvement of all its stakeholders, including its suppliers. Getting its suppliers to adopt its CSR policy is therefore a key issue for Rémy Cointreau, to ensure that all purchases are made within a responsible framework, in particular in terms of respecting Human rights and safety at work. It is also vital for the Company's reputation with its customers.

Policy

Rémy Cointreau's responsible purchasing policy covers all three aspects of CSR: the environment, employees and society.

To meet these objectives, the Group endeavours to use shared tools which it can offer to its suppliers. As part of this effort to improve transparency and ethics in its business practices, Rémy Cointreau now specifically asks its suppliers to join SEDEX (Supplier Ethical Data Exchange), an international organisation that seeks to foster ethical and responsible business practices in global supply chains.

Action plans

The SEDEX international platform has simplified the Group's purchasing practices and allows it to share supplier audits performed by their other customers: information on working standards, health and safety, the environment and sales ethics is available online.

In 2017/2018, among strategic suppliers, 89% were SEDEX members (excluding sub-contractors, since sub-contracting is very limited and mainly concerns activities performed in France) (GRI Standards 308-1 and 414-1). This year, it was 92%.

This year, strategic suppliers were asked to ensure that their Tier 2 suppliers were also SEDEX members.

The 2020 target is 100%. This is an ambitious, but feasible objective: it mainly involves convincing the smallest suppliers that joining the platform will enable everyone to save time and drive everyone's CSR ambitions forward. Rémy Cointreau is aware that it needs to encourage its stakeholders to adopt such an approach, which is sometimes seen as an additional burden.

In tandem with the SEDEX approach, Rémy Cointreau is continuing to perform CSR audits, in line with the Sustainable agriculture project. This was the case again this year, with two CSR audits carried out at agricultural raw material suppliers.

SEDEX has entered into an agreement with the CDP Carbon Disclosure Project, a non-profit organisation focused on studying the impact of the major listed companies globally on climate change. Since 2006, Rémy Cointreau has regularly completed CDP surveys (CO_2 emissions and water management). This requires the Group to commit to actions that help suppliers reduce their carbon emissions. This is the case, for example, with the Eco-design project (see *section* 1.3.2.5 "Circular economy") and the project to reduce CO_2 emissions from product freight (see section 1.3.2.3 "Climate change").

This year, a scheme was launched to move over to paperless processes. New software has been installed in the Accounts Payable department to enable the receipt and processing of electronic tax invoices from suppliers. All suppliers were contacted to inform them and raise awareness of the new document exchange procedures. This reduces the time it takes to send and process invoices.

Over the past few years, all these actions have continued to perpetuate Rémy Cointreau's involvement with its suppliers.

In 2016, the Group won the Vigeo Eiris 2016 Top Performers award in the category "Responsible Supply Chain Management: Sustainable Relationships with Suppliers".

This year, the Group won the TMI "Most Ethical Corporate Supply Chain 2019" award from the international association Treasury 4 Good. This award recognises corporate treasury professionals who support CSR initiatives.

1.3.3.3 LOCAL IMPACT

Challenge

Supporting local communities and acting as a responsible stakeholder is a key issue for the Group. In line with its worldwide activity, Rémy Cointreau is mindful of its societal impact in relation to the sustainable economic development of the areas in which it operates. At the heart of its 2020 CSR plan, particular importance is thus given to initiatives that support the community. The Group thus contributes to local community development by helping to create value in the regions in which it is based.

It is also a question of the Company's reputation and appeal, whether with customers or future employees.

Policy

In order to meet the challenges related to its societal impact, Rémy Cointreau supports sustainable local economic development and community initiatives. The Group's aim is to be involved alongside the actors in its terroirs and local communities.

Rémy Cointreau thus provides its expertise on numerous topics and promotes the merits of corporate social responsibility. As a member of the network of "Sustainable Development" correspondents of the Colbert Committee, which upholds the values of the French luxury industry, Rémy Cointreau contributes to the pooling of CSR best practices, in particular through the dissemination of fact sheets on the topic.

Worldwide, Rémy Cointreau's employees are also joining forces to serve the public and connect with local communities. Through its actions, its direct and indirect impacts and the enthusiasm of its employees, the Group is spearheading initiatives to foster a climate of mutual assistance and interaction in the regions where it operates.

Action plans

Engaging with local stakeholders

The Group works alongside schools, universities and organisations dedicated to economic development. Its commitment is also reflected in its support for regional associations that work to promote sustainable development. For example, the Group supports the business association Altère in Poitou-Charentes, which facilitates discussions on CSR topics among local economic actors.

This year, the Group gave various talks on its CSR policy, including at the following events: 2018 Pays de la Loire Management Awards evening (Association MFQM Pays de la Loire); 28th Environmental Conference in La Rochelle (talk on regional ties and rethinking links with the local community); 3rd "Keys to Enterprise" event, an innovation conference organised by ESEO Angers (talk on corporate recognition of environmental, social and ethical issues); CNAM conference in La Roche-sur-Yon (talk on implementing a corporate CSR strategy).

Rémy Cointreau is very keen to promote a positive corporate responsibility culture in educational syllabuses, and has been involved, for example, with students graduating from France's Grandes Écoles and universities. The Group gave presentations on its CSR policy, commitments and initiatives at conferences organised by or for schools and universities, aimed at students or local actors involved in CSR, including EIML Paris (presentation on the CSR engagement of luxury brands), Audencia Nantes, ONIRIS Nantes and ESSCA Angers.

In line with its ambition to be an actor in the sustainable development of the regions in which it is based, Rémy Cointreau also hosts events to share best practices in sustainability:

- at the Angers site, the 2018 Pays de la Loire Management Award evening (Association MFQM Pays de la Loire), the Carbon'At Pays de Loire conference on progress made by business in tackling climate change, and the exchange of CSR best practice with the ONIRIS school;
- at the Paris site, the 28th La Rochelle Environmental Conference (RER).

In a bid to share its CSR initiatives, Rémy Cointreau is also involved in the publication of the Colbert Committee's Guide, "Values of French luxury goods and corporate social responsibility goals", which brings together examples of best practice for 15 sustainability goals grouped into four values: aesthetics, high standards, sustainability and compliance.

The Group is also a member of the BNIC (National Interprofessional Cognac Office) CSR Committee.

Supporting local communities and acting as a responsible stakeholder

True to Rémy Cointreau's values, various solidarity initiatives provide inspiration to employees and in recent years, they have played a full role in the Group's societal commitments.

In the United States, employees have been organising a "national community service week" for several years now. This Community Week brings together around 100 employees who spend hours working to help other people. Some people devoted their talent, time and effort to delivering meals to people in need, preparing packed lunches as part of the #hashtaglunchbag and sorting and repackaging food for the Orange County food bank.

In New York, Rémy Cointreau employees gave their time to a Volunteer Day at the city's famous Botanic Gardens. Weeding, cleaning and an introduction to horticulture allowed volunteers to discover the very popular Peggy Rockefeller Rose Garden from a new angle.

In France, in Cognac, Rémy Martin employees also joined in with the *Foulées de Rose* event, an obstacle course to support a disabled child suffering from a rare genetic disease. This solidarity initiative should allow this child to receive intensive treatment in an institution with appropriate facilities for her care. Staff also organise other sports activities to raise money for charities such as AFM-Téléthon and *Bougez contre la SLA* (Charcot disease).

The Cognac site continues to be active with the *Fondation de la 2e chance*, which provides help and support to people tring to turn their lives around after a difficult period.

In Barbados, Rémy Cointreau is one of the main economic stakeholders on the island and is fully aware of its role and responsibilities. The Group encourages and supports its employees' involvement in community plastic waste collection initiatives, implementing selective waste collection and waste transformation activities, training in best practices, promoting the responsible consumption of alcohol at major festive events, and helping disadvantaged families in order to provide them with decent housing.

Employees also contribute to protecting and safeguarding the terroir. During the Give Forward to our Community Day, they came together in order to improve the quality-of-life in Mount Gay village in Saint Lucy. More than 140 employees took part in strengthening buildings, repairing bus stops, landscaping at the entry to the village and planting palm trees. Increased awareness about environmental protection enabled the construction of a greenhouse and the restoration of an orchard belonging to the distillery. Employees decided to prohibit the use of polystyrene, a polluting and little recycled material, across the entire site.

The younger generations are also involved: at the end of 2017 and for several months, agronomy students at the Barbados Community College were able to use the agricultural land acquired by Mount Gay in order to put their knowledge into practice. This exemplary collaboration gave them an opportunity to directly apply what they had learned, with a specific focus on organic and permaculture cultivation methods.

This year, the Group was involved in organising a world solidarity day for the first time. The first We Care Day took place in June 2018. All 1,800 of the Group's employees were invited to spend their working day helping to improve the local area.

At each of the Group's sites, Rémy Cointreau employees took part in environmental and local heritage initiatives. In Singapore, the day was spent weeding, harvesting and planting crops at the Bollywood Veggies Organic Farm, while in Cognac 342 employees worked on renovating the Château de la Mercerie. On Islay, to promote biodiversity and maintain local facilities, the PHD teams cleared a site to encourage the repopulation of bees on the island, repaired fences and repainted the town hall to contribute to the local community. In Paris, wildlife surveys were carried out in a protected forest. In Miami, a dune litter-pick operation took place. In Los Angeles, the Group's employees offered their services to maintain The Arboretum, the city's botanical gardens. In San Francisco, a clean-up operation took place at Crissy Field Beach, part of the Golden Gate National Recreation Area, in partnership with the National Park Service. In Greece, Rémy Cointreau employees worked with the forestry protection authority to clear an old hiking trail on the southern slopes of Mount Hymettus, near Athens.

Various other initiatives were carried out at other Group sites and were shared on social media with #rcwecareday. This annual worldwide event is also an opportunity to strengthen ties between staff and local communities and among the Group's employees.

In order to measure the impact of Rémy Cointreau's commitment and its employees in all areas of the Company, an initial in-depth study of the overall societal impact of the Group's activities in Barbados was carried out in October 2018.

The aim of the study was to measure the societal footprint of Mount Gay within the region in three key areas: environmental viability, economic viability and social viability.

The results were used to assess the impact in terms of direct employment (Mount Gay employees), indirect employment (jobs supported in the supply chain) and induced employment (jobs supported by wages and taxes).

It is also possible to identify the socio-economic impacts of Mount Gay's activities on the local economy in Barbados and globally.

For example, in 2017 Mount Gay supported 760 jobs worldwide, including 475 in Barbados. The main results concerning the employment impact are as follows:

- direct employment (Mount Gay employees): 145;
- indirect and induced employment (Barbados): 330;
- indirect and induced employment (worldwide): 285.

This means that for every 1 job at Mount Gay, 2.3 jobs are supported in Barbados and 5.3 jobs are supported worldwide.

Apart from supported jobs, Mount Gay also creates wealth in the Barbadian economy totalling 47 million Barbadian dollars. Added to this is the wealth generated in the rest of the global economy, or the equivalent of 35 million Barbadian dollars.

The data underline the importance of Mount Gay for the development of Barbados in terms of jobs and wealth creation.

Also closely involved with local communities, the Rémy Cointreau Foundation continues to work with a strong focus on knowledge transfer in specialist crafts based on four key funding areas: investment in the tools necessary for practising the craft; support for apprenticeships and training; skills sponsorship; support for participation in trade fairs in France and abroad. The Foundation set up a website this year.

1.3.4 Ethical risks

1.3.4.1 GOVERNANCE

Challenge

It is vital that Rémy Cointreau's governance ensures that the Group's CSR policy is an integral part of its overall strategy at all levels of management, from the Board of Directors to employee management structures.

This is a real challenge for the credibility and reliability of the Group's CSR policy with its stakeholders, whether employees or external partners. Rémy Cointreau must inspire confidence in its CSR commitments by demonstrating that its CSR strategy is implemented effectively and consistently at all levels of the business.

Policy

CSR governance within Rémy Cointreau is largely the responsibility of the Corporate Social Responsibility (CSR) Committee, one of the Board of Directors' committees, whose primary role is to oversee the implementation of the Group's CSR policy. Other tasks include honouring commitments (Global Compact and internal CSR Charters), reviewing the actions implemented (2020 CSR Plan), and monitoring the indicator dashboard, the findings of CSR reporting audits, changes in non-financial ratings and prospects for future action (update of the 2020 CSR Plan).

Given that they play a key role in CSR governance, part of the variable remuneration of senior executives who sit on Rémy Cointreau's Executive Committee is linked to CSR targets, in accordance with the main SDGs selected (essentially SDG 6, 8, 12, 13 and 15). Each Executive Committee member will become an ambassador for a CSR indicator and its improvement for all Group employees worldwide.

Employee involvement is also part of the governance policy with, for example, HSE (Health, Safety and Environment) officers being appointed at the Cognac site.

The ISO 9000, ISO 14000 and ISO 22000 certification of production sites are also evidence of day-to-day CSR governance.

Action plans

This year, the CSR Committee met three times (GRI Standard 102-27). The main items addressed were:

- changes in the CSR legal framework (France's PACTE law on the business growth and transformation action plan);
- new CSR reporting framework (non-financial performance statement);
- review of non-financial indices;
- CSR projects (CSR Charter, We Care Day, product eco-design);
- work of the Rémy Cointreau Foundation;
- incentive plan for Executive Committee members relating to CSR indicators.

One of the key aspects of CSR governance that has historically underpinned the Group's commitments is adherence to the Global Compact. Following on from the ratification and adoption of the Global Compact, since 2003, Rémy Cointreau has maintained its commitments to be an ambassador for best practice in the field of human rights, labour standards, environment and anti-corruption.

A member of the Global Compact France Association for several years, Rémy Cointreau undertakes to respect and regularly share the ten principles of the Global Compact with its employees and partners. The concept of CSR is promoted both within the Company and externally, both upstream and downstream, to its customers, partners, suppliers and other stakeholders.

In July 2018, for the fifth consecutive year, Rémy Cointreau was awarded the GC Advanced Qualification for its annual CSR reporting. This is the highest level of recognition awarded by the Global Compact, and attests to the strength of the Group's commitment.

Closely involved in CSR issues, Rémy Cointreau is also a member of the GC Advanced Club. The purpose of this club is to share CSR best practice with other members based on cross-cutting themes such as the return on investment in CSR actions and perception of SDGs among analysts and investors.

More than ever before, the Group's CSR policy represents its core strategic ambition. It must contribute fully to the Group's value creation while continuing to support the Group's annual commitment under the Global Compact.

The CSR strategy is also regularly examined at Management Committee meetings and during management reviews of the Group's production sites.

The same applies for staff meetings, since the Group is keen to involve its employees in CSR.

At the Cognac site, it appeals to volunteers to create a dense network within the Company. A total of 35 HSE officers have been assigned to various departments over the past few years. They are relays and spokespeople for staff in their business sector. They take part in assessing practical arrangements for reducing environmental impacts (solid waste sorting, incidents, near misses, etc.) and to pass on any suggestions for improvement to our Environment and Safety Management System. The HSE officers help achieve safety and environment targets and are called upon to reflect on changing practices. They compare ideas and consolidate their actions at meetings held three times a year. This year, they were closely involved in organising two-day safety and environment workshops. More than 200 people visited the six different stands, which centred around themes such as occupational health, risk behaviour, road safety and recycling.

Health, Safety and Environment meetings also took place three times per year between the Angers and Cognac production sites to monitor regulatory decisions on the legal provisions contained in these topics, and to summarise the actions carried out in line with the Group's CSR policy.

For several years, the companies Cointreau and Rémy Martin have had Quality, Environment and Food Safety certification (ISO 9001, ISO 14001 and ISO 22001). Cointreau is also OHSAS 18001 certified. The companies Bruichladdich and Mount Gay hold ISO 9001 certification.

This year, Mount Gay was awarded ISO 22001 certification for its rum production. The certification is valid for three years. Domaines Rémy Martin renewed its High Environmental Value certification for another three years. The Cognac site has also renewed its ISO 9001, ISO 22001 and ISO 14001 certification for a further three years. Various strengths were identified, such as the implementation of the Group's CSR policy, its commitment to eco-design, and its audit and monitoring tools. At the Angers site, the follow-up audits of ISO 9001, ISO 14001, ISO 22001 and OHSAS 18001 certification confirmed the excellent management of the processes concerned.

1.3.4.2 BUSINESS ETHICS AND TAX POLICY

Information on business ethics and tax policy can be found in chapter 2 (GRI Standards 102-16 and 102-17).

1.4 TABLE OF INDICATORS

TABLE OF PROGRESS INDICATORS(1) AND MONITORING INDICATORS(2)

				2015/2016	2016/2017	2017/2018	2018/2019
Employee-related risks	8 DECENT WORK AND ECONOMIC GROWTH	Employee well-being	Turnover, in %(1) – GRI Standard 401-1			14.8	13.2
			Absenteeism, in %(1) – GRI Standard 403-2	4.6	3.0	2.3	2.0
			Workplace accident frequency rate, in %(2) – GRI Standard 403-2	8.90	13.31	9.13	8.51
			Workplace accident severity rate, in %(2) – GRI Standard 403-2	0.07	0.13	0.38	0.59
			Average age, in years(2)	41	41	41	40
			Seniority, in years(2)	9.4	9.1	8.4	7.9
	5 GENDER EQUALITY	Non-discrimination and internal social balance	Ratio of male/female managers, in %(1) GRI Standard 401-1			43	44
			Percentage of men/women promoted, in %(1)				-0.14
			Breakdown of male/female training, in %(2) – GRI Standard 404-1		43	43	46
	4 QUALITY EDUCATION	Internal training/skills development	Percentage of employees completing at least one training course per year, in %(1)				79.3
			Hours of training(2) – GRI Standard 404-1	15,954	18,463	24,243	26,615
Environ-mental risks	15 LIFE ON LAND	Sustainable agriculture	Percentage of agricultural land managed sustainably, in %(1)			36	52
			Percentage of HVE certification of the AFC wine cooperative, in % of agricultural land(1)			23	42
	13 CLIMATE ACTION	Climate change	GHG emissions (total scopes 1, 2 & 3), in tCO_2eq(1) – GRI Standard 305-3		145,789	135,528	174,842 [a]
			Percentage of significant GHG emissions – product packaging, in %(1)			37	46.5 [a]
			Percentage of significant GHG emissions – upstream freight and downstream product transportation, in %(1)			22.7	19.3 [a]
			Percentage of significant GHG emissions – raw materials, in %(1)			30.6	14.7 [a]
			Total energy consumption, in MWh(2) - GRI Standard 302-1	36,235	41,854	39,656	38,495
			Renewable electricity consumption, in %(2)		78.3	76.8	78.9
	6 CLEAN WATER AND SANITATION	Water and wastewater management	Water consumption, in m^3(1) – GRI Standard 303-1	123,729	133,418	174,945 [b]	195,096 [c]
			Percentage of liquid waste recovered, in %(2) – GRI Standard 306-1			8.1	16.1

			2015/2016	2016/2017	2017/2018	2018/2019
	Circular economy/customer information	Percentage of solid waste recovered, in %(2) – GRI Standard 306-2	90.6	89.0	91.6	94.2
Societal risks	Responsible purchasing	Percentage of suppliers who are Sedex members, in %(1) – GRI Standards 308-1 and 414-1	54	83	89	92
	Business ethics	Percentage of the workforce trained in the Code of Ethics, in %(1)			80	(d)
		Number of alerts(2)				6

Key:

(a) *Indicator performance change mainly reflects the adjustment to how emissions are calculated (migration from the Bilan Carbone tool to the GHG Protocol tool) and the inclusion of the Islay, Domaine des Hautes Glaces and Westland sites.*

(b) *Indicator performance mainly reflects the partial inclusion in CSR reporting for the first time of water consumption from the well used at the Barbados site.*

(c) *Indicator performance change mainly reflects the inclusion in CSR reporting for the first time of all water consumption from the well used at the Barbados site.*

(d) *No indicator due to the frequency of training (every two years).*

1.5 Note on methodology for reporting indicators

Rémy Cointreau complies with the legislation on non-financial performance statements (Decree No. 2017-1265 of 9 August 2017). This requires listed companies to prepare a CSR risk map for their business and to link it to progress indicators. These indicators are supplemented by monitoring and management indicators.

Since 2003, Rémy Cointreau has been a signatory to the UN Global Compact, and aims to be an ambassador for the best practices of this worldwide commitment to human rights, labour standards, the environment and the fight against corruption.

The concept of Corporate Social Responsibility (CSR) is promoted within the Company, as well as externally, with clients, suppliers and all other stakeholders.

Rémy Cointreau's new Corporate Social Responsibility (CSR) Charter is based on 10 of the 17 UN Sustainable Development Goals (SDGs).

It is based on three main pillars:

- protecting our terroirs in order to showcase their excellence, by encouraging responsible cultivation methods, safeguarding the unique characteristics of each terroir and finding new ways to preserve them;
- looking after people, with a unique commitment to workplace wellness, gender equality and non-discrimination, promoting responsible purchasing, engaging with local communities and promoting responsible consumption of our products to customers;
- recognising the importance of time in creating exceptional products, taking an active part in the fight against global warming, conserving water resources and taking steps to reduce the environmental impact of our activities.

The measures implemented in the context of the CSR policy are regularly presented in the annual reports, which describe all the CSR indicators in line with the GRI (Global Reporting Initiative indicators).

These documents are available on the Rémy Cointreau website and are sent to all stakeholders (http://www.remy-cointreau.com).

1.5.1 Reporting protocol

The 2018/2019 reporting protocol is an internal document that describes Rémy Cointreau's CSR commitments and presents the structure and the resources implemented to ensure that reports are of a high standard and reliable.

It acts as a guide for internal reporting and a standard for the external verification in 2018/2019 of the various CSR indicators resulting from the non-financial performance statement.

The reporting protocol is established by Rémy Cointreau's HR and CSR departments. It can be obtained on request from the Corporate Social Responsibility Director at the following address:

Christian Lafage
Head of Corporate Social Responsibility
20, rue de la Société-Vinicole
CS 40210
16111 Cognac Cedex

christian.lafage@remy-cointreau.com

Tel: +33 (0)5 45 35 77 25

The reporting protocol is updated annually in order to take into account any changes in reporting requirements and CSR indicators.

1.5.2 Scope

Rémy Cointreau's CSR commitments apply to all companies within the Group. There are three main areas of focus: employee-related, environmental and societal.

The CSR reporting scope is based on the Group's consolidated financial scope (29 companies – production sites and distribution companies) and corresponds to the non-financial performance statement (Decree No. 2017-1265 of 9 August 2017).

Companies that are exclusively financial and joint ventures not controlled by the Group are not included in the CSR reporting scope. The same applies to companies disposed of and acquired during the year.

ENVIRONMENTAL REPORTING SCOPE

Generally, environmental information covers the production sites in Cognac, Angers, Barbados and Islay (Scotland), as well as the companies Westland (USA), Domaine des Hautes Glaces (France) and Domaines Rémy Martin (Cognac).

All production sites are therefore included in the environmental reporting scope. The distribution subsidiaries are excluded, as their environmental impact is not deemed to be significant.

EMPLOYEE-RELATED REPORTING SCOPE

The methodologies used for certain employee-related indicators may have limitations, owing mainly to:

- the absence of common definitions at national or international level;
- necessary estimates, the representativeness of the measures taken or the limited availability of external data required for the calculations.

The definitions and methodologies used for the following indicators are as follows:

1. Employees

   The employee-related reporting scope covers all 29 companies.

2. Training

   Distribution companies based in Europe are not covered by the training indicator.

   The training data of the French subsidiaries takes into account training programmes taken both as part of and outside continued professional development. The number of employees trained takes into account all employees who took at least one training course during the calendar year, including those who were no longer present as of 31 December 2018. For all companies, only training courses lasting for at least one hour are listed.

3. Other Indicators

   Only the production sites at Angers, Cognac, Barbados and Islay, as well as the Paris site, are included in the indicators relating to employee relations, absenteeism and workplace accidents. The indicator for the number of occupational illnesses recorded only covers the Cognac, Angers, Paris sites and Domaine des Hautes Glaces.

   Absenteeism: scope limited to French companies, the Barbados and Islay sites.

   - Sick leave only for employees recorded in the total Group workforce, *i.e.* for France, employees on permanent and fixed-term contracts. For permanent employees outside France, on the last day of each quarter with the exception of paid leave, special leave (weddings, christenings, house moves, etc.), absences for training, authorised unpaid leave, leave for trade union activities, sabbaticals and business creation, time off in lieu, compensatory leave, bank holidays and parental leave.
   - For CSR reporting, the number of employees is recorded as at 31 March. The indicator is calculated over the last 12 months.
   - The absenteeism rate is equal to the number of hours of absence divided by the number of theoretical hours worked (hours at workstation plus hours absent for illness, leave, training, travel, etc.).
   - The calculation of the absenteeism rate excludes long-term illness (absence of more than 90 days).

   Workplace accident frequency rate: scope limited to French companies (Angers, Cognac, Paris), and the Barbados and Bruichladdich sites.

   All accidents in the workplace or on business trips affecting permanent and fixed-term employees counted in the Group's total workforce for the French scope, and permanent employees for the scope outside of France, as at the last day of each quarter and requiring both a declaration to be made and leave of at least one day, irrespective of applicable national regulations.

   - This rate is expressed as the number of workplace accidents with lost time per million actual hours worked, calculated as the number of accidents with lost time multiplied by one million and divided by the actual number of hours worked.
   - An actual hour worked is one hour of work carried out within the Group by an employee during a tax period, that is to say an hour actually spent at a workstation. Hours of absence are not included (illness, leave, training, travel, etc.).
   - Where hours actually worked not available, the frequency rate may be calculated using the number of theoretical hours worked.

   Workplace accident severity rate: scope limited to French companies (Angers, Cognac, Paris), and the Barbados and Islay sites.

   - All accidents in the workplace or on business trips affecting permanent and fixed-term employees counted in the Group's total workforce for the French scope, and permanent employees for the scope outside of France, as at the last day of each quarter and requiring both a declaration to be made and leave of at least one day, irrespective of applicable national regulations.
   - This rate is expressed as the number of days lost to workplace accidents per thousand actual hours worked, calculated as the number of days lost multiplied by 1,000 and divided by the actual number of hours worked.
   - The number of lost days has to be calculated as calendar days from the day of the accident.
   - An actual hour worked is one hour of work carried out within the Group by an employee during a tax period.
   - Where hours actually worked not available, the severity rate may be calculated using the number of theoretical hours worked.

   Occupational illnesses: scope limited to French companies (Angers, Cognac, Paris).

   The occupational illnesses listed are those declared and acknowledged by the Health Authorities during the year.

1.5.3 Selected indicators

The 2018/2019 protocol presents the indicators available at the end of the year.

SOCIAL INDICATORS

- Total Group workforce
- Breakdown of employees by gender and position
- Breakdown of employees by geographic area
- Number of recruitments by position and contract type
- Number of departures detailed per reason
- Average age by professional category
- Average length of service by gender and by socio-professional category
- Absenteeism rate
- Workplace accident frequency rate
- Workplace accident severity rate
- Number of occupational illnesses recorded
- Percentage of disabled employees in the total workforce
- Number of training hours by gender
- Workforce trained by gender
- Number of training hours per person

ENVIRONMENTAL INDICATORS

Energy

- Total energy consumption: Angers, Cognac, Paris, Barbados and Islay sites, and Domaines Rémy Martin (DRM), Domaine des Hautes Glaces, Westland
- Direct energy consumption (fuel): Angers, Cognac, Barbados and Islay sites, and Domaines Rémy Martin (DRM), Domaine des Hautes Glaces and Westland
- Indirect energy consumption: Paris, Angers, Cognac, Barbados and Islay sites, and Domaines Rémy Martin (DRM), Domaine des Hautes Glaces and Westland
- Renewable energy consumption: Paris, Angers and Cognac sites, and Domaines Rémy Martin (DRM)

Water and liquid waste

- Water consumption: Angers, Cognac, Barbados and Islay sites, and Domaines Rémy Martin (DRM), Domaine des Hautes Glaces and Westland
- Volumes of liquid waste: Angers, Cognac, Barbados (excluding packaging site) and Islay sites, and Domaines Rémy Martin (DRM), Domaine des Hautes Glaces and Westland
- Liquid waste pollution rate after treatment (BOD & COD): Angers and Cognac sites, DRM
- Liquid waste pollution rate, discharged from the site (BOD/COD): Barbados and Islay sites, and Domaine des Hautes Glaces
- Percentage of liquid waste recovered (Barbados site, and the companies DRM and Domaine des Hautes Glaces)

Sustainable agriculture

- Agricultural land farmed sustainably
- Certification of the Alliance Fine Champagne cooperative (Cognac site)

Raw materials for packaging

- Environmental Performance Index – EPI (Cognac and Angers sites)

Solid waste

- Volume of solid waste: Angers, Cognac, Barbados and Islay sites, and the companies DRM and Domaine des Hautes Glaces
- Percentage of solid waste recovered: Angers, Cognac, Barbados and Islay sites, and the companies DRM and Domaine des Hautes Glaces
- Percentage of material and energy recovered from solid waste: Angers, Cognac, Barbados and Islay sites, and the companies DRM and Domaine des Hautes Glaces

Carbon assessment (GHG Protocol)

- GHG assessment – GHG emissions (scopes 1 & 2): Angers, Cognac, Barbados and Islay sites, and the companies DRM, Domaine des Hautes Glaces and Westland
- GHG assessment – GHG emissions (scope 3): Angers, Cognac, Barbados and Islay sites, and the companies DRM, Domaine des Hautes Glaces and Westland, and downstream product transportation
- GHG assessment – Business travel: Paris, Cognac and Angers sites
- GHG assessment – Vehicle fleet: Paris, Cognac and Angers sites

SOCIETAL INDICATORS

Business ethics

- Percentage of employees trained
- Number of alerts

Responsible purchasing

- Percentage of suppliers who are registered with SEDEX

1.5.4 Relevance of indicators

The CSR indicators used by Rémy Cointreau demonstrate the concrete nature and reliability of the measures the Group implements in relation to its CSR commitments.

They contribute to the decision-making process of the users of these indicators in respect of plans designed to enable Rémy Cointreau to make the necessary progress and achieve its CSR objectives.

1.6 Cross-reference tables

Cross-reference table – Non-financial performance statement	Pages
Employee-related consequences of the business	
Collective agreements and their impacts	34-37
Tackling discrimination	36, 37
Promoting diversity	36, 37
Societal commitments	53-57
Commitments to disability	37
Environmental consequences of the business	
Climate change	42-48
Circular economy	50-52
Food waste	n/a
Food poverty	n/a
Animal welfare	n/a
Responsible, fair and sustainable nutrition	n/a
Impact of the business on respect for human rights	**2, 3, 34-37, 54, 55**
Impact of the business on the fight against corruption and tax evasion	**58, 85-89**

Cross-reference table of CSR/Global Compact GC Advanced commitments		Pages
General information	Chairman & Chief Executive Officer's declaration of ongoing support for the United Nations Global Compact and its principles	2, 3
	Description of policies or measures implemented with regard to human rights, international labour standards, the environment and the fight against corruption	30-33
	Quantitative measurement indicators	35, 36, 54, 55
	Assessment by a credible third party of the accuracy and scope of the information	67-69
	Use of high standards of transparency and disclosure such as the GRI (Global Reporting Initiative) guidelines	66
	Integration of Sustainable Development Goals (SDGs)	2, 3, 30-33
	Actions to advance Sustainable Development Goals (SDGs)	30-33
GC Advanced criteria: implementing the ten principles into Strategies & Operations	Criterion 1: description of mainstreaming into corporate functions and business units	2, 3, 30-33, 53, 54, 57, 58
	Criterion 2: description of value chain implementation	38-42, 54, 55
	Criterion 3: description of robust commitments, strategies or policies in the area of human rights	34-37, 54, 55
	Criterion 4: description of effective management systems to integrate human rights principles	2, 3, 34-37, 54, 55
	Criterion 5: description of effective monitoring and evaluation mechanisms of human rights integration	2, 3, 34-37, 54, 55
	Criterion 6: formulation of robust commitments, strategies or policies in the area of labour standards	34-37, 54, 55
	Criterion 7: description of effective management systems to integrate the labour principles	34-37, 54, 55, 58, 85-89
	Criterion 8: description of effective monitoring and evaluation mechanisms of labour principles integration	34-37, 39, 54, 55, 57, 58
	Criterion 9: formulation of robust commitments, strategies or policies in the area of environmental stewardship	2, 3, 30-37, 38-41, 54, 55
	Criterion 10: description of effective management systems to integrate the environmental principles	2, 3, 30-33, 38-41, 51, 57-60, 85-89
	Criterion 11: description of monitoring and evaluation mechanisms for environmental stewardship	2, 3, 30-33, 38-41, 54, 55, 59, 60
	Criterion 12: formulation of robust commitments, strategies or policies in the area of anti-corruption	2, 3, 58, 59, 85-89
	Criterion 13: description of effective management systems to integrate anti- corruption principles	58, 59,85-89
	Criterion 14: description of monitoring and evaluation mechanisms for the integration of the anti-corruption principles	58, 59, 85-89
GC Advanced criteria: taking action in support of broader UN goals and issues	Criterion 15: description of core business contributions to broader UN goals and issues	2, 3, 30-33, 55-58
	Criterion 16: description of strategic social investments and philanthropy	2, 3, 19, 42, 55-57
	Criterion 17: description of advocacy and public policy engagement	38-48, 53, 54
	Criterion 18: description of partnerships and collective actions	38, 42, 54-57
GC Advanced Criteria: CSR governance and leadership	Criterion 19: description of CEO commitment and leadership	2, 3, 30-33
	Criterion 20: description of Board adoption and oversight	2, 3, 30-33
	Criterion 21: description of stakeholder engagement	30-41, 53-55, 57, 58, 85-89

Cross-reference table of CSR/Global Reporting Initiative (GRI) Indicators – GRI Standard Version		Pages
Strategy & analysis	102-15	32
Ethics and integrity	102-16	58
	102-17	58
Governance	102-27	57
Stakeholder engagement	102-43	52
	102-44	52
Recycled raw materials	301-2	51
Energy consumption	302-1	46-48, 59
Reduction of energy consumption	302-4	46
Water consumption	303-1	49, 51, 59
Protected or restored habitats	304-3	42
Scope 1 GHG emissions	305-1	43, 44
Scope 2 GHG emissions	305-2	43, 44
Scope 3 GHG emissions	305-3	43, 45, 46, 51, 59
Reduction in GHG emissions	305-5	45
Liquid waste	306-1	48, 50, 59
Tonnage of solid waste	306-2	52, 60
Supplier CSR assessment (environmental criteria)	308-1	54, 60
Employee turnover rate	401-1	34, 35, 59
Work-related accidents and absenteeism	403-2	36, 59
Hours of training	404-1	37, 39
Supplier CSR assessment (HR criteria)	414-1	54, 60
Product information (responsible consumption)	417-1	53

1

1.7 Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial statement included in the management report.

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the annual general meeting,

In our capacity as Statutory Auditor of the company Rémy Cointreau (hereinafter the "entity), appointed as an independent third party and accredited by COFRAC under number 3-1060 rév.2 (whose scope is available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the year ended March 31st 2019 (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are available on request from the entity's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS AN INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3 and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, *i.e.*, all the companies included in the scope of consolidation in accordance with article L. 233-16;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes[1] that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, namely Mount Gay Distilleries (Barbados) et E. Rémy Martin & Cie (France). The selection covers between 26% and 60% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important and whose list is presented in appendix;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESSOURCES

Our work was carried out by a team of 5 people between February 2019 and June 2019 and took a total of 13 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about 10 interviews with 8 people responsible for preparing the Statement, representing Human Resources, Financial communication, Finance, Compliance and Environment departments.

CONCLUSION

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, June 24th 2019

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Olivier Auberty	Sylvain Lambert
Partner	Partner in charge of the Sustainability Department

(1) The list of quantitative information is presented in appendix.

Appendix: List of the information we considered most important

Selection of qualitative and quantitative information, associated to the policies, actions and results relating to the 18 main risks identified for Rémy Cointreau activities, presented in the following sections of the management report:

Main risks (Rémy Cointreau Challenges)	Sections of the management report presenting the associated policies, actions and results reviewed in the context of our work
Responsible consumption (internally and externally	▪ Section 1.3.3.1
In-house training Skills development	▪ Section 1.3.1.3
	Including the KPIs: "% of employees completing at least one training course per year » and « Hours of training"
Non-discrimination and internal societal balance	▪ Section 1.3.1.2
	Including the KPIs: "Ratio of male/female managers", "Weighted difference in promotion rate between women and men" and "Breakdown of male/female training"
Water management	▪ Section 1.3.2.4
	Including the KPIs: "Water consumption" and "Volume of liquid waste recovered"
Employee well-being	▪ Section 1.3.1.1
	Including the KPIs: "Turnover", "Absenteeism", "Workplace accident frequency and severity rate", "Average age", "Seniority", "Workforce by region, business and occupation"
Responsible purchasing	▪ Section 1.3.3.2
	Including the KPI: "% of suppliers who are Sedex members"
Local impact	▪ Section 1.3.3.3
Internal social balance	▪ Section 1.3.1.2
Global consistency	*Including the KPIs:"Employment rate of people with disabilities" and "% of work-study contracts"*
Circular economy and reduction of raw material consumption	▪ Section 1.3.2.5
Customer information (labelling, recycling)	*Including the KPI: "Volume of solid waste recovered"*
Contribution to the global effort (2°C limit)	▪ Section 1.3.2.3
Sustainable of the company	*Including the KPIs: "CO_2 emissions reduction rate", "Energy consumptio" and "% renewable electricity consumption"*
Sustainable agriculture	▪ Section 1.3.2.1
	Including the KPIs:"% of agricultural land managed sustainably" and "% of HVE certification of the Cognac wine cooperative (AFC)"
Biodiversity conservation	▪ Section 1.3.2.2
Business ethics	▪ Section 1.3.4.2 and Chapter 2.4
	Including the KPI: "% of the workforce trained in the Code of ethics"
Governance	▪ Section 1.3.4.1


RÉMY MARTIN
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2

GROUP RISKS

2.1 Risk management and internal control procedures

This *section* was drafted and prepared on the basis of the new framework for risk management and internal control proposed by the AMF on 22 July 2010. This new edition – which includes a *section* on risk management – takes into account legislative and regulatory changes in 2008, with the transposition into French law of European directives 2006/46/EC and 2006/43/EC, as well as the leading international benchmarks, namely COSO II and ISO 31000.

2.1.1 General principles of risk management

For Rémy Cointreau, risk management is an integral part of the responsibilities of the various management teams at the Group level, as well as at the division and Company levels. Some risks inherent to the Group's activities are described in section *2.2* "Risk factors", as well as the policies aimed at preventing and dealing with them.

2.1.2 Definition and objectives of risk management

Risk represents the possible occurrence of an event with a potential impact on people, assets, the environment and the objectives of the Company or its reputation. The definition used in this registration document goes beyond the financial aspects, and covers the reputation of the Group brands and the sustainability of the Company. It is therefore important that all staff and, in particular, management teams are completely aware of how to manage risk, with the following objectives:

- to create and preserve the value, assets and reputation of the Group;
- to safeguard decision-making and operational processes to ensure that objectives are achieved;
- to promote the consistency of the Group's activities with its values;
- to promote a shared vision among Group employees of the main risks weighing on their activities.

2.1.3 Components of risk management

RISK MANAGEMENT ORGANISATION

Ground rules on the definition of key risks, setting standards such as the assessment of their importance and tolerance limits, and procedures for collection of information, have been clearly defined through the formalisation of risk mapping, most recently updated in the current financial year.

The key players are the members of the Group and divisional Executive Committees. They are responsible for identifying the principal risks in their fields or in their geographic areas, the extent of the risk, taking into account their frequency of occurrence and the importance of the potential impact, either in terms of reputation, or in terms of the Company's accounts, and action plans to safeguard the business.

The information collected is summarised for distribution to all stakeholders. This system can be supplemented by feedback, allowing it to be strengthened virtually in real time.

RISK MANAGEMENT PROCEDURES

Risk management procedures comprise four distinct stages:

1. identification of key risks in all areas These risks are classified by a predefined category and by location to allow for the analysis of either a particular category or a given country;
2. analysis of each risk, leading to an assessment of its importance, allowing risks to be prioritised and ensuring a focus on those risks identified as major;
3. implementation of action plans with the aim of eliminating risks, reducing them to a predetermined acceptable level, transferring them by taking out an insurance policy, or accepting them;
4. monitoring of the process over time by those responsible, who must provide information on their development, particularly during internal audit reviews, to ensure risks are appropriately managed.

The risk management process has helped promote a culture of risk and the sharing of best practice within the Group by the principal players in terms of both action plans and methodology. The result of this process is risk mapping that is regularly updated. It is aimed at identifying the major risks at a particular time, so that these can be reported to the Audit Committee for inclusion in annual internal audit programmes, and at ensuring that insurance policies are relevant, with adequate cover for the risks identified.

PERMANENT MONITORING OF RISK MANAGEMENT

All risks considered significant are subject to *ad hoc* reviews due to their inclusion in the audit programme for the year and to systematic reviews in which stakeholders are required to confirm the implementation of action plans provided, reassess their level of tolerance when these actions have been carried out, and advise on the emergence of new risks.

2.1.4 Connection between risk management and internal control

Risk management and internal control mechanisms complement each other for better control of the Group's activities.

The risk management system is designed to identify and analyse the main risks facing the Company. The internal control system relies on the risk management system to identify the key controls to be carried out. In addition, the risk management system is also controlled to ensure its correct functioning.

The relationship and balance between the two systems depends on the control environment that underpins them, particularly in terms of the risk and control culture inherent to the Company and its ethical values.

2.1.5 General principles of internal control

The Rémy Cointreau internal control system is based on the framework recommended by the AMF on 22 July 2010.

THE DEFINITION AND OBJECTIVES OF INTERNAL CONTROL

The system consists of a set of resources, behavioural patterns, procedures and actions implemented by senior management to enable the Company and its subsidiaries to better control their activities, to make their operations more efficient and to optimise the use of their resources and ensure the proper functioning of risk management. It therefore goes beyond simple procedures or accounting and financial processes.

It aims in particular to ensure:

- the implementation of instructions and guidelines set by senior management;
- the proper functioning of the internal processes of the Company, including those contributing to the safeguarding of its assets;
- compliance with laws and regulations;
- the reliability of financial information.

Like any control system, it has its limitations and cannot provide an absolute guarantee of achieving the objectives set by the Company. The likelihood of achieving these objectives relies not only on the will of the Company, but on many other factors, including the uncertainty of the outside world, the exercise of powers of judgment or malfunctions that may occur due to technical or human failure.

THE COMPONENTS OF INTERNAL CONTROL

The effectiveness of internal control is closely linked to the control environment, the five principal components of which are described below.

AN APPROPRIATE AND STRUCTURED ORGANISATION

In order to foster an exchange of best practice and cross-group control of its operations, the Group has chosen a matrix-based organisation, ensuring effectiveness and responsiveness for a Group combining a human scale with an international presence. Functional management provide their expertise to operating management, taking into account their specific local features. For the sake of clarity, regularly updated organisational charts are available on the Group's intranet.

A system of delegation of power that aims to reflect the Group's genuine decision-making centres, consistent with the size and complexity of Group structures and the various levels of responsibility, has been put in place to increase the effectiveness of the Group's men and women, and to make them aware of their responsibilities.

This organisation is enhanced by a human resources policy based on ability, knowledge and the aspirations of the men and women comprising the Group. The Group is committed to a recruitment policy that improves the professionalism of its staff and attracts talent, as well as a policy that develops skills that will maintain a high degree of expertise in its workforce.

It is based on an information system that is moving towards modern, high-performance Enterprise Resource Planning (ERP) solutions to meet the Group's growth ambitions. Their continuity in the event of a disaster is ensured by emergency procedures whose effectiveness is tested periodically. The protection of ERP software and related data is ensured by security, backup and access procedures.

Rémy Cointreau's reputation is built on strong ethical values, namely integrity, respect for the law and the individual, honesty in dealings with clients, suppliers and employees, as well as social and environmental responsibility. These principles have resulted in the development of a code of business ethics aimed at ensuring that all of the Group's employees, whatever their nationality or location in the world, understand the full range of its values. This unified code – which has been translated into the 13 languages used within the Group – is the cornerstone of the Group's internal control and risk management systems.

The organisation has established a culture of excellence and accountability. It takes the form of internal control self-assessments for financial processes and quality assurance audits or certifications for the various business processes.

AN INTERNAL DISTRIBUTION SYSTEM FOR RELEVANT INFORMATION

The timely publication and communication of relevant information to everyone within the Group – enabling them to be as well-informed and confident as possible in carrying out their responsibilities – is based on the following three main factors:

- departmental meetings organised on a periodic basis by the Group's various actors, in order to publish and share operational information, exchange points of view, set priorities and co-ordinate action plans;
- technical databases housed within the Group's intranet, which are accessible 24/7 worldwide and which enable the various participants to consult the information necessary for the proper performance of their duties;

- structured data warehouses, updated on a daily basis, providing the people concerned with relevant and reliable information to enable them to make timely decisions.

RISK MANAGEMENT

The Group has set up a risk management system to identify, analyse and address the major risks identified in relation to its objectives. It is described above in the *section* entitled "General principles of risk management".

CONTROL PROCEDURES

Each Group area or activity has its own reference documentation. It comprises charters, codes, standards, procedures and rules of best practice. These documents set out the manner in which a procedure, action or check must be performed, and are an integral part of the internal control process. They are based on the following key areas of expertise:

- purchasing: supplier relations are regulated by an ethical contract that makes reference to the UN Global Compact. It provides assurance to the Group that its suppliers adhere to the same values of respect for human rights, the environment and fundamental social principles. In addition, the code of conduct for purchasing ensures that best practices are adopted by all Rémy Cointreau purchasers, avoiding, wherever possible, any infraction that may be detrimental to the Group's interests;
- safety and quality: all production standards and rules issued by operations management are held in a single database. Their application is regularly reviewed as part of the ISO 9001, 14001 and 22000 certifications, as well as HACCP accreditations, thereby guaranteeing consumers a high level of quality and safety as well as respect for the production site environment. This is rounded out by a Quality/Safety/Environment Charter defining the Group's three priorities, namely product excellence, employee and consumer safety and protection of the environment;
- IT systems: in terms of IT security, the Head of Group IT Security supervises all of the procedures of Group entities and subsidiaries, including those located abroad. It coordinates the implementation of security policies and their associated procedures. In addition, production continuity plans including back up sites have been successfully established for most of the Group's sites and in compliance with the specifications setting out the relevant performance objectives. These are tested on a periodic basis to guarantee their efficiency, as well as to improve the extent of their coverage and performance;
- central management of funding and cash: the Foreign Exchange Charter sets out the principles that must be followed to ensure greater security in this area. This document is supplemented by a summary of the risks of the principal processes managed by the Group's Treasury department. The Treasury department is responsible for laying down a policy and reporting procedures for managing credit;
- consolidation of financial statements and reporting: Rémy Cointreau has a set of principles and standards enabling the production of reliable financial information. The comparability of data is guaranteed by the existence of a single set of definitions and principles for valuation purposes and the processing of accounting and financial data for the three processes of budgeting, updating the budget and monthly closings. The calendar for the financial and accounting processes detailing the reporting dates for information and its distribution enables senior management to manage their priorities. The availability of these rules on the Group intranet is aimed at guaranteeing that it is consistently updated and ensuring that all financial personnel are in possession of the same information. In addition, the Chief executive officers and Chief Financial Officers of the subsidiaries must send a letter of representation to the Group Chief Executive Officer and Chief Financial Officer, in which they assume responsibility for the fairness of the financial statements and the implementation of an internal control process to detect and prevent fraud and errors.

Moreover, the Group's financial controllers can access an intranet portal at any time to view a wealth of different information: self-assessment questionnaires for internal control, best practice in a number of areas of competence, grids of separation of duties, instructions and formats for internal control reports, contacts, links to reference sites and even the latest news in the fields of risk management, internal control and auditing.

PERMANENT MONITORING

Internal control is implemented by Operational and Functional departments under the guidance of senior management.

Work is carried out on a regular basis to monitor the proper functioning of their procedures, either by dedicated internal teams or by specialised external organisations, ensuring the effectiveness of the internal control system in place. The findings of this work form the basis of a report, a summary of which is sent to site managers.

The Internal Audit department takes an active part in monitoring internal control procedures, using operating and compliance audits. It ensures the implementation of best practices and compliance with both local laws and regulations, as well as the Group's principles and standards.

The results of all this work are disclosed to the Statutory Auditors. Conversely, comments issued by the external auditors as part of their annual assignment are taken into consideration by the Internal Audit department.

2.1.6 Scope of risk management and internal control

The internal control system mirrors the Group's matrix organisation. The Group has put in place its own system and ensures that internal control is implemented in its consolidated subsidiaries. These internal controls are adapted to the specific features of the subsidiaries and their relationship with Rémy Cointreau.

2.1.7 Persons involved in risk management and internal control

The respective roles of the principal internal and external players involved in internal control are as follows:

SENIOR MANAGEMENT AND EXECUTIVE COMMITTEE

The Executive Committee – comprising senior operational and functional managers – lays down guidelines for the internal control and risk management process, defines the roles and responsibilities of the main stakeholders, co-ordinates their implementation and ensures their effective application.

BOARD OF DIRECTORS

The Board of Directors familiarises itself with the essential features of the internal control and risk management process established by senior management, and ensures that the major risks identified and incurred by the Company are taken into account in its management. As such, the Board is kept informed by the senior management of the main risks facing the Group and the action plans implemented to counter them. In respect of the process of preparing accounting and financial information, the Board ensures that the management and control process that has been established guarantees the reliability of accounting and financial information.

AUDIT-FINANCE COMMITTEE

The Audit Committee ensures that internal control procedures are in place and are applied, both in the accounting and financial field and other areas of the Company.

It is kept informed of the results of audit assignments and reviews the annual audit schedule together with the organisation of the Internal Audit department.

It keeps abreast of the major risks identified, their analysis and development over time.

INTERNAL AUDIT

The internal audit function – which reports to the Audit, Insurance and Compliance Director who, in turn, reports to the Chairman of the Group's Board of Directors – works with all Group entities and, where necessary, with third-party companies in the case of distribution or production subcontracting.

Its work is planned in agreement with the senior management. Its assignments are identified based on risks listed in the risk mapping, the prevailing economic environment and specific requests from the management of the Group's various entities. They are subsequently classified according to priority, based on several criteria and included in the annual schedule.

The findings of the audit assignments – following a general debate – are sent to the management of the entity concerned. A summary of the findings, as well as an action plan to which the local entity management is committed, is subsequently presented to the senior management.

Once a year, the internal audit officer presents guidelines for the annual schedule and a summary of achievements of the previous year to the Audit and Finance Committee.

In addition to these audit assignments, the internal audit function is in charge of updating the risk mapping and promoting internal control within the Group. In that respect, it is the recipient of different summary reports on internal control prepared by the various entities, which provide an overview of Group risks.

In addition, and in order to cover the different types of risks, compliance and insurance policy management comes under the remit of the Audit, Insurance and Compliance department in order to ensure that the Group's insurance policies are appropriate for the risks identified. It sets up insurance cover guaranteeing, notably, risks regarded as strategic, such as general civil liability for "products" and "operations", damage to assets and subsequent loss of profit and the transportation of goods. The Group works closely with an insurance broker with worldwide coverage, and all policies have been taken out with the most respected insurance companies.

FINANCE DEPARTMENT

Its main task is to assist and monitor the operational departments in their financing activities. It establishes the rules for consolidation and management and ensures the definition and promotion of tools, procedures and best practice in areas such as management, accounting and consolidation, funding and treasury, taxation, financial communication and IT systems.

OPERATIONS DEPARTMENT

It has wide-ranging tasks, combining functions such as the supply chain, purchasing, quality, production organisation and industrial management. It establishes a set of standards and methods for achieving a high level of production quality, as well as safety and respect for the environment. It also supports the subsidiaries in implementing their supply-chain and industrial policies.

LEGAL DEPARTMENT

The Legal department assists companies in significant legal matters and in litigation management. In particular, it coordinates the introduction of contractual clauses into the various distribution agreements and the legal protection of the Group's brands, intellectual property and other assets.

COMPANY OR DIVISION MANAGEMENT COMMITTEES

These committees are fully involved in the risk management and internal control processes. They are stakeholders in the development and updating of the Group's risk mapping. They analyse the results of self-assessment questionnaires and issue a report on their own internal control, which is then submitted to the Group. They develop action plans in response to the recommendations of the internal audit function. They are also involved in crisis management and the existence of business continuity plans whose effectiveness is periodically tested by means of dry runs.

2.1.8 The internal control system as it relates to the preparation of accounting and financial information

Our approach is part of a process of continuous improvement of the established internal control system.

The internal control procedures in relation to preparing and processing financial and accounting information apply to the parent company and all of the subsidiaries included in the consolidated financial statements.

For their financial and accounting processes, internal control is designed to ensure:

- compliance with laws and regulations and the correct application of instructions and directions set by Group management in the preparation of accounting and financial information;
- the reliability of information used in the preparation of financial and accounting information, as well as published information;
- the preservation of assets.

ACCOUNTING AND FINANCIAL ORGANISATION GUIDANCE PROCEDURE

Organisation

The process of preparing financial and accounting information is carried out by the Group Finance department. It supervises the management of the Accounting, Finance and Taxation department, the management control function, the Funding and Treasury department, IT Information Management department and Financial Communications. Each of these departments co-ordinates internal control of a financial nature in its own area. The system is further enhanced by the presence of financial controllers within each division.

Financial and accounting procedures

The Finance department has created an intranet portal dedicated to the management principles and accounting standards adopted by the Group and the application of which is mandatory for all subsidiaries. The portal also provides subsidiaries with the Group's chart of accounts, instructions on how to use the consolidation package, a list of companies included in the consolidation scope and information on exchange rates. It also ensures the consistency of data processing and its compliance with IFRS.

At every closing date, the instructions cover key dates in the calendar as well as matters that require specific attention to enable the various Group companies to be well prepared, so that the required information is disclosed within the appropriate timeframe and that the proper checks are carried out in advance of the preparation of financial and accounting information.

Other than the documentation presented above, the Group has monthly closings. Those before the interim or full-year closing serve as pre-closing reports used to identify and anticipate the different possibilities of treating specific and non-recurring transactions. They are disclosed to the Statutory Auditors for validation at preliminary meetings held when the accounts are closed.

IT systems organisation and safety

The Information Systems department has established procedures aimed at ensuring the continuity of accounting data processing. Some hardware has accordingly been duplicated so that the backup can automatically take over in the event of sudden failure. This system is supplemented by periodic dry runs testing the resumption of IT activity in the event of a major disaster.

In respect of data retention and protection, access to accounting and financial data is secured by individually granted rights that are non-transferable and password protected. All data are backed up on a daily basis, and a copy of the backup file is stored in a secure location off the IT operation site. Batch data processing work is also programmed in a specific sequence, with systems that alert the principal users in case of an incident. This procedure also applies to IT programmes developed by the Group.

In addition, other automatic control systems have been established, such as double entry locking, data entry thresholds, automatic reconciliation and limited access to critical transactions.

The Statutory Auditors

As part of the interim and annual closing of the financial statements, the Statutory Auditors carry out various forms of review:

- preliminary reviews, which may focus on the internal control of processes for the preparation of accounting and financial information;
- a limited review of the interim consolidated financial statements prepared by the Finance department;
- a review of all year-end accounting and financial data prepared by Group companies;
- a review of the year-end consolidated financial statements prepared by the Finance department.

This allows the Statutory Auditors to certify the legality, truthfulness and fair presentation of consolidated and parent company financial statements. The summary of their work is presented to the Group's Finance department, and to the Audit Committee.

PROCESSES CONTRIBUTING TO THE PREPARATION OF ACCOUNTING AND FINANCIAL INFORMATION

Operating processes for preparing the financial statements

All the initial accounting production processes are subject to specific procedures as well as validation, authorisation and recognition rules. As such, procurement is carried out within a fully secured framework, with a list of pre-selected suppliers and previously negotiated terms and conditions. Order forms are required for all purchases exceeding a given threshold, and investment projects approved by the Executive Committee must be duly documented, justified and endorsed before they are implemented.

Closing process and preparation of the consolidated financial statements

The process of closing the financial statements is subject to specific instructions, which provide detailed schedules, exchange rates to be used, consolidation scopes and specific matters to be monitored. These instructions are sent to all companies, thereby ensuring compliance with deadlines, certainty that the same closing specifications are used, harmonisation of data reporting and better co-ordination between the various Group entities.

Procedures for validating the various stages of the consolidation process have also been established. Their main objective is to validate the following:

- correct application of accounting standards and principles;
- relevance of restatements of certain corporate data;
- identification, reconciliation and elimination of intersegment transactions;
- correct calculation of deferred taxation;
- correct analysis and explanation of movements in shareholders' equity, both at parent company and consolidated levels;
- consistency between management and accounting information.

Financial communication procedure

The Financial Communication department draws up a schedule summing up all of the Group's obligations in terms of accounting and financial disclosures. It specifies the nature of the information and the name of the person in charge of its drafting or preparation. Once the information is available, a proofreading procedure assesses its reliability and accuracy, whether the information is of an accounting nature or otherwise (workforce or volume). The Legal department ensures compliance with the prevailing laws and regulations in respect of both the nature of the information and the mandatory deadlines, and with the principle of providing the same disclosures to all shareholders.

2.2 Risk factors

The Group has set up a system to anticipate and manage its risks. This system is constantly updated to take into account any regulatory, legislative, economic, societal, geopolitical and competition changes.

The main risk factors to which the Group is exposed given its business model are presented in this chapter.

Strategic risks	***Principal contracts and customers***
	Risks relating to competition, industry concentration and retailers in general
	Changing tastes and consumer preferences
Brand and product-related risks	Risks associated with brand protection
	Reputational risk
	*Maintaining the high quality of Rémy Cointreau products
Financial, legal and IT risks	Currency risk
	Liquidity, interest rate and market risk
	Legal risk
	IT and digital risks
	*Risk of non-compliance and unethical conduct
External risks	Seasonality of the business
	*Industrial and environmental risks
	Risk of fraud
	*Climate risk

The risks shown in bold and italics are those that the Group considers priorities.

* An asterisk before a risk indicates that the risk is covered in chapter 1.

2.2.1 Strategic risks

PRINCIPAL CONTRACTS AND CUSTOMERS

Description

In the course of its business, Rémy Cointreau deals with numerous customers and suppliers of varying sizes and importance, depending on the market concerned.

If Rémy Cointreau were to depend heavily on a single customer in any one of its markets, this could affect both its ability to remain in that market, and its ability to maintain a satisfactory margin, since the customer might request a discount or involvement in promotional events. Such dependence could also expose the Group to significant losses in the event of failure of material customers.

Regarding its suppliers, the risk of dependence could affect Rémy Cointreau first by compromising the quality of the products offered or the Group's ability to source a sufficient quantity to enable it to fill orders, and second by disrupting the supply chain and the Group's ability to deliver its products.

Management and measures implemented

There is no dependence by Rémy Cointreau on customers or exclusive independent distributors, or third party spirits distribution contracts likely to have a substantial impact on the results, net assets or financial position of the Group.

In general, contracts signed by Group companies become a part of the Company's ordinary operations and adhere to commitments in line with international business practices.

No contracts involving obligations or commitments of particular significance for the Group as a whole were concluded with third parties by any Group company.

The Group's top ten customers represent 31% of consolidated net sales.

Similarly, as far as suppliers are concerned, there is no dependence on a single key supplier, since the Group's top ten suppliers represent roughly 59% of raw material supplies, excluding cognac *eaux-de-vie*. More specifically, supplies of cognac *eau-de-vie* are the subject of long-term commitments, thereby reducing the supply risks.

RISKS RELATING TO COMPETITION, INDUSTRY CONCENTRATION AND RETAILERS IN GENERAL

Description

The Wines & Spirits industry is highly competitive and fragmented. There is a tendency for concentration within the industry, both in distribution and production, which could have a long-term impact on Rémy Cointreau.

Industry concentration could have an adverse effect on Rémy Cointreau's ability first to distribute its brands in all of its markets and second to maintain its margin:

- concentration among key players and competitors risks marginalising Rémy Cointreau. There is also a risk of it lacking the sufficient critical size so as to be able to negotiate with the desired partners: key locations in major cities and trend setters;
- concentration in the distribution sector could also have a negative impact on Rémy Cointreau's ability not only to distribute its brands in all markets, but also to maintain a sufficient margin due to the increased bargaining powers of distributors.

Management and measures implemented

To protect itself from these risks, the Rémy Cointreau Group is continuing to develop its upmarket strategy. This gives it a unique position within the spirits sector and a presence among leading retailers. In addition, the launch of special projects in partnership with celebrated mixologists strengthens the link between Rémy Cointreau, its brands and big-name establishments. Moreover, Rémy Cointreau continues to invest in and develop its own distribution network, guaranteeing its independence and ability to be present in all of its markets. Lastly, as part of its development strategy, Rémy Cointreau is strengthening its ties to its customers with an ambitious CRM strategy, the opening of propriety stores and the organisation of dedicated events.

CHANGING TASTES AND CONSUMER PREFERENCES

Description

Consumer preferences and spending habits could change for a whole host of reasons, for example because of the economic climate, demographic and social trends, public health initiatives and policies, laws on alcoholic beverages and changes in consumer spending on travel, leisure, food and drink, recreation and going out.

Management and measures implemented

Rémy Cointreau's brand portfolio includes 12 prestigious brands of spirits and cognac, the main one being Rémy Martin. A change in consumer tastes and a decline in the popularity of cognac would have a significant impact on the Group's net sales and its ability to maintain its current distribution network.

Rémy Cointreau is thus seeking to diversify its brand portfolio and develop its product range in order to limit its exposure to a particular brand.

By developing different markets and products for Metaxa (Metaxa 12 stars and Metaxa Aen), Mount Gay rum (development of Mount Gay XO), The Botanist gin and the whisky family (Bruichladdich, Port Charlotte, Octomore, and also Domaine des Hautes Glaces and Westland), the Group can respond to changes in consumer tastes and be at the forefront of new trends in consumption.

Product innovation is a key element of the growth strategy, as a means of responding to client demand for new products.

2.2.2 Brand and product-related risks

RISKS ASSOCIATED WITH BRAND PROTECTION

Description

The Rémy Cointreau Group attaches particular importance to the protection in France and worldwide of its industrial property rights, and in particular those of its brands, which constitute a major business asset.

The brands of the Rémy Cointreau Group could be imitated, counterfeited or registered by third parties in violation of its property rights. The Group could then encounter difficulties in maintaining the presence of its brands in certain countries or reassuring consumers who might be misled into thinking that they are buying the Group's products.

Management and measures implemented

To address these risks, Rémy Cointreau has an active policy of monitoring its trademark and domain name registration, in each category and market, either directly, using in-house legal specialists to implement modern brand management practices, or through world-renowned intellectual property advisers. Rémy Cointreau takes every action necessary to tackle both counterfeiting, particularly in Asia and Eastern Europe, and unfair competition, whenever it considers that a trademark application infringes its property rights.

In January 2010, the Brands Office of the People's Republic of China acknowledged the three ideograms "REN TOU MA", by which the Rémy Martin brand is known by Chinese consumers, as a recognised brand. This recognition is a powerful addition to the process of combating counterfeit goods which the Group has implemented in China. In May 2017, the company E. Rémy Martin & C° obtained the recognition of its exclusive copyrights over the graphic representation of its Centaur logo in the People's Republic of China. Furthermore, administrative and judicial decisions in 2015, 2016, 2017 and 2018 recognised "LOUIS XIII" as a respected brand in several Asian countries, enabling it, in these countries, to significantly boost its protection and facilitate its defence in the event of counterfeit of all types of products or services. Committed since the start to protecting its LOUIS XIII brand worldwide and in Asia in particular, E. Rémy Martin & C° regularly obtains administrative decisions and judicial rulings recognising the distinctive nature of the trademark of brands in the E. Rémy Martin & C° family, Once again, major decisions in this area were issued this year in China and by the WIPO as a result of internet complaints, further strengthening our protection.

Since 2006, Rémy Cointreau has significantly developed its internal resources in the fight against counterfeiting, notably with the appointment of a co-coordinator who works closely with the various lawyers responsible for the Group's brands. The co-coordinator in the fight against counterfeiting firstly ensures the follow up of the report on any counterfeiting of the Group's brands, together with professional bodies, distributors, Sales departments, customs authorities, government expert agencies. He/she then reports this information, having verified its reliability, shares the best anti-counterfeiting practices with other major wines and spirits groups and ensures the consistency of the steps to be taken by the lawyers and other internal players concerned.

There is currently no significant litigation or risk identified in the area of ownership of the Rémy Cointreau brands.

REPUTATIONAL RISK

Description

Reputational risk is any event that could negatively impact on the image and reputation of the Group or its brands in any or all of its markets. The immediate consequences would be customers moving away from the Group, which could potentially call into question the Group's strategy in its different markets.

Management and measures implemented

The Rémy Cointreau Group has a strong work ethic. Its teams are renowned for their professionalism and its products are recognised as being high-end quality. Together these factors underpin the success of the Group's brands, and are part of the reason why consumers have such a positive image of them. This image is one of the brands' key strengths, bolstering consumer confidence in the Group's products. The Group's reputation and image could be significantly undermined at any time by an incident at one of the production or distribution sites, by the inappropriate behaviour of one of its employees, by a quality defect, or by negative communication on social networks or in traditional media. Similarly, and in another area, counterfeit goods sold by third parties could mislead the Group's clients, having a lasting and significant impact on the Group's image and affecting the Group's results.

To address these risks and their consequences, the Group has expanded its digital marketing teams and set up an effective media monitoring strategy, enabling it to respond quickly and effectively to potential rumours. A crisis management plan has also been developed and rolled out to all Group subsidiaries so that they can take appropriate action as soon as possible. As part of its CSR policy, Rémy Cointreau educates its employees on the issue of responsible drinking and the importance of acting at all times in accordance with the Group's Ethical Charter.

Finally, Rémy Cointreau works closely with the authorities in each country to crack down on counterfeiting, and takes part in consumer awareness initiatives on the dangers of counterfeit products. This is discussed in more detail in the *section* "Brands and intellectual property".

MAINTAINING THE HIGH QUALITY OF RÉMY COINTREAU PRODUCTS

Description

Rémy Cointreau brands are known and recognised for their excellence. The high-end quality of Rémy Cointreau's spirits is due to the raw materials used (both for the liquid product itself and the bottles and packaging), the expertise of its craftsmen and winemakers, and respect for the local region or "terroir".

Any deterioration in product quality, taste or presentation (bottles, packaging) could have a significant adverse effect on clients, and deter them from buying the Group's products and brands in future. Similarly, any severe defects in the liquid product could endanger the health of consumers and permanently affect the reputation of the Rémy Cointreau Group and its brands.

Management and measures implemented

To minimise this risk, the Group has introduced various measures and has undertaken to abide by strict principles. These include respect for the local region and the production and fabrication process of the Group's spirits, as well as selecting the best ingredients and craftsmanship.

The introduction of strict quality control at all stages of the production and distribution process also ensures that clients are guaranteed a unique experience when enjoying the Group's products.

The Group has also put in place a training programme to identify and respond appropriately to the needs of each member of staff. As a result, each Group employee has the necessary expertise and know-how to achieve the level of excellence required by the Group.

Finally, because its products are traceable, the Group is able to immediately withdraw from the distribution network any bottles that could be affected by a quality issue.

2.2.3 Financial, legal and IT risks

CURRENCY RISK

Description

Rémy Cointreau's results are sensitive to movements in exchange rates as the Group realises around 85% of its net sales in currencies other than the euro, whereas most of the production is within the euro zone.

Management and measures implemented

The Group's exchange rate exposure is mainly in respect of sales in currencies other than the euro, by production companies to the various components of the distribution network. The principal currencies involved are the US dollar (USD), Russian rouble (RUB), Czech koruna (CZK), Australian dollar (AUD), Canadian dollar (CAD), yen (JPY) and renminbi (CNY).

The policy for managing exchange rate exposure is based on prudent rules and a decision-making process approved by the Board of Directors.

In particular, the Group aims to cover its net budgeted commercial position on a moving horizon of 15-24 months. This is carried out using forward or options contracts.

Option sales are restricted to the resale of options to close a prior purchase or to the hedging of transactions which is approved on a case-by-case basis.

This hedging policy only allows cover for short-term exposure. It cannot shelter Rémy Cointreau from the long-term economic effects of monetary trends on Group sales and margins.

The Group does not hedge the risks of translating into euros the financial statements of companies using a currency other than the euro.

The USD position represents around 69% of hedged flows (this position includes HKD flows which are systematically converted into USD).

LIQUIDITY, INTEREST RATE AND MARKET RISK

Description

The majority of the Group's activities are characterised by high levels of capital employed, particularly inventories undergoing ageing.

Management and measures implemented

Rémy Cointreau continuously monitors the balance of its financial structure, prioritises long-term resources and combines fixed- rate and variable-rate resources. Refinancing is systematically prepared for those resources reaching maturity. The Group obtains its financing from leading financial institutions.

At 31 March 2019, net financial debt represented only 61.3% of confirmed resources. 87.5% of resources were at fixed interest rates and 92.9% of resources had a maturity of more than one year.

The availability of some financing is contingent upon the level of the so-called A ratio (Average net debt/EBITDA), which is calculated twice per year and must be below 4.0 for the bond private placement and less than 4.0 for the new syndicated credit.

The Group has introduced forecasting procedures in relation to net debt and other key indicators such as cash generation and ROCE (return on capital employed) which involve all divisions in the optimisation of the financial structure of activities and compliance with the A ratio.

The A ratio was 1.19 at 31 March 2019. The Group is confident in its ability to maintain this ratio below 3.50 in the short, medium and long-term, and in its ability to renew financing that is due to reach maturity in the coming years.

At 31 March 2019, the Group's rating by the specialist agencies was as follows: Standard & Poor "BBB- outlook stable" and Moody's, "Baa3, outlook stable".

The Group has no cash invested in the markets and generally speaking is not significantly exposed to market risk.

LEGAL RISK

Description

The Rémy Cointreau Group has a global presence and, as such, is subject to a legal framework that is constantly changing and specific to each market. For example, the production and sales operations of Group products are subject to regulations in France and abroad which vary depending on each country, particularly in respect of production, packaging and marketing of those products.

Any failure to comply with the regulations in the various countries in which the Rémy Cointreau Group is present could have major consequences for the future of its business, the most important being a ban on the sale of its products in a particular market.

Management and measures implemented

For all important aspects of its activities, the Group has all the required authorisations and has not encountered any specific constraints in this area likely to have a significant impact on its operations.

In France, Group operations are subject to the Public Health Code, which sets precise rules in respect of the advertising of alcoholic drinks. The movement of the latter is subject to specific taxes and duties. Indirect duties, known as excise duties, which comprise taxation on the movement and consumption of alcoholic drinks, have been harmonised within the European community. The movement of tax-free products within the EU must be accompanied by a document prepared by the shipper and approved prior to the despatch of the goods concerned.

The definition and presentation of spirits are subject to the provisions of EU regulation No. 2019/787 of 17 April 2019 repealing regulation (EC) No. 110/2008, as well as specific national regulations including French decree no. 2016-1757. Their definitions and presentation, raw materials, authorised processes, sales denominations, minimum alcohol content, labelling rules, the conditions for obtaining protected geographical indications status and related age claims are also precisely defined.

In the US, the Federal Alcohol Administration Act (FAA Act) regulates all commercial practices among importers, such as the Group's subsidiary Rémy Cointreau USA, wholesalers and retailers, as well as local production of alcoholic drinks. Internationally, this Federal law regulates the composition of products, the content of the documentation from the producing country, labelling constraints and the customs duty position.

The Bioterrorism Act, which was signed on 12 June 2002 and came into force on 13 December 2003, has tightened the rules for all goods entering the US. Importers, shippers and customs agents are still required to submit prior information on the goods and other import documents.

The registration or re-registration of all of the Group's companies was completed in 2016 in accordance with US regulations.

In December 2008, CLS Rémy Cointreau and Rémy Cointreau USA became certified members of the Customs-Trade Partnership Against Terrorism ("C-TPAT"). This programme links suppliers and US Customs & Border Patrol ("CBP") to ensure that each participating US importer's supply chain is secure and the integrity of security between suppliers and US ports. Beyond the security benefits, the CBP offers benefits to certified C-TPAT members including reduced number of container inspections and faster customs clearance. Additionally, in the event of border tightening due to a terrorism-related incident, C-TPAT members may not be exposed to increased border scrutiny allowing for continued container clearance.

At the request of the CBP, a safety audit of the Bruichladdich, CLS Rémy Cointreau and Rémy Cointreau USA supply chain was carried out, and received approval in November 2015. CLS Rémy Cointreau's and Rémy Cointreau USA's membership of the C-TPAT programme has been updated and continues in good standing.

In addition, each of the 50 States has local laws regulating the transport, purchase and sale of alcoholic drinks. Such State laws also regulate the advertising and promotion of such drinks. The rules in this respect are very similar to those in force in France with regard to the protection of young people.

This regulatory environment relating to the production and marketing of alcoholic drinks may evolve in France, within the European Union or in the rest of the world and affect Rémy Cointreau's business segment or increase the liability of the companies operating within that segment.

As of the date of the current report, the Group is not aware of any such regulatory changes that may be significant in this respect or that may become applicable at a specific date.

As of the date of the current report, neither Rémy Cointreau SA nor any of its subsidiaries have been involved or is involved in a legal process in respect of liability due to defective products that has given or is likely to give rise to a legal decision against the Company.

The Group is careful never to be legally dependent on third parties in a way which could significantly affect its industrial or commercial operations. The scope of its various contractual commitments complies with international business practices.

No contracts involving obligations or commitments of particular significance for the Group as a whole were concluded with third parties by any Group company.

An integrated Legal department, organised by brand groups but operating in a cross-group partnership, permanently manages the Group's legal affairs. It carries out preventative checks on all legal risks, both internal and external, that may adversely affect the achievement of the Group's objectives. If necessary, the team can request the assistance of international lawyers recognised for their expertise in specific areas of business law.

The Legal department strives to only initiate litigation if all possibilities of reaching out-of-court settlements have proved unsuccessful.

IT AND DIGITAL RISKS

Description

IT risks consist of data loss (both commercial and financial), the inability to operate effectively due to a technical fault, system intrusion or hacking and attacks against the digital platforms of the Rémy Cointreau Group.

Management and measures implemented

The Rémy Cointreau Group's processes are based on the extensive use of IT systems. As such, they are exposed to the risk of failure of the Group's IT systems and the network infrastructure used. The processes concerned could be significantly interrupted or sensitive data could be lost or corrupted if these systems were to become totally or partially unavailable. This complete or partial unavailability may be the result of external attacks such as «malware» or «ransomware» targeting both production and support IT, as well as digital platforms and CRM.

To guard against these risks, a data protection and backup plan and business continuity plan have been implemented in each company, allowing the Group to continue operating in all circumstances. Lastly, Rémy Cointreau uses the latest technologies to protect its network and servers, to manage access to the different systems and to prevent hacking. Training is provided internally to raise the awareness of all Rémy Cointreau employees to these different threats.

RISK OF NON-COMPLIANCE AND BREACH OF ETHICS

Description

The Group has a global business and is therefore subject to a raft of laws and regulations, including various regulations on anti-corruption (FCPA in the USA, UKBA in the United Kingdom, Sapin II Act, etc.) and data protection (GDPR, CCPA in California, etc.), as well as the principles enshrined in the Global Compact. There is a risk that the Group might fail to comply with one of these regulations, or that one of its employees might fail to comply with the rules laid down in the Group's Ethics and Anti-Corruption Charter.

Management and measures implemented

To ensure compliance, the Group has put in place the appropriate action plans (as described in section 2.4 on Ethics and Compliance).

To prevent corruption, the Group has distributed an ethics and anti-corruption charter to all its staff. It has also set up appropriate training modules for all Group employees, particularly those most at risk, together with a whistleblowing line, available to all staff and individuals outside the Group. To date, six whistleblowing reports have been received and dealt with. The Group has also introduced a due diligence process for third parties.

Regarding data protection, the Group is pursuing its plan for compliance with GDPR, as well as with the various foreign regulations that govern its operations (particularly in China, the USA and Russia). The compliance plan is based on data protection policies, internal data management procedures, the use of standard contractual clauses and appropriate training for all members of staff.

Lastly, permanent monitoring is carried out to prepare for new regulations.

2.2.4 External risks

SEASONALITY OF THE BUSINESS

Description

The Rémy Cointreau Group generates a significant part of its sales around Christmas and New Year's Eve (November and December) and the Chinese New Year (January and February). As a result, any event arising during these periods may have an impact on the Group's annual results.

Management and measures implemented

The Rémy Cointreau Group anticipates these key periods first by forging strong partnerships with its distributors, and second by leveraging the quality of its forecasts, the responsiveness of its supply chain and the geographical distribution of its sales.

Moreover, by working to diversify markets and limit dependency on any one market, the Rémy Cointreau Group manages to limit the potential impacts of seasonality of its different markets.

INDUSTRIAL AND ENVIRONMENTAL PROTECTION RISKS

Description

Working with natural products, Rémy Cointreau is particularly mindful of the issue of environmental protection, as well as the safety of its employees and production sites.

Any incident affecting the areas in which the vital ingredients for the Group's products are grown – be it cognac vines for cognac *eaux-de-vie*, barley and herbs on Islay for Bruichladdich whisky and The Botanist gin, Barbados sugar cane for Mount Gay rum, or orange peel for Cointreau – would have implications for the Group's ability not only to manufacture its products, but to guarantee their quality.

The same applies to the Group's industrial sites, the safety of its employees and the distillation, bottling and shipping process.

Management and measures implemented

The management of industrial and environmental risks, as well as product related risks, is principally handled by the Quality/Safety/Environment departments working at each Group site, under the ultimate responsibility of the Group Operations Manager.

Safety/Environment audits are carried out at production sites by personnel and certified external auditors, leading to action plans which are monitored by quarterly committee meetings.

- Due to the Group's activities, its main production sites in France are subject to local authority licensing. The Cognac site is classified as Seveso high threshold on account of the quantities of *eaux-de-vie* stored there. The site is subject to a comprehensive Safety Management System (SMS).
- The Cognac and Angers sites are ISO 14001 certified. This certification is validated by annual follow-up audits. These audits did not reveal any anomalies. Indicators used by ISO 14001 certification have also been rolled out to other Group sites.
- The Mount Gay Distillery bottling site is ISO 9000 certified.

In general, regulatory compliance of sites is an ongoing concern and close relationships are maintained with all the administrations involved. In addition, significant training is provided to the employees and to external providers who work on the sites.

In terms of product risks, the Group refers to the HACCP standard (Hazard Analysis of Critical Control Point), an international method for implementing a system that guarantees the hygiene of food designated for consumers, as well as the internationally recognised ISO 22000 standard for certification of production sites' HACCP plans.

RISK OF FRAUD

Description

In today's world, there is a marked increase in the risk of external fraud, in different forms, whether it be impersonation scams involving the President of the Company, supplier impersonations or cyber attacks either with the aim of stealing confidential data or extortion attempts using ransomware. Likewise, the risk of internal fraud is permanent.

Management and measures implemented

Rémy Cointreau distributes its products in the principal markets of the globe and has an excellent reputation and very strong brand recognition. In this environment, Rémy Cointreau is a prime target for numerous fraud attempts. These attempts may target either Rémy Cointreau in France or its foreign subsidiaries.

Aware of the growing risk, Rémy Cointreau has implemented a range of measures and checks. These include raising awareness among teams and providing training on these risks, improving key procedures, better cooperation with banks to make transactions more secure and the use of specific IT tools to protect against cyber risks. More specifically, concerning the risk of "internal" fraud, Rémy Cointreau counts on the professionalism and strong feeling of belonging of its employees within the Group to limit the said risk. Nevertheless, to better control this risk, Rémy Cointreau is also working to improve the principles of the separation of tasks and validation as well as regularly making its employees aware of its Ethics Charter. Specific training has been organised on these different topics.

Although these measures cannot fully eliminate the risk of fraud, they do provide reasonable protection.

CLIMATE RISK

Description

Rémy Cointreau Group's spirits are produced on their specific, reciprocal terroirs. However, these are subject to climatic hazards which, if they are not correctly managed, may have a negative impact on the Group's production of spirits.

Management and measures implemented

Rémy Cointreau Group is committed to an active environmental conservation and protection policy in order to minimise its impact. Moreover, Rémy Cointreau Group operates dynamic management of its procurement, enabling it to minimise the climatic hazards on its harvests. The financial impact of climate risks is detailed in section 2.3.4.

Rémy Cointreau Group is also involved in the security of its premises, by taking into account the risks associated with climatic hazards when choosing the location and design of its premises.

Lastly, as part of its insurance policy, as described in chapter 1.6.5 'Insurance', Rémy Cointreau Group has subscribed adequate insurance to cover the impact of climatic hazards, both for the production of raw materials (multi-risk climate insurance) and buildings (property damage and natural disaster insurance).

2.3 Insurance

As part of its policy to manage risks, and notably those presented in the previous paragraphs, 2.2.1 "Strategic risks", 2.2.2 "Brand and product-related risks", 2.2.3 "Financial, legal and IT risks"; and 2.2.4 "External risks", Rémy Cointreau Group has implemented a dynamic risk insurance policy through a coordinated and centralised global approach to its insurance programmes. This is notably based on:

- insurable risk identification procedures.

  Rémy Cointreau Group conducts an annual risk mapping for its different entities, with the results shared with the Audit, Insurance and Compliance department, and more specifically, the Head of Group Insurance.

  Moreover, to ensure that its coverage programmes are suited to the risks to which it is exposed, Rémy Cointreau Group carried out a specific mapping of its insurance risks and an audit of its policies during the last financial year. The conclusions of this work will enable the risk coverage strategy already implemented by Rémy Cointreau Group to be optimised by organising targeted calls for tender on a case by case basis;
- the implementation of relevant, adapted insurance.

  Rémy Cointreau Group has opted to transfer its risks to companies in the insurance market with recognised financial solidity and works closely with one of the main risk management and insurance brokerage consulting players. The contractual limits of the insurance programs have been determined according to the Group's operations, the findings of studies calculating the Maximum Possible Loss and the capacities available on the insurance market.

The main insurance policies are integrated under international insurance programmes covering strategic risks such as general civil liability, withdrawal of delivered products, damage to property and consequent operating losses and transport of goods. Deductibles levels were optimised depending on the coverage of each risk and the cost of overall coverage. Total insurance premiums, excluding employee-related collective insurance contracts, for the 2018/2019 financial year did not exceed 0.25% of consolidated net sales.

The Rémy Cointreau Group believes that the guarantees offered by all its insurance plans and the premium and deductibles amounts correspond to the standard sums for its sector;

- prevention and protection audits for people and industrial assets.

  Still as part of its risk management policy, Rémy Cointreau Group has implemented an active risk prevention approach, notably for risks associated with safety and protection of goods and individuals. This approach is based on regular audits of the different sites of the House of Rémy Cointreau by specialist engineers and by training, to allow the employees managing these sites to adopt a continuous improvement approach.

The main insurance programmes implemented by Rémy Cointreau Group are as follows:

INSURANCE FOR MATERIAL DAMAGE AND OPERATING LOSS

The Group's industrial operations are covered as part of an international Property Damage and Business Interruption program.

This is a multi-year policy, and operates under Difference in Conditions and Difference in Limits of local policies.

These guarantees are provided in accordance with the declared value and the financial losses cover the gross profit of the Group's companies over a coverage period of 24 months. A facility of €250 million per claim has been negotiated for combined property damage and operating losses. This limit was determined following a Maximum Loss survey. E. Rémy Martin & C° is covered up to €700 million.

Rémy Cointreau Group considers that these coverage amounts effectively cover the risks that could threaten the Group's assets, notably the stocks of *eau-de-vie* carried by the different Houses of the Group, first and foremost Rémy Martin.

GENERAL CIVIL LIABILITY INSURANCE

The Rémy Cointreau Group is covered as part of an international multi-year general civil liability and withdrawal of products plan in the amount of €100 million per claim and per year of insurance. This policy operates under Difference in Conditions and Difference in Limits of local policies.

This policy covers the Group for all physical, material and immaterial damage caused to its employees or to third parties.

In countries such as the US where public bodies do not cover workplace accidents, insurance policies are taken out. The limits of these policies comply with legal requirements.

INSURANCE FOR TRANSPORTED GOODS

A multi-year international policy has been taken out and covers all of the Group's companies.

It covers transport risks up to a limit of €10 million per shipment.

This policy operates under Difference in Conditions and Difference in Limits of local policies.

It provides cover for all Group merchandise, shipped worldwide and by any means of transport.

OTHER INSURANCE

Other insurance policies have been taken out to cover civil liability for corporate officers and risks related to fraud, malevolence, cyber criminality, the environment, property and personnel during business travel. Their cover applies worldwide.

2.4 Ethics and compliance

2.4.1 Commitments

The Rémy Cointreau Group's ethical approach is based on the universal framework of overarching international principles, standards and agreements and governed primarily by:

- the Universal Declaration on Human Rights;
- the International Labour Organisation's Charter of Fundamental Rights, which covers in particular the freedom of association, forced labour, child labour and discrimination;
- sustainable development goals as established by the United Nations;
- the Ten Principles of the Global Compact to which Rémy Cointreau has subscribed since 2003;
- the European Union Charter of Fundamental Rights;
- the principles established by the GRI;
- the OECD's guiding principles;
- the OECD's Convention on Combating Bribery of Public Officials.

The Rémy Cointreau Group and its employers are committed to complying with the applicable laws and regulations in all countries where they operate and undertake activities.

These principles are explicitly covered in the Group's code of business ethics and the Anti-Corruption Charter, which are available on the Group intranet and are circulated to all employees.

CODE OF BUSINESS ETHICS

The Group's values are formally set out in a code of business ethics, which is signed by the Chairman of the Board of Directors and the Chief Executive Officer and circulated to all employees, as well as to new employees are soon as they join the Group. It is the bedrock of the culture of integrity and ethical behaviour of Rémy Cointreau Group Houses and its purpose is to provide guidance to the Rémy Cointreau Group, its Houses and its employees about how to behave and comply with the key principles governing relations between stakeholders and the Company. It also aims to promote compliance and to ensure that laws, applicable regulations and fundamental major principles are properly implemented.

The code of business ethics is also designed to encourage and motivate Rémy Cointreau Group employees to communicate and seek, both from their line managers and from the Public Affairs department, answers about how to behave in particular situations.

The code of business ethics sets out the values of the Rémy Cointreau Group and all of its Houses as well as its own ethical framework. These values, and these ethics, must inspire each of our employees in their daily activities and interactions, both internally and with the Group's partners. It sets out:

Business values and responsibilities

The values guiding Rémy Cointreau Group, its Houses and its employees in their business behaviour are:

- **compliance with the laws and regulations** in force in the countries where the Group operates, with Rémy Cointreau complying with its legal and tax obligations;
- **respect for the principle of healthy competition**, with Rémy Cointreau supporting competition based on quality, reputation, service, price and respect for its competitors. The Rémy Cointreau Group therefore conducts its business honestly, sincerely and fairly;
- **adoption of responsible communications**, since the Rémy Cointreau Group wants to ensure that its products remain a source of enjoyment to be shared during social occasions. The best means of giving sense to our values is to perpetuate a culture of responsible consumption and prevent the risks associated with excessive alcohol consumption;
- **prevention of conflicts of interests**, the women and men of the Rémy Cointreau Group work in the interests of the Group and its Houses. No employee may obtain a personal benefit, whether directly or indirectly, from their job, a sale, a purchase or any other Company activity. Employees must avoid any situation of a conflict, or situation that may be perceived as a conflict, between their duties towards Rémy Cointreau and their personal interests;
- **rejection of corruption**, Rémy Cointreau condemns corruption in all its forms, particularly extortion and bribery. The Rémy Cointreau Group believes that such behaviours are to the detriment of the countries in which it operates. The women and men of the Houses must demonstrate their integrity, particularly by refusing any gift which might contravene the Group's ethics.

Values and responsibilities towards others

Relations within the Rémy Cointreau Group are characterised by a duty of mutual respect between women and men who contribute with integrity to the corporate project and to the Company itself. Every day, the Houses of the Group undertake to respect and promote the following values: trust, acting as an example, excellence, high standards, appreciation, respect and discretion. These values are represented in the following initiatives:

- **a commitment to responsible consumption**: the Rémy Cointreau Group wants to promote, both internally and externally, the responsible consumption of its products;
- **respect for the environment**: the Rémy Cointreau Group is committed to serving its clients, while accepting its environmental responsibilities and it therefore makes protecting the environment a key area of its strategic focus;
- **commitment to its employees**: the Rémy Cointreau Group wants all of its employees to work in the best possible conditions and is committed to offering a healthy and safe workplace. The Rémy Cointreau Group is a long-term partner, supporting them in their development and fostering relationships based on trust and respect;

- **a firm commitment to the Group's clients and consumers**: the men and women in Rémy Cointreau's Houses must ensure that the Group honours its commitments towards its consumers and customers. Quality, health security, service and integrity must be their principal concerns in their daily work;
- **Rémy Cointreau Group's relations with its suppliers**: for the Rémy Cointreau Group, supplier relations is much more than a simple act of purchasing and the Group is committed to a sustainable partnership approach. Following the ratification of the Global Compact, the Group undertook to involve its suppliers in its social and environmental commitments, to ensure their involvement and to support them in improving their processes.

Employees' values and responsibilities towards the business and society

Among the values shared by the Rémy Cointreau Group and its employees, those of probity, integrity and confidentiality can be seen in the following commitments:

- **protecting the reputation of the Group and its Houses**: the women and men of the Rémy Cointreau Group represent the image and reputation of its Houses and have a responsibility to protect them;
- **relations between the Rémy Cointreau Group and its shareholders**: the women and men of the Rémy Cointreau Group have a responsibility to protect information relating to the Group's Houses. This confidential information must never be disclosed except within the strict framework of the Group's rules. The Rémy Cointreau Group also wishes to share with its shareholders, without distinction and respecting shareholder equality, its long-term strategy and values as well as the outcome of the development of the business;
- **preserving the Group's assets and resources**: the Rémy Cointreau Group is committed to developing its business and its income, protecting its assets, ensuring that governance is in line with best practice and transparently reporting on the Group's activities. The women and men of the Group's Houses must also manage the Group's assets and resources with the highest level of integrity;
- **high "terroir-related" standards**: this can be identified through the quality and authenticity of our products: high standards in terms of raw materials and respect for the "terroir" of origin.

To convey these values, this Code has been used as a basis for the creation of two MOOCS (Massive open online courses) for employees. Three training videos (in French, English and Chinese) were produced this year and made available on the Group's e-learning portal. Training is ongoing and the rate of training is currently 84%. These training courses have been included in the Group's internal training catalogue.

ANTI-CORRUPTION CHARTER

Presentation

All employees receive the Anti-Corruption Charter, which consists of almost 40 pages and is available in 4 languages. It sets out the Group's guiding principles on a number of operating issues. It provides for a whistleblowing system: the "Rémy Cointreau Ethic Line". The charter is circulated to all employees as soon as they join the Group; it is signed by the Chairman of the Board of Directors and the Chief Executive Officer. In addition, this charter is supplemented by an Anti-Corruption Behaviour Code which summarises the main guidelines and is available for all Group employees and included in the internal regulations.

The purpose of this Anti-Corruption Charter is to raise employees' awareness about certain risks and provide them with guidelines to follow, together with a whistleblowing system. It consists of chapters setting out the rules and positions to be adopted when confronted by certain situations. This Anti-Corruption Charter may be supplemented on a local basis by other procedures. In the event of a conflict with local regulations, the latter must be followed as a matter of priority if they are more restrictive.

The charter sets out the whistleblowing mechanisms. If employees are confronted by situations that raise ethical issues, or they identify behaviours that provoke questions, the charter establishes the principle that they must raise any questions, concerns or issues. This whistleblowing process has several stages:

- the first stage of discussion is with the relevant employee's administrative or functional line management. The management's duty is to listen and to seek to resolve the issue in an objective and transparent manner;
- next, the employee has the option of contacting either, locally, the Human Resources or Finance departments or, at Rémy Cointreau's head office, the Human Resources, Legal or Audit and Compliance departments. These contacts are, of course, made with due regard to confidentiality and the applicable legal framework;
- lastly, it is possible for each employee to issue a whistleblowing alert, which may or may not be done anonymously, directly to the Group Compliance department.

This alert system is also open to Rémy Cointreau Group's partners.

Issues covered

The Anti-Corruption Charter covers the following subjects:

Corruption

Corruption and combating corruption is one of the first subjects addressed in the Anti-Corruption Charter. It clearly and explicitly states that corrupt practices are contrary to the Rémy Cointreau Group's values. It sets out the broad principles that the Group's employees must follow in conducting business, their relations with third parties, the principal regulations in relation to the issue and the potential impacts for the Group and for employees. It details a number of examples and underlines the principle of zero tolerance in the event of infringements in these areas;

Employees' non-work related activities

Employees' non-work-related activities must take place outside of the context of the Group. They cannot take advantage of belonging to the Rémy Cointreau Group and must not compete with the Group's business activities;

Benefits and gifts

The Anti-Corruption Charter sets out the rules and principles regarding gifts offered or received by the Group's employees. Although these are not prohibited, they must however be made in compliance with local regulations, the Group's ethics and procedures and in a completely transparent manner;

Money laundering and tax evasion

The Anti-Corruption Charter raises employees' awareness about the risks related to the practices of money laundering and tax evasion and explains how to react to requests that may originate from certain commercial partners. It refers to the Group's mandatory procedures on the subject and, in particular, the due diligence to be carried out in order to ensure that a commercial partner, whether current or prospective, does not involve the Group in transactions that may promote these practices or which are located in the countries that appear on the lists of France, the European Union or the United States;

Confidentiality

The Anti-Corruption Charter explains the concept of confidential information and gives examples regarding data security, good communication and specific prohibitions. Among other things, it addresses the subjects of social networks, financial information and customer data;

Conflicts of interest

The Anti-Corruption Charter describes the concept of a conflict of interest and, in particular, provides a list of conduct to avoid. It emphasises the duty of transparency and loyalty. Group employees are invited to refer to the Audit, Insurance and Compliance or Legal departments if they are confronted by a situation that may put them at risk of a conflict of interest;

Insider trading

The Anti-Corruption Charter sets out the challenges, risks and conduct to avoid in this area, in accordance with French law and rules on the subject. In particular it refers to the Rémy Cointreau Group's Stock Market Ethics Charter;

Harassment (psychological or sexual)

By reaffirming the principle of zero tolerance on the subject, the Anti-Corruption Charter sets out the features that enable identification of such issues, the Group's notification procedure (via the Rémy Cointreau Ethic Line), and the rules for managing cases in this area;

Use of the Group's resources

The Anti-Corruption Charter emphasises the objective of protecting the Group's resources and of using them for business purposes. It lists a number of prohibited activities (particularly those arising from the Group's IT Charter).

Echoing the code of ethics, the Anti-Corruption Charter explains in its introduction that the men and women who work for Rémy Cointreau share the Group's defining values. Their actions also take place in strict compliance with the laws and regulations that apply in the countries where the Group operates, as well as within the framework of fundamental principles such as the Universal Declaration on Human rights, ILO rules and the OECD's guiding principles.

2.4.2 Organisation

COMPLIANCE DEPARTMENT

The Compliance department, which reports to the Audit, Insurance and Compliance departmentis responsible for identifying, assessing and managing the risks to which the Rémy Cointreau Group is exposed, and for verifying compliance with different legislation and regulations, while ensuring that compliance programmes are implemented and updated in close cooperation with the Group's different departments.

The Audit, Insurance and Compliance Director reports to the Chairman of the Board of Directors and to the Audit Committee and works in close cooperation with the Group Chief Executive Officer and the Executive Committee.

2

"ETHICS" COMMITTEE

An Ethics Committee has been created and its members are as follows:

- Audit, Insurance and Compliance Director;
- Group Compliance Manager;
- Group Legal Director;
- Public Affairs Director;
- Group Human Resources Director.

The Ethics Committee meets regularly. Its particular responsibility is to define compliance frameworks and design and implement initiatives for preventing and monitoring in the areas of supplier oversight, fraud and combating corruption in all Group entities in France and abroad, in particular through carrying out awareness-raising campaigns and providing training to the most exposed employees.

In general terms, the Ethics Committee must:

- provide expertise through the analysis of regulatory and legal requirements;
- disseminate a compliance culture;
- ensure coordination and consistency;
- develop Group policies in this area.

"SENSITIVE DATA" COMMITTEE

A "Sensitive Data" Committee has been created comprising the following managers, together with the Data Protection Officer:

- Audit, Insurance and Compliance department;
- Group Compliance Manager;
- Group Legal Director;
- IT Systems department.

The responsibility of the "Sensitive Data" Committee is to oversee the initiatives led by the Audit, Insurance and Compliance department in order to comply with European regulation No. 2016/679 of 27 April 2016, the "General Data Protection Regulations", which entered into force on 25 May 2018.

DATA PROTECTION OFFICER

A Data Protection Officer has been appointed who is responsible for coordinating compliance with the General Data Protection Regulations and, more generally, to handle personal data-related issues. The Data Protection Officer is the principal point of contact for interested parties and for the authorities responsible for protecting personal data.

This function is part of the Audit, Insurance and Compliance department.

2.4.3 Implementation

CORRUPTION

Rémy Cointreau Group's values do not tolerate corruption. All Rémy Cointreau Group's employees are committed to fighting against it. The Rémy Cointreau Group has a dual requirement: zero tolerance towards infringements of integrity and probity, on the one hand, and a commitment to support an ethical culture, on the other hand.

To achieve this, Rémy Cointreau is committed to complying with all of the relevant laws and principles, particularly those of the countries in which the Group produces and distributes its products. Rémy Cointreau will continue to implement a firm policy to combat any unlawful conduct. In order to comply with the requirements of law no. 2016-1691 of 9 December 2016 on transparency, combating corruption and modernising the economy, the Rémy Cointreau Group has made the Audit, Insurance and Compliance department responsible for combating corruption and for implementing action plans to reinforce the strict procedures that are already in place, in accordance with the requirements of the so-called "Sapin II" law.

PERSONAL DATA AND RESPECT FOR PRIVACY

In order to fulfil the requirements of the European regulation No. 2016/679 of 27 April 2016, the "General Data Protection Regulations", the Audit, Insurance and Compliance department was designated to conduct an assessment and prepare a compliance plan in accordance with the following issues:

- Governance: roles and responsibilities involved in data protection;
- Respect for people's rights: consent, information from the people concerned, exercise of their rights;
- Compliant processing: processing records, identification and classification of processing activities, data retention periods, contract management;
- Data security: procedures and controls, management of security breaches, impact assessments and privacy-by-design mechanisms;
- Continuous improvement: monitoring, internal control, certifications.

2.4.4 Control

WHISTLEBLOWING LINE

The Group has set up a Group whistleblowing system to anticipate and manage its risks, known as the "Rémy Cointreau Ethic Line". It is described in the Whistleblowing Code. This system is updated to take into account any regulatory, legislative, economic, societal, geopolitical and competitive changes.

Local whistleblowing systems are also in place within the main subsidiaries, for example, in the United States and China.

SYSTEM OF SANCTIONS INTRODUCED

The system of sanctions introduced for the compliance programmes corresponds to the system of sanctions described in the internal regulations. Any infringement of ethics and integrity is contrary to the Group's intrinsic values and to the internal rules in this area.

CONTROL ON THE IMPLEMENTATION OF ETHICAL VALUES

Internal and external audits of the Group's companies and of the Group's main suppliers and partners are conducted on a regular basis, focussing on the implementation of the Group's procedures. These audits primarily cover the following issues: combating corruption, protection of personal data, respect for the environment, respect for human rights and fundamental freedoms.

ETHICAL ISSUES TRAINING PROGRAMME

An "ethics, integrity and anti-corruption" training module for all employees of the Rémy Cointreau Group was rolled out during the 2018/2019 financial year. The implementation of this programme will be ramped up in 2019, particularly for the most exposed employees (commercial teams liaising with intermediaries and subsidiaries operating in countries regarded as "at risk" according to the classification established by Transparency International).

Moreover, it was supplemented in 2019 by a training module on data protection designed to raise awareness among all Group employees and train the most exposed employees on data protection related issues in connection with the various regulations.

NETWORK OF CORRESPONDENTS WITHIN THE GROUP

The legal and compliance teams located abroad, in particular in the United States, China and Switzerland, make up the network of "compliance" and "personal data protection" correspondents, working closely with the Audit, Insurance and Compliance department and the Data Protection Officer, in order to roll out, organise and coordinate compliance programmes within the Group.

Specific procedures are also incorporated in audit programmes and procedures in this area.

3

CORPORATE GOVERNANCE

3.1 Framework for implementing the principles of corporate governance

Pursuant to the provisions of Article L. 225-37 *et seq*. of the French Commercial Code, the developments described below form the corporate governance report.

It contains information on:

- the composition of the Board of Directors and the implementation of the principle of the balanced representation of women and men on the Board;
- the conditions of preparation and organisation of the work of the Board of Directors;
- the Corporate Governance Code by which the Company abides, the provisions that have not been applied and the reasons why;
- the principles and rules established by the Board of Directors that govern the remuneration and benefits paid to executive officers;
- the principles and criteria for the determination, distribution and allocation of fixed, variable and exceptional elements of total remuneration and benefits in kind that may be awarded to executive officers in respect of their term of office;
- the limitations that the Board of Directors has imposed on the powers of the Chief Executive Officer;

The other information is provided in the following chapters of this registration document, namely:

- financial risks relating to the effects of climate change (chapter 1);
- internal control and risk management procedures implemented by the Company (chapter 2.1);
- the items liable to have an impact in the event of a public takeover offer or an exchange within the meaning of Article L. 225-100-3 of the French Commercial Code (chapter 7);
- the table summarising the authorisations currently in force granted by the Shareholders' Meeting in respect of capital increases (chapter 7);
- the specific procedures relating to shareholders' attendance at Shareholders' Meetings (chapter 7).

This report was approved by the Board of Directors at its meetings of 4 and 17 June 2019, after consulting the Nomination and Remuneration Committee and Audit-Finance Committee on the sections within their respective remits.

3.1.1 GoveFrnance arrangements

In September 2004, the Board of Directors adopted a system of governance that separates the positions of Chairman of the Board and Chief Executive Officer.

The purpose of this arrangement is to balance the power between these two positions and between each of them and the Board of Directors.

This governance arrangement was retained at the time of Marc Hériard Dubreuil's appointment to the chairmanship of the Board of Directors and the renewal of Valérie Chapoulaud-Floquet as Chief Executive Officer during financial year 2017/2018.

Only the Chief Executive Officer's resignation, for personal reasons, in 2014 resulted in the Board of Directors combining for one year, from 2 January 2014 to 27 January 2015, the roles of Chairman of the Board of Directors and Chief Executive Officer, following which the Company's historical governance arrangements resumed.

3.1.2 Declaration regarding the corporate governance system

In accordance with the provisions of Article L. 225-37-4 of the French Commercial Code, the Company declares that it abides by the AFEP/MEDEF Corporate Governance Code for Listed Companies. The version of this Code in force in June 2018 is available for consultation at Rémy Cointreau's head office in Paris and on the website www.medef.fr. In accordance with the "comply or explain", principle, a table presents the recommendations of this Code which have not been applied (see table in section 3.2.5).

3.1.3 Change in governance during the 2018/2019 financial year

- With regards to the composition of the Board of Directors:
  - François Hériard Dubreuil, Bruno Pavlovsky and Jacques-Étienne de T'Serclaes were re-elected to the Board for a three-year term by the Shareholders' Meeting of 24 July 2018;
  - Guylaine Saucier was appointed as Board member by the Shareholders' Meeting of 24 July 2018 for a three-year term, *i.e.* until the Shareholders' Meeting held to approve the financial statements for the year ending 31 March 2021, to replace Guylaine Dyèvre, who had resigned;
  - as part of the succession plan for the representation of the main shareholder, Marie-Amélie Jacquet and Elie Hériard Dubreuil were appointed as non-voting members for a one-year term by the Board of Directors at its meeting on 20 November 2018.
- With regards to the composition of the committees:
  - at its meeting of 24 July 2018, the Board of Directors appointed Guylaine Saucier as member of the Audit-Finance Committee for the duration of her term as Board member.
  - the composition of the Nomination and Remuneration Committee remained unchanged after Guylaine Dyèvre's departure.

CHANGE IN COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEE DURING THE 2018/2019 FINANCIAL YEAR

	Departure / Expiration of term	Appointment	Re-election	Dates
Board of Directors			François Hériard Dubreuil	Shareholders' Meeting of 24 July 2018
			Bruno Pavlovsky	Shareholders' Meeting of 24 July 2018
			Jacques-Étienne de T'Serclaes	Shareholders' Meeting of 24 July 2018
	Guylaine Dyèvre[1]	Guylaine Saucier		Shareholders' Meeting of 24 July 2018
Non-voting members		Elie Hériard Dubreuil		Board meeting of 20/11/2018
		Marie-Amélie Jacquet		Board meeting of 20/11/2018
Audit-Finance Committee		Guylaine Saucier		Board meeting of 24 July 2018
Nomination and Remuneration Committee	Guylaine Dyèvre[1]			Board meeting of 24 July 2018

(1) Departure

3.2 Composition of the Board of Directors

3.2.1 Members of the Board of Directors

COMPOSITION OF THE BOARD OF DIRECTORS

12 Board members
2 non-voting members

7 independent Board members (excluding non-voting members)

58% independent Board members (excluding non-voting members)

average age of Board members 55.5 years

average length of service on the Board 7.8 years

41.7% women (excluding non-voting members)

58.3% men (excluding non-voting members)

2 nationalities represented

The Board's membership is organised in order to achieve a balance between experience, skills, independence and ethical behaviour, while respecting in overall terms the balanced representation of women and men on the Board of Directors.

At 31 March 2019, the Board of Directors had 12 members plus 2 non-voting members:

OVERVIEW OF THE BOARD AT 31 MARCH 2019

	Gender	Age	Nationality	Number of shares	Independent Board member	First appointed	End of current appointment (Shareholders' Meeting)	Length of service on the Board	Member of Board committee
Marc Hériard Dubreuil	M	67	French	108		07/09/2004	2019 Shareholders' Meeting	14 years and 7 months	
François Hériard Dubreuil	M	70	French	124		07/09/2004	2021 Shareholders' Meeting	14 years and 7 months	AFC(1)
Dominique Hériard Dubreuil	F	72	French	2,795		07/09/2004	2020 Shareholders' Meeting	14 years and 7 months	NRC(2) Chairman of CSRC(3)
Emmanuel de Geuser	M	55	French	100	√	24/07/2014	2020 Shareholders' Meeting	4 years and 8 months	AFC(1)
Yves Guillemot	M	58	French	100	√	24/09/2013	2019 Shareholders' Meeting	5 years and 6 months	Chairman of NRC(2)
Laure Hériard Dubreuil	F	41	French	105		26/07/2011	2020 Shareholders' Meeting	7 years and 8 months	
Olivier Jolivet	M	46	French	100	√	24/09/2013	2019 Shareholders' Meeting	5 years and 6 months	CSRC(3)
Bruno Pavlovsky	M	56	French	100	√	29/07/2015	2021 Shareholders' Meeting	3 years and 8 months	NRC(2)
Florence Rollet	F	53	French	100	√	24/09/2013	2019 Shareholders' Meeting	5 years and 6 months	CSRC(3)
Guylaine Saucier	F	72	Canadian	100	√	24/07/2018	2021 Shareholders' Meeting	8 months	AFC(1)
Jacques-Étienne de T'Serclaes	M	71	French	572	√	27/07/2006	2021 Shareholders' Meeting	12 years and 8 months	Chairman of AFC(1)
Orpar SA (represented by				19,542,581		26/07/2016	2019 Shareholders' Meeting	2 years and 8 months	NRC(2)
Gisèle Durand)	F	66	French	1,028					
NON-VOTING MEMBERS									
Elie Hériard Dubreuil	M	41	French			20/11/2018	20/11/2019	4 months	
Marie-Amélie Jacquet	F	41	French			20/11/2018	20/11/2019	4 months	

(1) Audit-Finance Committee
(2) Nomination and Remuneration Committee
(3) Corporate Social Responsibility Committee

Of these 12 Board members:

- five represent the majority shareholders, including four from the Hériard Dubreuil family (Marc Hériard Dubreuil, François Hériard Dubreuil, Dominique Hériard Dubreuil and Laure Hériard Dubreuil), and Orpar SA, represented by Gisèle Durand;
- seven are independent Board members: Florence Rollet, Guylaine Saucier, Emmanuel de Geuser, Yves Guillemot, Olivier Jolivet, Bruno Pavlovsky and Jacques-Étienne de T'Serclaes.

The two non-voting members represent the lead shareholder.

With regards to members elected by employees, the Company complies with the provisions of Article L. 225-27-1 of the French Commercial Code in this respect since it has no employees.

The Board is renewed on an annual rolling basis, so that renewal occurs as evenly as possible and the whole Board has been renewed at the end of a three-year period.

Any member of the Board of Directors who is over 85 years of age at the beginning of a financial year is deemed to have resigned from office effective at the end of the Annual Shareholders' Meeting called to approve the financial statements for that financial year. However, his/her term of office may be renewed annually, as long as the number of Board members aged 85 or over does not exceed one-third of the number of serving members.

BOARD'S DIVERSITY POLICY

Experienced and complementary Board members

Competence and experience in the financial arena, the luxury goods sector and the management of large international companies are the selection criteria for Board members. The Board members come from varied backgrounds and are complementary because of their different professional experience and their skills. The presence of several members who are permanent residents in various other countries lends a welcome international and cultural dimension to the Board's work, either because they have performed a role outside of France during their career, or because they hold or have held one or more appointments in non-French companies.

The Board is careful to maintain a balance between members with historical knowledge of Rémy Cointreau and members who have joined the Board more recently.

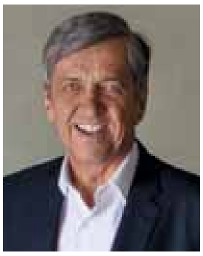
Diversification is achieved by ensuring that the proportion of independent directors remains above the threshold of one-third recommended by the AFEP/MEDEF Code.

Balanced representation of women and men on the Board

At 31 March 2019, out of a total of 12 Board members, 5 women sat on the Board of Directors of Rémy Cointreau, *i.e.* a proportion of more than 40%. In addition, the Corporate Social Responsibility Committee is chaired by a woman.

List of offices and appointments held by Board members at 31 March 2019

CHAIRMAN



MARC HÉRIARD DUBREUIL

CHAIRMAN OF THE BOARD OF DIRECTORS SINCE 1 OCTOBER 2017

French nationality, 67 years old.
Date first appointed: *7 September 2004.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2019 financial year.*
Business address: *Andromède SAS – 21, boulevard Haussmann – 75009 Paris – France*
Holds: *108 RC shares*

Marc Hériard Dubreuil is a graduate of ESSEC and has been a corporate officer of the Company since December 1991, after starting his professional career with General Foods and Leroy Somer. He has notably been Chairman of Rémy Martin and Rémy & Associés, then Chief Executive Officer of Rémy Cointreau from 1990 to 2000. He served as Chairman and Chief Executive Officer of Oeneo SA from 2004 to 2014, and then as Chairman of the Board of Directors of Oeneo SA from November 2014 to October 2016.
Marc Hériard Dubreuil has been Chairman of the Board of Directors since 1 October 2017.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Chief Executive Officer of Andromède SAS.

OTHER APPOINTMENTS OUTSTANDING

- Vice-Chairman, Deputy Chief Executive Officer and Board member of Orpar SA.
- Member of the Management Committee of Récopart SAS.
- Board member of Oeneo SA.
- Chairman of LVLF 2 SAS.
- Chairman of Mantatech.
- Chairman of the Board of Directors of Webster Usa, Inc.

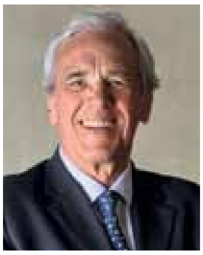
Appointments within the Rémy Cointreau Group

- Non-Executive Chairman of Rémy Cointreau Amérique Inc.
- Chairman of Rémy Cointreau Services SAS.
- Representative of Rémy Cointreau Services SAS, Chairman of Rémy Cointreau Libra SAS.
- Representative of Rémy Cointreau Services SAS, Chairman of Rémy Cointreau International Marketing Services SAS.
- Representative of Rémy Cointreau Services SAS, Chairman of Storeco SAS.
- Representative of Rémy Cointreau Services SAS, Board member of Financière Rémy Cointreau SA/NV.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Representative of Rémy Cointreau Services SAS, Chairman of Joint Marketing Services SAS.
- Member of the Steering Committee of AUXI-A.
- Chief Executive Officer of Andromède SA.
- Member of the Management Board of Récopart SA.
- Director of TC International Ltd.
- Chairman of LVLF SAS.
- Board member and member of the Audit Committee of Bull SA.
- Chief Executive Officer of Oeneo.
- Chairman of the Supervisory Board of Crescendo Industries SAS.
- Chairman of the Board of Directors of Oeneo SA.
- Member of the Management Board of Andromède SAS.



FRANÇOIS HÉRIARD DUBREUIL

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS SINCE 1 OCTOBER 2017

French nationality, 70 years old.
Date first appointed: *7 September 2004.*
Date term of office expires: *Shareholders' Meeting held to approve the 2021 financial statements.*
Business address: *Andromède SAS – 21, boulevard Haussmann – 75009 Paris – France*
Holds: *124 RC shares*

François Hériard Dubreuil holds a master's degree in science from the University of Paris and an MBA from INSEAD. He has been a corporate officer of the Company since December 1991. In particular, he was Chairman of Rémy Martin from 1984 to 1990 and Chief Executive Officer of Rémy Cointreau from 1990 to 2000, then Chairman of its Supervisory Board from 2000 to 2004 and Chairman of the Board of Directors from November 2012 to September 2017. François Hériard Dubreuil is a member of the INSEAD French Council and Chairman of the INSEAD Foundation.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Chairman of the Board of Directors of Andromède SAS.

OTHER APPOINTMENTS OUTSTANDING

- Chairman and Chief Executive Officer of Orpar SA.
- Representative of Orpar, Chairman of Récopart SAS.
- Board member of Oeneo SA.
- Chairman of Financière de Nonac 2 SAS.
- Chairman of the INSEAD Foundation.

Appointments within the Rémy Cointreau Group

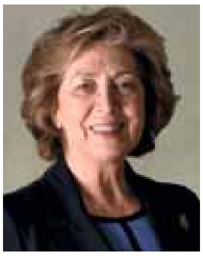
- Non-Executive Chairman of Rémy Cointreau Amérique, INC.
- Director of Rémy Concord Limited.
- Director of Rémy Pacifique Limited.
- Board member of Dynasty Fine Wines Group Limited.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Chairman of Rémy Cointreau Services SAS.
- Representative of Rémy Cointreau Services SAS, Chairman of Joint Marketing Services SAS.
- Representative of Rémy Cointreau Services SAS.Chairman of Rémy Cointreau Libra SAS.
- Representative of Rémy Cointreau Services SAS, Chairman of Rémy Cointreau International Marketing Services SAS.
- Representative of Rémy Cointreau Services SAS, Chairman of Storeco SAS.
- Representative of Rémy Cointreau Services SAS, Board member of Financière Rémy Cointreau SA/NV.
- Director of Rémy Cointreau South Africa PTY Limited.
- Legal representative of Rémy Cointreau Shanghai Limited.
- Director of E. Rémy Rentouma Trading Limited.
- Director of Bruichladdich Distillery Company Limited.
- Director of Lochindaal Distillery Limited.
- Director of Port Charlotte Limited.
- Director of The Botanist Limited.
- Director of Rémy Cointreau UK Limited.
- Chairman of Mount Gay Distilleries Limited.
- Director of Rémy Cointreau International Pte Limited.
- Member of the Supervisory Board Rémy Cointreau Nederland Holding NV.
- Non-Executive Chairman of Rémy Cointreau USA Inc.
- Non-Executive Chairman of S&E&A Metaxa ABE.
- Chairman of Rémy Cointreau USA.
- Chairman of the Board of Directors of Rémy Cointreau SA.
- Chairman of the Management Board of Récopart.
- Board member of Shanghai Shenma Winery Co Ltd.
- Permanent representative of Grande Champagne Patrimoine, President of MMI.
- Chairman of Grande Champagne Patrimoine SAS.
- Chairman of Financière de Nonac SAS.
- Representative of Rémy Cointreau Services SAS, Board member of Rémy Cointreau Aries SA.
- Vice-Chairman and Deputy Chief Executive Officer of Oeneo SA.
- Chairman of the Management Board of Andromède SA.
- Chairman of Vivelys SAS.

BOARD MEMBERS



DOMINIQUE HÉRIARD DUBREUIL

French nationality, 72 years old.
Date first appointed: *7 September 2004.*
Date term of office expires: *Shareholders' Meeting held to approve the 2020 financial statements.*
Business address: *Andromède SAS – 21, boulevard Haussmann – 75009 Paris – France*
Holds: 2,795 *RC shares*

Dominique Hériard Dubreuil is a Public Relations graduate of IRPCS and has been a corporate officer of the Company since December 1991. She was notably Chairman of the Board of Directors of Rémy Cointreau from 1998 to 2000 and subsequently Chairman of the Management Board from 2000 to 2004. Dominique Hériard Dubreuil was Chairman of the Board of Directors of Rémy Cointreau from 2004 to 2012. Dominique Hériard Dubreuil is a Commander of the Legion of Honour and a Commander of the National Order of Merit.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Member of the Board of Directors of Andromède SAS

OTHER APPOINTMENTS OUTSTANDING

- Board member of Orpar SA.
- Board member of the Bolloré Group.
- Director of Fondation 2e Chance.

Appointments within the Rémy Cointreau Group

- Chairman of E. Rémy Martin & C° SAS.
- Chairman of Cointreau SAS.
- Representative of E. Rémy Martin & C° SAS, Chairman of Domaines Rémy Martin SAS.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Supervisory Director of Rémy Cointreau Nederland Holding NV.
- Chairman and COO of Rémy Cointreau Amérique Inc.
- Director of Rémy Concord Limited.
- Director of Rémy Pacifique Limited.
- Chief Executive Officer of Andromède SA.
- Board member of Baccarat SA.
- Chairman of the Supervisory Board of Vinexpo Overseas SAS.
- Member of the Supervisory Board of Vinexpo SAS.
- Member of the Supervisory Board of Vivendi SA.
- AFEP Board member and member of the MEDEF Executive Committee.
- INRA Board member.
- Board member of Comité Colbert.
- Chairman of Izarra-Distillerie de la Côte Basque SAS.
- Chief Executive Officer and member of the Management Board of Andromède SAS.
- Member of the Supervisory Board of Andromède SAS.
- Vice-Chair of the Supervisory Board of Wendel SA.
- Board member of Fondation de France.
- Chairman of Mount Gay Holding.

LAURE HÉRIARD DUBREUIL

French nationality, 41 years old.
Date first appointed: *26 July 2011.*
Date term of office expires: *Shareholders' Meeting held to approve the 2020 financial statements.*
Business address: *1220 Collins Avenue, Miami Beach, FL. 33139 USA*
Holds: *105 RC shares*

A graduate of the Institute of Oriental Languages and Civilisations and of the Fashion Institute of Technology, since 2000 Laure Hériard Dubreuil has served in various senior roles at Philipps-Van Heusen in Hong Kong and at Gucci in Paris and New York. In 2006, she founded The Webster in Miami, a high-end multi-brand fashion store concept which has seen steady growth in the United States.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

President and Chief Executive Officer of Webster USA, Inc.

OTHER APPOINTMENTS OUTSTANDING

- President of Laure HD Investissements SAS.
- President of LHD LLC.
- President and Chief Executive Officer of 1220 Collins Avenue, Inc.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

None

FLORENCE ROLLET

French nationality, 53 years old.
Date first appointed: *24 September 2013.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2019 financial year.*
Business address: *47, avenue Hoche – 75008 Paris – France*
Holds: *100 RC shares*

Florence Rollet is a graduate of the EM Lyon business school (1987).
After more than 12 years' experience in sales and marketing roles within various Groups, including the Danone Group (Brasseries Kronenbourg), Pepsi Cola and Reckitt-Benckiser, Florence Rollet joined the Coty Group in 1999 as Chief Executive Officer of Coty Beauty France, where she spent over eight years.
In 2005, she also added the role of Chief Executive Officer of Coty Prestige France to her existing duties.
In October 2007, Ms Rollet joined the LVMH-Parfums Christian Dior Group as Development Director, Europe, strengthening her experience in luxury goods and retail.
Between June 2013 and July 2016, she held the post of Group Vice-President EMEA at Tiffany & Co.
From September 2016 to July 2018, she was Head of Marketing at Bank Julius Baer.
Since July 2018, Florence Rollet has been Venture Partner for the company LuxuryTechFund

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Venture Partner LuxuryTechFund

OTHER APPOINTMENTS OUTSTANDING

None.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Head of Marketing, Bank Julius Baer, Zurich, Switzerland
- Chairman of Tiffany & Co. (France), Tiffany & Co. (Jewellers) Ltd (Ireland), Tiffany & Co. (UK) Holdings Ltd (UK), Tiffany & Co. Ltd (UK).
- Director of Tiffany & Co. (CR) s.r.o. (Czech Republic), Tiffany & Co. (Jewellers) Ltd (Ireland), Tiffany & Co. Italia SpA (Italy), Tiffany of New York (Spain) SLU (Spain), Tiffany & Co. (UK) Holdings Ltd, (UK), Tiffany & Co. Ltd (UK), Tiffany & Co. (GB) (UK).
- General Manager of Tiffany & Co. Netherlands BV (Netherlands), manager of Tiffany & Co. Belgium SPRL (Belgium).

GUYLAINE SAUCIER

Canadian nationality, 72 years old.
Date first appointed: *24 July 2018.*
Date term of office expires: *Shareholders' Meeting held to approve the 2020 financial statements.*
Business address: *1321 Sherbrooke Ouest, Montreal H3G 1J4, Canada*
Holds: *100 RC shares*

Guylaine Saucier is a graduate with an Arts baccalaureate from the Collège Marguerite-Bourgeois and has a bachelor's degree in business from the École des Hautes Études Commerciales in Montreal.
Fellow of the Order of Chartered Accountants of Québec, Guylaine Saucier was Chairperson and CEO of the Gérard Saucier Ltée Group, a large company specializing in forestry products, from 1975 to 1989. She was also a certified Board member of the Institute of Company Directors.
She is an experienced company Board member and is or was a member of the Board of Directors of a number of major companies, including the Bank of Montréal, AXA Assurances Inc. Danone and Areva.
She has chaired the Joint Committee on Corporate Governance (CICA, CDNX, TSX) (2000-2001), the Board of Directors of CBC/Radio-Canada (1995-2000), and the Board of Directors of the Canadian Institute of Chartered Accountants (1999-2000). She has also served on the Board of Directors of the Bank of Canada (1987-1991), the Commission of Inquiry into the Unemployment Insurance System (1986), and the Advisory Committee to Minister Lloyd Axworthy on Social Programme Reform (1994). Ms Saucier was the first woman to be appointed as President of the Quebec Chamber of Commerce. She played a very active role in the community as a Board member of various organisations, including the University of Montreal, the Montreal Symphony Orchestra and the Hôtel-Dieu de Montréal.
She was made a member of the Order of Canada in 1989 for having demonstrated exceptional civic spirit and provided a significant contribution to the business world.
On 18 May 2004, she was appointed Fellow of the Canadian Institute of Corporate Directors, and on 4 February 2005, she was presented with the 25th Management Achievement Award from McGill University. On 3 September 2010, she was appointed Director Emeritus by the Collège des Administrateurs de Sociétés.
In 2017 she received an honorary doctorate from Laval University.

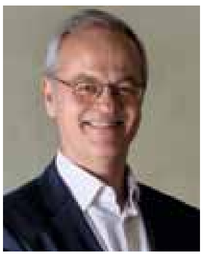
OTHER APPOINTMENTS OUTSTANDING

- Member of the Board of Directors of Cuda Oil & Gaz (formerly Junex Inc.) (Quebec)
- Member of the Board of Directors and Chair of the Audit Committee of Tarkett
- Member of the Supervisory Board and Chair of the Audit Committee of Wendel

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Member of the Board of Directors of Scor (2016)
- Member of the Supervisory Board (since 2006) and Chairperson of the Audit Committee of Areva, until 8 January 2015



EMMANUEL DE GEUSER

French nationality, 55 years old.
Date first appointed: *24 July 2014.*
Date term of office expires: *Shareholders' Meeting held to approve the 2020 financial statements.*
Business address: *Roquette Frères – 101, avenue de la République – 59564 La Madeleine – France*
Holds: *100 RC shares*

Emmanuel de Geuser graduated from the institut d'études politiques de Paris and has a master's degree in monetary economics from Université Paris IX-Dauphine, as well as being a qualified Chartered Accountant. After eight years as a manager with Arthur Andersen, from 1996 to 2002 Mr de Geuser held the posts of Audit Director, Coordinator of the "Performance 2001" Plan and Finance Director of the cigarettes division of the Altadis Group (formerly Seita). From 2002 to 2011, Mr de Geuser was Administrative and Financial Director and member of the Executive Committee of Générale de Santé.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Finance Director and member of the Group Management Committee, Roquette Frères.

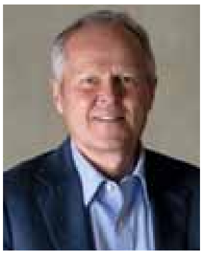
OTHER APPOINTMENTS OUTSTANDING

- Board member of Roquette Management and Roquette CH.
- Representative of Roquette Frères, General Manager of Roquette BV.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

None



YVES GUILLEMOT

French nationality, 58 years old
Date first appointed: *24 September 2013.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2019 financial year.*
Business address: *Ubisoft Entertainment SA – 28, rue Armand-Carrel – 93108 Montreuil – France*
Holds: *100 RC shares*

Mr Yves Guillemot grew up in a family of entrepreneurs and is a graduate of the Institut de petites et moyennes entreprises. Together with his four brothers, he founded Ubisoft in 1986. At the age of 26, and recently graduated, he was named Chairman of the Company. The Company grew rapidly in France and in its main export markets. Under Mr Guillemot's leadership, Ubisoft has risen to fourth place in the ranking of independent video game publishers. Ubisoft has teams in 31 countries and distributes games worldwide.
Ernst & Young named Yves Guillemot Entrepreneur of the Year in 2009 and 2018.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Chairman and Chief Executive Officer and Board member of Ubisoft Entertainment SA.

OTHER APPOINTMENTS OUTSTANDING

- Deputy Chief Executive Officer of Guillemot Corporation SA.
- Chief Executive Officer of Guillemot Brothers SAS.
- Director and Deputy Chief Executive Officer of Guillemot Brothers Ltd (United Kingdom).
- Board member of AMA SA.
- Member of the Supervisory Board of Lagardère SCA.
- Board member of Guillemot Inc. (Canada), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom).
- Director of Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom).
- Chairman of Ubisoft Annecy SAS, Ubisoft EMEA SAS, Ubisoft France SAS, Ubisoft International SAS, Ubisoft Montpellier SAS, Ubisoft Motion Pictures Rabbids SAS, Ubisoft Paris SAS, Ubisoft Production Internationale SAS, Nadéo SAS, Owlient SAS, Ubisoft Création SAS, Ivory Tower SAS, Ubisoft Bordeaux SAS and 1492 Studio SAS.
- Chairman of Dev Team LLC (United States).
- General Manager of Ubisoft Learning & Development SARL, Ubisoft Motion Pictures SARL, Ubisoft Mobile Games SARL, Ubisoft Paris – Mobile SARL, Ivory Art & Design SARL.
- General Manager of Ubisoft Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Sarl (Morocco), Blue Mammoth Games LLC (United States), Dev Team LLC (United States), i3D.net LLC (United States).
- Chairman and Board member of Ubisoft Divertissements Inc. (Canada), Ubisoft Editions Musique Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Toronto Inc. (Canada), Ubisoft Winnipeg Inc. (Canada), Ubisoft Nordic A/S (Denmark), Ubisoft Entertainment India Private Ltd (India), Red Storm Entertainment Inc. (United States), Ubisoft L.A. Inc. (United States), Script Movie Inc. (United States), Ubisoft CRC Ltd (United Kingdom).
- Vice-Chairman and Board member of Ubisoft Inc. (United States)
- Chief Executive Officer and Board member of Ubisoft Emirates FZ LLC (United Arab Emirates).
- Executive Director of Shanghai ubi Computer Software Co. Ltd (China), Chengdu Ubi Computer Software Co. Ltd (China).
- Board member of Ubisoft Pty Ltd (Australia), Ubisoft SA (Spain), Ubi Studios SL (Spain), Ubisoft Barcelona Mobile SL (Spain), Ubisoft Ltd (Hong Kong), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Osaka KK (Japan), Ubisoft BV (Netherlands), BMG Europe BV (Netherlands), Performance Group BV (Netherlands), i3D.net BV (Netherlands), SmartDC Holding BV (Netherlands), SmartDC BV (Netherlands), SmartDC Heerlen BV (Netherlands), Ubisoft Srl (Romania), Ubisoft Ltd (United Kingdom), Ubisoft Reflections Ltd (United Kingdom), Red Storm Entertainment Ltd (United Kingdom), Ubisoft Singapore Pte Ltd (Singapore), Ubisoft Entertainment Sweden AB (Sweden), RedLynx Oy (Finland), Future Games of London Ltd (United Kingdom), Ubisoft Fastigheter AB (Sweden), Ubisoft DOO Beograd (Serbia).

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Board member of Guillemot Corporation SA.
- Chairman of Ubisoft Motion Pictures Far Cry SAS, Ubisoft Motion Pictures Ghost Recon SAS, Ketchapp SAS, Ubisoft Motion Pictures Assassin's Creed SAS, Ubisoft Motion Pictures Splinter Cell SAS, Krysalide SAS.
- Chairman and Board member of Technologies Quazal Inc. (Canada), Ubisoft Musique Inc. (Canada), 9275-8309 Québec Inc. (Canada), Studio Ubisoft Saint-Antoine Inc. (Canada), Ubi Games SA (Switzerland).
- Chairman of Ubisoft LLC. (United States)
- General Manager of Script Movie SARL.
- General Manager of Related Designs Software GmbH (Germany), Ubisoft Entertainment SARL (Luxembourg).
- Deputy Chief Executive Officer and Board member of Gameloft SE (France).
- Board member of Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada).

OLIVIER JOLIVET

French nationality, 46 years old.
Date first appointed: *24 September 2013.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2019 financial year.*
Business address: *COMO HOLDINGS, 50 Cuscaden Road, #08-01 HPL Building, Singapore 249724*
Holds: *100 RC shares*

Olivier Jolivet is a graduate of the University of Westminster, the University of Munich and Ipag. After a period at McKinsey's German subsidiary, Mr Jolivet spent nearly ten years with the Club Méditerranée Group, mainly in Asia-Pacific. A member of the Executive Committee, he was most recently International Business Development and Construction Director. In 2008 Olivier Jolivet joined the Aman Group, where he served as Group Chairman and Chief Executive Officer in Singapore until December 2016. Since January 2017, Mr Jolivet has been Chief Executive Officer of Como Holdings (a multi-brand "family office" in the luxury goods sector).

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Chairman and Chief Executive Officer of Como Holdings.

OTHER APPOINTMENTS OUTSTANDING

- Director of Como Holdings Pte ltd (Singapore), Leisure Ventures Pte Ltd (Singapore), Olympia Partners Pte ltd (Singapore), HPL Olympia Pte ltd (Singapore), The Dempsey Cookhouse Pte ltd (Singapore), Venus Assets Sdn Bhd (Malaysia), Orchid Resorts Management Pvt Ltd (Maldives), IVPL ltd (Maldives), Como Hotels & Resorts (Australia) Pty Ltd, PT Begawan Giri Estate (Indonesia), PT Shambala Payangan Indah (Indonesia), PT Villa Bukit Lestari,PC Caicos Ltd, Caicos Holdings Limited, PC Hotel Management Ltd, Caicos Utilities Ltd, ISL Caribbean Projects (Holdings) Ltd, ISL Caribbean Projects Ltd, The Parrot Cay Club Ltd, Dundee Holdings Ltd, Como Traymore LLC, Castello Di Modanella Srl Azienda Agricola, Castello Del Nero S.p.A, Leisure Ventures Europe Limited, Como Holdings (Europe) Limited.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Chairman and Chief Executive Officer of Société Nouvelle de L'Hôtel Bora Bora (French Polynesia).
- Director of Amanresorts Limited (Hong Kong), Amanresorts Limited (British Virgin Islands), Amanproducts Limited (British Virgin Islands), Amanresorts Services Limited (British Virgin Islands), Amanresorts International Pte Ltd (Singapore), Andaman Development Co., Ltd (Thailand), Andaman Resorts Co. Ltd. (Thailand), Andaman Thai Holding Co., Ltd (Thailand), ARL Marketing Ltd. (British Virgin Islands), Balina Pansea Company Limited (British Virgin Islands), Bhutan Resorts Private Limited (Bhutan), Bodrum Development Limited (British Virgin Islands), Gulliver Enterprises Limited (British Virgin Islands), Hotel Finance International Limited (British Virgin Islands), Hotel Sales Services (Private) Limited (Sri Lanka), Jalisco Holdings Pte. Ltd. (Singapore), Lao Holdings Limited (British Virgin Islands), LP Hospitality Company Limited (Laos), Maha Holdings Limited (Bermuda), Marrakech Investment Limited (British Virgin Islands), Naman Consultants Limited (British Virgin Islands), NOH Hotel (Private) Limited (Sri Lanka), Palawan Holdings Limited (British Virgin Islands), Phraya Riverside (Bangkok) Co., Ltd (Thailand), Princiere Resorts Ltd (Cambodia), PT Amanusa Resort Indonesia (Indonesia), Regent Asset Finance Limited (British Virgin Islands), Regent Land Limited (Cambodia), Silverlink (Thailand) Co., Ltd (Thailand), Silver-Two (Bangkok) Co., Ltd (Thailand), Seven Seas Resorts and Leisure Inc (Philippines), Tangalle Property (Private) Limited (Sri Lanka), Toscano Holdings Limited (British Virgin Islands), Urbana Limited (Hong Kong), Zeugma Limited (British Virgin Islands), ARL Marketing, Inc. (USA), Guardian International Private Limited (India), Heritage Resorts Private Limited (India).

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BRUNO PAVLOVSKY

French nationality, 56 years old.
Date first appointed: *29 July 2015.*
Date term of office expires: *Shareholders' Meeting held to approve the 2021 financial statements.*
Business address: *12, rue Duphot – 75001 Paris – France*
Holds: *100 RC shares*

Bruno Pavlovsky is a graduate of the Bordeaux École supérieure de commerce and has an MBA from Harvard University. Mr Pavlovsky started his career in 1987 as an Audit/Organisation consultant at Deloitte. In 1990, he joined the Chanel Group where he was Administrative and Fashion Director until 1998, then CEO in charge of Fashion (Haute-Couture, Ready-to-Wear, Accessories) until 2004. He has been Chairman of Paraffection since January 2003, Chairman of the Fashion business since January 2004, Chairman of Chanel SAS since 2018, and Chairman of Eres since July 2007. Mr Pavlovsky is also Chairman of the French trade association Chambre Syndicale du Prêt-à-Porter des Couturiers et des Créateurs de Mode, and Chairman of the Fondation de l'Institut Français de la Mode.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Chairman of Chanel's Fashion business

Chairman of Chanel SAS

OTHER APPOINTMENTS OUTSTANDING

- Chairman of Chanel Coordination, Chanel Production, Lesage Paris, LMG, Goossens Paris, Desrues, Montex, Maison Massaro, Paraffection, Paloma, Eres, Barrie France, Établissements Bodin Joyeux, Gant Causse, Idafa, Lesage Intérieurs, Manufactures de Mode, Act 3, Mégisserie Richard, Textiles Henri Lacroix, Moulinages de Riotord, Hugo Tag, Eres US Inc. (USA), les Ateliers de Verneuil-en-Halatte, Maison Michel, Partrois, SCI Onurb , SCI Sarouleagain, etc.
- General Manager of SCI Sarouleagain, SCI Tête à Tête, SCI N&B Saint Georges, SCI N&B Penthièvre, SCI N&B Terrasse, SCI N&B Jardin Public, SCI N&B Société Civile, SCI N&B Bassussary, SCI Brunic.
- Board member of Delta Drone. Director of Vastrakala (India), Barrie Knitwear (UK), Maison Michel (UK), Eres Paris SL (Spain), Eres Fashion UK Ltd, (UK).
- Advisor to Chanel Coordination srl (Italy), Roveda srl (Italy), Immobiliare Rosmini srl (Italy).
- Manager of Eres Moda ve Lüks Tüketim Ürünleri Limited Sirketi (Turkey).
- Geschäftsführer of Eres GmbH (Germany).

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

None

JACQUES-ÉTIENNE DE T'SERCLAES

French nationality, 71 years old.
Date first appointed: *27 July 2006.*
Date term of office expires: *Shareholders' Meeting held to approve the 2021 financial statements.*
Business address: *Résidence Baccarat, 3 rue Kartaja, 20100 Casablanca, Morocco*
Holds: *572 RC shares*

Jacques-Étienne de T'Serclaes, chartered, accountant, graduated from ESSCA and Harvard Business School (OPM). He is a former member of Compagnie des Commissaires aux comptes. As Senior Partner with PricewaterhouseCoopers (1990-2005), he headed up the Global Retail and Consumer practice worldwide, and was Chairman of the Supervisory Board of PwC Audit France. Previously he spent seventy years within the Euromarché Group (acquired by Carrefour) where he was Chief Executive Officer.
He is currently founder of the charity Agence du Don en Nature (Goods to Give), Operating Partner at Advent International Global Private Equity and a Board member of the Institut Français des Administrateurs (IFA) (French Institute of Directors).

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Founder of the charity Agence du Don en Nature.

OTHER APPOINTMENTS OUTSTANDING

- Board member of the Institut Français des Administrateurs (IFA).

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Board member of Altran Technologie SA.
- Board member of Banimmo (Belgium).

ORPAR SA

Date first appointed: *26 July 2016.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2019 financial year.*
Business address: *Rue Joseph Pataa, Ancienne Rue de la Champagne – 16100 Cognac – France*
Orpar holds: *19,542,581 RC shares; its representative Gisèle Durand holds 1,028 RC shares*

Orpar is the Group's main shareholder. At 31 March 2019, it held more than a third of Rémy Cointreau's share capital and over 45% of the voting rights. Orpar's permanent representative is Gisèle Durand.
Between 1974 and 1980, Gisèle Durand, holder of a postgraduate degree in Economics and Management from CNAM in Paris and a graduate of the École Supérieure de Gestion et Comptabilité (PARIS II), was Administrative Director for a service run by the French Ministry of Agriculture. She went on to join the Cointreau Group (now known as the Rémy Cointreau Group), where she held a number of roles in accounting and finance until 2000, when she joined the holding company, ORPAR. Appointed as secretary general of OENEO in 2005, with particular responsibility for the development of Human Resources "managers", in 2007 she was made Deputy Chief Executive Officer of Andromède SAS.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Deputy Chief Executive Officer of Andromède SAS.

OTHER APPOINTMENTS AS OF 31/03/2019

- Director of Oeneo SA since June 2012
- Member of the Nominations and Human Resources Committee of Oeneo SA.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

None

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NON-VOTING MEMBERS

MARIE-AMÉLIE JACQUET

French nationality, 41 years old
First appointed as non-voting member on: *20 November 2018.*
End of appointment as non-voting member: *November 2019.*
Business address: *Andromède SAS, 21 boulevard Haussmann, 75009 Paris – France*

After graduating in international finance from ESCP-EAP, Marie-Amélie Jacquet began her career with Société Générale Investment Banking in London. She then joined NM Rothschild & Sons, where she served in various roles within the Capital Goods team in the Mergers/Acquisitions department. She went on to work for Rémy Cointreau, holding a series of management control posts.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Deputy Chief Executive Officer of Andromède SAS.

OTHER APPOINTMENTS AS OF 31/03/2019

- Director and Vice-Chairperson of the Board of Directors of Oeneo SA.
- Member of the Audit Committee of Oeneo SA.
- Chief Executive Officer of ALETEIA 2.
- Director and Chairperson of Mount Gay Distilleries Ltd.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Chief Executive Officer of ALETEIA
- Member of the Supervisory Board of Andromède SAS
- Member of the Management Board of Andromède SAS

ELIE HÉRIARD DUBREUIL

French nationality, 41 years old
First appointed as non-voting member on: *20 November 2018.*
End of appointment as non-voting member: *November 2019.*
Business address: *Andromède, 21, boulevard Haussmann, 75009 Paris – France*

A graduate of the French National School of Statistics and Economic Administration (ENSAE), Élie Hériard Dubreuil began his career in structured finance and credit risk modelling at Fitch Ratings, before honing his expertise in investment banking at CDC IXIS and Caisses d'Épargne Group. For more than 12 years, he held various global positions at S&P Global, where he was responsible for ratings and methodology for sovereigns, public finances and financial institutions. In 2018, he joined Beyond Ratings as Director and Head of Financial Ratings.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Deputy Chief Executive Officer of Andromède SAS

OTHER APPOINTMENTS AS OF 31/03/2019

- Non-voting member of Oeneo.
- Board member of Pro Drones Investments.
- Chief Executive Officer of Beyond Ratings SAS.
- Chairman of the Irini association.
- Lecturer at CIFE.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Senior Director at S&P Global.
- Governor and Treasurer of All Saints Blackheath Primary School.
- Vice-Chairman and Trustee of the charity Life Project For Youth (LP4Y), England.
- Lecturer at Sciences Po Executive Education.
- Non-voting member of the Supervisory Board of Andromède SAS.

Independence of the Board

The process of assessing the independence of the Company's Board members is implemented by the Nomination and Remuneration Committee. On the recommendation of this committee, once a year the Board of Directors reviews the situation of each Board member in light of the independence criteria defined by the AFEP/MEDEF Code.

A Board member is classified as independent when he or she has no relationship of any kind with the Company, its Group or its management that may interfere with his or her freedom of judgement.

In considering this independence, the Board relies on the criteria specified by the AFEP/MEDEF Code:

- not to be, or have been during the course of the previous five years, an employee or executive officer of the Company, an employee or executive officer or director of a company consolidated within the Company, an employee, executive officer or director of the parent company or of a company consolidated within this parent company;
- not to be an executive officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the Company, currently in office or having held such office during the last five years, is a director;
- not to be a customer, supplier, commercial banker or investment banker that is material to the Company or its Group or for a significant part of whose business the Company or its Group accounts;
- not to be related by close family ties to a corporate officer;
- not to have been a Statutory Auditor of the Company within the previous five years;
- not to have been a director of the Company for more than 12 years.

On 4 June 2019, the Board of Directors accordingly adopted the list of Board members qualified as independent on 31 March 2019:

Guylaine Saucier, Florence Rollet, Emmanuel de Geuser, Yves Guillemot, Olivier Jolivet, M. Bruno Pavlovsky, Jacques-Étienne de T'Serclaes.

The Board of Directors is regularly informed of the independence of each of its members.

The table below summarises the results of the process of assessing the independence of Board members in light of the criteria specified in the AFEP/MEDEF Code.

	Employee or executive officer	Absence of cross-directorships	Business relation-ships	Family ties	Statutory Auditors	12 years on the Board	Classification
Marc Hériard Dubreuil	Yes	Yes	No	Yes	No	Yes	Non-independent
François Hériard Dubreuil	Yes	Yes	No	Yes	No	Yes	Non-independent
Dominique Hériard Dubreuil	Yes	Yes	No	Yes	No	Yes	Non-independent
Emmanuel de Geuser	No	Yes	No	No	No	No	Independent
Yves Guillemot	No	Yes	No	No	No	No	Independent
Laure Hériard Dubreuil	No	Yes	No	Yes	No	No	Non-independent
Olivier Jolivet	No	Yes	No	No	No	No	Independent
Bruno Pavlovsky	No	Yes	No	No	No	No	Independent
Florence Rollet	No	Yes	No	No	No	No	Independent
Guylaine Saucier	No	Yes	No	No	No	No	Independent
Jacques-Étienne de T'Serclaes	No	Yes	No	No	No	Yes	Independent
Orpar SA (represented by Gisèle Durand)	Yes	Yes	No	No	No	No	Non-independent

At its meeting on 4 June 2019, the Board of Directors reviewed with particular care the situation of Jacques-Étienne de T'Serclaes in respect of the AFEP/MEDEF Code, which recommends "not having been a director for more than 12 years". In accordance with the "comply or explain" rule in the Code, it was decided, on the recommendation of the Nomination and Remuneration Committee, to explain the decision not to use this criteria for this Board member for the reasons set out in the table in section 3.2.5 of the Registration Document.

3.2.2 Operation of the Board of Directors

The operation of the Board of Directors and committees is primarily governed by internal regulations. The regulations can be found on the Company's website.

3.2.2.1 OPERATING PROCEDURES

Notification of Board meetings

The schedule of Board meetings for the following year is agreed among the Board members at the June meeting of the Board of Directors, at the latest. The members of the Board are subsequently notified of each meeting by email, approximately ten days in advance.

The Statutory Auditors are invited to attend the meetings of the Board of Directors called to examine the interim and annual financial statements.

Information Provided to Board members

Board members are provided with all the necessary documentation and information at least eight days prior to meetings of the Board and its various committees, subject to confidentiality requirements.

Documentation and information for Board meetings are subject to wide-reaching financial and commercial analysis, comprising very detailed corporate data allowing a thorough understanding by Board members of the trading environment, results and outlook for the Rémy Cointreau Group.

The prior and regular provision of information to Board members is fundamental to the performance of their duties. As such, the Chairman of the Board of Directors ensures that senior management provides Board members with any strategic and financial information on an ongoing and unlimited basis. This includes information on the Company's cash flow and liquidity position, its commitments, the market trends, competition and key issues, including corporate social responsibility, which the Board members require in order to discharge their duties under the best possible conditions.

On the basis of the information provided, Board members can request any clarifications or information they deem necessary. The Board members undertake to maintain the strict confidentiality of information received. As this concerns, in particular, unpublished information acquired during the course of their work, Board members are therefore subject to a Code of professional secrecy.

Outside Board meetings, Board members regularly receive all significant information relating to the Company and the Group, in particular monthly operating reports compared against the budget, and are alerted to any event or development that may have a material impact on trading or on information previously submitted to the Board.

They also receive press releases issued by the Company as well as key press Articles and equity research reports.

Board members may meet the main Group managers without members of senior management being present, on the condition that they make a prior request to the Chairman of the Board of Directors.

Each Board member may receive, if he or she deems it necessary, additional training on specific matters relating to the Group, its business lines and sectors of activity.

Upon taking office, each Board member is sent on an integration programme to learn the basics about the business lines, organisation, strategy, geographical positioning, product positioning, customers, and financial and regulatory aspects of the Group.

Board members must devote the necessary time and attention to their duties and if offered a new position, must give ample consideration to whether accepting it would prevent them from fulfilling this responsibility.

Meetings

The meetings of the Board of Directors take place in Paris, at the administrative head office. However, the Board may hold meetings in other locations, in France or another country, at the Chairman's request.

Meetings of the Board of Directors may be held by video-conference and/or teleconference. The technical resources used must provide for the identification of the Board members and guarantee their actual participation.

Participation by videoconference is not allowed for meetings devoted to the approval of the annual and consolidated financial statements, or for the Company and Group management reports.

Minutes of meetings

The minutes of the meetings of the Board of Directors are prepared after each meeting and given in draft form to members at the subsequent meeting, during which they are approved.

Transparency rules

Upon taking office, and then on a regular basis during their term, Board members are given the Guide published by the French Financial Markets Authority (Autorité des marchés financiers, AMF), which is aimed at Board members of listed companies. It sets out their personal obligations with respect to holding Company shares.

Board members must hold their shares in registered form or deposit shares issued by the Company, its subsidiaries, the Company of which it is a subsidiary or other subsidiaries of that company, and which are owned by the Board members themselves, by spouses from whom they are not physically separated or by minors.

Each Board member must hold a minimum of 100 shares.

The Board members, Chief Executive Officer and members of the Executive Committee are regularly informed of the provisions of Article L. 621-18-2 of the French Monetary and Financial Code and the Articles of the AMF General Regulation that have a direct bearing on them. Board members must therefore directly inform the AMF of any equity securities, debt securities or securities convertible to equity of the Company that they have bought, sold, subscribed for or exchanged, as well as any trading in derivative financial instruments, or any such transactions related to them, within three business days of the trade date. In addition to Board members, the Chief Executive Officer and members of the Executive Committee, this rule applies to all individuals or corporate entities related to them in accordance with the applicable regulations. This also applies to transactions carried out by their spouses from whom they are not physically separated or civil partner under French legislation, by minors, by any other relative living with them for at least a year as of the date of the transaction in question, or by any legal entity whose governance is under the responsibility of one of the aforementioned individuals, which is directly or indirectly controlled by that person, which was established for his/her own benefit, or of which the majority of the economic benefits flow to that person.

Finally, Board members must make themselves aware of periods during which they must not trade in the Company's shares, and of their general obligations under the applicable regulations.

For this purpose, in accordance with AMF recommendations, the Board members, Chief Executive Officer and Executive Committee members must refrain from trading in the Company's shares 30 calendar days before Rémy Cointreau issues a press release on its annual and interim results and 15 calendar days before it publishes its quarterly financial information. Outside these abstention periods, the Board members, Chief Executive Officer and members of the Executive Committee must not trade in the Company's shares if they have insider information.

Board members must inform the Board of Directors as soon as they become aware of any conflict of interest or potential conflict of interest, and abstain from taking part in deliberations and corresponding votes. In the case of a permanent conflict of interest, the Director must resign.

Stock market ethics Code and rumour management manual

At its meeting on 28 March 2017, the Board of Directors adopted a Stock Market Ethics Code relating to the confidentiality of information and the prevention of insider trading within the Rémy Cointreau Group. The Code reminds the Group's employees of the laws and regulations in force, the penalties for non-compliance, and the introduction of preventive measures to enable everyone to invest without infringing market integrity rules.

To this end, the Board of Directors decided to set up an "Insiders Committee" composed of the Group's Chief Executive Officer, Chief Financial Officer and a compliance officer.

The Stock Market Ethics Code is available on the Group's website.

At the same meeting, the Board of Directors also adopted a Rumour management Manual to inform members of the Insider Committee of the applicable regulations and best practices to follow in the event of market rumours about the Company or the Rémy Cointreau Group in general.

3.2.2.2 DUTIES OF THE BOARD OF DIRECTORS

Role and powers of the Board of Directors

The Board of Directors is a collegiate body, in that Board members collectively exercise the functions conferred on the Board by law. The Board members do not have any individual powers, apart from the Chairman, by virtue of the role and powers conferred by the Articles of Association and the internal regulations of the Board of Directors.

The role of the Board is to determine, upon a proposal from the Chief Executive Officer, the strategic, economic and financial direction of the Company and its Group and to oversee its implementation. The Board may be involved in any matters pertaining to the operation of the Company and its Group and may ask senior management to report and/or submit proposals on such matters. In this regard, the Board retains all decision-making powers.

The Board may perform or commission any audits and checks that it deems appropriate.

In general, any major decision affecting the Company and its Group, including decisions likely to affect their strategy, financial structure or scope, requires the Board's prior authorisation.

Any material transaction that does not relate to the Group's formal strategy is also subject to the prior approval of the Board.

The Board of Directors is informed of the Company's financial position, cash flow, liabilities and liquidity position.

The Board verifies the content of information received by shareholders and investors, which must be relevant, balanced and informative regarding the strategy, development model, handling of non-financial issues by the Company and long-term outlook for the Group.

Lastly, it is committed to promoting long-term value creation by the Company, taking into account social and environmental issues relating to its activities.

It reports To the Shareholders' Meeting on how the Board prepared and organised its work, the internal control and risk management procedures put in place by the Company, the limitations that the Board has placed on the powers of the Chief Executive Officer, the specific arrangements relating to shareholder participation at Shareholders' Meetings, and the principles and rules governing the remuneration and benefits granted to corporate officers.

The Board of Directors may appoint non-voting members directly, without ratification by the Shareholders' Meeting. Non-voting members examine issues that the Board of Directors or its Chairman submits for their consideration. Non-voting members are invited to Board meetings in the same way as regular Board members. They attend these meetings and take part in deliberations. However, their absence does not affect the validity of the proceedings.

Role and powers of the Chairman of the Board of Directors

The Chairman of the Board of Directors organises and presides over the Board's work, reporting on this To the Shareholders' Meeting.

He is responsible for the effective operation of the Company and ensures that Board members are able to discharge their duties.

He also makes sure that the senior management fully exercises the responsibilities delegated to it by law, by the Articles of Association and by these regulations.

The Board of Directors delegates the Group's public communications to the Chairman, who liaises closely with the Chief Executive Officer. The Chairman may appoint any representative of his choice for specific subjects. He reports regularly to the Board on the performance of his duties.

3.2.3 Activity of the Board of Directors and specialised committees

During the financial year ended 31 March 2019, the Board of Directors met on eight occasions (including two extraordinary meetings). Board meetings lasted for three hours on average. The attendance rate was 93%. The meetings of 24 September, 15 November and 4 December 2018 took place by conference call.

The Board of Directors routinely meets without the Chief Executive Officer the day before a Board meeting.

INDIVIDUAL ATTENDANCE OF BOARD MEMBERS FOR THE 2018/2019 FINANCIAL YEAR AT BOARD AND COMMITTEE MEETINGS

	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit-Finance Committee	Attendance at meetings of the Nomination and Remuneration Committee	Attendance at meetings of the Corporate Social Responsibility Committee
Marc Hériard Dubreuil*	88%			
François Hériard Dubreuil	100%	100%		
Dominique Hériard Dubreuil	100%		100%	100%
Emmanuel de Geuser	100%	100%		
Yves Guillemot	100%		100%	
Laure Hériard Dubreuil	75%			
Olivier Jolivet	100%			100%
Bruno Pavlovsky	63%		50%	
Florence Rollet	100%			67%
Guylaine Saucier – from 24/07/2018	100%	100%		
Jacques-Étienne de T'Serclaes	88%	100%		
Orpar SA (represented by Gisèle Durand)	100%		100%	
NON-VOTING MEMBERS (APPOINTED ON 20/11/2018):				
Elie Hériard Dubreuil	75%			
Marie-Amélie Jaquet	75%			
Average attendance	93%	100%	85%	89%

* *The extraordinary meeting of the Board of Directors of 4 December 2018 was chaired by François Hériard Dubreuil in his capacity as Vice-Chairman. This was agreed with the Chairman of the Board, who was travelling abroad at the time.*

In order to obtain an in-depth knowledge of the Group's brands, the Board of Directors meets once a year at a production site. On 24 September 2018, the Board therefore held its meeting at the Carré Cointreau on the Saint-Barthélémy d'Anjou production site, which produces the Cointreau and Passoa liqueurs and Saint-Rémy brandies. The Board also went on a tour of the site and met employees. During the meeting, the Chief Executive Officer, Liqueurs & Spirits, presented the Cointreau brand development strategy to Board members.

A committee of Chairmen enables the Chief Executive Officer to meet with the senior management of Andromède, the parent of Orpar and the Group's ultimate parent company. This committee enables the Company's management to be better informed on the strategies adopted within the Group's sector of activity, and as such to prepare the work of the Board of Directors under the best possible conditions. An account of this work is routinely presented to the Board of Directors.

The Board also pays special attention to developing talented individuals. On this occasion, the Board reviewed the Group's Talents policy and two international teams sponsored by two Executive Committee members, made a detailed presentation to Board members on the results of their work on issues related to the Group's brands.

With regards to its main areas of competence, the Board debated and ruled on the following items in particular:

The Group's strategy

In particular, the Board:

- approved the 2019-2024 medium-term plan following a detailed presentation from senior management and the directors of each division on the strategic options and areas of growth for the brands over the period under consideration;
- approved the acquisition strategy with a view to becoming the world leader in exceptional spirits, and in that respect examined the advantages of the proposed acquisitions and their impact on the financial structure of the Company and its long-term growth capacity;
- approved the sale of the distribution subsidiaries in the Czech Republic and Slovakia to Mast-Jagermeister SE as part of the Group's strategy to reorganise its distribution network in line with the move upmarket of its brand portfolio;

- reviewed the strategies and performance of the competition and the Group's relative positioning;
- monitored acquisitions carried out in previous years;
- at each meeting, reviewed the Group's activity and results, net sales achieved by division, geographic areas and brands and gains in market share, thus allowing Board members to be aware on a continuous basis of the Company's current situation and challenges;
- approved of the Group's CSR strategy

Corporate governance

In particular, the Board, on the basis of the work of the Nomination and Remuneration Committee:

- proposed to the Shareholders' Meeting the renewal of the terms of office of François Hériard Dubreuil, Bruno Pavlovsky and Jacques-Etienne de T'Serclaes;
- appointed Elie Hériard Dubreuil and Marie-Amélie Jacquet as non-voting members for a one-year term, as part of the succession plan concerning the representation of the main shareholder;
- approved the performance conditions in accordance with the provisions of the law of 6 August 2015 on the commitment to a defined-benefit pension scheme for the Chief Executive Officer;
- prepared the list of independent Board members at 31 March 2019;
- carried out a self-assessment of its operation;
- discussed the composition of its specialised committees;
- prepared a succession plan for executive officers;
- agreed the remuneration package of the Chairman of the Board of Directors and the Chief Executive Officer for the 2018/2019 financial year;
- set the remuneration policy for the Chairman of the Board of Directors and the Chief Executive Officer for the 2018/2019 financial year;
- prepared the Shareholders' Meeting of 24 July 2018, in particular setting its agenda.

Financial statements and budget

In particular, the Board, on the basis of the work of the Audit-Finance Committee:

- approved the Group's consolidated financial statements and the Company financial statements at 31 March 2018;
- agreed the appropriation of 2017/2018 earnings proposed to the Shareholders' Meeting and agreed the distribution of dividends;
- reviewed the interim consolidated financial statements at 30 September 2018;
- adopted the budget for the 2019/2020 financial year;
- approved a €100 million syndicated loan with a pool of six banking groups;
- took note of the early repayment of the vendor loan granted by Rémy Cointreau to the EPI Group as part of the acquisition of the Champagne business;
- decided to implement the Company's share buyback programme within the limit of 1,000,000 shares;
- reduced the share capital through the cancellation of 800,000 shares acquired as a result of the aforementioned buyback programme;
- proposed the appointment of PriceWaterhouseCoopers as Statutory Auditor;
- awarded performanc eshares under the 2015 B plan.

Regulated agreements

The Board:

- reviewed the regulated agreements entered into and authorised in prior years and whose performance continued in 2018/2019.

ACTIVITY OF THE SPECIALISED COMMITTEES OF THE BOARD OF DIRECTORS

In order to carry out an in-depth review of the specific issues related to the duties of the Board of Directors, the latter has established three specialised committees:

- Audit-Finance Committee;
- Nomination and Remuneration Committee;
- Corporate Social Responsibility Committee.

These committees are established to study and prepare certain considerations and to give recommendations or advice to the Board. Their overall objective is to improve the relevance of the information provided to the Board and the quality of its deliberations. In no way are they a substitute to the Board of Directors. The recommendations of the committees are presented to the Board as part of the reports made to the Board meeting by their respective Chairmen.

The Board defines the composition and powers of these committees. The Board appoints a member of each committee as Chairman.

The committees may have regulations specifying their powers and modes of operation, but in the absence of specific regulations, the provisions of the internal regulations of the Board of Directors are considered to act as the regulations for each committee as regards their powers and modes of operation.

In the exercise of their powers, these committees may interview Group executives and Statutory Auditors after having informed the Chairman of the Board. The Board may entrust third parties with special assignments bearing on one or more specific topics, at the request of these committees. Their remuneration is then set by the Board. The committees report the opinions obtained in this manner to the Board.

The committees do not interact directly with Executive Committee members, but one of the members of the Executive Committee attends the meetings of the committee that addresses topics relating to his/her function. He/she then prepares and makes available all documentation necessary for the committee to perform its duties. The Audit Committee may request interviews with the Statutory Auditors without the attendance of an Executive Committee member.

The Chairman of the Board may attend any committee meeting.

The secretariat of each committee is provided by a person designated by the Chairman or in agreement with him/her.

BRIEF DESCRIPTION OF THE COMMITTEES

Audit-Finance Committee	Nomination and Remuneration Committee	Corporate social responsibility Committee
4 members	4 members	3 members
75% independent	50% independent	67% independent
Jacques-Étienne de T'Serclaes*	Yves Guillemot*	Dominique Hériard Dubreuil
François Hériard Dubreuil	Dominique Hériard Dubreuil	Olivier Jolivet*
Emmanuel de Geuser*	Orpar - Gisèle Durand	Florence Rollet*
Guylaine Saucier*	Bruno Pavlovsky*	

** Independent director*

AUDIT-FINANCE COMMITTEE

Members of the Audit-Finance Committee have the necessary financial and accounting skills from their professional experience and their sound knowledge of the Group's accounting and financial procedures (see biographies on pages 96, 99 and 102).

Composition

Chairman: Jacques-Étienne de T'Serclaes.

Members: Guylaine Saucier, François Hériard Dubreuil, Emmanuel de Geuser

Number of independent members: three

Duties

Internal regulations of the Board of Directors relating to the duties of the Audit-Finance Committee

The duties of the Audit-Finance Committee are as follows:

- review of the annual and interim financial statements and quarterly net sales and ensuring the appropriateness and consistency of the accounting principles used;
- monitoring of the process of preparing financial information;
- review of the debt and banking covenant positions;
- valuation and monitoring of intangible assets;
- valuation of inventories;
- off-balance sheet commitments;
- application of IFRS accounting standards;
- Group financial and tax policy;
- review of risk mapping and principal risks (litigation, receivables, intangible assets);
- internal control procedures;
- internal audit action plan, recommendations and follow-up actions;
- to be notified of any material failure or weakness in terms of internal control and any fraud of a significant nature;
- to be notified of the implementation of the Group's compliance programs, particularly those relating to the prevention of corruption and monitoring of the most significant cases brought to the attention of the Group;
- currency and interest rate risk management policy, particularly the review of the authorised maximum risk amount and the amount of the "disaster" risk, regular review of positions, accounting methods and instruments used, review of procedures;
- recommendation on the appointment of the Statutory Auditors; review of fees budget;
- interview of the Statutory Auditors; monitoring of the rules on the independence and objectivity of the Statutory Auditors;
- authorisation, in light of the applicable legal or regulatory provisions, of services other than certification of the financial statements that may be assigned to the Statutory Auditors and their network;
- review of the scope of consolidated companies and, where applicable, reasons for not including companies.

The Audit Committee fulfils the functions of a specialised committee and carries out monitoring of matters relating to the preparation and control of accounting and financial information, in accordance with Articles L. 823-19 and L. 823-20-4 of the French Commercial Code.

One day prior to committee meetings, the members may hold a preparatory meeting to exchange and examine the information that has been provided to them. The committee ensures that information relating to agenda items is provided at least three days in advance of the meeting.

Activity

The Audit-Finance Committee met three times during the financial year with the participation of the Statutory Auditors and an attendance rate of 100%.

The following are the main items addressed during these meetings:

- review of the 2017/2018 annual financial statements, 2018/2019 half-year financial statements, quarterly net sales, and the Company's financial reporting in general; in this regard, the committee took note of the financial reporting schedules of peer companies and CAC 40 companies, and considered that the financial reporting schedule was particularly suited to the Group's specific characteristics;
- review of the new standards IFRS 9, 15 and 16;
- review of the cash, debt and banking covenant positions;
- review of the currency hedging positions and monitoring of client risk;
- review of the main legal, tax and litigation risks;
- risk assessment of intangible assets (brands) and financial assets;
- review of the value of investments in associates;
- review of the Group's tax situation;
- review of the corruption risk map, progress on the Sapin II implementation action plan and personal data protection programme;
- review of the internal audit action plan and its findings;
- review of the new format of the audit report and the Audit Committee's report;
- review of with Rémy Martin's eaux-de-vie sourcing strategy and of the financial, risk and insurance implications;
- review of the IT migration project with a view to a complete overhaul of the finance module;
- review of the independence of the Statutory Auditors;
- recommendation to the Board of PWC as Statutory Auditors following a tender selection procedure;
- review of the monitoring of non-audit services provided by the Statutory Auditors, with the adoption of the corresponding charter.

It should be noted that on each occasion that financial statements were finalised, the committee met the Statutory Auditors without management being present, before the Finance department presented the financial statements to it. The Chief Financial Officer attends all Audit Committee meetings. The committee also met the person responsible for internal control activities (audit, risk, compliance) at each meeting, particularly with regards to progress on the Sapin II implementation action plan and work on personal data protection.

NOMINATION AND REMUNERATION COMMITTEE

Composition

Chairman: Yves Guillemot

Members: Dominique Hériard Dubreuil, Gisèle Durand (ORPAR) and Bruno Pavlovsky

Number of independent members: two

Duties

Internal regulations of the Board of Directors relating to the duties of the Nomination and Remuneration Committee

The duties of the Nomination and Remuneration Committee are as follows:

- review of potential candidates for the Board of Directors and selection of independent Board members;
- review of the classification of independent Board member at the time of appointing a Board member and annually for all members in light of the independence criteria specified by the AFEP/MEDEF Code;
- interviewing candidates for the positions of Chief Executive Officer, Deputy Chief Executive Officer and non-voting member;
- succession plan for executive officers;
- recommendation on the total budget and arrangements for distributing of Directors' fees;
- review of the tools enabling improvements to the motivation and remuneration of the Group's executives and management;
- senior management remuneration;
- management bonus systems;
- review of the Group's policy on stock options and grant of bonus shares;
- review of supplementary pension plans.

Activity

This committee met six times during the 2018/2019 financial year with an attendance rate of 85%.

In particular, it discussed:

- the review of performance conditions in accordance with the provisions of the law of 6 August 2015 on the commitment in respect of a defined-benefit retirement scheme for the Chief Executive Officer;
- the composition of the Board of Directors and the Board's committees;
- the appointment of two non-voting members to the Board of Directors;
- the extent to which the performance conditions in respect of the variable portion of the remuneration of the Chief Executive Officer and the members of the Executive Committee were achieved for the 2017/2018 financial year;
- of the remuneration of Executive Committee members;
- of the presentation of future changes in the Board's composition in view of the terms of office due to expire at the Shareholders' Meeting in 2019;
- the setting of the remuneration policy for executive officers for the 2018/2019 financial year;
- the new medium/long-term performance incentive plan in the form of a grant of indexed bonus shares;
- the extent to which the performance conditions attached to the 2015 medium/long-term performance incentive plan in the form of a grant of indexed bonus shares were achieved;
- update of the COP targets of the cash plan approved in March 2014;
- allocation of Directors' fees.

Composition

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Chairman: Dominique Hériard Dubreuil

Members: Florence Rollet and Olivier Jolivet

Number of independent members: two

Duties

Internal regulations of the Board of Directors relating to the duties of the Corporate Social Responsibility (CSR) Committee

The duties of the Corporate Social Responsibility (CSR) Committee are as follows:

- approval and implementation of the CSR policy;
- compliance with commitments (UN Global Compact and internal CSR Charters);
- evaluation of initiatives implemented (2020 CSR plan);
- monitoring of indicator scorecard;
- result of CSR reporting verification checks (Grenelle laws);
- changes in non-financial ratings;
- outlook (updating of 2020 CSR plan).

Activity

This committee met three times during the 2018/2019 financial year with an average attendance rate of 89%.

The following are the main items addressed during these meetings:

- review of the implementation of the 2020 CSR performance indicators for Executive Committee members;
- review of changes in the legal framework (Notat-Sénard report, PACTE law, revision of the AFEP/MEDEF Code with changes to the Board's CSR responsibilities);
- new framework for non-financial performance statements;
- review of the Group's position in relation to non-financial rating agencies;
- progress in communicating the Group's CSR policy;
- review of the Group's CSR activity in the 2017/2018 financial year (CSR section of the registration document);
- Ecodesign project;
- incentive plan for Executive Committee members relating to CSR indicators;
- review of the work of the Rémy Cointreau Foundation.

3.2.4 Evaluation of the Board of Directors

In accordance with the internal regulations of the Board of Directors and the AFEP/MEDEF Code, the Board conducts an annual self-assessment, reviewing its own composition, organisation and operation and that of the three committees.

The Directors expressed a high degree of satisfaction regarding the operation of the Board and the committees.

The quality of dialogue was emphasised, with the Chairman ensuring that everyone can express their views. The Directors feel free to ask questions.

The Directors believe that the composition of the Board is well balanced, with a fair representation of women and men, but nevertheless it could be younger and further diversified with the presence of international profiles.

The Board noted that its duties had been carried out with the necessary competence and independence thanks to the presence of experienced professionals and a significant number of Independent Board members, particularly for a Group with one main shareholder. This balance must be maintained.

The Directors are pleased that the agendas of Board meetings and committees cover all the Group's activities, extended to include CSR, Talent and the M&A Strategy.

This year the Board became fully aware of its active role in the Group's CSR challenges.

The Directors highlighted the quality of the information they were given, particularly as regards medium- and long-term strategy and development and financial, legal and tax matters. The Directors believe that the leading role of the Board in the Group's strategy is fulfilled in a satisfactory manner.

The composition and the preparation of the committees are deemed appropriate, with relevant expert members in each one of them. The minutes drawn up by the committee Chairmen during Board meetings provide a clear picture of the topics discussed and allow the Board to make appropriate decisions.

The Directors consider the dinners organised before Board meetings as essential. These, alongside visits to Group sites to which they are invited, enable them to build collegiality and ensure the Board's unity.

The main governance challenge is the proper generational transition of the majority shareholder within the Board and the Group in general.

The Directors noted that the areas for improvement that they identified during the previous assessment had been taken into account:

- change in the composition of the Board to make it more international: the appointment of Ms Guylaine Saucier, a Canadian national, is in line with this perspective;
- the succession plan for the representation of major shareholders: the appointments of Ms Marie-Amélie Jacquet and Mr Elie Hériard Dubreuil are in line with this perspective;
- the implementation of a welcome or integration programme for directors when they take office: Ms Guylaine Saucier benefited from the first integration programme, which enabled her to visit the Cognac site and meet certain members of the Executive Committee.

Nevertheless, some areas for improvement were identified concerning the governance and functioning of the Board and its committees, which should be specifically addressed by the Board:

- make changes in the composition of the Board with more international profiles;
- set up a dashboard to monitor the Group's business and the Board's work and decisions;
- continue to include items on the meeting agenda that are not in connection with business or finance and ensure there is a good balance between these various items;
- increase the occasions to meet the Group's main senior managers, and the Human Resources management in particular.

3.2.5 "Comply or explain" rule

The Company considers its practices to be consistent with the recommendations of the AFEP/MEDEF Code. However, some of the Code's recommendations have not been implemented or have been adapted for the reasons given below:

Recommendations of the AFEP/MEDEF Code	Explanations
Independent Board members *Article 8.5: "The criteria to be reviewed by the committee and the Board in order for a Board member to qualify as independent and to prevent risks of conflicts of interest between the Board member and the management, the Company, or the Group, are the following:* *"not to have been a director of the Company for more than 12 years".*	At its meeting on 4 June 2019, the Board of Directors re-examined the independence of Jacques-Étienne de T'Serclaes in light of the criteria set out in the AFEP/MEDEF Code. On this occasion, the Board noted that Jacques-Étienne de T'Serclaes fulfils all of the independence criteria established by the AFEP/MEDEF Code, except for that relating to the duration of his appointment. In effect, the AFEP/MEDEF Code recommends that Board members whose appointment exceeds 12 years no longer be considered as independent. The Board nevertheless considered that this criteria should be set aside for Jacques-Étienne de T'Serclaes. Jacques-Étienne de T'Serclaes performs no role, whether executive or otherwise, in a company that is consolidated within Rémy Cointreau. In addition, he is not an employee, executive officer or Board member of a company consolidated within Rémy Cointreau. Moreover, Jacques-Étienne de T'Serclaes, who is a well-known figure in the field of business, has performed management roles in major international Groups that have no significant relationship with Rémy Cointreau, guaranteeing his professional and financial independence with respect to Rémy Cointreau. The various Board member appointments held by Jacques-Étienne de T'Serclaes also offer him perspective and a strategic overview which enhance discussions within the Rémy Cointreau Board of Directors. The objectivity and independence of mind that Jacques-Étienne de T'Serclaes has always demonstrated at Board meetings, together with his ability to defend his points of view forthrightly and with conviction, have been welcomed by other Board members and have, moreover, led to his appointment to the chairmanship of the Audit-Finance Committee. Lastly, Jacques-Étienne de T'Serclaes has, during his successive appointments as a Board member of Rémy Cointreau, acquired an in-depth knowledge of the Group and unquestionable experience that allow him to understand the challenges facing Rémy Cointreau, to appreciate all of their implications and, therefore, to contribute effectively to the work of the Board of Directors and solely in the interest of the Group. For all of these reasons, the Board of Directors has concluded that Jacques-Étienne de T'Serclaes is independent.
Committee practices Article 14.3: *"Each committee must have internal rules setting out its duties and mode of operation. The committees' internal rules, which must be approved by the Board, may be integrated into the internal rules of the Board or be set out in separate provisions".*	Article 7.1 of the Board's internal regulations stipulates that the Audit and Finance Committee and the Nomination and Remuneration Committee may each have specific rules. Failing this, the provisions of Article 7.1 of the Board's internal regulations govern the powers and practices of each of these committees. The Board of Directors adopted the latter solution, amending Article 7.1 of its internal regulations accordingly. The internal regulations are available on the Group's website.

3.3 Senior management and Executive Committee

During the meeting of 17 January 2018, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, renewed Valérie Chapoulaud-Floquet's appointment as Chief Executive Officer for a term of three years from 27 January 2018.

Valérie Chapoulaud-Floquet studied international business and finance at the EM Business School in Lyon.

After starting her career in 1983 as an analyst with Crédit Lyonnais Italy, she held various positions within the L'Oréal Group from September 1984 to September 2008. She spent time in France, Italy, Asia and the United States, where she was notably CEO of the Luxury Products Division for Asia, and later Europe, before heading the Luxury Products division in the US.

Ms Chapoulaud-Floquet then joined the LVMH Group, where from September 2008 to August 2014 she served as CEO of Louis Vuitton Taiwan, President of Louis Vuitton South Europe, and President and CEO of Louis Vuitton North America and Louis Vuitton Americas.

Within the Rémy Cointreau Group, Ms Chapoulaud-Floquet is also President of Rémy Cointreau Travel Retail Americas, Inc. and a Director of Bruichladdich Distillery Company Ltd, Rémy Cointreau International Spirits Ltd, Rémy Cointreau UK Distribution and Rémy Cointreau USA, Inc.

Ms Chapoulaud-Floquet does not hold any appointments in listed companies outside the Rémy Cointreau Group.

3.3.1 Role and powers of the Chief Executive Officer

The Chief Executive Officer oversees the general management of the Company and reports to the Board of Directors.

The Chief Executive Officer represents the Company in its dealings with third parties. She is vested with the broadest powers to act in any circumstances in the name of the Company, provided that her actions comply with the purpose of the Company and that they are not specifically assigned To the Shareholders' Meeting or the Board of Directors.

If the Chief Executive Officer is also a Director, he or she may not hold more than two other directorships in listed companies outside the Group, including foreign companies, and may not accept the renewal of an external appointment if this would exceed that limit. The Chief Executive Officer shall also seek the Board's advice before accepting a new executive appointment in a listed company.

LIMITATIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER

In a purely internal measure, not binding on third parties, the Chief Executive Officer must seek the approval of the Board before committing the Company to transactions that are outside the scope of normal management decisions, particularly in respect of:

- granting sureties, pledges and guarantees, except under the conditions provided below;
- making acquisitions, transferring property titles or exchanging goods or property and making investments of more than €10 million per transaction;
- concluding any investment or joint business operation with other companies, either French or foreign;
- granting to any existing company a contribution in cash, in kind, in property or in benefit, in excess of €10 million per transaction;
- making the Company party to any economic interest grouping or other businesses, associations or partnerships, in France or abroad, by forming such groupings or assisting in their formation, by subscribing or contributing cash or benefits in kind, by purchasing shares, rights of ownership or other securities, and generally, under any form and for an amount in excess of €10 million per transaction;
- transferring ownership of investments for amounts in excess of €10 million per transaction;
- granting loans, credit and advance payments to corporate bodies outside the Rémy Cointreau Group for an amount in excess of €10 million per borrower;
- signing any loan or obtaining credit facilities, with or without pledges or other securities on Group assets, for an amount in excess of €50 million in the same financial year.

4 June 2019, the Board of Directors also authorised, for a period of one year, the Chief Executive Officer to grant sureties, pledges and guarantees in the name of the Company for a total amount of €50 million. Any commitment exceeding this ceiling requires the specific approval of the Board.

The Board of Directors also authorised the Chief Executive Officer to grant sureties, pledges and guarantees in the name of the Company to the tax and customs authorities for an unlimited amount.

This authorisation, granted to the Chief Executive Officer, was renewed for a period of one year by the Board of Directors at its meeting of 4 June 2019.

3.3.2 Executive Committee

The Chief Executive Officer has also formed an Executive Committee, whose members were submitted to the Board for approval. The task of the Executive Committee is to assist the Chief Executive Officer on an ongoing basis with operational matters, both in terms of decision-making and implementation.

Its members at 31 March 2019 were:

- Valérie Alexandre, Senior Vice President Strategic Planning;
- Marc-Henri Bernard, Group Human Resources Director;
- Simon Coughlin, Chief Executive Officer of the Whisky division;
- David Ennes, Chief Executive Officer Asia and GTR;
- Philippe Farnier, Chief Executive Officer of the House of Rémy Martin;
- Spyridon Ghikas, Chief Executive Officer EMEA;
- Patrick Marchand, Executive Vice President Operations;
- Luca Marotta, Chief Financial Officer;
- Ian McLernon, Chief Executive Officer Americas;
- Jean-Denis Voin, Chief Executive Officer, Liqueurs & Spirits;

3.4 Additional information on the members of the Board of Directors and the Chief Executive Officer

ABSENCE OF CONVICTIONS

To the best of Rémy Cointreau's knowledge:

- there have been no convictions for fraud over the last five years against any members of the Board of Directors or the Chief Executive Officer;
- neither the Chairman, any members of the Board of Directors or the Chief Executive Officer have been party, over the past five years, to a bankruptcy, nor were assets impounded or liquidated while being a member of an administrative, management or supervisory body or serving as a Chief Executive Officer;
- no official public sanction and/or charge has been brought against any member of the Board of Directors, Chairman or Chief Executive Officer by statutory and regulatory authorities, including designated professional bodies. Thus, neither the Chairman, the Chief Executive Officer nor any member of the Board of Directors has been subject to any statutory disqualification from acting as a member of an administrative body or being involved in the management of an issuer or its business affairs in the past five years.

NATURE OF ANY FAMILY RELATIONSHIPS BETWEEN CORPORATE OFFICERS

François and Marc Hériard Dubreuil are Dominique Hériard Dubreuil's brothers.

Laure Hériard Dubreuil is the daughter of Marc Hériard Dubreuil.

Dominique and François Hériard Dubreuil are Laure Hériard Dubreuil's aunt and uncle.

Marie-Amélie Jacquet is Dominique Hériard Dubreuil's daughter.

Elie Hériard Dubreuil is François, Marc and Dominique Hériard Dubreuil's nephew.

SIGNIFICANT BUSINESS RELATIONSHIPS WITH THE COMPANY OR ITS GROUP

To the best of Rémy Cointreau's knowledge, there are no significant business relationships between the Company or any of its subsidiaries and any members of the Board of Directors, its Chairman or the Chief Executive Officer.

A service provision agreement exists between Rémy Cointreau SA and Andromède SAS, as described in the paragraph on service agreements below. Treasury and current account agreements are also in place between Rémy Cointreau SA and Orpar SA, as mentioned in the Statutory Auditors' special report.

Dominique, François and Marc Hériard Dubreuil are Board members or officers of Andromède SAS and Orpar SA.

Marie-Amélie Jacquet and Elie Hériard Dubreuil are directors of Andromède SAS.

ABSENCE OF POTENTIAL CONFLICTS OF INTEREST

To the best of Rémy Cointreau's knowledge, there are no potential conflicts of interest between the duties toward the issuer and the private interests and/or other duties of any members of the Board of Directors, the Chairman or the Chief Executive Officer.

SERVICE CONTRACTS BETWEEN MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

Neither the Chairman, the Chief Executive Officer nor any member of the Board of Directors, as an individual, is bound to Rémy Cointreau or to any of its subsidiaries by a service contract providing for the granting of benefits at the end of the contract.

Since section 16.2 of regulation (EC) No. 809/2004 of 29 April 2004 requires information to be provided about service contracts between members of the administrative bodies and the issuer or any of its subsidiaries, it is noted that a service provision agreement was entered into on 31 March 2011 between Rémy Cointreau SA and Andromède SAS, of which Dominique Hériard Dubreuil and François and Marc Hériard Dubreuil are executive officers. This agreement is mentioned in section 1.5 of this report and in the Statutory Auditors' special report.

3.5 Remuneration

3.5.1 Principles and rules governing the remuneration and benefits paid to executive officers and Board members

The overall remuneration paid to executive and non-executive officers is set by the Board of Directors, which decides on the basis of recommendations issued by the Nomination and Remuneration Committee. The committee, composed of three independent Board members, ensures that each element of remuneration responds to a clear objective that is fully in line with the strategy and interests of the business.

Regardless of category or income, the objective of the Nomination and Remuneration Committee is to recommend an overall remuneration package that is both competitive and attractive. To that end, it draws on objective studies of the remuneration offered by companies comparable to Rémy Cointreau in the appropriate market, carried out by external experts.

The committee issues its recommendations on all the items comprising the overall remuneration, including:

- fixed remuneration:

  The fixed portion of remuneration is determined according to the responsibilities of the executive officers concerned.

  A survey is regularly carried out with the help of specialist consultancy firms to examine how the Company's executive remuneration structure compares with that of other SBF 120 companies;
- annual variable remuneration (bonus):

  For several years, the Board of Directors has defined a procedure for calculating the variable portion of executive remuneration so that it acts as an incentive while remaining fair. This procedure is based on ambitious quantitative and qualitative criteria that ensure that remuneration is in line with the Group's performance.

  This variable portion is expressed as a percentage of annual fixed remuneration. It can range from 0% to 75% if the quantitative and qualitative targets are reached (target level), or up to 116.25% in the case of exceptional financial performance exceeding the targets set. The criteria are regularly reviewed and modified from time to time. During the 2018/2019 financial year, the Board, on the recommendation of the Nomination and Remuneration Committee, reviewed the quantitative and qualitative criteria and selected the following elements.

QUANTITATIVE CRITERIA

Four quantitative criteria based on financial performance (equivalent to 37.5%):

- current operating profit (consolidated);
- cash flow generation;
- consolidated net profit (excluding non-recurring items);
- ROCE (Return on Capital Employed).

QUALITATIVE CRITERIA

Five qualitative criteria based on managerial and entrepreneurial skills (equivalent to 37.5%):

- developing and optimising the distribution network in line with the defined strategy;
- to continue the development of the flagship brands and identify opportunities for external growth;
- to ensure the smooth running of the new Executive Committee and further strengthen succession plans;
- achieving quantitative targets in the area of CSR;
- encouraging autonomy, initiative and creativity.

The criteria range from 0% to 11.25% of annual fixed remuneration, with the option of an overall assessment of the target achievement ranging from 100% to 130%. The Board of Directors conducts an annual performance review for each executive officer on the basis of the Nomination and Remuneration Committee's recommendations. The qualitative criteria are reviewed annually in line with the Group's strategic priorities. Due to the confidentiality of the Group's strategy, details of the qualitative objectives may only be disclosed at the end of each financial year;

- exceptional remuneration;

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors retains the option of granting exceptional remuneration to the executive officer in the event that a major economic operation is particularly successful and sustainable over the long term, although only if this was not envisaged when the qualitative criteria for her annual variable remuneration were set.

- “deferred” remuneration:
  - medium and long-term performance incentive plan,
  - the Board of Directors has introduced the principle of performance criteria (detailed in Table 5) as part of its policy for awarding bonus Performance shares;
  - supplementary defined-benefit pension plan:

  The objectives of the supplementary defined-benefit pension plan are to retain the loyalty of the executives concerned and to encourage long-term performance. The supplementary pension plan, set up and funded by the Company and managed by a third-party insurance company, involves the payment of an annuity calculated as a percentage of remuneration on the basis of length of service. Payment of the annuity is subject to continued employment at the time of retirement. The amount of the annuity ranges from 8% to 15% of gross annual remuneration, depending on the age of the beneficiary at the time of retirement.

  The benefit of this plan is contingent on length of service (a minimum of five years with the Company as a senior manager) and continued employment at the time of retirement.

  The annuity is calculated on the basis of average gross remuneration for the last two years of employment.

  This annuity is also capped so that the total replacement income received from all pension plans (Social Security, ARRCO, AGIRC, Article 83, Article 39) does not exceed 50% of the income earned from work. Should this ceiling be exceeded, the amount of the supplementary pension would be reduced accordingly;

- other employee benefits for executive officers:
  - executive unemployment insurance in the absence of an employment contract with the Group,
  - Group defined-contribution pension plan,
  - life and disability policy,
  - healthcare plan.

The last three plans are allocated according to the criteria applicable to the employee category that the Company uses to decide on the benefits.

REMUNERATION OF THE NON-EXECUTIVE OFFICER

The Board of Directors sets the remuneration of the non-executive officer according to the terms proposed by the Nomination and Remuneration Committee, in line with the above-mentioned targets.

As Chairman of the Board of Directors, Marc Hériard Dubreuil did not receive annual or multi-year variable remuneration. The Chairman’s remuneration has remained unchanged since the previous financial year. The fixed remuneration received by Marc Hériard Dubreuil as Chairman accordingly amounted to €200,000 in 2018/2019.

The lack of variable remuneration reflects the Chairman’s independence from senior management.

Members of the Board of Directors receive Directors’ fees, the total amount of which is set by the Shareholders’ Meeting. The Board of Directors allocated Marc Hériard Dubreuil directors’ fees totalling €40,000 for the year ended 31 March 2019.

3.5.2 Remuneration of executive officers

Executive officers' remuneration is presented hereinafter in accordance with the principles of the AFEP/MEDEF Code.

It consists of gross remuneration and benefits in kind paid or contributed by the Company and companies controlled by it, or paid by controlling companies.

TABLE 1 – SUMMARY OF REMUNERATION, OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE OFFICER

(in €)	2018/2019	2017/2018
Marc Hériard Dubreuil, Chairman from 1 October 2017		
Remuneration due in respect of the period (details in Table 2)	€514,439	€515,554
Value of options granted during the financial year	-	-
Value of Performance shares granted during the financial year	-	-
TOTAL	**€514,439**	**€515,554**
Valérie Chapoulaud-Floquet, Chief Executive Officer since 27 January 2015, reappointed on 17 January 2018 with effect from 27 January 2018		
Remuneration due in respect of the period (details in Table 2)	€1,606,758	€1,496,805
Value of options granted during the financial year	-	-
Value of Performance shares granted during the year (details in Table 6)	€743,220	€554,905
TOTAL	**€2,349,978**	**€2,051,710**

TABLE 2 – SUMMARY OF REMUNERATION PAID TO EACH EXECUTIVE OFFICER

	2018/2019		2017/2018	
	Payable	Paid	Payable	Paid
Marc Hériard Dubreuil, Chairman from 1 October 2017				
Fixed remuneration (1)	€203,606	€203,606	€104,217	€104,217
Fixed remuneration – controlling companies	€220,833	€220,833	€321,337	€321,337
Annual variable remuneration	-	-	-	-
Multi-year variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Directors’ fees – Rémy Cointreau	€40,000	€40,000	€39,000	€40,000
Directors’ fees – companies controlled by Rémy Cointreau	€50,000	€50,000	€50,000	€50,000
Directors’ fees – controlling companies	-	-	-	-
Benefits in kind (car)	-	-	-	-
TOTAL	**€514,439**	**€514,439**	**€514,554**	**€515,554**
Valérie Chapoulaud-Floquet, Chief Executive Officer since 27 January 2015, reappointed on 17 January 2018 with effect from 27 January 2018				
Fixed remuneration(2)	€739,973	€739,973	€696,649	€696,649
Annual variable remuneration(3)	€718,483	€721,620	€721,620	€512,765
Multi-year variable remuneration	-	-	-	-
Exceptional remuneration	€130,000	€60,000	€60,000	-
Directors’ fees	-	-	-	-
Benefits in kind	€18,302	€18,302	€18,536	€18,536
TOTAL	**€1,606,758**	**€1,539,895**	**€1,496,805**	**€1,227,950**

(1) On an annual basis, the gross annual fixed remuneration paid in 2018/2019 includes a gross fixed salary of €200,000 and related contributions.

(2) On an annual basis, the gross annual fixed remuneration paid in 2017/2018 includes a gross fixed salary of €621,050, a gross impatriation bonus of €100,000 and related contributions linked to surplus employer contributions towards the supplementary pension plan (Article 83) and employer contributions towards the life and disability policy.

(3) Annual variable remuneration is based on the targets described in section 3.5.1. If all targets are achieved, this variable remuneration can represent 75% of the fixed annual salary (or 116.25% in the case of exceptional financial performance exceeding the targets set).

TABLE 3 – STOCK OPTIONS GRANTED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ALL GROUP COMPANIES

None.

TABLE 4 – STOCK OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH EXECUTIVE OFFICER

None.

TABLE 5 – PERFORMANCE SHARES GRANTED DURING THE YEAR TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ALL GROUP COMPANIES

Performance incentive plans must serve the aims of retaining key talent with a view to delivering medium- and long-term performance, encouraging outperformance, and involving the individuals concerned in the Company’s value creation. The plans must also be cost-effective.

The plans are aimed at a select group of individuals: the Group’s Board members, Executive Committee members, key contributors, pillars of the organisation and high flyers. Key contributors are managers who have a strategic role (mainly brand managers and regional managers) and managers who report to senior management. “Pillars” are managers who perform an essential role that requires experience and who would be difficult to replace. “High flyers” are managers who have been identified as potentially able to reach Director level, or who could be promoted through two levels of management. Once identified, the beneficiaries are divided into groups.

Valérie Chapoulaud-Floquet, Chief Executive Officer since 27 January 2015, reappointed on 17 January 2018 with effect from 27 January 2018

Company Rémy Cointreau	
Date of authorisation by the Shareholders' Meeting	24 July 2018
Details of the plan	PAG 17.01.2019
Date of Board of Directors' meeting	17 January 2019
Number of shares awarded	9,000
Share value	€743,220
Vesting date	17 January 2023
Date of availability	17 January 2023
Conditions	Presence within the Company on the vesting date and performance conditions: ▪ 50%, Rémy Cointreau's share performance compared with the share performance of a panel of 10 other companies; ▪ 50% increase in current operating profit

The shares will vest subject to fulfilment of all the internal and external performance conditions and the continued employment conditions described below.

The beneficiary is still an employee or corporate officer of the Group or of an affiliated company at the end of the Vesting Period, *i.e.* on 17 January 2023.

The vesting of bonus shares is contingent on two performance conditions:

i) 50% of the shares allocated will vest if the Total Shareholder Return (TSR: the rate of return on one Rémy Cointreau share over a given period, including dividends received and capital gains realised), compared with a panel of 10 companies in the Luxury and/or Spirits sectors over a period of four consecutive years, reaches the target set, at the end of the vesting period, *i.e.* on 17 January 2023.

If Rémy Cointreau's TSR performance is ranked in 1st or 2nd place relative to the TSR performance of each of the 10 peer companies, 125% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 3rd relative to the TSR performance of each of the 10 peer companies, 115% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 4th, 105% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 5th or 6th, 100% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 7th, 75% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 8th, 50% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 9th, 10th or 11th, no shares will vest;

ii) 50% of the shares allocated will vest if the performance of current operating profit (COP) meets the target set. All the bonus shares allocated to this criterion will vest according to the terms described below.

If the performance of Rémy Cointreau's COP is equal to or greater than 115% of the target, 125% of the shares will vest at the end of the four years; if the performance of Rémy Cointreau's COP is equal to 100% of the target, 100% of the shares will vest at the end of the four years; if the performance of Rémy Cointreau's COP is equal to 95% of the target, 75% of the shares will vest at the end of the four years; if the performance of Rémy Cointreau's COP is less than 95% of the target, no shares will vest.

If the target at the end of the period is not met, the performance of the previous two financial years (2019/2020 and 2020/2021) will still be taken into account.

Due to the confidential nature of the Group's strategy, details of growth targets for current operating profit cannot be disclosed.

TABLE 6 – PERFORMANCE SHARES THAT VESTED DURING THE FINANCIAL YEAR FOR EACH EXECUTIVE OFFICER

Valérie Chapoulaud-Floquet, Chief Executive Officer since 27 January 2015, reappointed on 17 January 2018 with effect from 27 January 2018

Company Rémy Cointreau	
Date of authorisation by the Shareholders' Meeting	24 July 2014
Details of the plan	PAG 24.11.2015
on the authorisation of the Board of Directors' meeting held on 20 November 2018	24 November 2018
Number of shares vested	8,400
Vesting date	24 November 2018
Date of availability	24 November 2020
Acquisition conditions	Presence within the Company on the vesting date and growth of +20% in the Rémy Cointreau share price during the vesting period

TABLE 7 – INFORMATION ON STOCK OPTIONS

Plans of this type no longer exist.

TABLE 8 – STOCK OPTIONS GRANTED TO THE TOP 10 BENEFICIARIES OTHER THAN CORPORATE OFFICERS

Plans of this type no longer exist.

TABLE 9 – HISTORY OF PERFORMANCE SHARE AWARDS

	Plan 2016	Plan 2017	Plan 2019
Date of authorisation by the Shareholders' Meeting	26 July 2016	26 July 2016	24 July 2018
Date of Board of Directors' meeting	22 November 2016	21 November 2017	17 January 2019
Total number of shares awarded	73,600	50,900	57,450
Of which corporate officers (Valérie Chapoulaud-Floquet)	8,900	6,500	9,000
Share vesting date	22 November 2019	21 November 2020	17 January 2023
Transferability date	22 November 2021	21 November 2022	17 January 2023
Performance conditions	(1)	(1)	(1)
Number of shares vested as of 31 March 2019	-	-	-
Aggregate number of lapsed Performance shares	6,100	3,500	-
Number of awarded Performance shares outstanding at year-end	67,500	47,400	57,450

(1) *The terms and conditions of the plans are set out in note **10.3** to the consolidated financial statements.*

Bonus shares granted during the year to the ten non-corporate officer employees of the Group who received the highest number of shares

Company granting shares	Date of the plans	Total of number shares	Final vesting date	Date of availability
Rémy Cointreau	22/11/2016	37,900	22/11/2019	22/11/2021
Rémy Cointreau	21/11/2017	28,200	21/11/2020	21/11/2022
Rémy Cointreau	17/01/2019	31,500	17/01/2023	17/01/2023

The Group has not issued any other options giving access to the securities reserved for executive officers or for the top ten beneficiaries of the issuer and any company included in the scope of the option grant.

Bonus shares vested during the year to the ten non-corporate officer employees of the Group who received the highest number of shares

Company granting shares	Date of the plans	Total of number shares	Final vesting date	Date of availability
Rémy Cointreau	24/11/2015	39,500	24/11/2018	24/11/2020

TABLE 10 – CONTRACTS RELATING TO EXECUTIVE OFFICERS

	Employment contract	Supplementary pension plan	Indemnities or benefits payable or likely to become payable due to cessation or change in function	Non-competition compensation
Marc Hériard Dubreuil	**NO**	**NO(1)**	**NO**	**NO**
Chairman of the Board of Directors				
Date first appointed: 1 October 2017				
Date on which appointment as Chairman expired: Shareholders' Meeting to approve the 2018/2019 financial statements				
Valérie Chapoulaud-Floquet	**NO**	**YES(2)**	**YES(3)**	**YES(4)**
Chief Executive Officer				
Date first appointed: 27 January 2015, renewed on 17 January 2018 with effect from 27 January 2018				
Date appointment expires: 27 January 2021				

(1) Marc Hériard Dubreuil exercised his pension rights under the general scheme on 30 September 2018. Since that date, he has no longer been eligible for a collective defined-contribution pension scheme under Article L. 242-1 of the French Social Security Code.

The Company's liability was limited to the payment of contributions to the insurance company that manages the plan.

For the same reason, since this date he has no longer been eligible for a defined-benefit pension plan under Article L. 137-11 of the French Social Security Code, which was funded by Andromède. This plan provided for payment of a pension based on the average annual 12-month remuneration calculated using the gross payments over the previous 24 months.

(2) Like all Group executives based in France, Valérie Chapoulaud-Floquet is eligible for a supplementary pension plan (Article 39 of the French General Tax Code). The aim of the plan is to retain the key talent concerned and encourage long-term performance. Valérie Chapoulaud-Floquet is eligible for this supplementary pension plan, set up and funded by the Company and managed by a third-party insurance company. This supplementary pension plan stipulates a seniority condition of at least five years within the Company as a "senior executive" manager and a condition of presence at the time of retirement. This system is founded on the payment of an annuity, the value of which, expressed as a percentage of remuneration, is based on the executives' seniority. Payment of the annuity is subject to continued employment at the time of retirement; its amount ranges from 8% to 15% of the reference annual remuneration, depending on the age of the beneficiary at the time of retirement. The annuity is calculated on the basis of average gross remuneration for the last two years of employment. It is also capped so that the total replacement income received from all pension plans (Social Security, ARRCO, AGIRC, Article 83, Article 89) does not exceed 50% of the income earned from work. Should this ceiling be exceeded, the amount of the supplementary pension would be reduced accordingly. When the appointment of Valérie Chapoulaud-Floquet was renewed on 17 January 2018, with effect from 27 January 2018, and in order make the acquisition of supplementary pension rights as part of this defined-benefit pension subject to performance conditions, in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, the Board of Directors decided that eligibility for this scheme would be subject to performance conditions that are identical to those for termination payments.

(3) Valérie Chapoulaud-Floquet will receive a termination payment equivalent to two years' remuneration (including fixed salary, impatriation bonus and last annual bonus) prior to the date of the revocation or non-renewal of her corporate office. The termination payment will only be paid in the event of forced departure [that is related to a change of control or of strategy]. It will not be due in the event of serious grounds or misconduct or in the event of business failure.

In the event of business failure, the Board of Directors may be fully or partially exempt from paying the termination benefit. The business situation will be assessed based on the results measured at the end of the previous two financial years. The business will be deemed to have failed if the aggregate operating profit for the last two financial years is less than €250 million.

Actual payment of this benefit is subject to the performance criteria defined below:

Quantitative performance criteria:

If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, are less than 75% of the budgetary targets, no compensation will be payable.

If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, equal 75% or more of the budgetary targets, the compensation paid will be equivalent to two years' gross remuneration multiplied by the percentage used (maximum 100%). For example, if the percentage used is 87.5%, the compensation will be equal to 21 months. The percentage used to calculate the compensation will be the average percentage for the previous two financial years.

Qualitative performance criterion:

The Board of Directors may adjust the amount of the bonus, expressed as a percentage of gross annual remuneration and calculated according to the quantitative criteria, based on results measured according to a qualitative criterion. For this, the Board takes the Company's corporate social responsibility rating from any environmental rating agency into consideration. The final compensation amount is limited to 24 months' salary as defined above.

(4) Valérie Chapoulaud-Floquet is subject to a non-compete clause which prohibits her from working for a competitor for a period of one year. This clause, which may be waived by the Board of Directors, will be accompanied by compensation corresponding to one year's gross remuneration (fixed salary + impatriation bonus + last annual bonus). The termination payment and non-compete compensation will be capped at two years' pay, as explained above.

3.5.3 Remuneration of Board members

DIRECTORS' FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

The total amount of Directors' fees put to a vote by the shareholders is subject to a regular study of the practices adopted by French groups of a similar scale and international dimension to Rémy Cointreau.

Directors' fees are allocated by the Board of Directors on the following basis:

- a fixed portion defined on an annual basis;
- a variable portion commensurate with each Board member's attendance at Board and committee meetings. On 25 November 2014, the Board of Directors decided to make the payment of attendance fees contingent on a minimum attendance requirement. The amount of Directors' fees will therefore be reduced by 30% if members miss more than one in three meetings;
- an additional fixed portion may also be allocated to the Chairman of the Board and committee Chairmen.

Board members		2018/2019	2017/2018
Dominique Hériard Dubreuil	Rémy Cointreau Directors' fees	€43,000	€42,000
	Other remuneration – controlling company	-	€5,000
	Other remuneration – controlled companies	-	-
Marc Hériard Dubreuil	Rémy Cointreau Directors' fees	€40,000	€39,000
	Other remuneration – controlling company	€203,606	€321,337
	Other remuneration – controlled companies	€50,000	€50,000
François Hériard Dubreuil	Rémy Cointreau Directors' fees	€40,000	€39,000
	Other remuneration – controlling company	-	€286,008
	Other remuneration – controlled companies	-	€100,300
Jacques-Étienne de T'Serclaes		€50,000	€49,000
Bruno Pavlovsky		€28,000	€39,000
Laure Hériard Dubreuil		€28,000	€39,000
Florence Rollet		€40,000	€39,000
Yves Guillemot		€47,000	€46,000
Olivier Jolivet		€40,000	€39,000
Guylaine Dyèvre		€40,000	€39,000
Emmanuel de Geuser		€40,000	€39,000
ORPAR		€40,000	€26,000

3.5.4 Elements of remuneration payable to executive and non-executive officers for 2018/2019, subject to shareholder approval (Say On Pay)

ELEMENTS OF REMUNERATION DUE OR ALLOCATED TO MARC HÉRIARD DUBREUIL, CHAIRMAN OF THE BOARD OF DIRECTORS FROM 1 OCTOBER 2017, IN RESPECT OF THE 2018/2019 FINANCIAL YEAR

Elements of remuneration due or attributed in respect of the 2018/2019 financial year	Amounts or accounting valuation submitted to the vote	Comments
Fixed remuneration	€200,000 (amount paid)	The gross annual fixed remuneration includes a gross fixed salary of €200,000, unchanged from the previous financial year.
Annual variable remuneration	n/a	
Deferred variable remuneration	n/a	
Multi-year variable remuneration	n/a	
Exceptional remuneration	n/a	
Long-term remuneration: stock options	n/a	
Long-term remuneration: Performance shares	n/a	
Long-term remuneration: other items	n/a	
Directors' fees	€90,000	
Valuation of benefits of any kind	n/a	
Termination payment	n/a	
Non-compete compensation	n/a	
Supplementary pension plan	€6,073 (accounting valuation on a *prorata temporis* basis)	Marc Hériard Dubreuil exercised his pension rights under the general plan on 24 September 2018. Since that date, he has no longer been eligible for a collective defined-contribution pension plan under Article L. 242-1 of the French Social Security Code. The Company's liability was limited to the payment of contributions to the insurance company that manages the plan. For the same reason, since this date he has no longer been eligible for a defined-benefit pension plan under Article L. 137-11 of the French Social Security Code, which was funded by Andromède. This plan provided for payment of a pension calculated according to the average gross annual remuneration of the last two years of activity, depending on seniority, and is paid subject to continued employment at the time of retirement.
Life and disability policies, (death, disability and incapacity for work)	€3,380 (accounting valuation)	Life and disability policy (death, disability and incapacity for work): Marc Hériard Dubreuil is also eligible for the Group disability, death and incapacity for work scheme. The remuneration used to calculate the contributions is capped at eight times the annual ceiling applicable in France for incapacity, disability and death benefits. The employer contribution rate is 1.97% on bracket A and 2.25% on brackets B and C. This is subject to change in accordance with the contractual provisions. The Company's liability is limited to the payment of contributions to the insurance company that manages the plan.

ELEMENTS OF REMUNERATION DUE OR ALLOCATED TO VALÉRIE CHAPOULAUD-FLOQUET, CHIEF EXECUTIVE OFFICER, IN RESPECT OF THE 2018/2019 FINANCIAL YEAR

Elements of remuneration due or attributed in respect of the 2018/2019 financial year	Amounts or accounting valuation submitted to the vote	Comments
Fixed remuneration	€721,050 (amount paid) (see item (2) of Table 2 – "Summary of remuneration paid to each executive officer")	On an annual basis, the annual gross fixed remuneration comprises a gross fixed salary of €621,050 and a gross impatriation bonus of €100,000. The amount of the gross fixed salary was revalued on 1 July 2018 and set at €631,400, following a decision of the Board of Directors of 5 June 2018, on the recommendation of the Nomination and Remuneration Committee. The amount of the impatriation bonus has remained unchanged since 2015.
Annual variable remuneration	€718,483 paid in cash, representing 98.2% of the fixed portion	The variable portion of Valérie Chapoulaud-Floquet's remuneration corresponds to a percentage of the fixed portion. This could reach 75% if all performance targets are met, and may not exceed 116.3%. The Board of Directors made sure that the criteria used to calculate the variable portion of the Chief Executive Officer's remuneration are such that her interests are aligned with those of the Company and shareholders. At its meeting on 17 June 2019, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, estimated that the level of achievement of the quantitative criteria was 49.9% and the level of achievement of the qualitative criterion was 48.3%. Consequently, the variable remuneration for the 2018/2019 financial year, paid in the 2019/2020 financial year, is 98.2% of the fixed portion, *i.e.* €718,483 (compared with 104.58% of the fixed portion, *i.e.* €721,620 for 2017/2018).
Deferred variable remuneration	n/a	
Multi-year variable remuneration	n/a	
Exceptional remuneration	€130,000 paid in cash	In the light of Rémy Cointreau's exceptional results (2018/2019 was a record year for the Group) and the achievement of the 2019/2020 targets a year early, Valérie Chapoulaud-Floquet has been awarded an exceptional cash bonus of €130,000, in accordance with the decision of the Board of Directors of 17 June 2019, and at the recommendation of the Nomination and Remuneration Committee.
Long-term remuneration: stock options	n/a	
Long-term remuneration: Performance shares	€743,220 (accounting valuation)	Exercising the powers conferred on it by the Combined Shareholders' Meeting of 24 July 2018, the Board of Directors, at its meeting on 17 January 2019, decided to allocate the Chief Executive Officer 9,000 Performance shares in respect of the 2018 financial year. The shares will vest subject to fulfilment of all the internal and external performance conditions and the continued employment conditions described below. The beneficiary is still an employee or corporate officer of the Group or of an affiliated company at the end of the Vesting Period, *i.e.* on 17 January 2023. The vesting of bonus shares is contingent on two performance conditions: i) 50% of the shares allocated will vest if the Total Shareholder Return (TSR: the rate of return on one Rémy Cointreau share over a given period, including dividends received and capital gains realised), compared with a panel of 10 companies in the Luxury and/or Spirits sectors over a period of four consecutive years, reaches the target set, at the end of the vesting period, *i.e.* on 17 January 2023.

Elements of remuneration due or attributed in respect of the 2018/2019 financial year	Amounts or accounting valuation submitted to the vote	Comments
Long-term remuneration: performance shares	€743,220 (accounting valuation)	If Rémy Cointreau's TSR performance is ranked in 1st or 2nd place relative to the TSR performance of each of the 10 peer companies, 125% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 3rd relative to the TSR performance of each of the 10 peer companies, 115% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 4th, 105% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 5th or 6th, 100% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 7th, 75% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 8th, 50% of the shares will vest; if Rémy Cointreau's TSR performance is ranked 9th, 10th or 11th, no shares will vest; ii) 50% of the shares allocated will vest if the performance of current operating profit (COP) meets the target set. All the bonus shares allocated to this criterion will vest according to the terms described below. If the performance of Rémy Cointreau's COP is equal to or greater than 115% of the target, 125% of the shares will vest at the end of the four years; if the performance of Rémy Cointreau's COP is equal to 100% of the target, 100% of the shares will vest at the end of the four years; if the performance of Rémy Cointreau's COP is equal to 95% of the target, 75% of the shares will vest at the end of the four years; if the performance of Rémy Cointreau's COP is less than 95% of the target, no shares will vest. If the target at the end of the period is not met, the performance of the previous two financial years (2019/2020 and 2020/2021) will still be taken into account. Due to the confidential nature of the Group's strategy, details of growth targets for current operating profit cannot be disclosed. Under the plan, the Chief Executive Officer is required to continue holding the shares after the vesting period. This follows a rule introduced by the Board of Directors whereby until the end of their term of office, executive officers must retain in registered form 33% of the shares resulting from the exercise of stock options or Performance shares. This percentage may be reviewed at the time of the grant, for example to reflect changes in the executive's position.
Long-term remuneration: other items	n/a	
Directors' fees	n/a	
Valuation of benefits of any kind	€18,302 (accounting valuation)	This benefit in kind corresponds to the provision of a company car and coverage of maintenance, insurance and running costs, as well as the contribution to a benefits scheme for managers and senior executives
Termination payment	No payment	At its meeting on 17 January 2018, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, renewed Valérie Chapoulaud-Floquet's appointment as Chief Executive Officer. It also, in accordance with Article L. 225-42-1 of the French Commercial Code, authorised the commitments made to the Chief Executive Officer relating to termination payments. This decision was ratified by the Shareholders' Meeting of 24 July 2018 (seventh resolution). Valérie Chapoulaud-Floquet will receive a termination payment equivalent to two years' remuneration (including fixed salary, impatriation bonus and last annual bonus) prior to the date of the revocation or non-renewal of her corporate office.

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Elements of remuneration due or attributed in respect of the 2018/2019 financial year	Amounts or accounting valuation submitted to the vote	Comments
Termination payment	No payment	The termination payment will only be paid in the event of forced departure [that is related to a change of control or of strategy]. It will not be due in the event of serious grounds or misconduct or in the event of business failure. In the event of business failure, the Board of Directors may be fully or partially exempt from paying the termination benefit. The business situation will be assessed based on the results measured at the end of the previous two financial years. The business will be deemed to have failed if the aggregate operating profit for the last two financial years is less than €250 million. Actual payment of this benefit is subject to the performance criteria defined below. Quantitative performance criteria If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, are less than 75% of the budgetary targets, no compensation will be payable. If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, equal 75% or more of the budgetary targets, the compensation paid will be equivalent to two years' gross remuneration multiplied by the percentage used (maximum 100%). For example, if the percentage used is 87.5%, the compensation will be equal to 21 months. The percentage used to calculate the compensation will be the average percentage for the previous two financial years. Qualitative performance criterion The Board of Directors may adjust the amount of the bonus, expressed as a percentage of gross annual remuneration and calculated according to the quantitative criteria, based on results measured according to a qualitative criterion. In this regard, the Board agrees to maintain the Company's corporate social responsibility rating with a VIGEO-type rating agency. The final compensation amount is limited to 24 months' salary as defined above.
Non-compete compensation	No payment	At its meeting on 17 January 2018, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, renewed Valérie Chapoulaud-Floquet's appointment as Chief Executive Officer. It also, in accordance with Article L. 225-42-1 of the French Commercial Code, authorised the commitments made to the Chief Executive Officer relating to non-compete compensation between the Company and the Chief Executive Officer. This decision was ratified by the Shareholders' Meeting of 24 July 2018 (seventh resolution). Valérie Chapoulaud-Floquet is subject to a non-compete clause which prohibits her from working for a competitor for a period of one year from the termination of her office. This clause may be waived by the Board and will be accompanied by a compensation corresponding to one year's gross remuneration (fixed salary + impatriation bonus + last annual bonus). The termination payment and non-compete compensation will be capped at two years' pay, as explained above. In the event of a breach of this non-compete clause, the Company will be entitled to claim damages.

Elements of remuneration due or attributed in respect of the 2018/2019 financial year	Amounts or accounting valuation submitted to the vote	Comments
Supplementary pension plan	€288,447 (accounting valuation)	At its meeting on 17 January 2018, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, renewed Valérie Chapoulaud-Floquet's appointment as Chief Executive Officer. It also, in accordance with Article L. 225-42-1 of the French Commercial Code, authorised the commitments made to the Chief Executive Officer relating to the supplementary pension plan. Valérie Chapoulaud-Floquet is eligible for the supplementary group pension plan set up for the Group's senior management. The supplementary pension plan includes (i) a defined-contribution group plan and (ii) an add-on defined-benefit group plan. This was ratified by the Shareholders' Meeting of 29 July 2015 (eighth resolution). (i) Defined-contribution plan pursuant to Article L. 242-1 of the French Social Security Code: Ms Chapoulaud-Floquet is eligible for a defined-contribution plan, which equates to 8% of the annual remuneration representing between eight and sixteen times the annual ceiling on social security contributions paid by the Company. The Company's liability is limited to the payment of contributions to the insurance company that manages the plan. (ii) Top-hat Group defined-benefit plan ("Article 39") pursuant to Article L. 137-11 of the French Social Security Code. The aim of the plan is to retain the key talent concerned and encourage long-term performance. Like all Group executives based in France, Valérie Chapoulaud-Floquet is eligible for this supplementary pension plan, set up and funded by the Company and managed by a third-party insurance company. The benefit of this plan is contingent on length of service (a minimum of five years with the Company as a senior manager) and continued employment at the time of retirement. This system is founded on the payment of an annuity, the value of which, expressed as a percentage of remuneration, is based on the executives' seniority. Payment of the annuity is subject to continued employment at the time of retirement; its amount ranges from 8% to 15% of the reference gross annual remuneration, depending on the age of the beneficiary at the time of retirement. The annuity is calculated on the basis of average gross remuneration for the last two years of employment. This annuity is also capped so that the total replacement income received from all pension plans (Social Security, ARRCO, AGIRC, Article 83, Article 39) does not exceed 50% of the income earned from work. Should this ceiling be exceeded, the amount of the supplementary pension would be reduced accordingly. When the appointment of Valérie Chapoulaud-Floquet was renewed on 17 January 2018, with effect from 27 January 2018, and in order make the acquisition of supplementary pension rights as part of this defined-benefit pension subject to performance conditions, in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, the Board of Directors decided that eligibility for this scheme would be subject to performance conditions that are identical to those for termination payments. The Company's commitments towards its Chief Executive Officer as at 31 March 2018, based on her length of service at that date, are as follows: ▪ €25,555 per annum under the defined-contribution pension plan (as at 31 March 2018). This amount corresponds to the contributions paid by the Company to the insurer for the last financial year; ▪ €262,892 in gross annual pension under the supplementary defined benefit pension plan. This estimate has been validated independently by Deloitte Conseil.

Elements of remuneration due or attributed in respect of the 2018/2019 financial year	Amounts or accounting valuation submitted to the vote	Comments
Life and disability policy (death, disability and incapacity for work) and healthcare plans:	€8,142 (accounting valuation)	Ms Chapoulaud-Floquet is eligible for the group life and disability policies and healthcare plans set up within the Group for all employees. These plans comprise i) a death, disability and incapacity for work plan, and ii) a healthcare plan. (i) Life and disability policy (death, disability and incapacity for work): Ms Chapoulaud-Floquet is eligible for the group disability, death and incapacity for work plan. The remuneration used to calculate the contributions is capped at eight times the annual ceiling applicable in France for incapacity, disability and death benefits. The employer contribution rate is 1.97% on bracket A and 2.25% on brackets B and C. This is subject to change in accordance with the contractual provisions. The Company's liability is limited to the payment of contributions to the insurance company that manages the plan. (ii) Healthcare plan Valérie Chapoulaud-Floquet is also eligible for the Group health insurance plan. The remuneration taken into account to calculate the contributions is capped at the annual social security ceiling. The employer contribution rate is 2.67% on bracket A, subject to change in accordance with the contractual provisions. The Company's liability is limited to the payment of contributions to the insurance company that manages the plan.

3.5.5 Securities trading by executive officers

BOARD MEMBERS' DECLARATIONS

Person concerned	Type of transaction	Date of transaction	AMF decision no.	Number of shares
ORPAR SA legal entity linked to Marc Hériard Dubreuil, Chairman of the Board of Directors, and to Dominique Hériard Dubreuil and François Hériard Dubreuil, Board members. Orpar is also represented on the Board of Directors of Rémy Cointreau (decision of the Shareholders' Meeting of 26 July 2016)	Payment of the dividend in shares	17 September 2018	2018DD576497	310,588
	Acquisitions	11 October 2018	2018DD579533	457
	Acquisitions	15 October 2018	2018DD579827	5,856
	Acquisitions	23 October 2018	2018DD581153	7,348
	Acquisitions	29 October 2018	2018DD581922	7,554
	Acquisitions	6 December 2018	2018DD586736	33,282
	Acquisitions	7 December 2018	2018DD586921	11,003
	Acquisitions	10 December 2018	2018DD587119	8,813
	Acquisitions	20 December 2018	2018DD588551	738
	Acquisitions	21 December 2018	2018DD588753	35,871
	Acquisitions	24 December 2018	2018DD588912	6,016
	Acquisitions	27 December 2018	2018DD589000	33,364
	Acquisitions	28 December 2018	2018DD589131	20,913
	Acquisitions	3 January 2019	2019DD589452	28,544
RECOPART, legal entity linked to Marc Hériard Dubreuil, Chairman of the Board of Directors, and to François Hériard Dubreuil, Board member, as well as to the company ORPAR, represented on the Board of Directors	Payment of the dividend in shares	17 September 2018	2018DD576498	120,104
ANDROMÈDE legal entity linked to Marc Hériard Dubreuil, Chairman of the Board of Directors, and to Dominique Hériard Dubreuil and François Hériard Dubreuil, Board members	Payment of the dividend in shares	17 September 2018	2018DD576496	9,576
Valérie Chapoulaud-Floquet	Payment of the dividend in shares	17 September 2018	2018DD576582	103

3.5.6 Shares and voting rights of members of the Board of Directors at 31 March 2019

Board members (natural persons)	Shares	%	Shares with double voting rights	Voting rights	%
Dominique Hériard Dubreuil	2,795	0.01	2,677	5,472	0.01
François Hériard Dubreuil	124	0.00	110	234	0.00
Marc Hériard Dubreuil	108	0.00	100	208	0.00
Jacques-Étienne de T'Serclaes	572	0.00	552	1,124	0.00
Laure Hériard Dubreuil	105	0.00	102	207	0.00
Florence Rollet	100	0.00	100	200	0.00
Yves Guillemot	100	0.00	100	200	0.00
Olivier Jolivet	100	0.00	0	100	0.00
Guylaine Saucier	100	0.00	0	100	0.00
Emmanuel de Geuser	100	0.00	100	200	0.00
Bruno Pavlovsky	100	0.00	0	100	0.00
Gisèle Durand (Orpar representative)	1,028	0.00	215	1,243	0.00
TOTAL	**5,332**	**0.01**	**3,756**	**9,288**	**0.01**

3.5.7 Report on the executive officers' remuneration policy under Article L. 225-37-2 of the French Commercial Code

This report, approved by the Board of Directors on 4 June 2019 on the recommendation of its Nomination and Remuneration Committee, sets out the principles and criteria for the determination, distribution and allocation of fixed, variable and exceptional elements of total remuneration and benefits in kind that may be awarded to executive officers in respect of their term of office.

In accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria set out in this report will be submitted for the approval of the Combined Shareholders' Meeting of 24 July 2019, under the terms of the twelfth resolution in relation to the Chairman of the Board of Directors and the thirteenth resolution in relation to the Chief Executive Officer.

The definition of executive and non-executive officers used in this report is taken from the AFEP/MEDEF Corporate Governance Code of Listed Corporations.

3.5.7.1 GUIDING PRINCIPLES AND IMPLEMENTATION OF THE REMUNERATION POLICY

Rémy Cointreau's remuneration policy for its executive officers is designed to accompany its long-term growth strategy by focusing on investment decisions and competitiveness in its various markets. This policy thus establishes a close link between the performance of executives and their remuneration in the short, medium and long term, with the aim of aligning their interests with those of its shareholders.

Rémy Cointreau's remuneration policy seeks to attract and motivate highly qualified men and women, to enable them to improve significantly on their performance and to link their remuneration to the Company's performance. The policy comprises short-term remuneration consisting of a fixed and variable part, long-term incentives with Performance shares, and ancillary items such as defined-contribution and defined-benefit pension plans, life and disability plans and termination benefits.

When defining its remuneration policy, the Board of Directors takes into account the principles of comprehensiveness, balance, comparability, consistency, understandability and proportionality advocated by the AFEP/MEDEF Corporate Governance Code of Listed Corporations.

The overall remuneration paid to executive and non-executive officers is set by the Board of Directors, which decides on the basis of recommendations issued by the Nomination and Remuneration Committee. The committee ensures that each element of remuneration responds to a clear objective that is fully in line with the strategy and interests of the business.

Regardless of the elements of remuneration concerned, the committee's objective is to recommend a general remuneration policy to the Board that is both competitive and attractive. To that end, it draws on objective studies of the executive remuneration offered by companies comparable to Rémy Cointreau in the appropriate market, carried out by external experts.

This report sets out the elements of remuneration and benefits in kind referred to in Article R. 225-29-1 of the French Commercial Code, as provided for in Decree No. 2017-340 of 16 March 2017.

3.5.7.2 REMUNERATION STRUCTURE AND CALCULATION CRITERIA

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, seeks to maintain a proportionate balance between fixed, variable and long-term remuneration. It follows a strict framework for attaining ambitious, clearly defined commercial and financial targets, delivering long-term sustainable performance and securing proven expertise in international team leadership. The Chief Executive Officer's performance-related pay is thus a substantial part of her remuneration package.

The remuneration elements described below concern both the Chief Executive Officer of the Company, an executive officer, and the Chairman of the Board of Directors, a non-executive officer as defined by the AFEP/MEDEF Code.

3.5.7.2.1 Executive officer

Directors' fees

Only executive officers who are Board members are eligible for Directors' fees, which is not the case for the Company's Chief Executive Officer.

Annual fixed remuneration

The fixed portion of remuneration is determined according to the experience and responsibilities of the executive officer.

A survey is regularly carried out with the help of specialist consultancy firms to examine how the Company's executive remuneration structure compares with that of other SBF 120 companies.

If the legal conditions are met, the Nomination and Remuneration Committee may propose to the Board of Directors that the fixed compensation include a proportion benefiting from the provisions of Article L. 155B of the French General Tax Code (known as an "impatriation bonus"). To benefit from this provision, the person must not have been resident in France for tax purposes over the five calendar years prior to their appointment. The provision has a limited duration.

Annual variable remuneration (bonus)

As in previous years, the Board of Directors has defined a procedure for calculating the variable portion of executive officers' remuneration so that it acts as an incentive while remaining fair. This procedure is based on ambitious quantitative and qualitative criteria that ensure that remuneration is in line with the Group's performance.

The short-term variable portion of the executive officer's remuneration is set annually by the Board, on the recommendation of the Nomination and Remuneration Committee, when closing the previous financial year. This method is based on economic and management parameters linked to the Group's performance. It sets a ceiling for each element expressed as a percentage of the target value.

The method consists of assessing the executive officer's performance according to quantitative criteria of a financial nature and qualitative criteria that are personal to the individual concerned.

During the 2018/2019 financial year, the Board, on the recommendation of the Nomination and Remuneration Committee, reviewed the quantitative and qualitative criteria and selected the following elements:

QUANTITATIVE CRITERIA

Four quantitative performance criteria based on financial performance representing 50 points of the target bonus, as for the 2018/2019 financial year:

- current operating profit (consolidated);
- cash flow generation;
- consolidated net profit (excluding non-recurring items);
- ROCE (Return on Capital Employed).

Each criterion has a specific weighting set each year by the Board of Directors on the recommendation of the Nomination and Remuneration Committee.

QUALITATIVE CRITERIA

Five qualitative criteria based on managerial and entrepreneurial skills representing 50 points of the target bonus, as for the 2018/2019 financial year:

- developing and optimising the distribution network in line with the defined strategy;
- to continue the development of the flagship brands and identify opportunities for external growth;
- to ensure the smooth running of the new Executive Committee and further strengthen succession plans;
- achieving quantitative targets in the area of CSR;
- encouraging autonomy, initiative and creativity.

Each criterion has a specific weighting set each year by the Board of Directors on the recommendation of the Nomination and Remuneration Committee.

The Chief Executive Officer's performance is assessed annually by the Board of Directors on the recommendation of the Nomination and Remuneration Committee. The qualitative criteria are reviewed annually in line with the Group's strategic priorities. Due to the confidentiality of the Group's strategy, details of the qualitative objectives may only be disclosed at the end of each financial year. Therefore, this document only mentions those relating to the 2018/2019 financial year.

Multi-year variable remuneration

Executive officers do not receive multi-year variable remuneration.

Stock option grants

Performance incentive plans must serve the aims of retaining key talent with a view to delivering medium- and long-term performance, encouraging outperformance, and involving the individuals concerned in the Company's value creation. The plans must also be cost-effective. The plans are aimed at a select group of individuals: the Company's Chief Executive Officer, Executive Committee members, key contributors, pillars of the organisation and high flyers. Key contributors are managers who have a strategic role (mainly brand managers and regional managers) and managers who report to senior management. "Pillars" are managers who perform an essential role that requires experience and who would be difficult to replace. "High flyers" are managers who have been identified as potentially able to reach Director level, or who could be promoted through two levels of management. Once identified, the beneficiaries are divided into groups. In the case of the Company's Chief Executive Officer, the Board of Directors applies the criteria set out in the Corporate Governance Code of Listed Corporations for Performance shares, *i.e.* a percentage of her total remuneration and a proportional award in view of the total budget approved by the shareholders at the Shareholders' Meeting, in line with the Company's previous valuation practices.

Bonus share awards

Performance incentive plans must serve the aims of retaining key talent with a view to delivering medium- and long-term performance, encouraging outperformance, and involving the individuals concerned in the Company's value creation. The plans must also be cost-effective.

The plans are aimed at a select group of individuals: the Company's Chief Executive Officer, Executive Committee members, key contributors, pillars of the organisation and high flyers. Key contributors are managers who have a strategic role (mainly brand managers and regional managers) and managers who report to senior management. "Pillars" are managers who perform an essential role that requires experience and who would be difficult to replace. "High flyers" are managers who have been identified as potentially able to reach Director level, or who could be promoted through two levels of management. Once identified, the beneficiaries are divided into groups.

Once identified, the beneficiaries are divided into groups. Each group is assigned a target increase, expressed as a percentage of the average annual salary of each group at the time of the award.

In the case of the Company's Chief Executive Officer, the Board of Directors applies the criteria set out in the Corporate Governance Code of Listed Corporations for Performance shares, *i.e.* a percentage of her total remuneration and a proportional award in view of the total budget approved by the shareholders at the Shareholders' Meeting, in line with the Company's previous valuation practices.

Exceptional remuneration

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors retains the option of granting exceptional remuneration to the executive officer in the event that a major economic operation is particularly successful and sustainable over the long term, although only if this was not envisaged when the qualitative criteria for her annual variable remuneration were set.

Remuneration, indemnities or benefits payable or likely to become payable upon taking up office

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, may grant a signing bonus to new executive officers from a company outside the Group. This bonus is mainly intended to compensate the individuals concerned for the loss of benefits they would have been eligible for. It also enables the Group to attract the talents it regards as being the best in the global industry.

Elements of remuneration, compensation or benefits due or likely to be due as a result of the termination or change of office, or subsequent thereto, or defined-benefit pension commitments meeting the characteristics of the plans referred to in Article L. 137-11 of the French Social Security Code

TERMINATION PAYMENT

In the event of her forced departure, except where there are serious grounds or misconduct, or in the event of business failure, the executive officer will receive a termination payment equal to two years' remuneration (including fixed salary, impatriation bonus and last annual bonus).

Actual payment of this benefit is subject to the performance criteria defined below.

Performance criterion relating to the business situation

In the event of business failure, the Board of Directors may be fully or partially exempt from paying the termination benefit. The business situation will be assessed based on the results measured at the end of the previous two financial years. The business is deemed to have failed if the aggregate operating profit for the previous two financial years is less than €250 million.

Quantitative performance criteria

This compensation will be subject to performance criteria assessed on the basis of the previous two financial years.

If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, are less than 75% of the budgetary targets, no compensation will be payable.

If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, equal 75% or more of the budgetary targets, the compensation paid will be equivalent to two years' gross remuneration multiplied by the percentage used (maximum 100%). For example, if the percentage used is 87.5%, the compensation will be equal to 21 months.

The percentage used to calculate the compensation is the average percentage for the previous two financial years.

Qualitative performance criterion

The Board of Directors may adjust the amount of the bonus, expressed as a percentage of gross annual remuneration and calculated according to the quantitative criteria, based on the next results measured against a qualitative criterion. For this, the Board takes the Company's corporate social responsibility rating with the VIGEO rating agency into consideration.

The final compensation amount is limited to 24 months' salary as defined above.

NON-COMPETE COMPENSATION

The executive officer is subject to a non-compete clause which prohibits her from working for a competitor for a period of one year from the termination of her office.

The clause may be waived by the Board. It is accompanied by a compensation corresponding to one year's gross remuneration (fixed salary + impatriation bonus + last annual bonus).

The termination payment and non-compete compensation are capped at two years' pay, as explained above.

In the event of a breach of this non-compete clause, the Company will be entitled to claim damages.

SUPPLEMENTARY PENSION PLAN

The executive officer is eligible for the supplementary group pension plan set up for the Group's senior managers. The supplementary pension plan includes (i) a defined-contribution group plan and (ii) an add-on defined-benefit group plan.

(i) **Defined-contribution plan pursuant to Article L. 242-1 of the French Social Security Code**

The executive officer is eligible for a defined-contribution plan, which equates to 8% of the annual remuneration representing between eight and sixteen times the annual ceiling on social security contributions paid by the Company.

The Company's liability is limited to the payment of contributions to the insurance company that manages the plan.

(ii) **Top-hat Group defined-benefit plan ("Article 39") pursuant to Article L. 137-11 of the French Social Security Code**

The aim of the plan is to retain the key talent concerned and encourage long-term performance. Like all Group executives based in France, the executive officer is eligible for this supplementary pension plan, set up and funded by the Company and managed by a third-party insurance company.

The benefit of this plan is contingent on length of service (a minimum of five years with the Company as a senior manager) and continued employment at the time of retirement.

Moreover, in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, eligibility for this scheme will be subject to performance conditions that are identical to those for termination payments.

This system is founded on the payment of an annuity, the value of which, expressed as a percentage of remuneration, is based on the executives' seniority. Payment of the annuity is subject to continued employment at the time of retirement; its amount ranges from 8% to 15% of the reference gross annual remuneration, depending on the age of the beneficiary at the time of retirement.

The annuity is calculated on the basis of average gross remuneration for the last two years of employment.

The annuity is also capped so that the total replacement income received from all pension plans (Social Security, ARRCO, AGIRC, Article 83, Article 39) does not exceed 50% of the income earned from work. Should this ceiling be exceeded, the amount of the supplementary pension would be reduced accordingly.

Elements of remuneration and benefits of any kind due or likely to be due to any of the persons referred to in the first paragraph of Article L. 225-82-2, under agreements concluded, directly or through an intermediary, by virtue of his or her office, with the Company in which the office is held, any company controlled by it, as defined by Article L. 233-16, any company which controls it, as defined by the same article, or any other company placed under the same control, as also defined in that article

The Company's Chief Executive Officer does not benefit from any such agreements.

Any other element of remuneration that may be granted in view of the office held

The Chief Executive Officer does not receive any other elements of remuneration in respect of her office other than those mentioned above.

Other benefits in kind

The Chief Executive Officer benefits from the use of a company car. The maintenance, insurance and running costs are covered by the Company.

The Company also pays into a benefits scheme for managers and senior executives.

The Chief Executive Officer is eligible for the group life and disability and healthcare plans set up within the Group for all employees. The Company's liability is limited to the payment of contributions to the insurance company that manages the plans.

These plans comprise a death, disability and incapacity for work plan and a healthcare plan, as described in this document.

3.5.7.2.2 Non-executive officers

Directors' fees

The total amount of Directors' fees put to a vote by the shareholders is subject to a regular study of the practices adopted by French groups of a similar scale and international dimension to Rémy Cointreau.

The Board of Directors ensures that the amount of Directors' fees is commensurate with Board members' responsibilities and the amount of time they spend discharging their duties.

The Board of Directors distributes the annual amount of Directors' fees set by the Shareholders' Meeting among its members as follows:

- a fixed portion defined on an annual basis;
- a variable portion commensurate with each Board member's actual attendance at Board and committee meetings;
- an additional fixed portion may also be allocated to the Chairman of the Board and committee Chairmen.

The variable part is preponderant. The amount of Directors' fees is reduced by 30% if members miss more than one in three meetings.

In addition, the Board of Directors may grant exceptional remuneration for specific assignments entrusted to members of the Board. This type of remuneration is subject to the legal provisions on regulated agreements.

Members of the Board of Directors are also reimbursed all expenses incurred in the course of their duties, subject to supporting documentation being produced.

The Chairman of the Board of Directors, as a non-executive officer, is therefore subject to the aforementioned rules regarding the allocation of Directors' fees.

Annual fixed remuneration

The fixed portion of remuneration is determined according to the responsibilities of the Chairman of the Board of Directors, who is a non-executive officer.

A survey is regularly carried out with the help of specialist consultancy firms to examine how the Company's remuneration structure for this executive compares with that of other SBF 120 companies for similar positions.

Variable annual remuneration (bonus)

The non-executive officer does not receive annual variable remuneration, given his independence from the Chief Executive Officer's role. The Board of Directors follows the recommendations of the AFEP/MEDEF Corporate Governance Code on this.

Multi-year variable remuneration

The non-executive officer does not receive multi-year variable remuneration.

Stock option grants

As previously stated, the Group no longer uses stock option plans. The Chairman of the Board of Directors is not eligible for any plan of this type, in accordance with the recommendations of the AFEP/MEDEF Corporate Governance Code.

Bonus share awards

The non-executive officer is not eligible for bonus share plans, in accordance with the recommendations of the AFEP/MEDEF Corporate Governance Code.

Exceptional remuneration

The non-executive officer is not eligible for bonus share plans, in accordance with the recommendations of the AFEP/MEDEF Corporate Governance Code.

Remuneration, indemnities or benefits payable or likely to become payable upon taking up office

The non-executive officer does not receive any remuneration of this type.

Elements of remuneration, indemnities or benefits due or likely to be due as a result of the termination or change of office, or subsequent thereto, or defined-benefit pension commitments meeting the characteristics of the plans referred to in Article L. 137-11 of the French Social Security Code

The non-executive officer has a defined-benefit pension plan falling within the scope of Article L. 137-11 of the French Social Security Code, for which funding is assured by the controlling company. In addition, the non-executive officer has a defined-contribution plan pursuant to Article L. 242-1 of the French Social Security Code.

The Company's liability is limited to the payment of contributions to the insurance company that manages the plan.

The non-executive officer does not receive other elements of remuneration, indemnities or benefits due or likely to be due as a result of his termination or change of office or at any time thereafter.

Elements of remuneration and benefits of any kind due or likely to be due to any of the persons referred to in the first paragraph of Article L. 225-37-2, under agreements concluded, directly or through an intermediary, by virtue of his or her office, with the Company in which the office is held, any company controlled by it, as defined by Article L. 233-16, any company which controls it, as defined by the same article, or any other company placed under the same control, as also defined in that article

The non-executive officer is eligible for elements of remuneration under agreements entered into in view of his office as described in Table 2 – Summary of remuneration paid to each executive officer.

Since section 16.2 of regulation (EC) No. 809/2004 of 29 April 2004 requires information to be provided about service contracts between members of the administrative bodies and the issuer or any of its subsidiaries, it is noted that a service provision agreement exists as mentioned in section 1.5 of the registration document and in the Statutory Auditors' special report.

Any other element of remuneration that may be granted in view of the office held

The non-executive corporate officer does not benefit from elements of remuneration other than those mentioned above.

Other benefits in kind

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, may decide to provide the non-executive officer with the use of a vehicle, covering the associated maintenance, insurance and running costs. The Chairman of the Board of Directors may be eligible for such benefits in kind.

The Chairman of the Board of Directors is eligible for the group disability, death and incapacity for work scheme. The Company's liability is limited to the payment of contributions to the insurance company that manages the plan.


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COMMENTS ON THE RESULTS FOR THE YEAR

For the year ended 31 March 2019

Since 1 April 2018, the Rémy Cointreau Group has applied IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases". Due to the transition methods adopted by the Group, no restatement was carried out for the comparative period (2017/2018 financial year). The change between the two reported financial years is therefore not relevant. In order to facilitate analysis of performance, in particular that of net sales, organic change was calculated in relation to data without the application of these standards, on a constant scope[1] and exchange rate basis. Moreover, we have included a *proforma* change, calculated by comparing the data reported in 2018/2019 without the application of these standards, with the data reported in 2017/2018.

In the comments that follow, unless otherwise stated, all absolute values refer to reported data (*i.e.* after the application of IFRS 9, IFRS 15 and IFRS 16), while both *proforma* and organic changes are shown.

For the year ended 31 March 2019, the Group reported current operating profit of €264.1 million, with very strong organic growth of 14.2% (+11.3% *proforma*). On an organic basis, the operating margin came to 22.3% (21.7% *proforma*), *i.e.* an organic increase of 1.3 points compared with 2018.

4.1 Analysis of the business and consolidated results

4.1.1 Key figures

All data for the financial year ended 31 March are given in millions of euros (€ millions).

The organic change is calculated at constant scope and exchange rates compared with the previous period, without applying IFRS 9, IFRS 15 and IFRS 16 to the data.

The *proforma* data corresponds to the 2019 reported data without the application of IFRS 9, IFRS 15 and IFRS 16.

(in € millions)	2019	2019 *proforma*	2018	*Proforma* change	Organic change
Net sales	1,125.9	1,216.5	1,127.0	+7.9%	+7.8%
Current operating profit/(loss)	**264.1**	**263.6**	**236.8**	**+11.3%**	**+14.2%**
Current operating margin	23.5%	21.7%	21.0%		22.3%
Other operating expenses	1.7	1.7	(13.7)		
Operating profit/(loss)	**265.8**	**265.2**	**223.1**		
Net financial income/(expense)	(32.5)	(35.2)	(22.0)		
Income tax	(67.7)	(66.5)	(53.5)		
Share in profit/(loss) of associates	(6.7)	(6.7)	0.5		
Profit/(Loss) from continuing operations	159.0	156.9	148.1		
Non-controlling interests	(0.2)	(0.2)	(0.2)		
Net profit/(loss) attributable to the owners of the parent company	**159.2**	**157.1**	**148.2**	**+6.0%**	**+11.5%**
Net profit/(loss) excluding non-recurring items attributable to the owners of the parent company	**169.9**	**167.8**	**151.3**	**+10.9%**	**+16.3%**
Basic earnings per share:					
On net profit/(loss) attributable to the owners of the parent company	**€3.18**	**€3.14**	**€2.98**	**+5.4%**	**+10.9%**
On net profit/(loss) excluding non-recurring items	**€3.39**	**€3.35**	**€3.04**	**+10.2%**	**+15.7%**

(1) In the assessment of organic growth, the current period (proforma in this case) is re-assessed based on the scope and exchange rates applicable during the comparative period.There was no change in the consolidation scope during this financial year.

The impact of the application of the new standards is as follows:

In € million	2019	IFRS 9	IFRS 15	IFRS 16	2019 *PROFORMA*
Net sales	1,125.9	-	90.5	-	1,216.5
Gross margin	**710.9**	**-**	**118.0**	**-**	**828.9**
Distribution costs	(346.3)	-	(118.0)	-	(464.3)
Administrative expenses	(100.7)	-	-	(0.6)	(101.3)
Other income/(expense) from operations	0.3	-	-	-	0.3
Current operating profit/(loss)	**264.1**	**-**	**-**	**(0.6)**	**263.6**
Current operating margin	23.5%				21.7%
Other operating expenses	1.7	-	-	-	1.7
Operating profit/(loss)	**265.8**	**-**	**-**	**(0.6)**	**265.2**
Net financial income/(expense)	(32.5)	(3.7)	-	1.0	(35.2)
Income tax	(67.7)	1.3	-	(0.1)	(66.5)
Share in profit/(loss) of associates	(6.7)	-	-	-	(6.7)
Profit/(Loss) from continuing operations	159.0	(2.4)	-	0.3	156.9
Non-controlling interests	(0.2)	-	-	-	(0.2)
Net profit/(loss) attributable to the owners of the parent company	**159.2**	**(2.4)**	**-**	**0.3**	**157.1**
Net profit/(loss) excluding non-recurring items attributable to the owners of the parent company	**169.9**	**(2.4)**	**-**	**0.3**	**167.8**

IFRS 9 "Financial Instruments", which replaces IAS 39, has become mandatory for all financial years beginning on or after 1 January 2018, according to IASB. For the Group, the impact of this standard is limited to the recognition of the change in the fair value of the currency hedging portfolio, which is now fully recognised in equity. Previously, the "ineffective" portion of the hedge was recognised in net financial income/(expense). Without the application of this standard, the Group would have incurred an expense of €3.7 million in net financial income/(expense) for the financial year.

IFRS 15 "Revenue from Contracts with Customers" has become mandatory for financial years beginning on or after 1 January 2018. The transition method adopted by the Group is that of "cumulative catch-up" (rather than full retrospective application). In accordance with this standard, certain advertising/promotional expenses are now recognised at the time of the sale to wholesalers. This change has generated an increase of €32.9 million in operating payables and €8.2 million in deferred tax assets. The counterpart is a €24.2 million decrease in opening shareholders' equity at 1 April 2018. In the income statement, the main impact of the application of the standard has been the reclassification of certain expenses (mainly advertising and promotion) between net sales and distribution costs. This reclassification, which is neutral for current operating profit, reduces net sales by around 7.4% and has an accretive effect of around 2 points on the current operating margin.

IFRS 16 "Leases" was applied early, at 1 April 2018, using the "simplified retrospective" method. Under this standard, a financial asset and a financial liability are recognised for Group leases that meet the standard's criteria. The rental charges relating to these leases – *i.e.* €7.5 million for the financial year – are replaced with the recognition of an amortisation expense of €6.9 million and a financial expense of €1.0 million.

4.1.2 General comments on current operating profit

Change in the current operating profit (*proforma*) compared with March 2018 was as follows:

	Total
Current operating profit – March 2018	**236.8**
Change due to exchange rates (net of hedges)	(6.8)
Impact of changes in volumes/mix	44.9
Impact of changes in price/mix	35.0
Change in advertising expenditure	(19.6)
Change in other expenses	(26.8)
Current operating profit – March 2019 (*proforma*)	**263.6**

Overall, exchange rate fluctuations had a negative impact of €6.8 million. The average EUR/USD rate for the period was 1.16 compared with 1.17 during the previous financial year. Taking into account its hedging policy, the Group recorded an average collection rate of 1.18 on the net flows in US dollars generated by its European entities, compared with 1.19 for the period ended 31 March 2018.

The volume impact of €44.9 million reflects the good business performance achieved during year in the America and Asia regions, in particular for the House of Rémy Martin.

During the year, business was once again outstanding for superior-quality products, resulting in a price/mix effect of €35.0 million, which benefited all geographical areas.

Advertising expenditure rose organically by €19.6 million (+7.4%).

Other costs increased by €26.8 million, mainly due to distribution costs. Their percentage of net sales has remained stable at 21.3%.

Current operating profit recorded a very strong organic increase of 14.2%, while the organic operating margin rose to 22.3% (2018: 21.0%).

4.1.3 Business overview

In the comments that follow, all changes are given as organic change.

For the year ended 31 March 2019, the Rémy Cointreau Group reported net sales of €1,125.9 million, an increase of 7.8% compared with the previous period (including 9.8% for Group brands).

BY GEOGRAPHIC AREA

	Europe/Middle-East/Africa	Americas	Asia-Pacific	Total
Net sales				
March 2019 (reported)	311.9	467.8	346.3	1,125.9
March 2019 (*proforma*)	329.3	474.4	412.8	1,216.5
March 2018	342.3	435.8	348.9	1,127.0
Proforma change	-3.8%	+8.9%	+18.3%	+7.9%
Organic change	-2.9%	+7.9%	+18.3%	+7.8%

The EMEA region (Europe/Middle-East/Africa), which accounts for 27% of net sales, was down 2.9%. This was mainly due to the expiration of Partner brand distribution contracts. Group brands recorded growth.

The Americas region (39% of net sales) recorded a 7.9% increase for the entire portfolio of Group brands, and in particular, Cognac.

The Asia-Pacific region (34% of net sales) recorded a sharp increase of 18.3%, spurred by the strong performance of Cognac in Greater China and in southeast Asia.

BY DIVISION

	Rémy Martin	Liqueurs & Spirits	Total Group brands	Partner Brands	Holding company costs	Total
Net sales						
March 2019 (reported)	774.4	264.4	1,038.8	87.2	-	1,125.9
March 2019 (*proforma*)	851.9	276.6	1,128.6	87.9	-	1,216.5
March 2018	760.0	266.8	1,026.8	100.2	-	1,127.0
Proforma change	+12.1%	+3.7%	+9.9%	-12.2%	-	+7.9%
Organic change	+11.9%	+4.0%	+9.8%	-12.7%	-	+7.8%
Current operating profit/(loss)						
March 2019 (reported)	235.6	38.8	274.4	4.9	(15.2)	264.1
March 2019 (*proforma*)	235.6	38.8	274.4	4.9	(15.8)	263.6
March 2018	204.4	42.8	247.2	5.3	(15.7)	236.8
Proforma change	+15.3%	-9.4%	+11.0%	-8.1%	+0.2%	+11.3%
Organic change	+17.9%	-6.0%	+13.8%	-7.2%	+0.4%	+14.2%
Operating margin						
March 2019 (reported)	30.4%	14.7%	26.4%	5.6%	-	23.5%
March 2019 (*proforma*)	27.7%	14.0%	24.3%	5.6%	-	21.7%
March 2019 (organic)	28.3%	14.5%	24.9%	5.7%	-	22.3%
March 2018	26.9%	16.1%	24.1%	5.3%	-	21.0%

HOUSE OF RÉMY MARTIN

Net sales recorded another year of strong growth, up 11.9% on an organic basis to €851.9 million, thanks to steady business development in the Asia-Pacific region and in other key markets (United Kingdom, Middle/East, Russia and Travel Retail). Ongoing excellent performance was recorded in Greater China, with a shift towards shorter distribution channels. The sound performance of "intermediate" quality products (particularly CLUB and XO) and LOUIS XIII translated once again into outstanding price/mix impacts over the period (+6%) with a strong growth in volumes (+6%).

Operating income amounted to €235.6 million, up 17.9%, as the increase in the gross margin was able to offset the rise in communication investments and the continued efforts to strengthen distribution structures. The current operating margin stood at 28.3%, up 1.4 points (organic).

LIQUEURS & SPIRITS

Net sales amounted to €276.6 million (*proforma*), up 4.0% on the back of the sound performance of the House of Cointreau and St-Rémy brandy, while The Botanist gin and the Whisky brands continued to record outstanding growth.

During the year, the House of Cointreau rolled out its new campaign called "The Art of the Mix", and operations focused on the 70th anniversary of the Margarita. Metaxa launched the second phase of its "Don't Drink it, Explore it" campaign. During the summer, it celebrated the brand's 130th anniversary in Greece with the limited edition AEN Cask No. 2 (AEN means "forever" in Greek). The Mount Gay and St-Rémy upscaling strategy led to additional falls in volume, but increases in value per case. The Botanist gin recorded further growth in all its geographic regions, while Port Charlotte successfully introduced its new bottle.

The Liqueurs & Spirits business recorded current operating profit of €38.8 million and a current operating margin of 14.5% (organic). Communication investments were increased to support brand recognition and step up their international development.

PARTNER BRANDS

The Group's net sales amounted to €87.9 million (*proforma*), down 12.7% (*proforma*). This was due to the termination of certain Partner brand distribution contracts in Europe.

The operating profit generated by the business was positive at €4.9 million, compared with €5.3 million for the year ended 31 March 2018.

HOLDING COMPANY COSTS

These costs totalled €15.8 million (*proforma*), slightly up by 0.4%, amounting to 1.4% of consolidated net sales.

4.1.4 Operating profit/(loss)

Current operating profit amounted to €263.6 million on a *proforma* basis, and €264.1 million on a reported basis. The difference stems from the application of IFRS 16 "Leases", which requires the recognition of a financial asset and a financial liability for the Group's lease commitments. The rental charges relating to these leases – *i.e.* €7.5 million for the financial year – are replaced with the recognition of an amortisation expense of €6.9 million and a financial expense of €1.0 million.

After the recognition of net income of €1.7 million, mainly relating to the disposal of non-strategic real estate assets, net operating profit comes to €265.2 million on a *proforma* basis and €265,8 million on a reported basis.

4.1.5 Net financial income/(expense)

In € million	2019	2019 *proforma*	2018	*Proforma* change
Cost of gross financial debt	(13.7)	(12.6)	(14.4)	1.8
Currency gains/(losses)	(4.0)	(7.7)	(2.9)	(4.8)
Other financial expenses (net)	(14.8)	(14.8)	(4.8)	(10.1)
NET FINANCIAL INCOME/(EXPENSE)	**(32.5)**	**(35.2)**	**(22.0)**	**(13.1)**

A net financial expense of €32.5 million was recorded on a reported basis (€35.2 million *proforma*):

- the cost of gross financial debt was down by €1.8 million on a *proforma* basis (without the application of IFRS 16), reflecting a drop in the average debt over the period;
- before the application of IFRS 9 at 1 April 2018 (note **1**), currency gains/(losses) comprised (a) currency gains/(losses) from financing operations, and (b) the impact of the change in the fair value of the currency hedging portfolio ("ineffective" portion). At 31 March 2019, this impact amounted to a loss of €3.7 million. On a *proforma* basis, it was recognised in currency gains/(losses), while on a reported basis, following the application of IFRS 9, that impact is now recognised directly in equity;
- the other financial expenses were mainly affected by the early repayment of the vendor loan (to the EPI Group) on 10 July 2018 for a total and final amount of €86.8 million. The difference between the value of this loan on the balance sheet at 31 March 2018 and the amount of the repayment, *i.e.* a total of €5.2 million, was recognised in expenses. During the year ending 31 March 2019, income of €4.7 million had been recognised for this loan.

4.1.6 Net profit/(loss) for the period

The tax expense amounted to €67.7 million on a reported basis, with an effective tax rate of 29.0% on a reported basis and 28.9% on a *proforma* basis, up compared with the financial year ended 31 March 2018 (26.6%). During the previous year, non-recurring items had increased the effective tax rate by 3.1 points (impact on the deferred tax rate bases of tax rate changes in certain countries and repayment of the 3% distribution tax in France). Before non-recurring items, the effective tax rate for the year ended 31 March 2019 was 28.5%, compared with 29.7% for the year ended 31 March 2018, a decrease of 1.2% due to the geographical breakdown of activities.

The share in profit/(loss) of associates amounted to an expense of €6.7 million. It included primarily an expense of €7.0 million in connection with the impairment of Diversa securities and associated costs pursuant to the divestment agreement entered into on 13 March 2019.

No impact was recorded for the equity investment in Dynasty Fine Wines Ltd.

This equity investment was reclassified to non-consolidated equity investments as of 31 March 2019.

Trading in Dynasty Group shares has been suspended since 22 March 2013. The reasons for the suspension are described in note **7** to the 2018/2019 consolidated financial statements.

Since the suspension, during the years ended 31 March 2013, 31 March 2014, 31 March 2016 and 31 March 2017, Rémy Cointreau impaired this equity investment four times, reducing its value from HKD1.88 per share to HKD1.27, HKD0.94, HKD0.84 and HKD0.36.

For the close of the financial statements as of 31 March 2019, Rémy Cointreau's management decided, based on the valuation work carried out by an independent expert, that the value of 0.36 Hong Kong dollars per share was still appropriate. The value of the investment has therefore been maintained at 122.2 million Hong Kong dollars, or €13.9 million, based on the EUR/HKD exchange rate at the end of the period.

Net profit attributable to owners of the parent amounted to €159.2 million, up 11.5% in organic terms and 6.0% on a *proforma* basis (due to exchange rate fluctuations), equating to basic earnings per share of €3.18, compared with €2.98 in the previous period (+10.9% in organic terms and 5.4% on a *proforma* basis).

Excluding non-recurring items (other operating income and expenses net of tax, and the impact of the early repayment of the vendor loan), the net profit attributable to the Group came to €169.9 million, up 16.3% in organic terms and 10.9% on a proforma basis.

4.2 Comment on the financial position

	March 2019	March 2019 (*proforma*)	March 2018	*Proforma* Change
Goodwill and other intangible assets	515.4	515.4	509.4	6.0
User rights, IFRS 16	27.2	-	-	0.0
Property, plant and equipment	269.3	269.3	242.9	26.4
Investments in associates	1.1	1.1	20.2	(19.2)
Other financial assets	93.9	91.3	166.2	(75.0)
Non-current assets (other than deferred tax)	**906.9**	**877.0**	**938.8**	**(61.8)**
Inventories	1,245.5	1,245.5	1,170.3	75.2
Trade and other receivables	271.1	271.1	209.8	61.3
Trade and other payables	(543.8)	(510.9)	(517.3)	6.5
Working capital requirements	**972.8**	**1,005.7**	**862.7**	**143.0**
Net financial derivatives	(8.3)	(8.3)	8.0	(16.3)
Net current and deferred tax	(60.0)	(68.3)	(66.0)	(2.3)
Provisions for liabilities and charges	(41.9)	(41.9)	(53.7)	11.8
Assets and liabilities held for sale	-	-	1.3	(1.3)
Other net current and non-current assets and liabilities	**(110.2)**	**(118.5)**	**(110.5)**	**(8.1)**
TOTAL	**1,769.4**	**1,764.1**	**1,691.1**	**73.1**
Financed by:				
Shareholders' equity	**1,426.1**	**1,451.1**	**1,408.3**	**42.9**
Long-term financial debt	423.8	401.2	397.1	4.1
Short-term financial debt and accrued interest charge	98.1	90.3	72.5	17.9
Cash and cash equivalents	(178.6)	(178.6)	(186.8)	8.2
Net financial debt	**343.3**	**313.0**	**282.8**	**30.2**
TOTAL	**1,769.4**	**1,764.1**	**1,691.1**	**73.1**
For information:				
TOTAL ASSETS	**2,624.6**	**2,586.4**	**2,541.6**	**59.3**

Non-current assets (excluding deferred tax) were down €61.8 million on a *proforma* basis, breaking down as follows:

	Proforma	IFRS 16	Reported
Non-current assets at 31 March 2018	**938.8**		**938.8**
Impact of IFRS 16 (opening)	-	31.0	31.0
Translation reserve	10.4	1.5	12.0
Investments (renewals, measures to ensure compliance with standards)	49.4	-	49.4
Depreciation, amortisation and movements during the period	(23.5)	(2.7)	(26.2)
Repayment of vendor loan	(88.2)	-	(88.2)
Change in investments in associates	(6.5)		(6.5)
Liquidity account	0.7	-	0.7
Miscellaneous disposals	(4.2)	-	(4.2)
Change	**(61.8)**	**29.9**	**(32.0)**
NON-CURRENT ASSETS AT 31 MARCH 2019	**877.0**	**29.9**	**906.9**

The change in working capital requirement (*proforma*) was €143.0 million, which breaks down as follows:

- a €55.3 million increase in inventories undergoing ageing to support growth in the cognac, rum and whisky activities;
- a €54.3 million reduction in *eaux-de-vie* trade payables due to a change in payment terms;
- a €52.5 million increase in trade and other receivables due to the growth in net sales.

	Proforma	IFRS 15	Reported
Working capital requirement at 31 March 2018	**862.7**		**862.7**
Translation reserve	6.1	0.4	6.5
Inventories undergoing ageing	55.3		55.3
Trade payables – *eaux-de-vie*	54.3		54.3
Inventories of finished products and packaging items	13.7		13.7
Trade and other receivables	52.5		52.5
Trade and other payables (excluding *eaux-de-vie*)	(39.0)	(33.3)	(72.3)
Change	**143.0**	**(32.9)**	**110.0**
WORKING CAPITAL REQUIREMENT AT 31 MARCH 2019	**1,005.7**	**(32.9)**	**972.8**

The IFRS 15 impact reflected in the working capital requirement is due to the recognition at the start of the period, of the impact from the early adoption of the standard, under which certain advertising/promotional expenses are recognised at the time of the sale to wholesalers.

Derivative financial instruments are intended to hedge currency risk. The Group hedges its provisional positions over a rolling 24-month period. The market value of the portfolio held at 31 March 2019 amounted to a net liability of €8.3 million, compared with a net asset of €8.0 million at 31 March 2018. Of this change, €8.0 million is due to part of the original portfolio maturing and €(8.3) million to the market value of new instruments concluded.

The net tax position (current and deferred) amounts to a liability of €60.0 million, a change of €2.3 million on a *proforma* basis compared with March 2018.

The change in shareholders' equity breaks down as follows:

	Proforma	IFRS 9, 15, 16	Reported
Impact of IFRS 15 (opening)	-	(24.2)	(24.2)
Net profit/(loss) for the period	156.9	2.1	159.0
Profit/(loss) recorded in equity	(6.8)	(3.0)	(9.8)
Change in translation reserves	2.3	-	2.3
Impact of stock-option and similar plans	3.1	-	3.1
Transaction on treasury shares	(103.5)	-	(103.5)
Dividend payment	(82.5)	-	(82.5)
Capital increase (payment of the dividend in shares)	73.4	-	73.4
CHANGE	**42.9**	**(25.0)**	**17.9**

At its meeting of 24 July 2018, the Board of Directors of Rémy Cointreau decided, pursuant to the 21st and 22nd resolutions of the Combined Shareholders' Meeting of 24 July 2018, to authorise the Company's CEO to implement a share buyback programme. This share buyback programme, covering up to 1 million shares, was to expire by 30 April 2019 at the latest. The programme was ended on 20 December 2018. Under this programme, Rémy Cointreau acquired 1 million shares for a total of €103.6 million. At its meeting of 17 January 2019, the Board of Directors of Rémy Cointreau decided to cancel 800,000 treasury shares through a capital reduction representing €83.3 million. The remaining shares will be used to cover current and future bonus share plans.

The Shareholders' Meeting of 24 July 2018 approved the payment of a dividend of €1.65 per share in respect of the year ended 31 March 2018 with an option allowing a payment of the entire dividend in shares. The payment in shares was made on 17 September 2018 for €73.4 million (725,987 shares issued), while €9.1 million was paid out in cash.

Net debt stood at €343.3 million on a reported basis and €313.0 million *proforma* due to the recognition of rent liabilities required under IFRS 16 (€30.3 million at 31 March 2019). The *proforma* increase of €30.2 million compared with March 2018 reflects the increase in the working capital requirement. Structural net debt benefited from the repayment of the vendor loan for €86.8 million.

At 31 March 2019, the Rémy Cointreau Group had €560 million in confirmed funding, including:

- a €100 million syndicated revolving loan maturing on 2 July 2023, bearing interest at EURIBOR plus a variable margin;
- a €65 million bond maturing on 13 August 2023, bearing interest at 4% and an issue premium of 2.00%;
- a bond issued in the form of a private placement with a leading European insurer for €80 million, maturing on 27 February 2025 and bearing interest at 2.94%;
- a current-account agreement with the company Orpar SA for €40 million at a rate of 0.60%, with a term expiring in April 2021;
- an OCEANE bond issued on 7 September 2016 for a nominal value of €275 million, maturing on 7 September 2026, with a conversion option exercisable on 7 September 2023, and bearing interest at the rate of 0.125%.

The A ratio(1) (Net debt/EBITDA) on which the availability of the private placement and the syndicated loan is based, was 1.19 at 31 March 2019. Under the terms of the syndicated loan, this ratio, calculated every six months, must remain less than or equal to 4.0 until the loan matures. For the private placement, this limit is 3.5.

(1) *The A ratio is calculated every six months. It is the ratio of (a) the arithmetic average of net debt at the end of the half-year and the end of the prior half-year – in this case end-March 2019 and end-September 2018 – and (b) EBITDA for the previous 12 months – in this case end-March 2019.*

_ 4.3 Comments on cash flows

	2019	2019 *proforma*	2018	*Proforma* change
EBITDA	298.1	290.6	261.5	29.1
Change in working capital requirement	(161.6)	(161.6)	(7.4)	(154.2)
Net cash flow from operations	136.5	129.0	254.1	(125.0)
Other operating income/(expense)	(3.8)	(3.8)	(1.1)	(2.7)
Financial result	(15.4)	(14.4)	(12.0)	(2.4)
Income tax	(64.1)	(64.1)	(56.4)	(7.7)
Other operating cash flows	(83.4)	(82.4)	(69.6)	(12.8)
Net cash flow from operating activities	**53.1**	**46.7**	**184.5**	**(137.8)**
Net cash flow from investment activities – continuing operations	(39.9)	(39.9)	(31.7)	(8.2)
Repayment of vendor loan	86.8	86.8	-	86.8
Net cash flow before investment activities	**100.0**	**93.6**	**152.7**	**(59.2)**
Treasury shares	(103.5)	(103.5)	(26.9)	(76.7)
Dividends paid	(9.1)	(9.1)	(24.7)	15.6
Net cash flow relating to capital	**(112.6)**	**(112.6)**	**(51.5)**	**(61.1)**
Repayment of financial debt	10.8	17.2	(0.1)	17.3
Net cash flow after investment activities	**(1.8)**	**(1.8)**	**101.1**	**(102.9)**
Translation differences on cash and cash equivalents	(6.4)	(6.4)	7.6	(14.0)
Change in cash and cash equivalents	**(8.2)**	**(8.2)**	**108.7**	**(116.9)**

The application of IFRS 16 is accretive on EBITDA since rental expenses are replaced with amortisation expenses. The counterpart is recorded in “Financial result” and “Repayment of financial debt”.

Earnings before interest, tax, depreciation and amortisation (EBITDA)(1) rose by €29.1 million, mainly as a result of the change in current operating profit.

The working capital requirement increased by €161.6 million, a sharp rise compared with the previous period.

	2019	2019 *proforma*	2018	*Proforma* Change
Change in inventories	(69.6)	(69.6)	(33.0)	(36.6)
Change in trade receivables	(45.5)	(45.5)	3.5	(49.1)
Change in trade payables	(46.3)	(46.3)	16.4	(62.6)
Net change in other receivables and payables	(0.1)	(0.1)	5.7	(5.8)
CHANGE IN WORKING CAPITAL REQUIREMENT	**(161.6)**	**(161.6)**	**(7.4)**	**(154.2)**

(1) Earnings before interest, tax, depreciation and amortisation (EBITDA) corresponds to the current operating profit adjusted by adding back depreciation and amortisation charges in respect of property, plant and equipment and intangible assets, and charges in respect of share-based payments and dividends paid out by associates during the period.

The €69.6 million increase in inventories reflects primarily the increase in inventories undergoing ageing.

The change in Trade receivables was up €49.1 million due to the increase in activity. Factoring programmes led to accelerated payments of €48.9 million as of 31 March 2019, compared with €49.0 million in the previous period.

Trade payables were down €46.3 million, while they had increased €16.4 million in 2018. This change is mainly the result of a change in payment terms with *eaux-de-vie* suppliers.

The change in Other receivables and payables mainly concerns advertising/promotional expenses, payroll expenses and taxes such as VAT.

Net cash outflows relating to other operating income and expenses amounted to €3.8 million and mainly concerned the payment of restructuring costs provisioned the previous year.

Net cash outflows relating to financing activities totalled €15.4 million, representing an increase of €2.4 million (*proforma*) including €4.4 million due to the early repayment of the vendor loan for which the last interest payment was collected in July 2017.

Net tax cash flows amounted to a payment of €64.1 million compared to a tax expense of €67.7 for the year.

Net cash outflows for investments were up €8.2 million to €39.9 million, including €44.6 million for purchases of intangible assets and property, plant and equipment in the period and €4.6 million in proceeds from disposals.

During the year, Rémy Cointreau acquired 1 million treasury shares under the share buyback programme for a total of €103.6 million.

The dividend in respect of the financial year ended 31 March 2018 amounted to €1.65 per share and was paid out in September 2018 as follows: €9.1 million in cash and €73.4 million in shares.

After taking into account the net change in financial debt and translation effects, Cash and cash equivalents posted a drop of €8.2 million. The Group's gross cash position amounted to €178.6 million at 31 March 2019 (versus €186.8 million in 2018). Gross financial debt was €521.9 million (versus €469.6 million in 2018).

4.4 Parent company management report

4.4.1 Comments on the income statement

The Company recorded a current operating profit before tax of €95.2 million for the financial year ended 31 March 2019 (2018: €8.7 million).

Services invoiced to subsidiaries totalled €24.4 million, compared with €21.8 million in the previous year. Services provided by Rémy Cointreau to its subsidiaries are invoiced on the basis of the cost of the services provided, plus a 5% profit margin.

Net operating expenses totalled €37.7 million, up €3.3 million. This sum covers all of the services provided by the Company, which are re-invoiced in part to subsidiaries.

Dividends received from subsidiaries totalled €110.4 million (2018: €22.0 million). Dividends paid to the parent company have returned to a normal level. The low amount in the previous financial year was mainly due to the significant interim payment made in 2016/2017.

The decrease in other financial income is due to early repayment of the loan granted in connection with the sale of the Champagne division in July 2011.

Interest expense was further reduced during the period to €4.8 million, down from €6.5 million in the previous year, as a result of deleveraging and lower effective interest rates incurred by the Company.

Tax income of €13.8 million relates mainly to the net savings from the consolidated tax scope during the period.

Taking these factors into account, the net profit for the year was €104.0 million.

4.4.2 Comments on the statement of financial position

Non-current assets, which primarily comprise equity investments, remained stable over the financial year, except for the sale of Dettling & Marmot shares.

Under the terms of the sale of the Champagne division in July 2011, the Company had provided a €75 million loan to the purchaser for a period of nine years. At 31 March 2018, the carrying amount of this loan, including accrued interest, was €90.6 million. Following a memorandum of understanding signed on 9 July 2018, an early redemption in the amount of €86.8 million was made against this loan.

Equity rose €11.6 million to €1,076.3 million, including net profit for the period of €104.0 million, the net impact of the dividend paid in respect of the 2017/2018 financial year of €(9.2) million, and a capital reduction effect of €(83.3) million following the cancellation of 800,000 shares acquired as part of a share buyback programme. Dividends paid for the year ended 31 March 2018 amounted to €82.5 million, of which €73.4 million was converted into shares.

Gross financial debt totalled €468.8 million, down €80.6 million, mainly due to the loan repayment.

Rémy Cointreau has €495 million in confirmed financial resources of which €180 million are contingent on compliance with the so-called A ratio[(1)] (Net debt/EBITDA). The A ratio was 1.19 at 31 March 2019. The terms of the syndicated loan and private bond placement stipulate that this ratio, calculated every six months, must remain below or equal to 4.0 and 3.5, respectively, until maturity. Rémy Cointreau does not foresee any difficulties concerning the availability of finance contingent on the A ratio.

4.4.3 Information in respect of payment terms pursuant to Article D.4414 of the French Commercial Code

As of 31 March 2019, Rémy Cointreau had €1.0 million in trade receivables outstanding, excluding tax (nine invoices). No claims had fallen due. Supplier invoices totalling €0.2 million excluding tax (four invoices) were due for payment no later than the end of April 2019.

4.5 Recent events

The Rémy Cointreau Group sold all its shareholdings in Diversa to the Underbeg Group on 1 April 2019 (note 7.2 to the 2018/2019 consolidated financial statements).

On 1 April 2019, the Rémy Cointreau Group announced that it had sold all its distribution subsidiaries in the Czech Republic (Rémy Czech Republic) and Slovakia (Rémy Cointreau Slovakia) to Mast-Jägermeister SE. In parallel to this sale, the Rémy Cointreau Group entered into a distribution agreement with Mast-Jägermeister SE, for the exclusive distribution by the latter of Rémy Cointreau Group spirits in the Czech Republic and Slovakia. This transaction was carried out for an amount of €16.2 million and will generate a gain on disposal of around €4.0, which will be recognised in the first quarter of the year ending 31 March 2020 (note **29** to the 2018/2019 consolidated financial statements).

On 29 May 2019, the Group announced that exclusive negotiations were underway for the acquisition of the cognac House JR Brillet and part of its vineyards. The transaction is expected to be finalised in autumn 2019.

(1) The A ratio is calculated every six months. It is the ratio of (a) the arithmetic average of net debt at the end of the half-year and the end of the prior half-year – in this case end-September 2018 and end-March 2019 – and (b) EBITDA for the previous 12 months – in this case end-March 2019.

4.6 Outlook

In an uncertain economic and geopolitical context, **the Rémy Cointreau Group reiterates its ambition to become the world leader in exceptional spirits.** In the medium term, this will result in 60 to 65% of its turnover being generated by exceptional spirits (retail sales price over USD50).

In addition, after a strong increase in profitability in recent years, **the Group remains ambitious regarding the potential of its Current Operating Margin in the medium term**, as it will continue to benefit from its value strategy, while continuing to invest significantly behind its brands and distribution network. Rémy Cointreau's objective is to **build an increasingly sustainable, resilient and profitable business model.**

In the short term, Rémy Cointreau anticipates that **2019/20 will unfold within the framework of the Group's medium-term objectives.** It will also include the termination of distribution contracts for partner brands (in the Czech Republic, Slovakia and the United States), which are estimated to have an impact **of €56 million on sales and €5 million on Current Operating Profits**.


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CONSOLIDATED FINANCIAL STATEMENTS OF THE RÉMY COINTREAU GROUP AT 31 MARCH 2019

5.1 Consolidated income statement

(in € millions)	*Notes*	2019	2018
Net sales	*17*	**1,125.9**	**1,127.0**
Cost of sales		(415.1)	(366.3)
Gross margin		**710.9**	**760.7**
Distribution costs	*18*	(346.3)	(432.7)
Administrative expenses	*18*	(100.7)	(91.7)
Other income/(expense) from operations		0.3	0.4
Current operating profit/(loss)	*17*	**264.1**	**236.8**
Other operating expenses	*20*	1.7	(13.7)
Operating profit/(loss)		**265.8**	**223.1**
Cost of net financial debt		(13.7)	(14.4)
Other financial income/(expense)		(18.8)	(7.6)
Net financial income/(expense)	*21*	**(32.5)**	**(22.0)**
Profit/(loss) before tax		**233.3**	**201.0**
Income tax	*22*	(67.7)	(53.5)
Share in profit/(loss) of associates	*7*	(6.7)	0.5
Net profit/(loss) for the period		**159.0**	**148.1**
Of which:			
attributable to non-controlling interests		(0.2)	(0.2)
attributable to owners of the parent		159.2	148.2
Net earnings per share – from continuing operations (in €)			
basic		3.17	2.97
diluted		3.02	2.83
Net earnings per share – attributable to owners of the parent (in €)			
basic		3.18	2.98
diluted		3.03	2.83
Number of shares used for the calculation			
basic	*12.2*	50,068,992	49,789,269
diluted	*12.2*	52,680,567	52,434,796

5.2 Consolidated statement of comprehensive income

(in € millions)	2019	2018
Net profit/(loss) for the period	**159.0**	**148.1**
Movement in the value of hedging instruments	(15.1)	8.8
Actuarial difference on pension commitments	0.1	(0.2)
Related tax effect	5.1	(3.0)
Movement in translation differences	2.3	(3.0)
Total income/(expenses) recorded in equity	**(7.6)**	**2.6**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**151.4**	**150.6**
Of which:		
attributable to owners of the parent	151.5	151.0
non-controlling interests	(0.1)	(0.4)

5.3 Consolidated statement of financial position

(in € millions)	*Notes*	2019	2018
Goodwill and other intangible assets	*4*	515.4	509.4
User rights, IFRS 16	*5*	27.2	-
Property, plant and equipment	*6*	269.3	242.9
Investments in associates	*7*	1.1	20.2
Other financial assets	*8*	93.9	166.2
Deferred tax assets	*22*	17.5	19.7
Non-current assets		**924.4**	**958.6**
Inventories	*9*	1,245.5	1,170.3
Trade and other receivables	*10*	271.1	209.8
Income tax receivables	*22*	3.3	4.9
Derivative financial instruments	*16*	1.8	10.0
Cash and cash equivalents	*11*	178.6	186.8
Assets held for sale		-	1.3
Current assets		**1,700.2**	**1,583.1**
TOTAL ASSETS		**2,624.6**	**2,541.6**
Share Capital		80.2	80.4
Share premium		795.1	804.9
Treasury shares		(34.4)	(20.5)
Consolidated reserves and profit/(loss) for the period		558.0	518.4
Translation reserve		26.2	24.0
Shareholders' equity - attributable to owners of the parent		**1,425.1**	**1,407.1**
Non-controlling interests		1.0	1.1
Shareholders' equity	*12*	**1,426.1**	**1,408.3**
Long-term financial debt	*13*	423.8	397.1
Provision for employee benefits		31.5	32.6
Long-term provisions for liabilities and charges	*14*	8.1	6.9
Deferred tax liability	*22*	62.4	81.0
Non-current liabilities		**525.8**	**517.7**
Short-term financial debt and accrued interest charge	*13*	98.1	72.5
Trade and other payables	*15*	543.8	517.3
Income tax payables	*22*	18.4	9.7
Short-term provisions for liabilities and charges	*14*	2.3	14.2
Derivative financial instruments	*16*	10.1	2.0
Liabilities held for sale		-	-
Current liabilities		**672.7**	**615.7**
TOTAL EQUITY AND LIABILITIES		**2,624.6**	**2,541.6**

5.4 Change in consolidated shareholders' equity

(in € millions)	Share capital and premium	Treasury shares	Reserves and net profit/(loss)	Translation reserve	Profit/(loss) recorded in equity	Attributable to: Owners of the parent company	Attributable to: Non-controlling interests	Total equity
At 31 March 2017	**838.1**	**(8.4)**	**464.9**	**26.8**	**(19.0)**	**1,302.5**	**1.5**	**1,304.0**
Net profit/(loss) for the period	-	-	148.2	-	-	148.2	(0.2)	148.1
Gains/(losses) recorded in equity	-	-	-	(2.9)	5.6	2.7	(0.2)	2.5
Share-based payments	-	-	2.7	-	-	2.7	-	2.7
Capital reduction	(10.0)	14.8	(4.8)	-	-	0.0	-	0.0
Transactions on treasury shares	-	(26.9)	-	-	-	(26.9)	-	(26.9)
Dividends	57.1	-	(81.8)	-	-	(24.7)	-	(24.7)
OCEANE[(1)]	-	-	2.1	-	-	2.1	-	2.1
Other movements	-	-	0.4	-	-	0.4	-	0.4
At 31 March 2018	**885.3**	**(20.5)**	**531.8**	**24.0**	**(13.4)**	**1,407.1**	**1.1**	**1,408.3**
First-time application of IFRS 15 (note **1**)	-	-	(24.2)	-	-	(24.2)	-	(24.2)
At 1 April 2018	**885.3**	**(20.5)**	**507.6**	**24.0**	**(13.4)**	**1,383.0**	**1.1**	**1,384.1**
Net profit/(loss) for the period	-	-	159.2	-	-	159.2	(0.2)	159.0
Gains/(losses) recorded in equity	-	-	-	2.2	(9.9)	(7.7)	0.1	(7.6)
Share-based payments	-	-	3.1	-	-	3.1	-	3.1
Transactions on treasury shares	-	(103.5)	-	-	-	(103.5)	-	(103.5)
Dividends	73.4	-	(82.5)	-	-	(9.1)	-	(9.1)
Capital reduction	(83.3)	83.3	-	-	-	-	-	-
Reclassification	-	6.3	(6.3)	-	-	-	-	-
AT 31 MARCH 2019	**875.4**	**(34.4)**	**581.2**	**26.2**	**(23.2)**	**1,425.1**	**1.0**	**1,426.1**

(1) Impact related to the revaluation of deferred tax liability of 25.83% on the OCEANE net position as a consequence of the 2018 French Finance Act.

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5.5 Consolidated statement of cash flows

(in € millions)	*Notes*	2019	2018
Current operating profit/(loss)		264.1	236.8
Depreciation, amortisation and impairment		30.3	21.6
Share-based payments		3.1	2.7
Dividends received from associates	*7*	0.5	0.5
EBITDA		**298.1**	**261.5**
Change in inventories		(69.6)	(33.0)
Change in trade receivables		(45.5)	3.5
Change in trade payables		(46.3)	16.4
Change in other receivables and payables		(0.1)	5.7
Change in working capital requirement		**(161.6)**	**(7.4)**
Net cash flow from operations		**136.5**	**254.1**
Other operating income/(expense)		(3.8)	(1.1)
Financial result		(15.4)	(12.0)
Income tax		(64.1)	(56.4)
Other operating cash flows		**(83.4)**	**(69.6)**
Net cash flow from operating activities		**53.1**	**184.5**
Purchase of intangible assets and property, plant and equipment	*4/6*	(44.6)	(33.6)
Purchase of shares in associates and non-consolidated investments	*7/8*	-	-
Disposal of intangible assets and property, plant and equipment		4.6	0.8
Disposal of shares in associates and non-consolidated investments	*8*	1.4	0.5
Net cash flow from other investments	*8*	85.5	0.5
Net cash flow from investment activities		**46.9**	**(31.7)**
Treasury shares	*12*	(103.5)	(26.9)
Payment of lease liabilities – IFRS 16	*5*	(6.4)	-
Increase in financial debt		40.2	-
Repayment of financial debt		(23.0)	(0.1)
Dividends paid		(9.1)	(24.7)
Net cash flow from financing activities		**(101.8)**	**(51.6)**
Translation differences on cash and cash equivalents		(6.4)	7.6
Change in cash and cash equivalents		**(8.2)**	**108.7**
Cash and cash equivalents at start of year	*11*	**186.8**	**78.0**
Cash and cash equivalents at end of year	*11*	**178.6**	**186.8**

5.6 Notes to the consolidated financial statements

Introduction

Rémy Cointreau is a société anonyme (joint *stock company*) with a Board of Directors subject to French legislation and in particular the French Commercial Code. Rémy Cointreau shares are listed on Euronext Paris.

The consolidated financial statements presented below were approved by the Board of Directors on 4 June 2019. They will be submitted for shareholders' approval at the Shareholders' Meeting on 24 July 2019.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rémy Cointreau's financial year runs from 1 April to 31 March. The consolidated financial statements are presented in millions of euros.

In accordance with European regulation (EC) No. 1606/2002 of 19 July 2002, Rémy Cointreau's consolidated financial statements are prepared in accordance with international accounting standards applicable within the European Union as of 31 March 2019.

These standards can be consulted on the European Commission website at:

http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_fr.htm

Changes to accounting principles

The impacts that the IFRS standards listed below have had on the financial statements are detailed in note **2**. These impacts only apply to the financial statements for the year ended 31 March 2019. There has been no restatement of comparative periods.

- IFRS 9 - "Financial Instruments" has become mandatory for financial years beginning on or after 1 January 2018. Rémy Cointreau is mainly concerned by the possibility of deferring the time value of exchange rate option contracts in equity as for forward hedging in order to only impact income at the date of realisation of the hedged transactions. This standard is applied prospectively and the impact of the change in accounting method for the period has been the reclassification of a pre-tax expense of €3.7 million to changes in net position. There has been no restatement of comparative periods. The "classification and measurement" and "impairment tests" aspects of this standard have had no significant impact on the financial statements.
- IFRS 15 - "Revenue from Contracts with Customers" has become mandatory for financial years beginning on or after 1 January 2018. The transition method adopted by the Group is that of "cumulative catch-up" (rather than full retrospective application). In accordance with this standard, certain advertising/promotional expenses are now recognised at the time of the sale to wholesalers. This change has generated an increase of €32.9 million in operating payables and €8.2 million in deferred tax assets. The counterpart is a €24.2 million decrease in opening shareholders' equity at 1 April 2018. In the income statement. The main impact of the application of the standard has been the reclassification of certain expenses (mainly advertising and promotion) between net sales and distribution costs. This reclassification, which is neutral for current operating profit, reduces net sales by 7.4% (see note **2.1**) and has an accretive effect of around 2 points on the current operating margin.
- IFRS 16 - "Leases" is mandatory for financial years beginning on or after 1 January 2019. Rémy Cointreau has opted for the early application of this standard, from 1 April 2018. The transition method adopted is the simplified retrospective method. Restatements apply to operating leases for offices and warehouses. Leases with a term of less than one year have not been restated. The discount rate used for the initial assessment of the lease liability is the incremental borrowing rate of each company. At 1 April 2018, the impact of the application of this standard has been an increase of €31.0 million in non-current assets (of which €28.2 million in user rights and €2.8 million in sub-leasing assets), offset against the financial debt. As concerns current operating profit/(loss), the impact of the application of this standard has been the recognition of income of €0.6 million and an expense of €(0.3) million on net income. The impact on the A ratio (Net debt/EBITDA) was 0.11 at 31 March 2019.

The other standards and amendments whose application by the Group was compulsory for the first time from 1 January 2018 are as follows:

- IFRS annual improvement cycle 2014-2016;
- Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions";
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration".

The first time adoption of these standards and amendments did not have any material impact on the consolidated financial statements.

The standards, interpretations and amendments whose application is compulsory after 31 March 2019 and for which the Group did not choose early application for the consolidated financial statements for the year ended 31 March 2019 are as follows:

- IFRS annual improvement cycle 2015-2017;
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement";
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation";
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures".

A study of the impacts and practical implications of these standards, amendments and interpretations is under way.

NOTE 1.1 USE OF ESTIMATES

The preparation of the financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions that have a bearing on the amounts reported in the financial statements and whose subsequent revision could affect future results. This is particularly the case in respect of the items described below.

Asset impairment tests

For impairment tests performed on the carrying amount of intangible assets with an indefinite useful life, or other assets (such as investments in associates – see note 7), when required by standards or circumstances, the Group regularly uses discounted future cash flow calculations and/or market values of comparable assets. The underlying parameters of such calculations are subject to assumptions, the future evolution of which may lead to significant changes in subsequent values.

Provisions for liabilities and charges

The recognition of provisions, generally intended to cover compensation payable in the event of disputes with third parties, requires the Group's management to estimate the level of probability associated with this risk and also the outcome of negotiations, transactions and legal proceedings that are or may be conducted with the third parties concerned.

Pension commitments and other post-employment benefits

The valuation of these obligations is determined by the use of actuarial methods involving assumptions in respect of the discount rate, expected return on plan assets, salary increases, life expectancy, etc. Given the long-term nature of these obligations, any changes to these assumptions may have a material impact on the valuation.

Derivative financial instruments

Derivative financial instruments held by the Group in connection with its ordinary activities, mainly in the form of options, are valued using the methods prevailing in the financial markets. Note that these valuations are based on market data as at the balance sheet date. These values may fluctuate rapidly due to constant changes in the financial markets.

NOTE 1.2 CONSOLIDATION METHODS

Rémy Cointreau is the consolidating company.

The financial statements of the companies under the exclusive control of Rémy Cointreau are fully consolidated. An investor controls an issuing entity when it is exposed or has rights to variable returns due to its ties with the issuing entity and it has the ability to influence these returns due to the power that it holds over the entity. Consequently, the investor controls an issuing entity if, and only if, all the items below are present:

- it holds power over the issuing entity;
- it is exposed or has rights to variable returns due to its ties with the issuing entity (special purpose entities, see also note **1.7**);
- it has the ability to exercise power over the issuing entity such as to influence the amount of returns it obtains.

Equity investments in companies in which the Group exercises significant influence (associates) are accounted for by the equity method. A significant influence is presumed to exist, unless it is clearly shown that this is not the case, when the parent company holds, directly or indirectly, 20% or more of the voting rights in the Company.

Consolidated companies prepare their financial statements in accordance with generally accepted accounting principles in their country. Where necessary, adjustments are made to these financial statements to bring their accounting policies into line with those used by the Group.

All significant transactions between consolidated companies as well as intra-Group gains and losses are eliminated on consolidation.

NOTE 1.3 TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The consolidated financial statements of the Rémy Cointreau Group are stated in euros, the functional currency of Rémy Cointreau SA.

The balance sheets of subsidiaries, whose functional currency is not the euro, are translated at the closing exchange rate. The income statements and statements of cash flows are translated at the average exchange rate for the period concerned. Differences arising from the use of different exchange rates are recognised directly in equity under "Translation differences" until the sale or liquidation of the subsidiary concerned.

NOTE 1.4 FOREIGN-CURRENCY TRANSACTIONS

In relation to each entity, transactions denominated in currencies other than the functional currency are recorded in the functional currency using the exchange rate applicable on the date of transaction. At the end of each period, monetary assets and liabilities denominated in foreign currencies are revalued at the closing exchange rate. The resulting differences are recognised in either the operating profit/(loss) or net financial income/(expense) depending on the nature of the underlying transactions.

By way of exception, revaluation differences relating to transactions classified as net investment hedges are recognised directly in equity under "Translation differences".

As a general rule, distribution subsidiaries invoice their customers in the functional currency of the customer and make purchases from production subsidiaries in their own functional currency (not in the functional currency of the production company). The majority of the Group's production subsidiaries are located in the euro zone, despite the euro representing only 25% of its sales. As a result, production subsidiaries and some distribution subsidiaries are significantly exposed to changes in foreign exchange rates.

The Group manages this risk, and other similar risks associated with the financing of its "non euro" subsidiaries, centrally through the use of derivative financial instruments which are recognised in accordance with IFRS 9. The hedging instruments are concluded over a rolling 18-month period. At the end of each period, the Group may retain a portfolio of instruments intended to hedge the cash flows of subsequent years. Over the course of the financial year, the instruments retained at the start of the year reach maturity.

The revaluation effects of foreign currency derivative financial instruments at the end of each period are recognised in financial income for the portion that must be recorded as income in accordance with the standard, regardless of the type of cash flows hedged (trading or financial). These revaluations, dependent upon the closing exchange rate for each currency, have no bearing on the income that will actually be generated upon maturity of the instruments.

The income actually generated upon maturity of financial instruments allocated in the financial year is recorded in either gross margin or financial income depending on the type of cash flows hedged (trading or financial).

NOTE 1.5 BUSINESS COMBINATIONS AND GOODWILL

Goodwill represents the difference between the cost of acquisition of the businesses and the fair value of identifiable assets and liabilities at the date of acquisition.

In accordance with IFRS 3 “Business combinations”, goodwill is not amortised but is subject to impairment testing at least annually and as soon as there is any indication of a decrease in value. For the purpose of this testing, goodwill is allocated to Cash Generating Units (CGUs).

Costs related to an acquisition are recognised in profit and loss for the periods in which the costs are incurred and the services received. They are classified as “Other operating income and expenses” in the consolidated income statement and as net cash flow from investment activities in the consolidated cash flow statement.

NOTE 1.6 DEFINITION OF CERTAIN INDICATORS

A) Net sales

Net sales include wholesale trading of finished goods in branded wines and spirits marketed by the Group to:

- distributors;
- agents;
- wholesalers, mainly in North America and China.

These sales are recognised when the significant risks and rewards of ownership have been transferred to the customer, which generally occurs on shipment.

These amounts are stated net of duties and taxes and are determined by reference to customer prices. Sales to wholesalers are recognised net of any provisions for discounts, rebates and other forms of trade agreements when they result in the customer ultimately paying a lower price for the goods.

B) Current operating profit, operating profit, net profit/(loss) from discontinued operations

Current operating profit/(loss) comprises all elements relating to the Group’s activities with the exception of:

- the operating profit from operations that were deconsolidated or discontinued during the period or for which plans to this effect have been approved by the Board of Directors. The corresponding operating profit/(loss) is reclassified in the item “Net profit/(loss) from discontinued operations” together with other items of income and expense relating to these activities;
- items that, given their nature, frequency and materiality, cannot be considered as part of the Group’s ordinary activities and which affect inter-period comparisons. They include notably impairment provisions in respect of brands and other non-current assets recognised as a result of impairment tests (see note **1.8**), provisions for restructuring and litigation, and significant gains and losses on the sale of assets other than those relating to operations that already have been, or are to be, discontinued.

C) Earnings before interest, tax, depreciation and amortisation (EBITDA)

This measure is used to calculate certain ratios. It corresponds to: current operating profit + depreciation and amortisation expenses on property, plant and equipment and intangible assets for the period + expenses relating to stock option and similar plans + dividends paid by associates during the period.

D) Net debt

This measure is used to calculate certain ratios. It corresponds to: long-term financial debt + short-term financial debt and accrued interest - cash and cash equivalents.

NOTE 1.7 CONSOLIDATION OF CO-OPERATIVES

Since 1 April 2003, the Rémy Cointreau Group has fully consolidated as a special purpose entity, the Alliance Fine Champagne (AFC) co-operative, in respect of the scope of operations relating to Rémy Cointreau.

This consolidation is reflected by the recognition in the consolidated statement of financial position of the inventories that AFC holds and intends to deliver to Rémy Cointreau. These inventories include inventories held by the distillers in connection with three-year supply agreements. Corresponding entries are included in financial debt and trade payables. The resulting finance costs are also included in the Rémy Cointreau Group’s cost of financial debt.

NOTE 2 IMPACTS OF THE APPLICATION OF THE NEW IFRS

NOTE 2.1 IMPACTS ON THE CONSOLIDATED INCOME STATEMENT

(in € millions)	*Notes*	2019 REPORTED	Cancelation of impacts (see note 1)			2019 *PROFORMA*	2018
			IFRS 9	IFRS 15	IFRS 16		
Net sales	*17*	**1,125.9**	**-**	**90.5**	**-**	**1,216.5**	**1,127.0**
Cost of sales		(415.1)	-	27.5	-	(387.6)	(366.3)
Gross margin		**710.9**	**-**	**118.0**	**-**	**828.9**	**760.7**
Distribution costs	*18*	(346.3)	-	(118.0)	-	(464.3)	(432.7)
Administrative expenses	*18*	(100.7)	-	-	(0.6)	(101.3)	(91.7)
Other income/(expense) from operations	*18*	0.3	-	-	-	0.3	0.4
Current operating profit/(loss)	*17*	**264.1**	**-**	**-**	**(0.6)**	**263.6**	**236.8**
Other operating expenses	*20*	1.7	-	-	-	1.7	(13.7)
Operating profit/(loss)		**265.8**	**-**	**-**	**(0.6)**	**265.2**	**223.1**
Cost of net financial debt		(13.7)	-	-	1.0	(12.6)	(14.4)
Other financial income/(expense)		(18.8)	(3.7)	-	-	(22.5)	(7.6)
Net financial income/(expense)	*21*	**(32.5)**	**(3.7)**	**-**	**1.0**	**(35.2)**	**(22.0)**
Profit/(loss) before tax		**233.3**	**(3.7)**	**-**	**0.4**	**230.1**	**201.0**
Income tax	*22*	(67.7)	1.3	-	(0.1)	(66.5)	(53.5)
Share in profit/(loss) of associates	*7*	(6.7)		-	-	(6.7)	0.5
Net profit/(loss) for the period		**159.0**	**(2.4)**	**-**	**0.3**	**156.9**	**148.1**
Net profit/(loss) excluding non-recurring items	*24*	**169.9**	**(2.4)**	**-**	**0.3**	**167.8**	**151.3**

NOTE 2.2 IMPACTS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € millions)	*Notes*	2019 REPORTED	Cancellation impacts: IFRS 15 (Note 1)	Cancellation impacts: IFRS 16 (Note 1)	2019 *PROFORMA*	2018
Goodwill and other intangible assets	*4*	515.4	-	-	515.4	509.4
User rights, IFRS 16	*5*	27.2	-	(27.2)	-	-
Property, plant and equipment	*6*	269.3	-	-	269.3	242.9
Investments in associates	*7*	1.1	-	-	1.1	20.2
Other financial assets	*8*	93.9	-	(2.6)	91.3	166.2
Deferred tax assets	*22*	17.5	(8.2)	(0.1)	9.2	19.7
Non-current assets		**924.4**	**(8.2)**	**(30.0)**	**886.2**	**958.6**
Inventories	*9*	1,245.5	-	-	1,245.5	1,170.3
Trade and other receivables	*10*	271.1	-	-	271.1	209.8
Income tax receivables	*22*	3.3	-	-	3.3	4.9
Derivative financial instruments	*16*	1.8	-	-	1.8	10.0
Cash and cash equivalents	*11*	178.6	-	-	178.6	186.8
Assets held for sale		-	-	-	-	1.3
Current assets		**1,700.2**	**-**	**-**	**1,700.2**	**1,583.1**
TOTAL ASSETS		**2,624.6**	**(8.2)**	**(30.0)**	**2,586.4**	**2,541.6**
Share Capital		80.2	-	-	80.2	80.4
Share premium		795.1	-	-	795.1	804.9
Treasury shares		(34.4)	-	-	(34.4)	(20.5)
Consolidated reserves and profit/(loss) for the period		558.0	24.7	0.3	583.0	518.4
Translation reserve		26.2	-	-	26.2	24.0
Shareholders' equity - attributable to owners of the parent		**1,425.1**	**24.7**	**0.3**	**1,450.1**	**1,407.1**
non-controlling interests		1.0	-	-	1.0	1.1
Shareholders' equity	*12*	**1,426.1**	**24.7**	**0.3**	**1,451.1**	**1,408.3**
Long-term financial debt	*13*	423.8	-	(22.6)	401.2	397.1
Provision for employee benefits		31.5	-	-	31.5	32.6
Long-term provisions for liabilities and charges	*14*	8.1	-	-	8.1	6.9
Deferred tax liability	*22*	62.4	-	-	62.4	81.0
Non-current liabilities		**525.8**	**-**	**(22.6)**	**503.3**	**517.7**
Short-term financial debt and accrued interest charge	*13*	98.1	-	(7.7)	90.3	72.5
Trade and other payables	*15*	543.8	(32.9)	-	510.9	517.3
Income tax payables	*22*	18.4	-	-	18.4	9.7
Short-term provisions for liabilities and charges	*14*	2.3	-	-	2.3	14.2
Derivative financial instruments	*16*	10.1	-	-	10.1	2.0
Liabilities held for sale		-	-	-	-	-
Current liabilities		**672.7**	**(32.9)**	**(7.7)**	**632.0**	**615.7**
TOTAL EQUITY AND LIABILITIES		**2,624.6**	**(8.2)**	**(30.0)**	**2,586.4**	**2,541.6**

NOTE 2.3 IMPACTS ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	*Notes*	2019 REPORTED	Cancelation of IFRS 16 impact (Note 1)	2019 *PROFORMA*	2018
Current operating profit/(loss)		264.1	(0.6)	263.6	236.8
Depreciation, amortisation and impairment		30.3	(6.9)	23.5	21.6
Share-based payments		3.1	-	3.1	2.7
Dividends received from associates	*7*	0.5	-	0.5	0.5
EBITDA		**298.1**	**(7.5)**	**290.6**	**261.5**
Change in inventories		(69.6)	-	(69.6)	(33.0)
Change in trade receivables		(45.5)	-	(45.5)	3.5
Change in trade payables		(46.3)	-	(46.3)	16.4
Change in other receivables and payables		(0.1)	-	(0.1)	5.7
Change in working capital requirement		(161.6)	-	(161.6)	(7.4)
Net cash flow from operations		**136.5**	**(7.5)**	**129.0**	**254.1**
Other operating income/(expense)		(3.8)	-	(3.8)	(1.1)
Financial result		(15.4)	1.0	(14.4)	(12.0)
Income tax		(64.1)	-	(64.1)	(56.4)
Other operating cash flows		**(83.4)**	**1.0**	**(82.4)**	**(69.6)**
Net cash flow from operating activities		**53.1**	**(6.4)**	**46.7**	**184.5**
Purchase of intangible assets and property, plant and equipment	*4/6*	(44.6)	-	(44.6)	(33.6)
Purchase of shares in associates and non-consolidated investments	*7/8*	-	-	-	-
Disposal of intangible assets and property, plant and equipment		4.6	-	4.6	0.8
Disposal of shares in associates and non-consolidated investments	*8*	1.4	-	1.4	0.5
Net cash flow from other investments	*8*	85.5	-	85.5	0.5
Net cash flow from investment activities		**46.9**	**-**	**46.9**	**(31.7)**
Treasury shares	*12*	(103.5)	-	(103.5)	(26.9)
Payment of lease liabilities – IFRS 16	*5*	(6.4)	6.4	-	-
Increase in financial debt		40.2	-	40.2	-
Repayment of financial debt		(23.0)	-	(23.0)	(0.1)
Dividends paid		(9.1)	-	(9.1)	(24.7)
Net cash flow from financing activities		**(101.8)**	**6.4**	**(95.4)**	**(51.6)**
Translation differences on cash and cash equivalents		(6.4)	-	(6.4)	7.6
Change in cash and cash equivalents		**(8.2)**	**-**	**(8.2)**	**108.7**
Cash and cash equivalents at start of year	*11*	**186.8**	**-**	**186.8**	**78.0**
Cash and cash equivalents at end of year	*11*	**178.6**	**-**	**178.6**	**186.8**

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NOTE 3 CHANGES IN CONSOLIDATION SCOPE

There were no acquisitions or disposals during the financial year ended 31 March 2019.

NOTE 4 GOODWILL AND OTHER INTANGIBLE ASSETS

With the exception of software licences, “Brands and other intangible assets” mainly comprises the value of intangible assets identified when acquisitions are made by the Group: residual goodwill, brands, distribution rights.

For certain brands owned by the Group, the value recorded in the balance sheet is the result of the acquisition of non-controlling interests or businesses subsequent to the creation or inclusion of the brand. The amount recorded in the balance sheet therefore represents only a percentage of the value of the brand.

The values recorded under “Brands” in the Rémy Cointreau Group’s statement of financial position are not amortised as they have the benefit of legal protection, generate higher earnings than those of similar unbranded products and have an indefinite useful life.

Brands are tested for impairment at least annually at the period end and as soon as there is any indication of a decrease in value. These tests, described below, also relate to goodwill and distribution rights, where appropriate.

Expenditure incurred to create new brands or to develop existing brands and all expenses relating to the registration and legal protection of brands are systematically recognised in the income statement for the period in which they are incurred.

Pursuant to IAS 38 “Intangible assets”, advertising and promotional expenses are recorded as expenses in the period in which they are incurred.

The Rémy Cointreau Group does not capitalise any research and development costs.

Other intangible assets are amortised over a period of three to seven years.

IMPAIRMENT TESTS

For impairment tests performed on the carrying amount of intangible assets with an indefinite useful life, when required by standards or circumstances, the Group regularly uses discounted future cash flow calculations and/or market values of comparable assets. The underlying parameters of such calculations are subject to assumptions, the future evolution of which may lead to significant changes in subsequent values.

The value in use of assets falling within the scope of IAS 36 “Impairment of assets” is tested as soon as there is any indication that it may be impaired, and automatically at each year-end in the case of assets with an indefinite useful life, except in the case of certain brands for which the Group uses the exemption granted by IAS 36.24 due to a significant difference between the carrying amount and the recoverable amount.

When impairment tests indicate that the present value is less than the carrying amount and that this loss is deemed to be permanent, impairment is recognised in the income statement.

For these tests, assets are allocated to Cash Generating Units (CGUs). In the Group’s case, the structure of these units is based on the brand portfolio. Each brand or group of brands constitutes a unit when the brand or brands generate cash inflows that are largely independent of those generated by other brands or groups of brands.

These tests consist of comparing the carrying amount of the assets or Group of assets with their present value, the latter being the higher of their value in use and their market value less any costs involved in selling the assets.

The principal method used to estimate value in use is based on the present value of future cash flows (excluding finance costs) generated by the use of each brand, asset or Group of assets. Cash flows are estimated based on medium-term business plans, the duration of which is tailored to the individual characteristics of each activity. As such, the duration is five years for brands without ageing processes and twelve years for brands with ageing processes. The terminal value is determined by applying a constant growth rate to infinity. The discount rates used are set and include a specific risk premium for each activity.

When recent transactions involving similar assets have taken place, the multiples for these transactions are used to determine market value.

With respect to operational entities that the Group’s management has decided to sell, the assets concerned are stated at the lower of their carrying amount and estimated market value after transaction costs. If negotiations are in progress, the value is based on the best estimate of their outcome as of the balance sheet date.

(in € millions)	Goodwill	Brands	Distribution rights	Other	Total
Gross value at 31 March 2018	**47.4**	**510.0**	**7.8**	**44.8**	**610.0**
Acquisitions	-	-	-	5.7	5.7
Disposals, items scrapped	-	-	-	(9.3)	(9.3)
Other movements	-	-	(4.3)	1.8	(2.5)
Translation reserve	2.9	2.1	0.3	1.0	6.3
Gross value at 31 March 2019	**50.3**	**512.1**	**3.8**	**43.9**	**610.3**
Accumulated amortisation and impairment at 31 March 2018	**1.9**	**60.0**	**7.8**	**31.0**	**100.6**
Increase	-	-	-	3.5	3.5
Disposals, items scrapped	-	-	-	(8.8)	(8.8)
Other movements	-	0.0	(4.3)	1.8	(2.4)
Translation reserve	0.2	0.9	0.3	0.6	2.0
Accumulated depreciation and impairment at 31 March 2019	**2.0**	**61.0**	**3.8**	**28.0**	**94.9**
Net carrying amount at 31 March 2018	**45.6**	**450.0**	**0.0**	**13.8**	**509.4**
Net carrying amount at 31 March 2019	**48.3**	**451.2**	**0.0**	**15.9**	**515.4**

"Other" mainly includes software licences. The amounts recorded under "Goodwill" and "Brands" are considered to have an indefinite useful life.

"Goodwill" comprises the amounts stemming from the acquisition of Bruichladdich Distillery Ltd (September 2012), Rum Refinery of Mount Gay (May 2014), Domaine des Hautes Glaces and Westland (January 2017). The goodwill related to Rum Refinery of Mount Gay was fully depreciated in the year ended 31 March 2018.

The carrying amounts of the brands Rémy Martin and Cointreau total €281.8 million and are essentially derived from the acquisition of non-controlling interests thus not representing a comprehensive valuation of these brands. These brands are not subject to any impairment test as per the allowed exemption stated in caption 36.24 of IAS 36.

The other brands included under "Brands" are mainly Metaxa, Ponche Kuba, Bruichladdich and Westland. They are acquired brands and their total net book value as at 31 March 2019 is €169.4 million. Inclusive of the goodwill booked in the Cash Generating Units to which such brands relate, the total amount is €217.7 million.

For the tests run during the year ended 31 March 2019, the present value used was the recoverable amount, mainly established on the basis of discounted future cash flows, as explained above. The main assumptions and results were as follows:

	Discount rate before tax	Perpetual growth rate	
Metaxa	8.10%	1.55%	
Bruichladdich	10.57%	2.50%	
Westland	10.93%	2.50%	
Total net book value subject to impairment tests (in € millions)			**217.7**

An increase of 50 bps in the discount rate would trigger a depreciation of about €5 million on the value of the Metaxa trademark and €5 million on the goodwill of Westland. There would be no impact for Bruichladdich.

A decrease of 50 bps in the perpetual growth rate would trigger a depreciation of €3 million on the value of the Metaxa trademark and €2 million on the goodwill of Westland. There would be no impact for Bruichladdich.

At 31 March 2019, the total provision for impairment of intangible assets was €65.2 million (2018: €63.9 million), including €45.0 million for the Greek brandy Metaxa, €12.2 million for intangible assets associated with the Mount Gay brand, and €8.0 million for secondary brands.

Tests carried out during the financial year ended 31 March 2018 had led the Group to fully write-off the intangible assets linked to the Mount Gay brand for a total of €11.8 million (goodwill: €2.0 million, brands: €7.7 million, distribution rights: €2.1 million). The new strategy for this brand, which has been in the Group's portfolio for almost 30 years, has led it to completely rethink its long-term business model, which cannot be taken into account by the impairment tests recommended by IFRS standards. Significant investments were made in Barbados as part of the plan to reposition the brand in a higher market segment.

NOTE 5 USER RIGHTS, IFRS 16

IFRS 16 "Leases" will become mandatory for financial years beginning on or after 1 January 2019. Rémy Cointreau has opted for the early application of this standard, from 1 April 2018. The chosen transition method is the "simplified retrospective" method, with the implementation of the simplifying measures envisaged in the standard (exclusion of contracts of less than one year and exclusion of contracts for low-value assets).

The discount rate used corresponds to each company's incremental borrowing rate at 1 April 2018 for all contracts outstanding at that date. For new leases, the prevailing rate at the lease inception date is used. The discount rates range from 1% to 6.5% and are calculated on the basis of the entity's risk profile and the maturity of the restated contract. They include a country risk component.

Restatements apply to operating leases, mainly for offices and warehouses. The period used for the valuation of these rental commitments runs until April 2026 and corresponds to the potentially extended contractual term if the Group intends to exercise a renewal option.

The following items in the financial statements are impacted by IFRS 16:

- User rights, IFRS 16 (note **5**);
- Other financial assets – Sub-leasing assets, IFRS 16 (note **8.4**);
- Financial debt – Lease liabilities, IFRS 16 (note **13**);
- Segment reporting – ROCE (note **17**);
- Operating expenses by type – Administrative expenses (note **18**);
- Net financial income/(expense) – Effect of accretion of lease liabilities – IFRS 16 (note 21).

NOTE 5.1 ANALYSIS OF CHANGE

(in € millions)	Gross amount	Depreciation and amortisation	Total
At 31 March 2018	**-**	**-**	**-**
Impact of first-time application of IFRS 16	28.2	-	28.2
New leases	4.9	-	4.9
Expired leases	(0.4)	0.1	(0.4)
Depreciation and amortisation	-	(6.9)	(6.9)
Translation reserve	1.4	(0.1)	1.3
At 31 March 2019	**34.1**	**(6.9)**	**27.2**

NOTE 5.2 BREAKDOWN BY ASSET CATEGORY

	Net ca80 rying amount		Depreciation and amortisation expense	
(in € millions)	2019	2018	2019	2018
Offices	23.8	-	(5.9)	-
Warehouses and production sites	2.7	-	(0.6)	-
Other	0.6	-	(0.3)	-
TOTAL	**27.2**	**-**	**(6.9)**	**-**

NOTE 5.3 MATURITY ANALYSIS OF LEASE LIABILITIES

(in € millions)	2019	2018
Year ending March 2020	7.7	-
Year ending March 2021	7.4	-
Year ending March 2022	6.9	-
Year ending March 2023	4.7	-
Year ending March 2024	2.8	-
Year ending March 2025 and beyond	0.8	-
TOTAL	**30.3**	**-**

NOTE 6 PROPERTY PLANT AND EQUIPMENT

GROSS AMOUNT

In accordance with IAS 16 “Property, Plant and Equipment”, the gross value of items of property, plant and equipment corresponds to their acquisition or production cost. These assets are not revalued subsequently.

Their value does not include any finance costs.

Capital grants are deducted from the cost of the property, plant or equipment to which they relate.

Maintenance and repair costs are recognised in the income statement when incurred, except when intended to increase productivity and/or to extend the useful life of an asset.

The assets concerned are depreciated using the methods and useful lives described below.

DEPRECIATION

Depreciation is calculated using the straight-line method applied to the acquisition cost less any estimated residual value.

The Rémy Cointreau Group’s property, plant and equipment are predominantly used in production. Given that they are used until the end of their estimated useful lives, it is deemed that they have no material residual value.

Depreciation is based on the estimated useful lives of the different categories of property, plant and equipment, being the periods during which it is estimated that the Group will derive economic benefits from these assets.

- Buildings, depending on the components 10 to 75 years
- Stills, casks, vats 35 to 50 years
- Technical plant, machinery and equipment 3 to 15 years
- Computer hardware 3 to 5 years
- Other non-current assets 5 to 10 years

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(in € millions)	Land	Buildings	Other	In-progress	Total
Gross value at 31 March 2018	**14.2**	**132.9**	**279.1**	**17.4**	**443.5**
Acquisitions	0.6	8.7	18.5	16.0	43.7
Disposals, items scrapped	(1.1)	(1.5)	(6.4)	-	(9.0)
Other movements	4.4	4.2	6.5	(14.7)	0.4
Translation reserve	0.5	2.3	4.5	0.2	7.6
Gross value at 31 March 2019	**18.6**	**146.6**	**302.2**	**18.8**	**486.2**
Accumulated amortisation and impairment at 31 March 2018	**3.4**	**52.1**	**145.1**	**-**	**200.6**
Increase	0.3	4.1	15.6	-	20.0
Disposals, items scrapped	(0.7)	(1.0)	(5.1)	-	(6.8)
Other movements	-	-	0.4	-	0.4
Translation reserve	-	0.5	2.3	-	2.7
Accumulated depreciation and impairment at 31 March 2019	**3.0**	**55.7**	**158.2**	**-**	**216.9**
Net carrying amount at 31 March 2018	**10.7**	**80.8**	**134.0**	**17.4**	**242.9**
Net carrying amount at 31 March 2019	**15.6**	**90.9**	**144.0**	**18.8**	**269.3**

As of 31 March 2019, no property, plant or equipment owned by the Group was subject to impairment provisions. These non-current assets are unencumbered.

For the financial year ended 31 March 2019, the acquisitions amounting to €43.7 million mainly correspond to the ongoing modernisation of manufacturing and storage facilities, barrels and IT systems.

NOTE 7 INVESTMENTS IN ASSOCIATES

Investments in associates represent equity interests in companies meeting the principle described in note **1.2**.

(in € millions)	Dynasty	Diversa	Spirits Platform	Total
At 31 March 2018	**12.6**	**6.5**	**1.1**	**20.2**
Dividend paid	-	(0.0)	(0.4)	(0.5)
Profit/(loss) of the period	-	(0.0)	0.3	0.3
Provision for impairment	-	(6.4)	-	(6.4)
Transfer to non-consolidated equity investments	(13.9)	-	-	(13.9)
Translation differences	1.2	-	0.0	1.2
At 31 March 2019	**-**	**-**	**1.1**	**1.1**

NOTE 7.1 DYNASTY

The 27% interest in the Dynasty Group (336.5 million shares) originated in a wine production joint venture between Rémy Cointreau and the city of Tianjin (China) in 1980. This Group was listed on the Hong Kong stock exchange in 2005.

Following allegations of fraud with regard to 2010 and 2011, the listing was suspended on 22 March 2013. To date, it has not been relisted. On 8 December 2017, the Dynasty Group published its provisional financial statements for the 2012, 2013, 2014 and 2015 financial years. Its provisional financial statements for 2016 were published on 15 February 2018. The publication of the 2017 and 2018 audited financial statements and the final versions of the previous years' financial statements has been postponed several times. Publication is expected in the next six months.

Due to this unprecedented extended delay, the assessment of this holding since the end of the 2012/2013 financial year is a source of uncertainty and technical difficulties. At the end of each period, Rémy Cointreau carries out assessments with the assistance of independent experts, using all the information available to it.

At 31 March 2019, the valuation model was updated with the help of an independent expert. Taking into account the information available, the test indicated that the value ranges between HK$0.44 and HK$0.69 per share. The modelling uses a discount rate of 16.5% (2018: 14.8%) and a long-term growth rate of 3.0% (2018: 2.6%). The assumptions concerning the increase in Dynasty's market share and profitability were revised compared to the test carried out for the financial year ended 31 March 2018. Market studies indicate that Dynasty is still the fifth largest player on the Chinese wine market, a market that has recovered its strong potential.

Rémy Cointreau's management decided that the value of HK$0.36 per share used at 31 March 2018 was still appropriate. In light of the favourable movement in the EUR/HKD exchange rate, resulting in a positive translation difference of €1.2 million, this investment was valued at €13.9 million at 31 March 2019 (2018: €12.6 million).

The investment in the Dynasty Group was classified under investments in associates from the outset. At 31 March 2019, after six years of suspension, given the constantly delayed publication of the financial statements and the difficulty of non-executive directors in influencing the return to normal of the situation, Rémy Cointreau's management no longer considers the significant influence criteria to apply. Accordingly, the investment has been reclassified to "non-consolidated investments". Henceforth the shares will be measured at fair value and any variation posted directly to equity, as authorized by IFRS 9.

NOTE 7.2 DIVERSA

Since 31 March 2009, the Group had held a 50% interest in Diversa GmbH under a distribution joint venture agreement in Germany with the Underberg Group.

On 13 March 2019, the Group finalised an agreement to exit this joint venture in order to regain its commercial independence in the German market.

Under the terms of the agreement, Rémy Cointreau is to sell its entire stake in Diversa to the Underberg Group. As Rémy Cointreau's exit coincided with the end of the distribution agreement, the securities were valued at one euro.

Since the sale took effect in April 2019, the loss on the securities of €6.4 million and the related expenses were recognised at 31 March 2019.

For the year ended 31 March 2019, the Rémy Cointreau Group generated net sales of €18.6 million with Diversa (2018: €20.2 million).

Since 1 April 2019, the Rémy Cointreau Group has entrusted the distribution of its portfolio in the German market to a third-party distributor in which it does not hold a stake.

NOTE 7.3 SPIRITS PLATFORM

On 31 July 2015, the Rémy Cointreau Group acquired a 37% stake in Spirits Platform Pty Ltd for €0.7 million. When this company was created, a €0.4 million loan was granted to certain shareholders for a five-year term, recognised in "Other financial assets". Spirits Platform Pty Ltd, consolidated using the equity method, distributes Rémy Cointreau's brand portfolio in the Australian market.

Its financial year-end is 30 September. Its net sales for the year ended 31 March 2019 totalled €50.2 million (€48.5 million at 31 March 2018). Its total assets amounted to €23.9 million at 31 March 2019 (2018: €31.3 million).

In the year to 31 March 2019, the Rémy Cointreau Group generated net sales of €8.2 million with Spirits Platform (2018: €7.9 million).

NOTE 8 OTHER FINANCIAL ASSETS

(in € millions)	2019	2018
Non-consolidated equity investments (note **8.1**)	14.4	1.5
Vendor loan (note **8.2**)	-	88.2
Other equity investment financial assets (note **8.3**)	71.3	71.3
Sub-leasing assets – IFRS 16 (note **8.4**)	2.6	-
Loans to non-consolidated equity investments	0.4	0.4
Liquidity account excluding Rémy Cointreau shares (note **8.5**)	3.9	3.3
Other	1.3	1.5
TOTAL	**93.9**	**166.2**

NOTE 8.1 NON-CONSOLIDATED EQUITY INVESTMENTS

(in € millions)	% held	2019	% held	2018
Dynasty Fine Wines Group Ltd (China)	27.0%	13.9	-	-
Balachoa-Vinhos de Portugal (Portugal)	0.8%	0.5	0.8%	0.5
Dettling & Marmot (Switzerland)	-	-	25.0%	1.0
TOTAL		**14.4**		**1.5**

Rémy Cointreau's interest in Dynasty Fine Wines Group Ltd has been reclassified from "Investments in associates" to "Non-consolidated equity investments" for the year ended 31 March 2019 (note **7.1**).

NOTE 8.2 VENDOR LOAN

As part of the disposal of the Champagne division, which took place on 8 July 2011, the Rémy Cointreau Group had granted a vendor loan of €75 million, over a maximum term of nine years (maturing on 8 July 2020), bearing interest at 5% during the first six years and 6% during the last three years, with the interest being capitalised for the first three years.

At 31 March 2018, the loan was recognised at the present value of the cash flow that Rémy Cointreau would have collected if the loan was repaid on maturity in accordance with the terms and conditions of the contract, *i.e.* €88.2 million. The interest accrued from July 2017 to March 2018 was recognised in "Other receivables" in the amount of €3.8 million.

This loan was repaid early, on 10 July 2018, for a total and final amount of €86.8 million, comprising principal and interest. The difference between the amount recognised on the balance sheet at 31 March 2018 and the amount paid, *i.e.* an expense of €5.2 million, was recognised in "Other financial income/(expense)" (note **20**).

NOTE 8.3 OTHER EQUITY INVESTMENT FINANCIAL ASSETS

This item comprises the fair value of assets assigned to the Passoa SAS joint venture at the time of its creation with the Dutch spirits Group Lucas Bols NV on 1 December 2016. Under the terms of the agreements, Lucas Bols NV assumes the operational control and financial management of the joint venture. Consequently, this entity is not consolidated within Rémy Cointreau.

NOTE 8.4 SUB-LEASING ASSETS - IFRS 16

This sub-leasing asset is linked to the application of IFRS 16 and relates to an office lease in the United States (note **5**).

NOTE 8.5 LIQUIDITY ACCOUNT

Since the financial year ended 31 March 2006, Rémy Cointreau signed a liquidity agreement with a financial intermediary. This type of agreement does not qualify as "Cash and cash equivalents". Furthermore, the balance on the account corresponding to the value of Rémy Cointreau shares held under the agreement is reclassified as treasury shares as a deduction from consolidated equity (note **12.1**).

NOTE 9 INVENTORIES

Inventories are recognised when the risks and rewards of their ownership have passed to the Rémy Cointreau Group. The application of this principle, which is part of the IFRS conceptual framework, results in the recognition of inventories that are held physically and legally by third parties. The counterparty to these inventories is generally recorded in trade payables.

Inventories are stated at the lower of cost and net realisable value.

A substantial part of the inventories held by the Rémy Cointreau Group consists of *eaux-de-vie* (cognac, brandy, rum, malt Scotch whisky) that are undergoing ageing. These inventories may be held for periods ranging from 3 to more than 70 years. They remain classified within current assets based on common industry practice.

Inventories originating from agricultural assets owned or operated directly by the Group are not material.

Inventories that are undergoing ageing are valued at cost price, excluding finance costs. The latter are recognised in the income statement in the period in which they are incurred. Cost price includes the purchase price and incidental costs and is adjusted each year to include costs directly attributable to the ageing process as well as to reflect evaporation.

The approach used to determine realisable value takes into account the sale price of finished goods made from these inventories.

Finished goods inventories are stated at the lower of the cost price calculated using the weighted average cost method and net realisable value.

NOTE 9.1 BREAKDOWN BY CATEGORY

(in € millions)	2019	2018
Raw materials	31.6	34.2
Ageing wines and *eaux-de-vie*[1]	1,103.4	1,044.7
Goods for resale and finished goods	114.4	94.8
Gross amount	**1,249.4**	**1,173.6**
Provision for impairment	(4.0)	(3.3)
Carrying amount	**1,245.5**	**1,170.3**

(1) Of which AFC inventories (March 2019: €298.7 million, March 2018: €276.2 million) (note ***1.7****).*

As of 31 March 2019, some inventories were subject to agricultural warrants for €70.0 million (2018: €64.0 million).

NOTE 9.2 ANALYSIS OF CHANGE

(in € millions)	Gross amount	Impairment	Carrying amount
Balance at 31 March 2018	**1,173.6**	**(3.3)**	**1,170.3**
Movement	69.6	(0.5)	69.1
Translation reserve	6.2	(0.1)	6.1
Balance at 31 March 2019	**1,249.4**	**(4.0)**	**1,245.5**

NOTE 10 TRADE AND OTHER RECEIVABLES

Trade receivables, which are generally collected within three months, are stated at nominal value.

(in € millions)	2019	2018
Trade receivables	194.5	141.8
Receivables related to taxes and social charges (excl. income tax)	13.1	9.9
Sundry prepaid expenses	8.9	8.3
Advances paid	39.3	33.3
Receivables related to asset disposals	0.0	0.1
Other receivables	15.3	16.4
TOTAL	**271.1**	**209.8**
Of which provision for doubtful debts	(2.3)	(2.3)

At 31 March 2019, the breakdown of trade receivables by maturity was as follows:

			Due	
(in € millions)	Total	Current	Less than 3 months	More than 3 months
Trade receivables gross	**196.8**	**172.0**	**21.7**	**3.1**

The Group implemented factoring programmes, enabling customer payments to be accelerated. These totalled €48.9 million at 31 March 2019 (2018: €49.0 million).

NOTE 11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term investments that are considered highly liquid, can be converted into a known amount of cash and involve immaterial risk of loss in value in relation to the criteria specified in IAS 7.

In the statement of cash flows, bank overdrafts are excluded from cash and cash equivalents and are included in short-term financial debt.

(in € millions)	2019	2018
Short-term deposits	0.6	-
Cash at bank	178.0	186.8
TOTAL	**178.6**	**186.8**

NOTE 12 SHAREHOLDERS' EQUITY

NOTE 12.1 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Treasury shares	Total number of shares	Share Capital	Share premium	Treasury shares
At 31 March 2018	**50,223,800**	**(220,297)**	**50,003,503**	**80.4**	**804.9**	**(20.5)**
Partial payment of dividend in shares	725,987	-	725,987	1.2	72.2	-
2015B bonus share plan	-	74,600	74,600	-	-	6.3
Share buyback plan	-	(1,000,000)	(1,000,000)	-	-	(103.6)
Cancellation of shares	(800,000)	800,000	-	(1.3)	(82.0)	83.3
Liquidity account	-	3,609	3,609	-	-	0.1
At 31 March 2019	**50,149,787**	**(342,088)**	**49,807,699**	**80.2**	**795.1**	**(34.4)**

Share capital and premium

At 31 March 2019, the share capital consisted of 50,149,787 shares with a par value of €1.60.

On 12 September 2018, 725,987 shares were issued following the option offered to shareholders to receive partial payment of the dividend in shares.

As part of a share buyback plan implemented between 1 August 2018 and 20 December 2018, Rémy Cointreau acquired 1,000,000 shares for a total sum of €103.6 million. The Board of Directors of Rémy Cointreau, meeting on 17 January 2019, decided to cancel 800,000 treasury shares through a capital reduction as a result of this share buyback plan.

Treasury shares

Treasury shares: Group investments in Rémy Cointreau shares are deducted from consolidated equity at their acquisition cost. These shares are generally held with the aim of serving bonus share plans or under a liquidity contract.

At 31 March 2019, Rémy Cointreau held 336,185 treasury shares intended to cover current or future bonus share plans and 5,903 treasury shares under the liquidity contract.

NOTE 12.2 NUMBER OF SHARES USED FOR THE CALCULATION OF EARNINGS PER SHARE

Basic earnings per share are calculated according to the weighted average number of shares in issue during the reporting period, less treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares in issue during the reporting period, less treasury shares and plus the weighted average number of shares that would be issued during the reporting period if all existing subscription options granted in respect of the various plans, and which have not lapsed at the balance sheet date, were to be exercised. As required by IAS 33, it is assumed that proceeds from the theoretical exercise of the options are used to acquire ordinary shares at the average market price during the period.

In the event that diluted earnings per share are higher than basic earnings per share, diluted earnings per share are adjusted to the level of basic earnings per share.

	2019	2018
Average number of shares (basic):		
Average number of shares	50,451,656	50,033,464
Average number of treasury shares	(382,664)	(244,195)
TOTAL USED FOR CALCULATING BASIC EARNINGS PER SHARE	**50,068,992**	**49,789,269**
Average number of shares (diluted):		
Average number of shares (basic)	50,068,992	49,789,269
Dilution effect of bonus share plans	124,990	158,852
Dilution effect on OCEANE	2,486,675	2,486,675
TOTAL USED FOR CALCULATING DILUTED EARNINGS PER SHARE	**52,680,657**	**52,434,796**

NOTE 12.3 BONUS SHARE PLANS

Grant date[(1)]	Plan No.	Vesting period	Minimum retention period	Rights initially granted	Value of rights on grant date	Lapsed rights	Rights granted at the end of the vesting period	Rights outstanding at 31 March 2019
24 November 2015	2015B	3 years	2 years	88,800	66.64	14,200	74,600	-
22 November 2016	2016	3 years	2 years	73,600	77.44	6,900	-	66,700
21 November 2017	2017	3 years	2 years	50,900	111.40	4,100	-	46,800
17 January 2019	2019	4 years	-	57,450	101.00	-	-	57,450
TOTAL				**270,750**		**25,200**	**74,600**	**170,950**

(1) *The grant date is the date of the Board meeting which decided the allocations under each plan. The 2015B plan was authorised by the Combined Shareholders' Meeting of 24 July 2014. The 2016 and 2017 plans were authorised by the Combined Shareholders' Meeting of 26 July 2016, the 2019 plan by the Combined Shareholders' Meeting of 24 July 2018.*

All plans are indexed plans (AGAI). The shares issued to beneficiaries at the end of the vesting period are subject to their continued employment with the Group. The number of shares will depend on the achievement of external and/or internal criteria.

2015B Plan: this plan expired on 24 November 2018. There were 74,600 rights outstanding, all of which have been granted. In accordance with the rules of this plan, the maximum number of shares would be granted if the share price had increased by 20% or more between 24 November 2015 and 23 November 2018, with a target price of €76.95. The actual price was €102.90. This plan was serviced in full by the delivery of shares held by Rémy Cointreau.

2016 Plan: The maximum number of shares will be granted if the overall performance of Rémy Cointreau stock (TSR – Total Shareholder Return) as at the end of the vesting period is superior to that of a panel of nine luxury goods and/or premium spirits companies. The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. At the reporting date, the plan was expected to be serviced in full by the delivery of shares held by Rémy Cointreau.

2017 Plan: The maximum number of shares will be granted if the overall performance of Rémy Cointreau stock (TSR – Total Shareholder Return) as at the end of the vesting period is superior to that of a panel of eight luxury goods and/or premium spirits companies. The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. At the reporting date, the plan was expected to be serviced in full by the delivery of shares held by Rémy Cointreau.

2019 Plan: 50% of the maximum number of shares will be granted if the overall performance of Rémy Cointreau stock (TSR – Total Shareholder Return) as at the end of the vesting period is superior to that of a panel of 10 luxury goods and/or premium spirits companies. 50% of the maximum number of shares will be granted if the current operating profit has reached the target set (target values defined for financial years 2019/20 to 2022/23). The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. At the reporting date, the plan was expected to be serviced in full by the delivery of shares held by Rémy Cointreau.

Calculation of the charge for the year

In accordance with IFRS 2, a charge representing the value of the benefit granted to the beneficiaries of these plans is recognised as operating profit, spread over the vesting period.

The fair value of the rights granted was calculated by independent actuaries.

(in € millions)	Fair value per right (in €)	Total value	2019 Charge
Plan 2015B	27.81	2.1	0.4
Plan 2016	51.12	3.4	1.1
Plan 2017	85.37	4.0	1.3
Plan 2019	82.58	4.7	0.2
TOTAL		**14.2**	**3.1**

The charge recorded for the year ended 31 March 2018 was €2.7 million.

The social security charges relating to these plans are recorded under general expenses in accordance with the regulations in force on the grant date of the plans (plan 2015B: charges due on the grant date; plans 2016, 2017 and 2019: charges due on the vesting date provisioned *prorata temporis* over the vesting period).

NOTE 12.4 DIVIDENDS

The Shareholders' Meeting of 24 July 2018 approved the payment of an ordinary dividend of €1.65 per share for the year ended 31 March 2018, with an option for payment of the entire dividend in shares.

The dividend was paid out on 17 September and amounted to €82.5 million, of which €9.1 million in cash and €73.4 million in shares.

NOTE 12.5 NON-CONTROLLING INTERESTS

(in € millions)	2019	2018
Minority interests in Mount Gay Distilleries	1.0	1.1
TOTAL	**1.0**	**1.1**

NOTE 13 FINANCIAL DEBT

Financial resources are stated at nominal value net of costs incurred when arranging this financing. These costs are recognised in the income statement as finance costs using an actuarial calculation (the effective interest rate method), except for costs relating to the syndicated loan, which are amortised using the straight-line method over the term of the contract.

NOTE 13.1 NET FINANCIAL DEBT

	2019			2018		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total
Gross financial debt	423.8	98.1	521.9	397.1	72.5	469.6
Cash and cash equivalents (note **11**)	-	(178.6)	(178.6)	-	(186.8)	(186.8)
NET FINANCIAL DEBT	**423.8**	**(80.5)**	**343.3**	**397.1**	**(114.3)**	**282.8**

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The change in net financial debt over the financial year breaks down as follows:

	2018	Change in cash	Change due to exchange rates	IFRS 16 application and changes during the financial year	Amortisation of issue costs and premium	Amortisation of OCEANE Equity component	2019
Financial debt of more than one year	397.1	(0.5)	1.1	21.5	1.1	3.5	423.8
Financial debt of less than one year	72.5	17.7	0.6	7.3	-	-	98.1
GROSS FINANCIAL DEBT	**469.6**	**17.2**	**1.7**	**28.8**	**1.1**	**3.5**	**521.9**
Cash and cash equivalents	(186.8)	1.8	6.4	-	-	-	(178.6)
NET FINANCIAL DEBT	**282.8**	**19.1**	**8.1**	**28.8**	**1.1**	**3.5**	**343.3**

NOTE 13.2 GROSS FINANCIAL DEBT BY TYPE

	2019			2018		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total
Private bond placement	79.8	-	79.8	79.8	-	79.8
Convertible bonds (OCEANE)	257.4	-	257.4	253.6	-	253.6
Drawdown on syndicated loan	-	-	-	-	-	-
Upfront fees on syndicated loan	(0.4)	-	(0.4)	(0.5)	-	(0.5)
Partner current account	-	40.0	40.0	-	60.0	60.0
Other financial debt and overdrafts	-	-	-	-	-	-
Accrued interest	-	0.8	0.8	-	1.2	1.2
Total Rémy Cointreau SA	**336.9**	**40.8**	**377.6**	**332.9**	**61.2**	**394.1**
Bonds	64.2	-	64.2	64.0	-	64.0
Other financial debt and overdrafts	0.2	0.6	0.8	0.2	2.3	2.5
Accrued interest	-	1.7	1.7	-	1.6	1.6
Borrowings by special purpose entities	-	47.2	47.2	-	7.3	7.3
Lease liabilities – IFRS 16 (note **5**)	22.6	7.7	30.3	-	-	-
Total subsidiaries	**86.9**	**57.3**	**144.2**	**64.2**	**11.3**	**75.4**
GROSS FINANCIAL DEBT	**423.8**	**98.1**	**521.9**	**397.1**	**72.5**	**469.6**

The total amount of confirmed resources available and their utilisation rate is detailed in the note on liquidity risk (note **16.6**).

NOTE 13.3 GROSS FINANCIAL DEBT BY MATURITY

(in € millions)	Long term	Short term
Before 31 March 2020	-	98.1
13 August 2023	64.2	-
27 February 2025	79.8	-
2 July 2025	(0.4)	-
7 September 2026	257.4	-
Lease liabilities – IFRS 16 (note **5**)	22.6	-
Sundry other	0.2	
TOTAL	**423.8**	**98.1**

NOTE 13.4 GROSS FINANCIAL DEBT BY TYPE OF RATES

	2019			2018		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total
Fixed interest rate	401.6	87.2	488.8	397.6	67.3	464.9
Variable interest rate	22.2	8.3	30.5	(0.5)	2.3	1.9
Accrued interest	-	2.5	2.5	-	2.9	2.9
GROSS FINANCIAL DEBT	**423.8**	**98.1**	**521.9**	**397.1**	**72.5**	**469.6**

	2019			2018		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total
Drawdown on syndicated loan	-	-	-	-	-	-
Upfront fees on syndicated loan	(0.4)	-	(0.4)	(0.5)	-	(0.5)
Lease liabilities – IFRS 16 (note **5**)	22.6	7.7	30.3	-	-	-
Other	-	0.6	0.6	-	2.3	2.3
TOTAL VARIABLE-RATE DEBT	**22.2**	**8.3**	**30.5**	**(0.5)**	**2.3**	**1.9**

Details of the interest rate hedging instruments held in the portfolio at the reporting date are provided in note **16**.

NOTE 13.5 GROSS FINANCIAL DEBT BY CURRENCY

	2019			2018		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total
Euro	406.1	92.3	498.4	397.1	70.4	467.5
US dollar	9.4	2.9	12.3	-	0.2	0.2
Chinese yuan	4.0	1.6	5.5	-	-	-
Hong Kong dollar	0.3	0.2	0.6	-	1.9	1.9
Other	4.0	1.1	5.1	-	-	-
GROSS FINANCIAL DEBT	**423.8**	**98.1**	**521.9**	**397.1**	**72.5**	**469.6**

NOTE 13.6 BONDS

Private bond placement

On 27 February 2015, Rémy Cointreau issued an €80.0 million bond in the form of a private placement with a leading European insurer. The bonds have a coupon of 2.945% with a ten-year maturity. This bond stood at €79.8 million at 31 March 2019, taking into account €0.2 million of issue expenses.

This contract is unsecured. Availability of the funds is subject to the A ratio (see Syndicated loan) remaining below 3.5 at each half year end for the duration of the contract.

Convertible bonds (OCEANE)

On 7 September 2016, as part of a private placement with institutional investors, Rémy Cointreau issued bonds with an option to convert to and/or exchange for new and/or existing shares (OCEANE), with a maturity date of 7 September 2026 and a nominal amount of €275 million, or 2,484,191 OCEANE with a par value of €110.70 each.

The par value of the OCEANE bonds incorporates an issue premium of 40% based on the reference price of the Company's shares on the Euronext Paris regulated market. OCEANE bondholders are entitled to new and/or existing Rémy Cointreau shares, at the conversion rate of one share per OCEANE, subject to potential subsequent adjustments exercisable on 7 September 2023. This conversion rate was increased to 1.001 share per OCEANE following the payment of the dividend of €1.65 per share on 4 September 2017.

The OCEANE bonds bear interest at a nominal annual rate of 0.125%, payable in arrears on 7 September each year.

The €24.9 million difference between the par value of the issue and its fair value on the issue date is recognised in equity.

Bonds with a par value of €65 million

On 13 August 2013, Financière Rémy Cointreau SA/NV issued a ten-year bond for the amount of €65 million, guaranteed by Rémy Cointreau SA. This bond stood at €64.2 million at 31 March 2019, taking into account €(0.8) million of issue premiums and expenses.

The bonds have a par value of €250,000 each and were issued at 97.977% of par (issue premium of 2.003%), bearing interest of 4% payable annually on 13 August. They will be redeemed at par at maturity on 13 August 2023.

This bond is not secured.

After taking the issue premium and expenses into account, the net proceeds from the bond were €63.2 million, putting the effective interest rate at 4.35%.

NOTE 13.7 SYNDICATED LOAN

On 2 July 2018, Rémy Cointreau took out a new syndicated loan of €100 million with a pool of six banking groups. This new syndicated loan has a maturity of five years (with an optional 2-year extension) and replaces the syndicated loan of €255 million maturing on 11 April 2019.

Amounts drawn down bear interest at EURIBOR plus a margin of 35 bps to 125 bps, depending on the Group's debt rating.

This facility is unsecured.

The availability of the facility is contingent on "Average net debt/ EBITDA" (the A ratio) being less than or equal to 4.0 at 30 September and 31 March of each year until maturity. At 31 March 2019, the ratio was 1.19 (September 2018: 1.21, March 2018: 1.48).

At 31 March 2019, no amounts are currently being drawn down on this facility.

NOTE 14 PROVISIONS FOR RISKS AND LIABILITIES

The recognition of provisions, generally intended to cover compensation payable in the event of disputes with third parties, requires the Group's management to estimate the level of probability associated with this risk and also the outcome of negotiations, transactions and legal proceedings that are or may be conducted with the third parties concerned.

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised when the Group has an obligation towards a third party and it is certain or highly probable that it will result in an outflow of resources for the benefit of the third party, without receipt of an at least equivalent consideration from the said third party. Provisions for restructuring are recognised only when restructuring has been announced and detailed measures drawn up.

When the time value of money is material, the amount of the provision corresponds to the present value of expected expenditure that the Company believes to be necessary to meet the liability. In practice, when the liability is expected to be settled in more than 12 months, the amount of the provision is discounted to its present value, with the effects being recognised in net financial result.

NOTE 14.1 ANALYSIS OF CHANGE

(in € millions)	Restructuring	Litigation	Total
At 31 March 2018	**2.1**	**19.0**	**21.1**
Increase	-	3.4	3.4
Reversals – Used	(2.0)	(4.5)	(6.5)
Reversals – Unused	-	(6.8)	(6.8)
Translation reserve	-	0.2	0.2
Reclassification to accrued expenses	-	(1.1)	(1.1)
At 31 March 2019	**0.1**	**10.3**	**10.4**

"Restructuring" covers costs for the restructuring, closure and/or transfer of sites in Germany. "Litigation" includes provisions set aside to cover trade, tax and employee-related disputes.

NOTE 14.2 MATURITY

These provisions are intended to cover probable items of expenditure payable as follows:

(in € millions)	2019	2018
Long-term provisions (or unknown maturity)	8.1	6.9
Short-term provisions	2.3	14.2
TOTAL	**10.4**	**21.1**

NOTE 15 TRADE AND OTHER PAYABLES

Trade payables, which are generally settled within three months, are stated at nominal value.

(in € millions)	2019	2018
Trade payables – *eaux-de-vie*	229.8	284.1
Other trade payables	101.0	78.6
Advances from customers	2.1	2.2
Payables related to tax and social charges (excl. income tax)	68.0	60.6
Excise duties	3.9	3.1
Advertising expenses payable	75.5	44.3
Miscellaneous deferred income	3.9	2.5
Other liabilities	59.6	42.0
TOTAL	**543.8**	**517.3**

The increase in “Advertising expenses payable” includes around €32.9 million due to the application of IFRS 15, which now requires certain types of expenses to be deducted from net sales at the time of the sale instead of at the time of the expenditure as previously done (see note 1).

NOTE 16 FINANCIAL INSTRUMENTS AND MARKET RISKS

Derivative financial instruments held by the Group in connection with its ordinary activities, mainly in the form of options, are valued using the methods prevailing in the financial markets. Note that these valuations are based on market data as at the balance sheet date. These values may fluctuate rapidly due to constant changes in the financial markets.

Financial assets and liabilities are measured in accordance with IFRS 9 "Financial Instruments: Recognition and Measurement".

The Group makes extensive use of derivative financial instruments as part of its policy of hedging exposure to currency and interest rate risks. The Group has implemented the procedures and maintains the documentation needed to justify the application of hedge accounting as defined by IFRS 9.

Derivative instruments are stated at market value as at the balance sheet date. Market values are calculated using an external valuation model, and compared with those obtained from counterparty banks. Changes in the value of currency derivatives are recognised in the manner described in note **1.4**. When used to hedge interest rate risk, changes in the value of derivative instruments (mainly caps and interest swaps) are recorded in recyclable equity in respect of the change in the intrinsic value of the hedging instruments when these options are active and in net financial result for any residual change in fair value of the hedging instruments and the change in fair value of the non-hedging instruments.

NOTE 16.1 BREAKDOWN OF FINANCIAL INSTRUMENTS BY CATEGORY

The following tables show the financial instruments recorded in the statement of financial position, analysed by the measurement categories defined in IFRS 9.

AT 31 MARCH 2019

(in € millions)	*Notes*	Carrying amount	Fair value	Loans and receivables at amortised cost	Fair value through profit or loss[(1)]	Fair value through OCI	Hedging instruments
Non-current financial assets	*8*	93.9	93.9	4.3	75.2	14.4	-
Derivative financial instruments	*16*	1.8	1.8	-	0.7	-	1.1
Cash and cash equivalents	*11*	178.6	178.6	-	178.6	-	-
ASSETS		**544.4**	**544.4**	**274.4**	**254.5**	**14.4**	**1.1**
Long-term financial debt	*13*	423.8	423.8	423.8	-	-	-
Short-term financial debt and accrued interest charge	*13*	98.1	98.1	98.1	-	-	-
Derivative financial instruments	*16*	10.1	10.1	-	1.7	-	8.3
LIABILITIES		**1,075.7**	**1,075.7**	**1,065.7**	**1.7**	**-**	**8.3**

(1) These financial instruments belong to the "held for trading" category.

AT 31 MARCH 2018

In €m	*Notes*	Carrying amount	Fair value	Loans and receivables at amortised cost	Fair value through profit or loss	Fair value through OCI	Hedging instruments
Non-current financial assets	*8*	166.2	166.2	90.1	74.6	1.5	-
Derivative financial instruments	*16*	10.0	10.0	-	1.0	-	9.0
Cash and cash equivalents	*11*	186.8	186.8	-	186.8	-	-
ASSETS		**572.7**	**572.7**	**299.9**	**262.4**	**1.5**	**9.0**
Long-term financial debt	*13*	397.1	397.1	397.1	-	-	-
Short-term financial debt and accrued interest charge	*13*	72.5	72.5	72.5	-	-	-
Derivative financial instruments	*16*	2.0	2.0	-	1.0	-	1.0
LIABILITIES		**988.9**	**988.9**	**986.9**	**1.0**	**-**	**1.0**

NOTE 16.2 MARKET RISK MANAGEMENT POLICY

The Group uses financial instruments to manage its interest rate and currency risk exposure. The policy for managing market risks complies with the prudential rules approved by the Board of Directors. More specifically, the sale of options is limited to tunnel strategies and the resale of previously purchased instruments that are subject to approval on an individual basis.

All hedging transactions are entered into with top-tier international banks.

With regard to currency risk, the Group endeavours to hedge its budgeted net commercial exposure over a rolling period of approximately 15 to 18 months. This is achieved by entering into firm or optional currency hedging agreements in accordance with the guidelines set by the Board of Directors.

The Group does not hedge the currency risk arising from the translation into euros of the financial statements of companies that use a currency other than the euro.

The Group's hedging policy only allows for the hedging of short term currency risk. It is not intended to protect the Group against the economic effects of long-term money market trends on the Group's net sales and margins.

NOTE 16.3 BREAKDOWN OF FINANCIAL INSTRUMENTS (INTEREST AND FOREIGN EXCHANGE RATES)

(in € millions)	2019	2018
Assets		
Interest rate derivatives	-	-
Exchange rate derivatives	1.8	10.0
TOTAL	**1.8**	**10.0**
Liabilities		
Interest rate derivatives	-	-
Exchange rate derivatives	10.1	2.0
TOTAL	**10.1**	**2.0**

NOTE 16.4 INTEREST RATE DERIVATIVES

At 31 March 2019, the Group had no interest rate derivatives in its portfolio.

NOTE 16.5 EXCHANGE RATE DERIVATIVES

The Group uses options and forward contracts to hedge its cash flows from commercial transactions. Commercial transactions for the year for which payment has not been received as of the balance sheet date are hedged by short-term currency swaps.

Furthermore, Rémy Cointreau SA, which centralises the Group's financing needs, and its subsidiary Financière Rémy Cointreau make intra-Group loans and borrowings denominated in the counterparty's currency. The Group uses back-to-back currency swaps to match these loans and borrowings. The maturity of such transactions ranges from one month to one year.

BREAKDOWN OF ALL CURRENCY HEDGING INSTRUMENTS IN THE PORTFOLIO AT 31 MARCH 2019:

(in € millions)	Nominal[1]	Initial value	Market value	Of which CFH[2]	Of which Trading[2]
Put options and tunnel options					
Seller USD (*vs.* EUR)	169.2	3.4	0.2	0.2	-
Other currencies (*vs.* EUR)	36.2	1.0	0.3	0.3	-
	205.4	**4.4**	**0.4**	**0.4**	**-**
Forward sales					
Seller USD (*vs.* EUR)	164.8	-	(5.8)	(5.8)	-
Other currencies (*vs.* EUR)	73.8	-	(1.8)	(1.8)	-
	238.6	**-**	**(7.6)**	**(7.6)**	**-**
Purchase/(sale) of currency swaps (operating activities)[3]					
Seller USD (*vs.* EUR)	(64.3)	-	(0.1)	-	(0.1)
Other currencies (*vs.* EUR)	(24.6)	-	(0.1)	-	(0.1)
	(89.0)	**-**	**(0.2)**	**-**	**(0.2)**
Purchase/(sale) of currency swaps (financing activities)[3]					
Seller USD (*vs.* EUR)	(75.3)	-	(1.3)	-	(1.3)
Other currencies (*vs.* EUR)	(62.2)	-	0.3	-	0.3
	(137.5)	**-**	**(1.0)**	**-**	**(1.0)**
TOTAL	**217.5**	**4.4**	**(8.3)**	**(7.2)**	**(1.1)**

(1) Nominal amount in foreign currency translated at the closing rate.
(2) Fair value hedge; Cash flow hedge; Trading: held for trading.
(3) Difference between closing rate and forward rate.

BREAKDOWN OF ALL CURRENCY HEDGING INSTRUMENTS IN THE PORTFOLIO AT 31 MARCH 2018:

(in € millions)	Nominal[1]	Initial value	Market value	Of which CFH[2]	Of which Trading[2]
Put options and tunnel options					
Seller USD (*vs.* EUR)	146.1	3.1	5.0	5.0	-
Other currencies (*vs.* EUR)	53.2	1.2	0.6	0.6	-
	199.3	**4.3**	**5.6**	**5.6**	**-**
Forward sales					
Seller USD (*vs.* EUR)	93.4	-	1.7	1.7	-
Other currencies (*vs.* EUR)	63.5	-	0.6	0.6	-
	156.9	**-**	**2.3**	**2.3**	**-**
Purchase/(sale) of currency swaps (operating activities)[3]					
Seller USD (*vs.* EUR)	(62.4)	-	(0.6)	-	(0.6)
Other currencies (*vs.* EUR)	(35.6)	-	(0.1)	-	(0.1)
	(98.0)	**-**	**(0.7)**	**-**	**(0.7)**
Purchase/(sale) of currency swaps (financing activities)[3]					
Seller USD (*vs.* EUR)	(74.7)	-	0.7	-	0.7
Other currencies (*vs.* EUR)	(36.2)	-	0.1	-	0.1
	(111.0)	**-**	**0.8**	**-**	**0.8**
TOTAL	**147.2**	**4.3**	**8.1**	**7.9**	**0.1**

(1) Nominal amount in foreign currency translated at the closing rate.
(2) Fair value hedge; Cash flow hedge; Trading: held-for-trading.
(3) Difference between closing rate and forward rate.

Sensitivity to foreign exchange risk

Taking into account the hedges in place, a 10% increase or decrease in the EUR/USD exchange rate would have the following impact, with the impact on net profit/(loss) arising mainly from the ineffective portion hedging future flows:

	2019		2018	
	US dollar sensitivity		US dollar sensitivity	
Benchmark value	1.1229		1.2319	
	+10%	-10%	+10%	-10%
EUR/USD rate	1.24	1,01	1.36	1.11
Net profit/(loss) for the period	(1.9)	2.0	(3.6)	0.8
Equity excluding net profit/(loss)	(13.6)	12.7	13.8	(9.0)
Change in value of financial instruments	(15.1)	11.9	24.2	(23.0)
Nominal amount at balance sheet date:				
• USD instruments in the portfolio	245.1	299.6	161.0	196.8
• USD receivables potentially exposed	85.5	104.6	86.3	105.5

NOTE 16.6 LIQUIDITY RISK

In accordance with IFRS 7, liabilities are stated at their carrying amount at the balance sheet date excluding discounting effects. The amounts drawn down on credit lines in the year ended 31 March 2019 are assumed to be carried forward until the maturity of each of the corresponding facilities. The corresponding interest expense is calculated using the parameters known at the balance sheet date. For derivative financial instruments, amounts stated in this analysis are the net cash outflow, excluding discounting effects, which should be paid out by the Company based on market conditions prevailing at the balance sheet date.

Liquidity risk stems mainly from the availability of financial resources.

The majority of the Group's activities are characterised by high levels of capital employed, particularly inventories undergoing ageing. Rémy Cointreau continuously monitors the balance of its financial structure, prioritises long-term resources and combines fixed- rate and variable-rate resources. Refinancing is systematically prepared for those resources reaching maturity. The Group obtains its financing from leading financial institutions.

The following table shows the contractual maturity profile of disbursements relating to financial liabilities recognised as of 31 March 2019.

(in € millions)	Before 31 March 2020	Before 31 March 2021	Before 31 March 2022	Before 31 March 2023	Beyond	Total
Financial debt and accrued interest	90.5	-	-	-	420.0	510.5
Trade and other payables	543.8	-	-	-	-	543.8
Liabilities recognised at 31 March 2019	**634.3**	**-**	**-**	**-**	**420.0**	**1,054.3**
Future interest on financial debt	5.7	5.3	5.3	5.3	6.7	28.2
TOTAL DISBURSEMENTS	**640.0**	**5.3**	**5.3**	**5.3**	**426.7**	**1,082.5**

The confirmed resources and their availability are as follows (see also note **13** for the description of financial debt):

(in € millions)	2019	2018
Fixed-rate resources	460.0	480.0
Variable-rate resources	100.0	255.0
TOTAL	**560.0**	**735.0**
Long-term	520.0	675.0
Short-term	40.0	60.0
TOTAL	**560.0**	**735.0**
Availability subject to compliance with the A ratio	180.0	335.0
Available with no ratio restrictions	380.0	400.0
TOTAL	**560.0**	**735.0**
Unused at 31 March	100.0	255.0
Unused at 31 March as % of available resources	18%	35%

The availability of some financing is contingent upon achieving the "A ratio" (average net debt/EBITDA). This is calculated every six months and must be below 3.50 for the private bond placement (note **13.6**) and below 4.0 for the new syndicated loan (note **13.7**). The A ratio was 1.19 at 31 March 2019. The Group is confident in its ability to maintain this ratio in the short, medium and long-term, and in its ability to renew financing that is due to reach maturity in the coming years.

The Group's rating by specialised agencies is reviewed annually. At 31 March 2019: Standard & Poor's awarded a "BBB-, outlook stable" rating and Moody's a "Baa3, outlook stable" rating.

NOTE 17 SEGMENT REPORTING

BREAKDOWN BY SECTOR

As required by IFRS 8, the Rémy Cointreau Group provides an analysis by business segment and geographic area of certain items of its consolidated financial statements.

a) Business segment

The segments to be presented are those operating segments for which separate financial information is available internally and which are used by the "main operational decision-maker" to make operational decisions. Rémy Cointreau's main operational decision-maker is the Executive Committee. This committee reviews operational performances and allocates resources based on the financial data analysed for the Rémy Martin, Liqueurs & Spirits and Partner Brands businesses. Consequently, the Group has identified these businesses as the operating segments to be presented. In addition, a holding segment includes the central expenses that are not allocated to the various divisions.

The main brands in the "Liqueurs & Spirits" segment are Cointreau, Metaxa, St-Rémy, Mount Gay, Bruichladdich, The Botanist, Westland and Domaine des Hautes Glaces.

The "Partner Brands" business includes brands which are not controlled by the Group and those whose production is not carried out wholly by the Group. These brands are distributed using the Group's distribution network in the framework of fixed-term agreements.

Information given by business segment is identical to that presented to the Executive Committee.

b) Geographic area

Net sales by geographic area are analysed based on the destination of the goods sold. Items in the statement of financial position are analysed based on the geographic area of the entities reporting them.

The geographic areas covered are: Europe/Middle-East/Africa, Americas, Asia-Pacific. The Asia-Pacific area includes Asia, Australia and New Zealand.

NOTE 17.1 BUSINESSES

Note 17.1.1 Breakdown of net sales and current operating profit/(loss)

	Net sales		Current operating profit/(loss)	
(in € millions)	2019	2018	2019	2018
Rémy Martin	774.4	760.0	235.6	204.4
Liqueurs & Spirits	264.4	266.8	38.8	42.8
Group brands subtotal	**1,038.8**	**1,026.8**	**274.4**	**247.2**
Partner Brands	87.2	100.2	4.9	5.3
Holding	-	-	(15.2)	(15.7)
TOTAL	**1,125.9**	**1,127.0**	**264.1**	**236.8**

There are no intra-segment sales.

IMPACT OF THE NEW IFRS STANDARDS ON THE BREAKDOWN OF NET SALES AND CURRENT OPERATING PROFIT/(LOSS) BY BUSINESS LINE

(in € millions)	2019 reported	Cancelation of IFRS 15 impact	2019 *proforma*	2019 reported	Cancelation of IFRS 16 impact	2019 *proforma*
Rémy Martin	774.4	77.6	851.9	235.6	-	235.6
Liqueurs & Spirits	264.4	12.2	276.6	38.8	-	38.8
Group brands subtotal	**1,038.8**	**89.8**	**1,128.6**	**274.4**	**-**	**274.4**
Partner Brands	87.2	0.8	87.9	4.9	-	4.9
Holding	-	-	-	(15.2)	(0.6)	(15.8)
TOTAL	**1,125.9**	**90.5**	**1,216.5**	**264.1**	**(0.6)**	**263.6**

Note 17.1.2 Breakdown of the statement of financial position

AT 31 MARCH 2019

(in € millions)	Rémy Martin	Liqueurs & Spirits	Partner Brands	Unallocated	Total
Non-current assets	430.7	378.6	2.7	112.5	924.4
Current assets	1,289.9	173.3	39.8	16.9	1,519.9
Derivative financial instruments	-	-	-	1.8	1.8
Cash and cash equivalents	-	-	-	178.6	178.6
TOTAL ASSETS	**1,720.5**	**551.9**	**42.4**	**309.7**	**2,624.6**
Shareholders' equity	-	-	-	1,426.1	1,426.1
Financial debt and accrued interest	-	-	-	521.9	521.9
Provisions for liabilities and charges	24.5	8.0	1.8	7.5	41.9
Deferred and current tax assets	-	-	-	80.8	80.8
Trade and other payables	442.0	61.6	21.4	18.8	543.8
Derivative financial instruments	-	-	-	10.1	10.1
TOTAL EQUITY AND LIABILITIES	**466.5**	**69.7**	**23.2**	**2,065.2**	**2,624.6**
Right of use, brands and other intangible assets not included in the basis of calculation of return on capital employed (ROCE)	254.1	270.2	2.4	-	526.7
ROCE basis of calculation	**999.9**	**212.1**	**16.8**		**1,228.8**

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AT 31 MARCH 2018

(in € millions)	Rémy Martin	Liqueurs & Spirits	Partner Brands	Unallocated	Total
Non-current assets	396.9	355.1	0.4	206.2	958.6
Current assets	1,182.5	146.4	37.1	19.0	1,385.0
Derivative financial instruments	-	-	-	10.0	10.0
Assets held for sale	-	-	-	1.3	1.3
Cash and cash equivalents	-	-	-	186.8	186.8
TOTAL ASSETS	**1,579.4**	**501.5**	**37.5**	**423.2**	**2,541.6**
Shareholders' equity	-	-	-	1,408.3	1,408.3
Financial debt and accrued interest	-	-	-	469.6	469.6
Provisions for liabilities and charges	27.2	9.7	2.9	13.9	53.7
Deferred and current tax assets	-	-	-	90.7	90.7
Trade and other payables	431.2	54.8	18.2	13.2	517.3
Derivative financial instruments	-	-	-	2.0	2.0
TOTAL EQUITY AND LIABILITIES	**458.4**	**64.5**	**21.1**	**1,997.6**	**2,541.6**
Brands and other intangible assets not included in the basis of calculation of Return on Capital Employed (ROCE)	236.3	259.3	-	-	495.6
ROCE basis of calculation	**884.7**	**177.7**	**16.4**		**1,078.8**

Note 17.1.3 Return on Capital Employed (ROCE)

Return on capital employed is measured using the following indicators:

- current operating profit by activity (note **17.1.1**);
- breakdown of the statement of financial position by activity, excluding certain intangibles (note **17.1.2**).

Current operating profit/(loss) and capital employed are identified by business on an analytical basis. Profit and capital employed of the distribution network and holding businesses are allocated on a *pro-rata* basis according to net sales and current inventory.

Return on capital employed is a key indicator for the Group's management. It is one of the key performance indicators for each business.

AT 31 MARCH 2019

(in € millions)	Capital employed	Current operating profit/(loss)	%
Rémy Martin	999.9	235.6	23.6%
Liqueurs & Spirits	212.1	38.8	18.3%
Sub-total Group brands	**1,212.0**	**274.4**	**22.6%**
Partner Brands	16.8	4.9	29.3%
Holding	-	(15.2)	-
TOTAL	**1,228.8**	**264.1**	**21.5%**

IMPACT OF NEW IFRS ON RETURN ON CAPITAL EMPLOYED

AT 31 MARCH 2019 PROFORMA

(in € millions)	2019 ROCE reported	Cancelation of IFRS 15 and IFRS 16 impact	2019 ROCE *proforma*
Rémy Martin	23.6%	-0.8%	22.8%
Liqueurs & Spirits	18.3%	0.0%	18.3%
Sub-total Group brands	**22.6%**	**-0.6%**	**22.0%**
Partner Brands	29.3%	0.0%	29.3%
Holding	-	-	-
TOTAL	**21.5%**	**-0.6%**	**20.9%**

The impact of IFRS 15 relates to the restatement of advertising expenses payable (see note **15**). This totals €32.9 million and concerns the Rémy Martin category. The impact of IFRS 16, relating to the restatement of leases, has a €0.6 million impact on current operating profit and relates to the Holding category.

AT 31 MARCH 2018

(in € millions)	Capital employed	Current operating profit/(loss)	%
Rémy Martin	884.7	204.4	23.1%
Liqueurs & Spirits	177.7	42.8	24.1%
Sub-total Group brands	**1,062.4**	**247.2**	**23.3%**
Partner Brands	16.4	5.3	32.6%
Holding	-	(15.7)	-
TOTAL	**1,078.8**	**236.8**	**21.9%**

Note 17.1.4 Capital expenditure and depreciation expense

	Capital expenditure and acquisition of property, plant and equipment and intangible assets		Depreciation and amortisation of property, plant and equipment and intangible assets	
(in € millions)	2019	2018	2019	2018
Rémy Martin	32.8	21.1	15.1	13.6
Liqueurs & Spirits	16.6	15.5	8.3	7.7
Partner Brands	0.1	0.1	0.1	0.2
TOTAL	**49.5**	**36.7**	**23.5**	**21.6**

NOTE 17.2 GEOGRAPHIC AREAS

Net sales

(in € millions)	2019	2018
Europe/Middle-East/Africa	311.9	342.3
Americas	467.8	435.8
Asia-Pacific	346.3	348.9
TOTAL	**1,125.9**	**1,127.0**

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IMPACT OF THE NEW IFRS STANDARDS ON THE BREAKDOWN OF NET SALES BY GEOGRAPHIC AREA

(in € millions)	2019 reported	Cancelation of IFRS 15 impact	2019 *proforma*
Europe/Middle-East/Africa	311.9	17.4	329.3
Americas	467.8	6.6	474.4
Asia-Pacific	346.3	66.5	412.8
TOTAL	**1,125.9**	**90.5**	**1,216.5**

Balance sheet

AT 31 MARCH 2019

(in € millions)	Europe/ Middle-East /Africa	Americas	Asia-Pacific	Unallocated	Total
Non-current assets	783.2	101.7	39.5	-	924.4
Current assets	1,269.5	109.1	141.3	-	1,519.9
Derivative financial instruments	-	-	-	1.8	1.8
Cash and cash equivalents	-	-	-	178.6	178.6
TOTAL ASSETS	**2,052.6**	**210.8**	**180.8**	**180.4**	**2,624.6**
Shareholders' equity	-	-	-	1,426.1	1,426.1
Financial debt and accrued interest	-	-	-	521.9	521.9
Provisions for liabilities and charges	41.0	-	0.9	-	41.9
Deferred and current tax liability	69.3	0.3	11.2	-	80.8
Trade and other payables	382.3	46.8	114.6	-	543.8
Derivative financial instruments	-	-	-	10.1	10.1
Liabilities held for sale	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	**492.7**	**47.1**	**126.7**	**1,958.1**	**2,624.6**

AT 31 MARCH 2018

(in € millions)	Europe/ Middle-East /Africa	Americas	Asia-Pacific	Unallocated	Total
Non-current assets	857.7	81.4	19.4	-	958.6
Current assets	1,186.4	90.3	108.3	-	1,385.0
Derivative financial instruments	-	-	-	10.0	10.0
Assets held for sale	1.3	-	-	-	1.3
Cash and cash equivalents	-	-	-	186.8	186.8
TOTAL ASSETS	**2,045.4**	**171.8**	**127.7**	**196.7**	**2,541.6**
Shareholders' equity	-	-	-	1,408.3	1,408.3
Financial debt and accrued interest	-	-	-	469.6	469.6
Provisions for liabilities and charges	50.3	-	3.5	-	53.7
Deferred and current tax assets	82.6	0.3	7.7	-	90.7
Trade and other payables	410.3	46.2	60.9	-	517.3
Derivative financial instruments	-	-	-	2.0	2.0
Liabilities held for sale	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	**543.2**	**46.5**	**72.1**	**1,879.8**	**2,541.6**

Capital expenditure and depreciation and amortisation expense

(in € millions)	Capital expenditure and acquisition of property, plant and equipment and intangible assets		Depreciation and amortisation of property, plant and equipment and intangible assets	
	2019	2018	2019	2018
Europe/Middle-East/Africa	40.3	24.8	17.7	16.5
Americas	5.5	9.9	3.5	3.3
Asia-Pacific	3.7	2.0	2.3	1.7
TOTAL	**49.5**	**36.7**	**23.5**	**21.6**

NOTE 18 ANALYSIS OF OPERATING EXPENSES BY TYPE

Distribution costs comprise advertising and promotion expenses, commission income or expenses, ordinary write downs of inventories and trade receivables and the overheads of the Group distribution companies.

Administrative expenses comprise all overheads of the holding companies and production companies.

Other income and expenses correspond to the profit generated by peripheral activities.

(in € millions)	2019	2018
Personnel costs	(197.9)	(184.6)
Advertising and promotion expenses	(182.2)	(264.7)
Depreciation, amortisation and impairment of non-current assets	(30.3)	(21.5)
Other expenses	(102.4)	(110.4)
Expenses allocated to inventories and production costs	65.9	56.9
TOTAL	**(447.0)**	**(524.4)**
Of which:		
Distribution costs	(346.3)	(432.7)
Administrative expenses	(100.7)	(91.7)
TOTAL	**(447.0)**	**(524.4)**

Personnel costs consist of the following:

(in € millions)	2019	2018
Salaries and social charges	(180.8)	(170.6)
Pension and other similar benefits	(6.9)	(7.0)
Employee profit-sharing	(7.1)	(4.4)
Share-based payments	(3.1)	(2.7)
TOTAL	**(197.9)**	**(184.6)**

IMPACT OF THE NEW IFRS STANDARDS ON THE BREAKDOWN OF OPERATING EXPENSES BY TYPE

(in € millions)	2019 reported	Cancelation of IFRS 15 impact	Cancelation of IFRS 16 impact	2019 *proforma*
Personnel costs	(197.9)	-	-	(197.9)
Advertising and promotion expenses	(182.2)	(101.9)	-	(284.1)
Depreciation, amortisation and impairment of non-current assets	(30.3)	-	6.9	(23.5)
Other expenses	(102.4)	(16.1)	(7.5)	(126.0)
Expenses allocated to inventories and production costs	65.9	-	-	65.9
TOTAL	**(447.0)**	**(118.0)**	**(0.6)**	**(565.6)**
of which:				
Distribution costs	(346.3)	(118.0)	-	(464.3)
Administrative expenses	(100.7)	-	(0.6)	(101.3)
TOTAL	**(447.0)**	**(118.0)**	**(0.6)**	**(565.6)**

NOTE 19 NUMBER OF EMPLOYEES

The number of employees is stated at the reporting date and covers all fully consolidated companies.

	2019	2018
France	719	704
Europe (outside France) – Africa	375	384
Americas	380	377
Asia-Pacific	434	396
TOTAL	**1,908**	**1,861**

NOTE 20 OTHER OPERATING INCOME AND EXPENSES

"Other operating income and expenses" include items that, given their nature, frequency and materiality, cannot be considered as part of the Group's ordinary activities and which affect inter-period comparisons. They notably include impairment provisions in respect of brands and other non-current assets recognised as a result of impairment tests, provisions for restructuring and litigation, and significant gains and losses on the sale of assets other than those relating to operations that have already been, or are to be, discontinued (see note **1.6**).

(in € millions)	2019	2018
Disposal of non-strategic assets	2.1	-
Impairment of Mount Gay goodwill, brand and distribution rights	-	(11.8)
Provision for network restructuring costs	-	(2.5)
Costs related to the acquisition of Westland and Domaine des Hautes Glaces	-	(0.0)
Provision for disputes relating to distribution contracts	-	0.2
Other	(0.5)	0.4
TOTAL	**1.7**	**(13.7)**

NOTE 21 FINANCIAL RESULT

NOTE 21.1 NET BORROWING COST BY TYPE

(in € millions)	2019	2018
Bonds	(2.8)	(2.8)
Convertible bonds (OCEANE)	(4.2)	(4.1)
Private bond placement	(2.4)	(2.4)
Syndicated loan and unconfirmed lines	(1.0)	(1.7)
Partner current account	(0.3)	(0.8)
Finance costs of special purpose entities	(2.0)	(2.5)
Net effect of accretion of lease liabilities – IFRS 16 (note **5**)	(1.0)	-
Other financial expense	0.0	(0.2)
Cost of gross financial debt	**(13.7)**	**(14.5)**
Interest income	0.0	0.0
Cost of net financial debt	**(13.7)**	**(14.4)**

Income from IFRS 16 sub-leases totalled €0.1 million and is presented in the item "Net effect of accretion of lease liabilities under IFRS 16".

Financial debt is described in note **13**.

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NOTE 21.2 OTHER FINANCIAL INCOME/(EXPENSE)

The amount presented in currency gains and losses mainly includes the impact of IAS 39 on the portfolio of foreign currency derivative financial instruments, for the so-called "ineffective" portion, and the currency gains and losses from financing transactions. Currency gains/(losses) from operations are recognised in gross profit (note **1.4**).

(in € millions)	2019	2018
Currency gains	-	-
Vendor loan – interest accrued and revaluation (note **8.2**)	-	4.7
Other financial income	**-**	**4.7**
Currency losses	(4.0)	(2.9)
Other financial expenses of special purpose entities	(8.5)	(8.4)
Vendor loan – interest accrued and revaluation (note **8.2**)	(5.2)	-
Other	(1.1)	(1.0)
Other financial expense	**(18.8)**	**(12.3)**
Other financial income/(expense)	**(18.8)**	**(7.6)**

The item "Vendor loan – interest accrued and revaluation" relates to the loan granted at the time of the disposal of the Champagne division. These loans are described in note **8.2**.

Currency gains/(losses) from operations are recognised in gross profit.

IFRS 9 "Financial Instruments" was first applied on 1 April 2018 (note **1**). Without the application of this standard, an expense of €3.7 million would have been recognised in currency gains/(losses), corresponding to the "ineffective" portion of the change in the fair value of the currency hedging portfolio recognised at the end of the period (IAS 39). Since IFRS 9, this impact is now recognised in shareholders' equity. IAS 39 was applied for the financial year ended 31 March 2018. The transition from IAS 39 to IFRS 9 does not require the restatement of comparative periods.

(in € millions)	2019	2018
Ineffective portion of currency hedges	0.2	2.1
Other	(4.2)	(4.9)
Currency gains/(losses)	**(4.0)**	**(2.9)**

NOTE 22 INCOME TAX

In accordance with IAS 12, deferred tax is recognised on all temporary differences between the carrying amounts of the assets and liabilities in the consolidated financial statements and the corresponding values used for taxation purposes in the accounts of the consolidated entities.

Deferred tax is calculated at the statutory tax rates that are expected to be in effect when timing differences reverse, which is generally the tax rate for the current reporting period or that of the subsequent reporting period, if known. The effects of changes in tax rates are included in the income tax expense for the period in which they become known.

The main source of deferred tax for the Rémy Cointreau Group arises from the difference in the value of the brands in the consolidated financial statements, most often resulting from goodwill on acquisition, and their value for taxation purposes, which is generally nil.

As required by IAS 12, a deferred tax liability is recognised on the difference between the carrying amount and the tax value of shares in associates. In the case of fully consolidated entities, the deferred tax liability is recognised only in respect of dividends that are certain at the reporting date.

Tax savings from tax losses carried forward are recognised as deferred tax assets and written down according to the probability of these losses later being utilised.

NOTE 22.1 NET INCOME TAX EXPENSE

(in € millions)	2019	2018
Current tax (expense)/income	(71.6)	(61.9)
Deferred tax (expense)/income	3.9	8.4
Income tax	**(67.7)**	**(53.5)**
Effective published tax rate	-29.0%	-26.6%
Effective tax rate excl. non-recurring items	-28.5%	-29.7%

In the previous financial year, the change in tax rate in the United States and the 2018 French Finance Act had resulted in a remeasurement of deferred taxes, leading to the recognition of a net deferred tax asset for €5.7 million. The repayment of the 3% contribution on distribution of cash dividends generated tax income of €7.0 million, while a €2.3 million charge was recognised in respect of the exceptional corporate tax contribution in France.

These impacts are adjusted in the calculation of the effective tax rate excluding non-recurring items and of the net profit/loss excluding non-recurring items (note **24**).

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NOTE 22.2 TAX REGIME

Rémy Cointreau has opted for the Group tax regime for certain subsidiaries in which it holds a direct or indirect equity interest of at least 95%. This regime entitles the Group to offset, within certain limits, the tax expenses of companies with taxable income against losses incurred by other subsidiaries. The resulting tax saving is recognised in the year of offset.

NOTE 22.3 ANALYSIS OF ORIGIN AND BREAKDOWN OF DEFERRED TAXES

(in € millions)	2019	2018
Breakdown by type		
Pension provisions	9.6	10.1
Regulated provisions	(29.0)	(26.7)
Other provisions	4.0	4.3
Brands	(75.2)	(77.3)
Non-current assets	(3.8)	(4.5)
Convertible bonds (OCEANE)	(3.3)	(4.6)
Margins on inter-company inventories	22.1	22.1
Losses carried forward	0.2	1.3
Financial instruments	4.0	(1.2)
Other timing differences	26.5	15.2
Net liability	**(44.9)**	**(61.3)**
Breakdown by tax Group		
Tax Group – France	(52.0)	(67.4)
Tax Group – United States	1.1	2.6
Other	6.0	3.5
Net liability	**(44.9)**	**(61.3)**
Deferred tax asset	17.5	19.7
Deferred tax liability	(62.4)	(81.0)
Net liability	**(44.9)**	**(61.3)**

NOTE 22.4 TAX LOSSES AND CAPITAL LOSSES CARRIED FORWARD

As at 31 March 2019, tax losses carried forward totalled €15.6 million (2018: €18.6 million). The potential tax saving arising from the use of these losses is €2.4 million (2018: €3.3 million). On these losses, the Group recognised a net asset of €0.2 million, which it plans to recover by March 2021.

NOTE 22.5 TAX RECONCILIATION

At 31 March 2019, income tax expense amounted to €67.7 million. The difference compared to the theoretical tax expense based on the French statutory rate (34.43%) breaks down as follows:

(in € millions)	2019	2018
Theoretical income tax	(80.3)	(69.2)
Actual tax charge	(67.7)	(53.5)
Difference	**12.7**	**15.7**
Permanent differences between consolidated profit and taxable profit	(3.2)	(4.7)
Use of tax losses or timing differences not previously recognised	1.2	1.5
Unused losses from subsidiaries that are loss-making from a tax point of view	(0.9)	(1.9)
Difference in tax rates applicable to foreign subsidiaries	15.9	16.3
Adjustment to the tax charge for prior years	(0.3)	(5.9)
Impact of tax rate changes on the deferred taxes in France and the USA	-	5.8
3% contribution on distribution of cash dividends and refund	-	7.0
Exceptional corporate tax contribution in France	-	(2.3)
TOTAL	**12.7**	**15.7**

NOTE 23 NET PROFIT/(LOSS) FROM DECONSOLIDATED OR DISCONTINUED OPERATIONS

When a company or activity is classified as being discontinued as at the balance sheet date in accordance with IFRS 5, the assets and liabilities directly related to the operation and which will be transferred on completion of the disposal are reclassified as “Assets held for sale” or “Liabilities held for sale” for the current reporting period only.

When a company or activity that represents a major and distinct line of business or geographic area has been deconsolidated or sold during the reporting period or classified as assets held for sale:

- each line of the contribution to the result of said company or business for the current period and for comparison periods is reclassified as “Net profit/(loss) from deconsolidated and discontinued operations”. A similar reclassification is made in the statement of cash flows by using: “Impact of deconsolidated and discontinued operations” for operating and investment cash flows;
- when the disposal is still in progress at the reporting date, any difference between the carrying amount of the assets in question and the estimated market value, net of disposal expenses and tax, if negative, is recognised as “Net profit/(loss) from deconsolidated and discontinued operations”;
- the profit generated by the disposal, net of transaction costs and tax, is also recognised under “Net profit/(loss) from deconsolidated and discontinued operations”. In the statement of cash flows, a distinction is made between the cash received as consideration for the sale net of transaction costs, classified as cash flow from investments, and any impact of the deconsolidation of the cash held by the entity sold, classified as cash flow from financing activities.

Direct costs associated with the disposal in progress and which are irrevocably incurred at the balance sheet date are recognised under “Net profit/(loss) from deconsolidated and discontinued operations”. A similar reclassification is made in the statement of cash flows by using: “Impact of deconsolidated and discontinued operations” for investment cash flows.

No net profit/(loss) from discontinued operations was recognised for the periods presented.

NOTE 24 NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS

Net profit/(loss) excluding non-recurring items corresponds to the net profit/(loss) for the period adjusted to reflect the other operating income and expenses described in note **18**, the related tax effects, the profit/(loss) from discontinued operations and the contribution on the distribution of cash dividends.

NOTE 24.1 RECONCILIATION WITH NET PROFIT/LOSS

Net profit/(loss) excluding non-recurring items attributable to owners of the parent is reconciled with net profit/(loss) attributable to owners of the parent as follows:

(in € millions)	2019	2018
Net profit/(loss) – attributable to owners of the parent	**159.2**	**148.2**
Profit/(loss) recorded under “Other operating income and expenses” (note **20**)	(1.7)	13.7
Tax on “Other operating income and expenses	2.0	0.2
Expense on vendor loan (note **8.2**)	5.2	-
Income tax associated with expense on vendor loan	(1.8)	-
Impact of tax rate changes on the deferred taxes in France and the USA (tax)	-	(5.8)
3% contribution on distribution of cash dividends and refund (Tax)	-	(7.0)
Exceptional corporate tax contribution in France (tax)	-	2.3
Loss on Diversa securities and related expenses (note **7.2**)	7.0	-
Other	-	(0.3)
Net profit/(loss) excluding non-recurring items – attributable to owners of the parent	**169.9**	**151.3**

NOTE 24.2 NET EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS – ATTRIBUTABLE TO OWNERS OF THE PARENT

(in € millions)	*Notes*	2019	2018
Net profit/(loss) excluding non-recurring items			
• attributable to owners of the parent		169.9	151.3
Number of shares			
• basic	*10.2*	50,068,992	49,789,269
• diluted	*10.2*	52,680,567	52,434,796
Per share (in €)			
• basic		3.39	3.04
• diluted		3.22	2.89

NOTE 25 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The valuation of pension commitments and other post-employment benefits is determined using actuarial methods that involve assumptions in respect of the discount rate, expected rate of return of plan assets, salary increases, life expectancy, etc. Given the long-term nature of these obligations, any changes to these assumptions may have a material impact on the valuation.

In accordance with the laws and practices in each country, Rémy Cointreau offers employee benefit plans providing pensions and other post-employment benefits through defined-contribution or defined-benefit plans. The assets of pre-financed pension plans are managed as separate funds by independent asset managers or insurance companies.

Commitments are determined and recognised in accordance with the requirements of IAS 19R.

Accordingly:

- charges relating to defined-contribution plans are recognised as expenses when paid;
- commitments in respect of defined-benefit plans are determined by actuaries using the projected unit credit method. These calculations are based on assumptions regarding life expectancy, staff turnover and future salary increases. They also take into account the economic situation in each country. For Group companies located in the euro zone, the discount rate used is based on the iBoxx index for bonds with a maturity close to that of the corresponding liabilities.

Actuarial gains and losses calculated for the valuation of post-employment defined benefit plans (experience adjustments and the effects of changes in actuarial assumptions) are recognised directly in equity.

NOTE 25.1 DEFINED-BENEFIT PENSION PLANS

At 31 March 2019, defined-benefit plans, which are subject to an actuarial valuation, predominantly pertain to:

- retirement indemnities and long-service awards under collective bargaining agreements in France affecting a workforce of 661 people;
- defined-benefit supplementary pension plans sponsored by the Group in France, in Germany, in Belgium and in Switzerland affecting 176 people of whom 78 current employees and 98 retired employees or deferred plans;
- a post-employment healthcare scheme in France affecting a closed population of 24 retirees.

The breakdown by plan type of the liabilities recorded in the consolidated financial statements is as follows:

(in € millions)	2019	2018
Retirement indemnities	10.1	9.5
Supplementary pension plans	20.2	21.9
Long-service awards	0.7	0.7
Post-employment healthcare benefits	0.4	0.5
TOTAL	**31.5**	**32.6**

The liability related to these plans is in France for €26.6 million of which €10.1 million for retirement indemnities, €15.3 million for supplementary pension plans and €1.1 million for the other benefits.

(in € millions)	2019	2018
Present value of obligation at start of year	**37.0**	**36.2**
Service cost	2.7	2.7
Interest cost	0.5	0.4
Impact of changes to schemes	3.4	(0.3)
Benefits paid	(4.2)	(1.7)
Actuarial gains (losses)	0.7	(0.3)
Translation reserve	-	-
Present value of obligation at end of year	**40.1**	**37.0**
not funded	19.6	19.0
partly funded	20.5	18.0
Carrying amount of plan asset at start of year	**4.4**	**4.6**
Expected return	0.1	0.0
Contributions received	2.2	0.6
Impact of changes to schemes	3.8	-
Benefits paid	(2.2)	(0.4)
Actuarial gain (losses)	0.3	(0.4)
Translation reserve	-	-
Carrying amount of plan asset at end of year	**8.6**	**4.4**
Pension commitments	**31.5**	**32.6**
LIABILITIES	**31.5**	**32.6**
ASSETS	**-**	**-**

The assets underlying the liabilities are held by insurance companies who invest these assets together with their general assets. They are located in France for €1.4 million.

NOTE 25.2 COST FOR THE PERIOD

(in € millions)	2019	2018
Service cost	(2.7)	(2.7)
Interest cost	(0.5)	(0.4)
Expected return	0.1	0.0
Impact of changes to scheme	0.4	0.3
Total income (expense)	**(2.7)**	**(2.8)**
Benefits paid	2.0	2.1
Employer's contribution	2.2	0.6
Total net income (expense)	1.5	(0.1)
Assumptions		
Average discount rate	0.94%	1.26%
Average salary increase	1.80%	2.35%
Expected working life	19 years	19 years
Return on assets	0.75%	0.49%
Increase in medical costs	5.00%	5.00%
Estimated payments for the next five years:	10.6	13.6
Sensitivity to an increase of 0.50% in the discount rate on the gross actuarial debt	(1.4)	(1.3)
Sensitivity to an increase of 0.50% in the discount rate on the service cost	(0.3)	(0.3)

NOTE 26 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

NOTE 26.1 OPERATING ACTIVITY COMMITMENTS

(in € millions)	2019	2018
Beyond Purchase commitments – non-current assets	33.8	7.1
Leasing commitments – offices	-	24.0
Leasing commitments – equipment	-	2.6
Purchase commitments – *eaux-de-vie* (individual agreements)	68.8	56.2
Purchase commitments – *eaux-de-vie* (collective agreements)	-	45.7
Other purchase commitments	21.2	17.0

Purchase commitments on non-current assets mainly concern the acquisition of ageing casks at the Cognac site, as well as building projects in Cognac and Islay.

The office leasing commitments mainly related to the lease of the Group's Paris head office and those of the head offices of the subsidiaries Rémy Cointreau USA in New York, E. Rémy Rentouma Trading Ltd in Shanghai and Rémy Cointreau International Pte Ltd in Singapore. At 31 March 2019, these are no longer treated as off-balance sheet commitments and have been restated in compliance with IFRS 16 "Leases" (note 5).

Eaux-de-vie purchasing commitments mainly relate to multi-year contracts in place with distillers. These commitments are valued based on the prices known at the balance sheet date.

Other purchase commitments comprise purchase commitments for packaging items, advertising and promotion spending commitments and other miscellaneous purchase commitments.

Breakdown of commitments by maturity as of 31 March 2019:

(in € millions)	Total	2020	Beyond
Purchase commitments – non-current assets	33.8	20.7	13.1
Leasing commitments – offices	-	-	-
Leasing commitments – equipment	-	-	-
Purchase commitments – *eaux-de-vie* (individual agreements)	68.8	28.4	40.4
Purchase commitments – *eaux-de-vie* (collective agreements)	-	-	-
Other purchase commitments	21.2	21.2	-

NOTE 26.2 FINANCING COMMITMENTS, DEPOSITS AND SIMILAR GUARANTEES

(in € millions)	2019	2018
Customs deposits	22.5	21.6
Environmental deposits	2.7	2.8
Factoring guarantees	-	10.0
Agricultural warrants on AFC inventories	70.0	64.0
Guarantee on €65 million bond issue	65.0	65.0
Miscellaneous guarantees on credit lines	18.9	33.2
Other guarantees	1.5	1.4

Breakdown of commitments by maturity as of 31 March 2019:

(in € millions)	Total	2020	Beyond
Customs deposits	22.5	11.7	10.8
Environmental deposits	2.7	-	2.7
Factoring guarantees	-	-	-
Agricultural warrants on AFC inventories	70.0	70.0	-
Guarantee on €65 million bond issue	65.0	-	65.0
Miscellaneous guarantees on credit lines	18.9	18.9	-
Other guarantees	1.5	0.3	1.2

As part of the creation of the Passoa SAS joint-venture with Lucas Bols, the parties issued put and call options on their respective securities in Passoa SAS which may not be exercised before 1 December 2020. Unwinding of these instruments could enable Lucas Bols to acquire all the securities held by Rémy Cointreau in Passoa SAS. The exercise amount is currently estimated at €71.3 million.

NOTE 26.3 CONTINGENT ASSETS AND LIABILITIES RELATED TO DISPOSAL TRANSACTIONS

In connection with disposal transactions, guarantees in respect of liabilities are generally granted to the buyers for defined periods and amounts stipulated in the agreements. Liabilities for tax, excise duties and social security payments that may arise following audits covering periods prior to the sale are generally included until such liabilities lapse under the statute of limitations.

The guarantees granted and still outstanding at 31 March 2019 were as follows:

Disposal transaction	Transaction date	Nature of ongoing guarantees	Maturity	Maximum amount
Izarra – Distillerie de la Côte Basque	27 October 2015	Tax items	Legal period +30 days	€200,000

NOTE 26.4 OTHER CONTINGENT LIABILITIES

One of the French companies in the Group was the subject of a tax adjustment notification during the year ended 31 March 2019, following a tax audit of prior years. On the recommendation of its advisors, the Group is contesting all claims and intends to use all available remedies to defend its case. Accordingly, no provision has been recognised.

At 31 March 2019, Rémy Cointreau was involved in various other litigation proceedings. After reviewing each case in relation to each subsidiary concerned, and after seeking legal advice, the provisions deemed to be necessary have been established to cover the estimated risks, where applicable.

Rémy Cointreau declares that it has not omitted any material off-balance sheet items in the presentation of its consolidated financial statements.

NOTE 27 RELATED PARTIES

NOTE 27.1 TRANSACTIONS WITH ASSOCIATES

At 31 March 2019, the Rémy Cointreau Group's main associates were Diversa and Spirits Platform Pty Ltd.

The transactions with these companies are described in note 7.

NOTE 27.2 TRANSACTIONS WITH ORPAR AND ANDROMÈDE

Andromède is Rémy Cointreau's main shareholder, through Orpar. Transactions between Rémy Cointreau and these companies are as follows:

(in € millions)	2019	2018
Service fees paid	2.6	2.7
Current-account agreement[(1)] - Debt	40.0	60.0
Trade and other receivables	0.4	0.4
Trade payables and other liabilities	-	-

(1) A shareholder current account advance agreement between Rémy Cointreau SA and Orpar SA was signed in March 2015. It now consists of €40 million at an interest rate of 0.60%, taking into account the early repayment of €20 million (31 March 2018: €60 million at 1.25%).

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NOTE 27.3 TRANSACTIONS WITH COMPANIES WITH A COMMON SHAREHOLDER OR DIRECTOR

Andromède, shareholder of Orpar, is also a shareholder of Oeneo Group, which is listed on Euronext Paris and is a market leader in the cooperage and corking business. As such, various Oeneo Group subsidiaries are suppliers to the Rémy Cointreau Group.

(in € millions)	2019	2018
Purchases of non-current assets	3.6	3.8
Other purchases	0.9	0.8
Trade payables	0.5	0.3

NOTE 27.4 MANAGEMENT BODIES

The Group's management bodies comprise the members of the Board of Directors and the Executive Committee.

The Executive Committee is comprised of the Chief Executive Officer and 11 members.

The data below includes the remuneration due to members of the management bodies during their term of office with these bodies.

Short-term benefits include fixed and variable remuneration, benefits in kind and all social security charges directly linked to these remunerations.

(in € millions)	2019	2018
Short-term benefits	8.8	8.5
Post-employment benefits[(1)]	1.6	1.4
Share-based payments	1.8	1.5
Directors' fees paid to members of the Board of Directors	0.5	0.5
TOTAL	**12.7**	**11.8**

*(1) Primarily a defined-benefit pension plan (see note **25**). The corresponding liabilities for the management bodies were €7.7 million at 31 March 2019.*

NOTE 28 STATUTORY AUDITORS' FEES

The fees paid the Statutory Auditors and the members of their network for the year ended 31 March 2019 amounted to €1.4 million for audit work and €0.3 million for other services.

	PricewaterhouseCoopers[(1)]		Aca Nexia[(2)]	
(in € thousands)	Amount	%	Amount	%
Certification of financial statements	**1,025**	**79%**	**335**	**100%**
- Rémy Cointreau SA	217		138	
- Fully consolidated subsidiaries	808		197	
Other services[(3)]	**277**	**21%**	**0**	**0%**
- Rémy Cointreau SA	0		0	
- Fully consolidated subsidiaries	277		0	
TOTAL	**1,302**	**100%**	**335**	**100%**

(1) Of which €397,000 for PricewaterhouseCoopers Audit for the statutory audit of the parent company and French subsidiaries and €37,000 for other services.
(2) Of which €251,000 for ACA for the statutory audit of the parent company and French subsidiaries, and no other service.
(3) Other engagements mainly consist of technical consultations on tax compliance for foreign subsidiaries and the CSR statement.

NOTE 29 EVENTS AFTER THE REPORTING PERIOD

The Rémy Cointreau Group sold its entire stake in Diversa to the Underberg Group on 1 April 2019 (note **7.2**).

On 1 April 2019, the Rémy Cointreau Group announced the effective sale of its distribution subsidiaries in the Czech Republic (Rémy Czech Republic) and Slovakia (Rémy Cointreau Slovakia) to the company Mast-Jägermeister SE. Simultaneously with the sale, the Rémy Cointreau Group signed a distribution agreement with Mast-Jägermeister SE to distribute, on an exclusive basis, the spirits of the Rémy Cointreau Group in the Czech Republic and Slovakia.

Given the nature of the transaction and the insignificance of the amounts involved (0.8% of the Rémy Cointreau Group's net assets at 31 March 2019), this transaction did not give rise to the application of IFRS 5 in the financial statements for the year ended 31 March 2019. The net assets sold amounted to €11.3 million. This transaction was carried out for an amount of €16.2 million and will generate a gain on disposal of around €4.0 million, net of fees and taxes, which will be recognised in the first quarter of the year ending 31 March 2020.

The combined balance sheet summary of the entities sold is as follows:

	Total
User rights, IFRS 16	1.6
Working capital requirement (net)	4.7
Net Cash and Cash equivalent	5.0
TOTAL	**11.3**

On 29 May 2019, the Group announced that exclusive negotiations were underway for the acquisition of the cognac House JR Brillet and part of its vineyards. The transaction is expected to be finalised in autumn 2019.

No other material event occurred after the reporting period.

NOTE 30 LIST OF CONSOLIDATED COMPANIES

At 31 March 2019, the scope of consolidation included 44 companies (47 at 31 March 2018). 42 companies were fully consolidated, and two were accounted for using the equity method. All companies have a 31 March year-end, except Spirits Platform Pty Ltd, which has a 30 September year-end.

Company	Activity	% interest March 2019	% interest March 2018
EUROPE			
France			
Rémy Cointreau SA(1)	Holding/Finance	100.0	100.0
Rémy Cointreau Services(1)	Holding/Finance	100.0	100.0
CLS Rémy Cointreau(1)	Production/Distribution	100.0	100.0
Domaines Rémy Martin(1)	Agricultural production	100.0	100.0
E. Rémy Martin & C°(1)	Production	100.0	100.0
Cointreau(1)	Production	100.0	100.0
Alliance Fine Champagne(2)	Special purpose entity	100.0	100.0
Domaine des Hautes Glaces(1)	Production	95.5	95.5
Rémy Cointreau International Marketing Services(1)	Other	100.0	100.0
Storeco(1)	Production	100.0	100.0
Other countries			
Rémy Cointreau Nederland Holding NV (Netherlands)	Holding/Finance	100.0	100.0
Cointreau Holding GmbH (Germany)	Holding/Finance	100.0	100.0
Diversa Spezialitaten GmbH(3) (Germany)	Distribution	50.0	50.0
S. & E. & A. Metaxa ABE (Greece)	Production	100.0	100.0
Financière Rémy Cointreau SA (Belgium)	Holding/Finance	100.0	100.0
Rémy Cointreau Belgium (Belgium)	Distribution	100.0	100.0
Rémy Cointreau Europe & MEA SA (Switzerland)	Distribution	100.0	100.0
Rémy Cointreau Luxembourg SA (Luxembourg)	Distribution	100.0	100.0
Rémy Cointreau Slovakia sro (Slovakia)	Distribution	100.0	100.0
Rémy Cointreau Czech Republic sro (Czech Republic)	Distribution	100.0	100.0
Bruichladdich Distillery Company Ltd (UK)	Production	100.0	100.0
Rémy Cointreau UK Ltd (UK)	Holding/Finance	100.0	100.0
Rémy Cointreau UK Distribution Ltd (UK)	Distribution	100.0	100.0
Rémy Cointreau International Spirits Ltd (United Kingdom)	Holding/Finance	100.0	100.0
AMERICAS			
United States			
Rémy Cointreau USA Inc	Distribution	100.0	100.0
Rémy Cointreau Amérique Inc	Holding/Finance	100.0	100.0
Rémy Cointreau Travel Retail Americas Inc	Distribution	100.0	100.0
The Westland Distillery Company	Production	100.0	100.0
Barbados			
Mount Gay Distilleries Ltd	Production	95.2	95.2
Mount Gay Holding Ltd	Holding/Finance	100.0	100.0

		% interest	
Company	Activity	March 2019	March 2018
Other countries			
Cointreau Do Brazil (licores) Ltda (Brazil)	Other	100.0	100.0
ASIA/PACIFIC/AFRICA			
China/Hong Kong			
Rémy Cointreau Shanghaï Ltd	Distribution	100.0	100.0
E. Rémy Rentouma Trading Ltd	Distribution	100.0	100.0
Shanghaï RC Trading Ltd	Distribution	100.0	100.0
Rémy Concord Ltd	Distribution	100.0	100.0
Rémy Pacifique Ltd	Holding/Finance	100.0	100.0
Caves de France	Holding/Finance	100.0	100.0
Other countries			
Rémy Cointreau Taiwan Pte Ltd (Taiwan)	Distribution	100.0	100.0
Rémy Cointreau Japan KK (Japan)	Distribution	100.0	100.0
Rémy Cointreau International Pte Ltd (Singapore)	Distribution	100.0	100.0
RM Cointreau Vietnam Company Ltd (Vietnam)	Distribution	100.0	100.0
Rémy Cointreau South Africa Pty Ltd (South Africa)	Distribution	100.0	100.0
Rémy Cointreau Malaysia (Malaysia)	Distribution	100.0	100.0
Spirits Platform Pty Ltd (Australia)(3)	Distribution	37.0	37.0
CHANGES IN CONSOLIDATION SCOPE			
Joint Marketing Services(4)	Holding/Finance	-	100.0
Hermann Joerss GmbH & Co (Germany)(4)	Distribution	-	100.0
Dynasty Fine Wines Group Ltd(5)	Production	27.0	27.0

(1) Company included in the French tax group.
(2) Special-purpose entity.
(3) Equity-accounted company.
(4) Merger or liquidation during the financial year.
(5) Equity-accounted company at 31 March 2018 and whose securities have been reclassified to “Non-consolidated equity investments” (note 7).

5.7 Statutory auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Rémy Cointreau for the year ended 31 March 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 March 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit-Finance Committee.

Basis for opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 April 2018 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 1 "Summary of significant accounting policies – Changes to accounting principles" to the consolidated financial statements, which describes the impacts of the application of IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases" from 1 April 2018.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

MEASUREMENT OF INTANGIBLE ASSETS: BRANDS AND GOODWILL – NOTE 4 TO THE CONSOLIDATED FINANCIAL STATEMENTS

Description of risk

At 31 March 2019, the net value of brands and goodwill was €451.2 million and €48.3 million, respectively.

The assets recorded under "Brands" are not amortised as they are legally protected, generate higher earnings than identical unbranded products and have indefinite useful lives.

Brands and goodwill are tested for impairment at least once a year at the reporting date and whenever there is an indication of a decrease in value, except for certain brands where the exemption provided for in IAS 36.24 is applied, as there is deemed to be a significant difference between the carrying amount and the recoverable amount.

For the purpose of these impairment tests, the assets are allocated to cash generating units (CGUs), whose structure is based on the brand portfolio.

The recoverable amount of each CGU for impairment testing purposes is the higher of value in use or market value (less any costs of disposal).

The principal method used to estimate value in use is based on the present value of estimated future cash flows (excluding interest) generated by the use of each brand, asset or group of assets. Cash flows are estimated based on medium-term plans, the duration of which is tailored to the individual characteristics of each business. For example, the duration is five years for brands without ageing processes and 12 years for those with ageing processes. The terminal value is determined by applying a perpetual growth rate. Different discount rates are used and include a specific risk premium for each business.

When recent transactions involving similar assets have taken place, the multiples for these transactions are used to determine market value.

We deemed the measurement of these assets to be a key audit matter because the calculation of their recoverable amount requires a high degree of judgement from management in terms of projecting future cash flows and determining the main assumptions to be used.

How our audit addressed this risk

With the assistance of our valuation experts, we examined the methods used to implement these impairment tests.

For the impairment tests we deemed to be the most sensitive, our work consisted of:

- assessing the consistency of the projected future cash flows with the estimates presented to the Board of Directors during the budget process, historical results and the economic and financial environment on the different markets in which the brands are operated;
- assessing the discount rates applied, by comparing their inputs with external references;
- familiarising ourselves with the valuation reports prepared by independent appraisers at management's request and carrying out a critical review of these reports;
- verifying, on a sample basis, the mathematical accuracy of the calculations performed in the impairment tests.

VALUATION OF EAU-DE-VIE INVENTORIES AND ELIMINATION OF INTERNAL MARGINS ON FINISHED GOODS INVENTORIES – NOTE 9 TO THE CONSOLIDATED FINANCIAL STATEMENTS

Description of risk

The Group's inventories were carried in the statement of financial position at 31 March 2019 for a net amount of €1,245.5 million, representing 47% of total assets. These inventories mainly consisted of *eau-de-vie* undergoing ageing for an amount of €1,103.4 million, which may be held for periods ranging from three to more than 70 years. They remain classified within current assets in accordance with industry practice.

The inventories undergoing ageing are recognised at cost, excluding interest, which is recorded in financial expenses in the period during which it is incurred. The cost price comprises the purchase price plus incidental costs and is increased each year by including costs directly attributable to the ageing process as well as to reflect evaporation. The approach used to determine realisable value takes into account the sale price of the finished goods developed using these inventories.

We deemed this to be a key audit matter in view of the significant amount of inventories in the consolidated statement of financial position and the fact that the valuation of *eau-de-vie* is dependent on assumptions, estimates and assessments made by management.

In addition, as a large number of distribution subsidiaries hold finished goods inventories, the elimination of internal margins in the consolidated financial statements is particularly important since it has an impact on the value of the Group's inventories.

How our audit addressed this risk

Our work consisted of:

- verifying the actual existence of the *eau-de-vie* inventories using sampling techniques during physical inventory counts;
- obtaining an understanding of the procedures implemented to value *eau-de-vie* inventories undergoing ageing;
- carrying out a critical assessment of the method used by management to value *eau-de-vie* inventories and examining the proper application of the valuation method, in particular by analysing fixed costs included in the inventory valuation;
- assessing the realisable value by reference to the sale price of the finished goods that will be developed using these inventories.

Our work consisted in examining, on a sample basis, the consistency between the internal margins eliminated in the consolidated financial statements, in particular by examining the margin levels generated with the different distribution subsidiaries.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the management report includes the consolidated non-financial information statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Report on other legal and regulatory requirements

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of Rémy Cointreau by the Shareholders' Meetings held on 24 July 2018 for PricewaterhouseCoopers Audit and on 26 September 1990 for Auditeurs et Conseils Associés.

At 31 March 2019, PricewaterhouseCoopers Audit was in the first year of its engagement and Auditeurs et Conseils Associés was in the twenty-ninth consecutive year of its engagement, including twenty-one years since the Company's shares were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit-Finance Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the onsolidated financial statements

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

REPORT TO THE AUDIT-FINANCE COMMITTEE

We submit a report to the Audit-Finance Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit-Finance Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit-Finance Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit-Finance Committee.

Neuilly-sur-Seine and Paris, 24 June 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Auditeurs et Conseils Associés ACA Nexia
Olivier Auberty	François Mahé

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MOUNT GAY
Est. 1703 Barbados Rum
MASTER BLENDER COLLECTION
XO
THE PEAT SMOKE EXPRESSION

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FINANCIAL STATEMENTS AT 31 MARCH 2019

6.1 Company statement of financial position

For the financial years ended 31 March, in € millions	Notes	2019	2018
ASSETS			
Intangible fixed assets		-	-
Property, plant and equipment		-	-
Equity investments		1,549.9	1,550.9
Receivables relating to equity investments		-	-
Other long-term investments		-	-
Loans		-	90.6
Other financial assets		21.6	4.3
Total fixed assets	*2.1*	**1,571.5**	**1,645.8**
Other receivables	*2.2*	27.2	64.5
Marketable securities	*2.4*	16.7	19.4
Cash and cash equivalents		-	-
Prepaid expenses		0.2	0.2
Total current assets		**88.0**	**84.1**
Deferred expenses	*2.5*	2.2	2.6
Bond redemption premiums		-	-
Foreign currency translation reserve – assets		-	-
TOTAL ASSETS		**1,617.8**	**1,732.5**
LIABILITIES			
Share Capital		80.2	80.4
Additional paid-in capital		795.1	804.9
Legal reserve		8.1	8.0
Regulated reserves		-	-
Other reserves		-	-
Retained earnings		88.9	156.6
Net profit/(loss) for the year		104.0	14.9
Regulated provisions		-	-
Shareholders' equity	*2.6*	**1,076.3**	**1,064.7**
Provisions for liabilities and charges	*2.7*	**16.7**	**20.6**
Bonds	*2.8*	355.4	355.4
Borrowings and amounts due to financial institutions	*2.9*	-	-
Borrowings and other liabilities	*2.10*	113.4	194.0
Financial debt		**468.8**	**549.4**
Trade payables		0.4	0.3
Tax and social security liabilities		6.7	2.3
Amounts payable on fixed assets and related accounts		-	-
Other liabilities	*2.11*	48.9	95.2
Operating payables		**56.0**	**97.8**
Deferred income		-	-
Foreign currency translation reserve – liabilities		-	-
TOTAL LIABILITIES		**1,617.8**	**1,732.5**

6.2 Company income statement

At 31 March in € millions	Notes	2019	2018
Services provided	3.1	24.4	21.8
Reversals of depreciation, amortisation and provisions, transferred charges		-	-
Other income		0.4	-
Total operating revenue		**24.8**	**21.8**
Purchases and external charges		35.8	33.0
Taxes, duties and other levies		0.2	0.1
Wages and salaries		-	-
Social security charges		0.4	0.1
Depreciation and amortisation of fixed assets		0.8	0.7
Provisions for liabilities and charges		-	-
Other expenses		0.5	0.5
Total operating expenses		**37.7**	**34.4**
Operating results		**(12.9)**	**(12.6)**
Financial income from equity investments	3.2	110.4	22.0
Income from investment securities and equity investments		1.4	5.0
Other interest and related income		0.1	0.1
Reversals of provisions and transferred charges		-	-
Foreign exchange gains		-	-
Net gains on disposals of marketable securities		1.0	0.7
Total financial income		**112.9**	**27.8**
Charges for depreciation, amortisation and provisions		-	-
Interest and similar expenses		4.1	6.3
Foreign exchange losses		-	-
Net losses on disposals of marketable securities		0.7	0.2
Total financial expenses		**4.8**	**6.5**
Net financial income/(expense)		**108.1**	**21.3**
Profit/(loss) on ordinary activities before tax		**95.2**	**8.7**
Exceptional gains on management transactions		-	-
Exceptional gains on capital transactions		6.9	14.3
Reversals of provisions and transferred charges		6.4	4.5
Total exceptional income	3.4	**13.3**	**18.8**
Exceptional gains on management transactions		5.2	-
Exceptional gains on capital transactions		7.3	4.8
Exceptional depreciation, amortisation and provisions		5.8	14.0
Total exceptional expenses	3.4	**18.3**	**18.8**
Net exceptional income/(expense)	3.4	**(5.0)**	**-**
Income tax	3.5	13.8	6.2
NET PROFIT/(LOSS) FOR THE PERIOD		**104.0**	**14.9**

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6.3 Company cash flow statement

At 31 March in € millions	2019	2018
Net profit/(loss) for the period	104.0	14.9
Depreciation, amortisation and provisions	**7.5**	**18.0**
Exceptional	5.8	14.0
Provisions for tax risk	0.9	3.3
Deferred charges	0.8	0.7
Reversals of depreciation, amortisation and provisions	**(9.5)**	**(4.5)**
Provisions for tax risk	(3.1)	
Exceptional	(6.4)	(4.5)
(Gains)/losses on disposals	**(0.2)**	**-**
Proceeds from disposals	(1.2)	-
Carrying amount of assets sold	1.0	-
= Operating cash flow	**101.8**	**28.4**
A – Resources		
Operating cash flow	101.8	28.4
Disposals of intangible fixed assets	-	-
Disposals of property, plant and equipment	-	-
Disposals or reductions of financial assets	-	-
Decrease in loans and other financial assets	90.6	-
Capital increase and share premium	73.5	57.1
Long- and medium-term borrowings	-	-
Total	**265.9**	**85.5**
B – Expenditure		
Dividends	82.9	81.8
Acquisitions of fixed assets:	-	-
Increase in loans and other financial assets	17.3	1.1
Repayment of borrowings	20.0	-
Deferred charges	-	-
Bond redemption premiums	0.4	-
Reduction of shareholders' equity	83.3	10.0
Total	**203.9**	**92.9**
A –B = Change in working capital	**62.0**	**(7.4)**
Analysis of change in working capital		
Increase/(decrease) in trade payables	(0.1)	0.1
Increase/(decrease) in advance payments on orders	-	-
Increase/(decrease) in other current assets/liabilities, including bank overdrafts	62.1	(7.5)
TOTAL	**62.0**	**(7.4)**

6.4 Notes to the Company's financial statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements for the year have been prepared in accordance with the accounting standards defined by the French General Chart of Accounts (plan comptable général), ratified by ministerial decree of 8 September 2014, pursuant to Articles L. 123-12 to L. 123-28 and R. 123-172 to R. 123-208 of the French Commercial Code, ANC regulation no. 2016-07 of 26 December 2016 and Accounting Regulation Committee (CRC, *Comité de la règlementation comptable*) regulations.

Accounting conventions have been adopted on a prudent basis and in accordance with the following basic assumptions:

- going concern principle;
- consistency of accounting policies from one period to the next;
- independence of financial periods;

and in line with the general rules governing the preparation and presentation of financial statements.

The historical cost method was adopted as the basic method of accounting.

The measurement and presentation methods used in the financial statements for this period remain unchanged from the previous period.

The main accounting principles and valuation methods used are as follows:

a. non-current financial assets are measured at acquisition cost or transfer value, less any provisions necessary to reconcile them with their value in use. Value in use is determined using a number of criteria, including in particular net assets, unrealised capital gains and future earnings potential;

b. receivables and liabilities are recorded at their nominal value. Any such items that are denominated in foreign currency are translated at the closing exchange rate for the year. Where applicable, a provision for doubtful debts is recorded on receivables to cover any risk of non-collection;

c. the difference arising from the valuation of liabilities and receivables in foreign currencies, using the closing exchange rate, is recorded in the statement of financial provision as a foreign currency translation reserve;

d. the valuation of marketable securities is performed on the day of the acquisition for investments and using the FIFO method for divestments.

NOTE 2 NOTES TO THE STATEMENT OF FINANCIAL PROVISION

NOTE 2.1 FIXED ASSETS

(in € millions)	Gross value at the start of the year	Reclas-sification	Increase	Decrease	Gross value at the end of the year
Intangible fixed assets	-	-	-		-
Equity investments	1,550.9	-	-	1.0	1,549.9
Other financial assets	4.3	-	17.3	-	21.6
Loans	90.6	-	-	90.6	-
TOTAL	**1,645.8**	**-**	**17.3**	**91.6**	**1,571.5**

The decrease in "equity investments" corresponds to the sale of the Dettling & Marmot securities to Underberg in the amount of €1.2 million, generating a capital gain of over €0.2 million.

The "Other financial assets" item is comprised of the following:

- €3.9 million corresponding to a liquidity contract entered into with a liquidity provider. The liquidity provider's sole purpose is to promote the liquidity of the Company's securities and the regularity of their quotation on the market;
- €0.7 million corresponding to 5,903 Rémy Cointreau securities held under the liquidity contract at the reporting date, placed in a liquidity account.
- €17.0 million corresponding to 165,235 Rémy Cointreau shares acquired under a share buyback programme (note **2.6**)

The €90.6 million reduction in the "Borrowings" item was due to a memorandum of understanding entered into on 9 July 2018. The Holding Champagne P&CH vendor loan was therefore repaid early for a total amount of €86.8 million (principal and interest). This transaction generated an exceptional expense of €5.2 million (note **3.4**).

NOTE 2.2 OTHER RECEIVABLES

(in € millions)	2019	2018
Tax group receivable	8.2	42.5
VAT receivable	0.4	0.8
Income receivable under the bonus share plan (note **2.6**)	16.7	17.3
Other debtors	1.9	3.9
TOTAL	**27.2**	**64.5**

At the end of the financial year, €16.7 million of income receivable was recorded, corresponding to the impact of the reassignment of the cost of issuing shares allocated to the 2016, 2017 and 2019 bonus share plans, representing a total of 170,950 shares (note **2.6**). Re-invoicing shall effectively take place at the end of the plan vesting period.

NOTE 2.3 MATURITY ANALYSIS OF RECEIVABLES

(in € millions)	Gross amount	Less than one year	More than one year
Fixed assets			
Receivables relating to equity investments	-	-	-
Loans	-	-	-
Current assets			
Other receivables	27.2	16.9	10.3
Prepaid expenses	0.2	0.2	-
TOTAL	**27.4**	**17.1**	**10.3**

The sum of other receivables maturing in more than one year corresponds to the re-invoicing of the 2017 and 2019 bonus share plans.

NOTE 2.4 MARKETABLE SECURITIES

The Marketable securities item corresponds to the valuation of the treasury shares held to service the existing bonus share plans. As at the reporting date, 170,950 treasury shares were held for this purpose. All of them are allocated to existing plans. The shares are held until the maturity of these plans (note **2.6**). As of 31 March 2019, the Rémy Cointreau share price was €118.9. The average share price of marketable securities was €97.76 per share.

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NOTE 2.5 MATURITY ANALYSIS OF DEFERRED EXPENSES

(in € millions)	Gross amount	Less than one year	More than one year
Syndicated loan expenses of €100 million	0.4	0.1	0.3
Private placement expenses of €80 million	0.2	0.0	0.2
OCEANE expenses of €275 million	1.6	0.2	1.4
TOTAL	**2.2**	**0.3**	**1.9**

In July 2018, the €255 million syndicated loan was replaced by a new syndicated loan of €100 million with a pool of nine banks. No amounts were drawn down during the financial year.

The costs of issuing and extending the loan are amortised over the term of the loan. A total of €0.7 million was amortised over the period.

The maturities are as follows:

- syndicated loan: 2 July 2024;
- private bond placement: 27 February 2025;
- OCEANE bond: 7 September 2026.

NOTE 2.6 SHAREHOLDERS' EQUITY

Breakdown of share capital

Share capital comprises 50,149,787 fully paid-up shares with a nominal value of €1.60.

The share capital evolved as follows over the course of the financial year:

- 725,987 shares were issued in connection with the option for the payment of the dividend in shares in accordance with the Board of Directors' decision of 24 September 2018;
- 800,000 treasury shares acquired as part of a share buyback programme were cancelled following the Board of Directors' decision of 17 January 2019. This decision resulted in a share capital reduction of €1.3 million and a decrease in share premiums of €82.0 million.

Share buyback programme

At its meeting of 24 July 2018, the Board of Directors of Rémy Cointreau decided, pursuant to the 21st and 22nd resolutions of the Combined Shareholders' Meeting of 24 July 2018, to authorise the Company's CEO to implement a share buyback programme. This programme, covering up to 1 million shares, was to expire by 30 April 2019 at the latest. It was ended on 20 December 2018. Rémy Cointreau purchased 1 million shares under this programme. The Board of Directors of Rémy Cointreau, meeting on 17 January 2019, decided to cancel 800,000 treasury shares through a capital reduction. The remaining shares, *i.e.* 200,000, were allocated as follows:

- 34,765 shares to cover the 2019 bonus share plan, recognised as marketable securities;
- 165,235 shares kept to cover future bonus share plans, recognised as other financial assets.

Change in shareholders' equity

	Number of shares	Share Capital	Additional paid-in capital	Legal reserve	Retained earnings	Net profit/(loss)	Total
At 31 March 2017	**49,692,184**	**79.5**	**758.6**	**7.8**	**87.4**	**151.2**	**1,084.5**
Appropriation of earnings	-	-	-	0.2	151.0	(151.2)	-
Net profit/(loss) for the year	-	-	-	-	-	14.9	14.9
Dividend	635,254	1.0	56.1	-	(81.8)	-	(24.7)
Capital reduction	(103,638)	(0.2)	(9.8)	-	-	-	(10.0)
At 31 March 2018	**50,223,800**	**80.4**	**804.9**	**8.0**	**156.6**	**14.9**	**1,064.7**
Appropriation of earnings	-	-	-	0.1	14.8	(14.9)	-
Net profit/(loss) for the year	-	-	-	-	-	104.0	104.0
Dividend	725,987	1.1	72.2	-	(82.5)	-	(9.2)
Capital reduction	(800,000)	(1.3)	(82.0)	-	-	-	(83.3)
AT 31 MARCH 2019	**50,149,787**	**80.2**	**795.1**	**8.1**	**88.9**	**104.0**	**1,076.3**

BONUS SHARE PLANS

Grant date(1)	Plan No.	Vesting period	Minimum retention period	Rights initially granted	Value of rights on grant date	Lapsed rights	Rights granted at the end of the vesting period	Rights outstanding at 31 March 2019
24 November 2015	2015B	3 years	2 years	88,800	66.64	14,200	74,600	-
22 November 2016	2016	3 years	2 years	73,600	74.44	6,900	-	66,700
21 November 2017	2017	3 years	2 years	50,900	111.40	4,100	-	46,800
19 January 2019	2019	4 years	-	57,450	101.00		-	57,450
TOTAL				**270,750**		**25,200**	**74,600**	**170,950**

(1) The grant date is the date of the Board meeting which decided the allocations under each plan. The 2015B plan was authorised by the Combined Shareholders' Meeting of 24 July 2014. The 2016 and 2017 plans were authorised by the Combined Shareholders' Meeting of 26 July 2016 and the 2019 plan by the Combined Shareholders' Meeting of 24 July 2018.

All plans are indexed plans (AGAI). The shares issued to beneficiaries at the end of the vesting period are subject to their continued employment with the Group. The number of shares will depend on the achievement of external and/or internal criteria.

Plan 2015B: this plan expired on 24 November 2018. There were 74,600 rights outstanding, all of which have been granted. In accordance with the rules of this plan, the maximum number of shares will be granted if the share price has increased by 20% or more between 24 November 2015 and 23 November 2018, with a target price of €76.95. The actual price was €102.90. This plan was serviced in full by the delivery of shares held by Rémy Cointreau.

Plan 2016: the maximum number of shares will be granted if the overall performance of Rémy Cointreau stock (TSR – Total Shareholder Return) as at the end of the vesting period is superior to that of a panel of nine luxury goods and/or premium spirits companies. The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. As at the closing date, the plan was expected to be serviced in full by the delivery of shares held by Rémy Cointreau.

Plan 2017: the maximum number of shares will be granted if the overall performance of Rémy Cointreau stock (TSR – Total Shareholder Return) as at the end of the vesting period is superior to that of a panel of eight luxury goods and/or premium spirits companies. The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. As at the closing date, the plan was expected to be serviced in full by the delivery of shares held by Rémy Cointreau.

2019 Plan: 50% of the maximum number of shares will be granted if the overall performance of Rémy Cointreau stock (TSR – Total Shareholder Return) as at the end of the vesting period is superior to that of a panel of 10 luxury goods and/or premium spirits companies. 50% of the maximum number of shares will be granted if the current operating profit has reached the target set (target values defined for financial years 2019/20 to 2022/23). The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. At the reporting date, the plan was expected to be serviced in full by the delivery of shares held by Rémy Cointreau.

NOTE 2.7 PROVISIONS

(in € millions)	Provisions for bonus share plans	Provisions for other liabilities and charges	Total
Opening balance	**17.4**	**3.2**	**20,6**
Increase	5.8	0.9	6.7
Reversals (used)	(6.5)	(1.4)	(7.9)
Reversals (unused)	-	(2.7)	(2.7)
CLOSING BALANCE	**16.7**	**-**	**16.7**

Provisions for liabilities and charges was increased by €5.8 million corresponding to the treasury shares directly allocated to the 2019 bonus share plan (note **2.6**).

This provision was also subject to a reversal of €6.5 million during the financial year, based on the performance of the 2015B plan (note **2.6**) and adjustments to the 2016 and 2017 plans.

The provision for tax risk was fully reversed at year-end in the amount of €3.2 million and a tax expense of €1.1 million was recognised (note **3.5**).

(in € millions)	Increase	Reversals
• Operating	-	-
• Financial	-	-
• Exceptional	5.8	6.5
• Tax	0.9	4.1
TOTAL	**6.7**	**10.6**

NOTE 2.8 BONDS

(in € millions)	2019	2018
Convertible bonds (OCEANE)	275.0	275.0
Private placement bonds	80.0	80.0
Total nominal value	**355.0**	**355.0**
Accrued interest	0.4	0.4
TOTAL	**355.4**	**355.4**

OCEANE

On 7 September 2016, as part of a private placement with institutional investors, Rémy Cointreau issued bonds with an option to convert to and/or exchange for new and/or existing shares (OCEANE), with a maturity date of 7 September 2026 and a nominal amount of €275 million, or 2,484,191 OCEANE with a par value of €110.70 each.

The par value of the OCEANE bonds incorporates an issue premium of 40% based on the reference price of the Company's shares on the Euronext Paris regulated market. OCEANE bondholders are entitled to new and/or existing Rémy Cointreau shares, at the conversion rate of one share per OCEANE, subject to potential subsequent adjustments exercisable on 7 September 2023. This conversion rate was increased to 1.001 share per OCEANE following the payment of the dividend of €1.65 per share on 4 September 2017.

The OCEANE bonds bear interest at a nominal annual rate of 0.125%, payable in arrears on 7 September each year.

Private bond placement

On 27 February 2015, Rémy Cointreau issued an €80.0 million bond in the form of a private placement with a leading European insurer. These 10-year bonds bear interest at 2.945%.

This contract is unsecured. Availability of the funds is subject to the A ratio (see Syndicated loan) remaining below 3.5 at each half-year end for the duration of the contract.

NOTE 2.9 BORROWINGS AND AMOUNTS DUE TO FINANCIAL INSTITUTIONS

(in € millions)	2019	2018
Syndicated loan	-	-
Accrued interest	-	-
TOTAL	**-**	**-**

Syndicated loan

Since 2 July 2018, Rémy Cointreau has had a new €100 million syndicated loan with a pool of nine banks. This new loan has a 5-year maturity (with a potential 2-year extension). It replaces the €255 million syndicated loan that matured on 11 April 2019. Amounts drawn down bear interest at EURIBOR plus a margin of between 35 and 125 bps, depending on the Group's level of debt.

This facility is unsecured.

The availability of the facility is contingent upon the "Average net debt/EBITDA" ratio (the "A ratio") being less than or equal to 4.0 at 30 September and 31 March of each year until maturity. At 31 March 2019, the ratio was 1.19 (September 2018: 1.21; March 2018: 1.48).

At 31 March 2019, no amounts are currently being drawn down on this facility.

NOTE 2.10 BORROWINGS AND OTHER LIABILITIES

Borrowings and liabilities break down as follows:

(in € millions)	2019	2018
Current-account agreement	40.0	60.0
Borrowings and amounts due to Group subsidiaries	73.0	133.2
Total nominal value	**113.0**	**193.2**
Accrued interest	0.3	0.8
TOTAL	**113.4**	**194.0**

Current-account agreement

On 31 March 2015, Rémy Cointreau signed a current-account agreement with its shareholder ORPAR for a €60 million interest-bearing advance, fully paid up on 7 April 2015, for a maximum period of three years, *i.e.* to be repaid no later than 7 April 2018.

An amendment signed on 30 March 2018 extended the term by three years and, with effect from 8 April 2018, reduced the interest rate from 1.25% to 0.60%.

A partial repayment in the amount of €20 million was carried out on 21 January 2019, bringing the current-account agreement with Orpar to €40 million.

Financial liabilities with Financière Rémy Cointreau

The balance of the current account with FRC was reduced by €60.2 million during the financial year due in particular to the early repayment of the vendor loan.

NOTE 2.11 OTHER LIABILITIES

(in € millions)	2019	2018
Tax instalments paid by companies within the tax group	-	43.5
Tax group balance	44.6	46.7
Accrued expenses	0.2	0.0
Other creditors	4.1	5.0
TOTAL	**48.9**	**95.2**

NOTE 2.12 MATURITY ANALYSIS OF PAYABLES

(in € millions)	Gross amount	Less than one year	One to five years	More than five years
Bonds	355.4	0.4	-	355.0
Borrowings and other liabilities	113.4	113.4	-	-
Trade payables	0.4	0.4	-	-
Tax and social security liabilities	6.7	6.7	-	-
Other liabilities	48.9	48.9	-	-
TOTAL	**524.8**	**169.8**	**-**	**355.0**

NOTE 3 NOTES TO THE INCOME STATEMENT

NOTE 3.1 BREAKDOWN OF NET SALES

Net sales totalled €24.4 million and essentially comprised services invoiced to all Rémy Cointreau Group subsidiaries and sub-subsidiaries, of which €11.6 million to French companies and €12.8 million to foreign companies.

NOTE 3.2 FINANCIAL INCOME

Financial income from equity investments amounted to €110.4 million and related to dividends received from subsidiaries.

Other financial income totalled €1.4 million and mainly corresponds to the interest on the loan granted to the company Holding Champagne P&CH (note **2.1**).

NOTE 3.3 FINANCIAL RESULTS FOR THE PAST FIVE YEARS

At 31 March in € millions	2019[1]	2018	2017	2016	2015
1. Share capital at year-end					
Share Capital	80.2	80.4	79.5	78.0	77.9
Number of shares in circulation	50,149,787	50,223,800	49,692,184	48,735,014	48,710,253
Maximum number of shares to be created through the conversion of bonds	-	-	-	-	-
2. Operations and results for the year					
Sales excluding taxes	24.4	21.8	20.2	18.7	21.9
Profit before tax, depreciation, amortisation and provisions	90.4	18.9	138.6	47.0	12.2
Income tax	13,8	6.2	6.5	18.9	5.9
Profit/(loss) after tax, depreciation, amortisation and provisions	104.0	14.9	151.2	67.1	11.5
Dividends	132.9	82.9	82.0	78.0	74.5
3. Earnings per share (in €)					
Profit/(loss) after tax, but before depreciation, amortisation and provisions	2.04	0.56	2.79	1.35	0.37
Profit/(loss) after tax, depreciation, amortisation and provisions	2.07	0.30	3.04	1.38	0.24
Net dividend distributed per share	2.65	1.65	1.65	1.60	1.53
4. Employees					
Number of employees	-	-	-	-	-
Total payroll	-	-	-	-	-
Staff benefits (social security and other benefits)	-	-	-	-	-
Profit sharing (included in total payroll)	-	-	-	-	-

(1) Subject to approval of the Ordinary Shareholders' Meeting.

NOTE 3.4 EXCEPTIONAL INCOME AND EXPENSES

Exceptional income of €13.3 million is comprised of:

- €5.7 million representing the receivables recorded in relation to the allocation of treasury shares for the 2019 share plan to the entities paying the beneficiaries of this plan (notes **2.3** and **2.6**);
- €6.3 million relating to the reversal of the provision for the 2015B bonus share plan that matured in November 2018;
- €0.1 million in respect of the reversal of the provision in connection with lapsed shares under the 2016 and 2017 bonus share plans;
- €1.2 million relating to the disposal of Dettling & Marmot securities.

Exceptional expenses of €18.3 million include:

- €5.8 million relating to an increase in the provision made for the estimated cost of issuing the treasury shares allocated to the 2019 share plan (notes **2.3** and **2.6**);
- €6.3 million corresponding to the issue of shares granted at the time of expiry of the 2015B plan, invoiced to entities paying the beneficiaries of this plan;
- €1 million corresponding to the value of the Dettling & Marmot securities sold;
- €5.2 million corresponding to the interest that had been recognised in respect of the loan granted to Holding Champagne P&CH prior to the memorandum of agreement for early repayment (note **2.1**).

NOTE 3.5 INCOME TAX

A) Income tax analysis

(in € millions)	Profit/(loss) before tax	Theoretical income tax	Profit/(loss) after tax
Profit/(loss) on ordinary activities	95.2	-	95.2
Net exceptional income/(expense)	(5.0)	-	(5.0)
Tax relief, adjustments and tax risk		1.9	1.9
Income from tax consolidation		11.9	11.9
Net profit/(loss) for the period	90.2	13.8	104.0

The net income tax gain recognised corresponds to:

- the Group's income tax saving for the year of €11.9 million;
- the tax adjustment of €0.3 million accepted and paid in December 2018 following the tax audit on the financial year ended 31 March 2018;
- the reversal of the provision for tax risk of €3.3 million;
- the recognition of a tax expense of €1.1 million following a tax adjustment.

B) Increase and reduction in future tax liabilities

The Company has no significant temporary differences in the calculation of its taxable income.

NOTE 3.6 TAX GROUP

Rémy Cointreau elected to form a tax group with effect from 1 April 1993 for Group companies as provided for under Article 223A of the French General Tax Code.

The main terms and conditions governing tax consolidation agreements are as follows:

- the taxable income from consolidated companies is determined as if they were taxed separately;
- the tax savings resulting from the use of losses from Group companies are only temporary because the subsidiaries may still make use of them. Therefore these temporary savings are booked as payables to the subsidiaries in question;
- Rémy Cointreau SA is solely responsible for paying the additional tax resulting from any deconsolidation of a Group company.

The following companies are included in the tax group:

Rémy Martin, Cointreau, Rémy Cointreau Services, CLS Rémy Cointreau, Domaines Rémy Martin, Rémy Cointreau International Marketing Services, Storeco, Rémy Cointreau Libra and the company Domaine des Hautes Glaces.

NOTE 4 OTHER INFORMATION

NOTE 4.1 INFORMATION ON ASSOCIATES

	Amounts in connection with:	
(in € thousands)	Associates	Equity investments
Receivables:		
Other receivables	24.9	
Liabilities:		
Financial debt	73.0	40.0
Trade payables	–	
Other liabilities	44.6	
Operating income	**24.3**	
Operating expenses	31.2	
Financial income:		
Income from equity investments	110.4	
Interest and other financial income	0.1	
Financial expenses:		
Interest and other financial expenses	1.0	0.3
Exceptional income	–	
Exceptional expenses	–	

The consolidating company is Andromède, located 21 boulevard Haussmann, Paris (France).

NOTE 4.2 REMUNERATION OF CORPORATE OFFICERS

The overall amount of directors' fees allocated to Board members was set during the Combined Shareholders' Meeting of 24 July 2018 at €550,000 for the current and future financial years until otherwise decided.

NOTE 4.3 STATUTORY AUDITORS' FEES

The amount of Statutory Auditors' fees shown in the income statement for the financial year is €355 thousand (excl. VAT) and only covers the assignments for the certification of Rémy Cointreau SA's company and consolidated financial statements.

(in € thousands)	PriceWaterhouse Coopers	Auditeurs & Conseils Associés SA	Total
Statutory Auditors	217	138	355
Services other than financial statement certification	-	-	-
TOTAL	**217**	**138**	**355**

NOTE 4.4 OFF BALANCE-SHEET COMMITMENTS

A) Financial commitments

At the reporting date, the Company's commitments concern guarantees granted to a Group subsidiary for €65 million and to banks for various financing lines for €35.3 million.

B) Contingent liabilities relating to asset disposals

In connection with disposal transactions, guarantees in respect of liabilities are generally granted to the buyers for defined periods and amounts stipulated in the agreements. Liabilities for tax, excise duties and social security payments that may arise following audits covering periods prior to the sale are generally included until such liabilities lapse under the statute of limitations.

At 31 March 2019, no guarantees are outstanding.

NOTE 5 EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be mentioned in respect of Rémy Cointreau SA. For the Rémy Cointreau Group, this information is presented in note 29 to the consolidated financial statements.

NOTE 6 LIST OF SUBSIDIARIES AND EQUITY INVESTMENTS AS AT 31 MARCH 2019

(in thousands of foreign currency or € thousands)	Currency	Capital (currency)	Shareholders' equity excluding capital (currency)	Share capital held %	Gross value of capital held	Merger loss on securities held	Total value of securities held	Provisions on securities	Dividends received	Sales ex-tax prior year	Profit/(loss) after tax	Date of year-end
A) French companies												
E. Rémy Martin & C°	€	6,725	397,624	100	381,708	18,969	400,677	-	21,977	317,659	26,950	31/03/2019
Cointreau	€	4,037	155,536	100	89,103	13,407	102,510	-	-	56,453	(190)	31/03/2019
Rémy Cointreau Services	€	1,114,805	159	93	1,046,700	-	1,046,700	-	88,434	15	127,038	31/03/2019
Total gross value					**1,517,511**	**32,376**	**1,549,887**	**-**	**110,411**			
B) Foreign companies												
Other foreign subsidiaries	€	-	-	-	3	-	3	2	-	-	-	-
Total gross value	**€**	**-**	**-**	**-**	**3**	**-**	**3**	**2**	**-**	**-**	**-**	**-**
Total gross value (A+B)					**1,517,514**	**32,376**	**1,549,890**	**2**				
TOTAL CARRYING AMOUNT					**1,517,511**	**32,376**	**1,549,888**					

6.5 Statutory Auditors' report on the financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Rémy Cointreau for the year ended 31 March 2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 March 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit-Finance Committee.

Basis for opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 April 2018 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

MEASUREMENT OF EQUITY INVESTMENTS – NOTES 1, 2.1 AND 6 TO THE FINANCIAL STATEMENTS

Description of risk	How our audit addressed this risk
At 31 March 2019, the carrying amount of equity investments recognised in the balance sheet was €1,549.9 million, representing 95% of total assets. Equity investments are stated at acquisition cost or transfer value. As indicated in Note 1 "Accounting policies" to the financial statements, the recoverable amount is assessed using a number of criteria, including net asset value, unrealised capital gains and the future earnings potential of the subsidiary concerned. Given the materiality of equity investments in the balance sheet, the significant judgement exercised by management to estimate the recoverable amount and the sensitivity to changes in the assumptions underlying the estimated values, we deemed the measurement of the recoverable amount of equity investments to be a key audit matter.	Based on the information provided to us, our work consisted primarily in: ▪ assessing the process implemented by the Company to determine the recoverable amount of equity investments; ▪ verifying that the criteria applied by management to determine the recoverable amount are appropriate and that any impairment calculated based on those values is correct; ▪ verifying that the equity values used are consistent with the financial statements of the entities valued, in particular for valuations based on historical data.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D. 441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L. 225-37-5 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of Rémy Cointreau by the Shareholders' Meetings held on 24 July 2018 for PricewaterhouseCoopers Audit and on 26 September 1990 for Auditeurs et Conseils Associés.

At 31 March 2019, PricewaterhouseCoopers Audit was in the first year of its engagement and Auditeurs et Conseils Associés was in the twenty-ninth consecutive year of its engagement, including twenty-one years since the Company's shares were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the inancial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit-Finance Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT-FINANCE COMMITTEE

We submit a report to the Audit-Finance Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit-Finance Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit-Finance Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit-Finance Committee.

Neuilly-sur-Seine and Paris, 24 June 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Auditeurs et Conseils Associés ACA Nexia
Olivier Auberty	François Mahé


ST-RÉMY
EXTRA OLD
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FRENCH BRANDY FRANÇAIS

7

INFORMATION ON THE COMPANY AND THE CAPITAL

7.1 General information about the Company

CORPORATE NAME, REGISTERED OFFICE AND MAIN ADMINITRATIVE OFFICE

Corporate name: Rémy Cointreau

Registered office: rue Joseph Pataa (formerly rue de la Champagne), 16100 Cognac

Administrative office: 21 boulevard Haussmann, 75009 Paris

LEGAL FORM AND GOVERNANCE AND APPLICABLE LEGISLATION

Société anonyme (French limited liability company) with a Board of Directors governed by French law (in particular by the provisions of Book II of the French Commercial Code applicable to commercial companies) and by its Articles of Association.

Rémy Cointreau SA (hereinafter called “Rémy Cointreau” or “the Company”) is a company subject to French law.

DATE ESTABLISHED – DURATION

The Company was established on 3 March 1975 and will end on 30 September 2073.

CORPORATE PURPOSE

Rémy Cointreau’s purpose pursuant to Article 2 of its Articles of Association is as follows:

- the creation, acquisition and operation of any commercial, industrial or other business;
- the direct or indirect equity investments of the Company, in any form whatsoever, in any company, association, business or grouping of any form whose object is a commercial, industrial, agricultural, real estate, design, research or development activity, or the acquisition, management or exploitation of all property or rights;
- the paid provision of qualified services in technical, commercial, administrative or financial fields, to any natural person or legal entity engaged in commercial, financial or industrial activities in France or other countries; and
- in general, any commercial, financial, industrial, property or real estate transaction which is directly or indirectly related, in whole or in part, to the aforementioned objects or to any similar or related object.

COMPANIES REGISTER AND REGISTRATION NUMBER

Rémy Cointreau is registered under number 302 178 892 in the Angoulême Trade and Companies Register (APE code 7010Z) and the following LEI code: 5493004V6A3Z027YT216.

PLACE OF INSPECTION OF THE COMPANY'S LEGAL DOCUMENTS

Legal documents may be inspected at the registered office whose address is provided above (the reception is located 20 rue de la Société Vinicole – 16100 Cognac) or at the Company's headquarters (21 boulevard Haussmann – 75009 Paris).

7.2 Articles of Association

FINANCIAL YEAR

The Company’s financial year commences on 1 April and ends on 31 March of the following year. The year runs for 12 months.

DISTRIBUTION OF PROFITS UNDER THE ARTICLES OF ASSOCIATION

Out of the Company’s profits in each financial year, after setting aside a provision to establish the legal reserve, which must be at least equal to the minimum required, the Shareholders’ Meeting may, profit permitting and on the proposal of the Board of Directors, allocate the profit to one or more reserve funds for which it regulates the allocation or use, carry forward or distribute as dividends among the shareholders.

After reviewing the reserves at its disposal, the Shareholders’ Meeting may decide to distribute amounts drawn from these reserves. In this event, the decision should expressly specify which reserve accounts have been drawn down.

DIVIDENDS (DISTRIBUTION POLICY OVER THE PAST FIVE YEARS)

The dividends distributed over the last five years are disclosed in section 6.4.

SHAREHOLDERS’ MEETING

Shareholders’ Meetings are called and held under the conditions stipulated by law.

These meetings are held either at the registered office or at another venue specified in the Notice of Meeting.

RIGHT OF ADMISSION TO MEETINGS

Pursuant to Article R. 225-85 of the French Commercial Code, the only people allowed to attend a meeting, to vote by post or to be represented, are shareholders who have previously furnished evidence of their status by an accounting record of securities in their name or in the name of an intermediary recorded for their account, on the second working day preceding the meeting by midnight, Paris time, either in registered share accounts held for the Company by its service provider, Société Générale, Service Assemblées Générales, CS 30812, 44308 Nantes Cedex 3, France, or in the bearer securities accounts held by an authorised intermediary, who holds their securities account. The registration or recording of bearer securities on the books of the authorised intermediary must be attested to by a certificate of shareholding issued by the latter, attached to the postal voting or proxy form, or to the application for an admission card in the name of the shareholder, or on behalf of the shareholder represented by the registered intermediary. A certificate is also issued to shareholders wishing to participate in person in the meeting and who have not received their admission card on the second working day preceding the meeting by midnight, Paris time.

VOTING RIGHTS AND CONDITIONS

Share voting rights are in proportion to the share of capital that they represent. At equivalent nominal value, each share entitles the holder to one vote.

However, a share entitles the holder to a double vote, in relation to the share capital that it represents, in the following cases:

- for all fully paid shares held in registered form in the name of the same shareholder for at least four years;
- for each registered share allotted free of charge to a shareholder, in the event of a capital increase by way of incorporation of reserves, profits or premiums, on the basis of existing shares for which such shareholder already enjoys double voting rights.

This double voting right ceases for all shares converted to bearer shares or whose ownership is transferred. However, the four-year timeframe set is not affected for acquired rights by any transfer by succession, liquidation of joint estate of spouses, or *inter-vivo* gifts, for the benefit of an inheriting relative. The same rules apply for transfer following a merger or share split of a corporate shareholder.

Shareholders may, on a decision by the Board of Directors, may participate in Shareholders' Meetings by video-conference or vote by any electronic means of communication, including the Internet, in accordance with applicable regulations in force at the time of use. This decision is indicated in the meeting notice published in the French official gazette (BALO).

DECLARATION OF CROSSING OF THRESHOLDS

In accordance with the Articles of Association and independently of the legal requirements, any natural person or legal entity, acting either alone or in concert, who acquires in any manner whatsoever, as set out in Articles L. 233-7 *et seq*. of the French Commercial Code, a fraction equal to one per cent (1%) of the share capital or voting rights, or any multiple of this percentage, must notify the Company of the total number of shares and voting rights held within eight trading sessions of crossing one of these thresholds. This also applies in the same conditions as those described above each time that the fraction of share capital or voting rights held falls below one of the thresholds stated above.

In addition, this person must also specify in their disclosure to the Company:

(i) the number of shares owned giving future access to shares to be issued and the associated voting rights;

(ii) existing shares or the voting rights it may acquire under an agreement or financial instrument as outlined in Article L. 211-1 of the French Monetary and Financial Code, without prejudice to the provisions of 4° and 4°*bis* of I of Article L. 233-9 of the French Commercial Code.

In the event of non-compliance with the aforementioned provisions, and at the request of one or more shareholders holding at least 1% of the Company's share capital, shares exceeding the fraction that should have been declared will be deprived of voting rights at any Shareholders' Meeting that takes place until the end of the statutory and regulatory period following the date on which notification is made.

IDENTIFICATION OF SHAREHOLDERS

The Company is entitled to request, in accordance with the legal and regulatory terms and conditions, the full identity of those shareholders holding shares that give rise, immediately or in the future, to voting rights.

In order to identify shareholders, the Company is entitled to request from the share registrars at any time and at its own expense, as applicable, the name or corporate name, nationality, year of birth or establishment, and address of holders of securities that confer the right immediately or in the future to vote at the Company's Shareholders' Meetings, as well as the number of securities held by each of them and, where applicable, the restrictions that may apply to those securities and more generally to make use of the provisions of Article L. 228-2 of the French Commercial Code concerning identification of holders of securities that confer the right immediately or in the future to vote at the Company's Shareholders' Meetings.

ECKERT LAW ON DORMANT ACCOUNTS

In accordance with Articles L. 312-19 and L. 312-20 of the French Monetary and Financial Code which resulted from the law on dormant bank accounts and unclaimed life insurance contracts of 13 June 2014, known as the Eckert law, which came into force on 1 January 2016, every year the Company must publish the number of open, dormant accounts on its books, the total amount of assets in these accounts, as well as the account numbers and the amount of funds transferred to the Caisse des dépôts et consignations. In 2016, the Company introduced a system which made in possible to facilitate the comprehensive, prior identification of all shareholders deemed to be inactive within the meaning of this law. It is however noted that a ministerial response of 2 January 2018 clarified that issuing companies are not covered by the provisions of Article L. 321-4 of the French Monetary and Financial Code and thus cannot be subject to the obligations laid down in Articles L. 312-19 and -20 of said Code.

7.3 General information about the share capital

7.3.1 Changes to the capital and shareholders' rights

The share capital can be changed in accordance with legal requirements. It may be increased by a decision taken at an Extraordinary Shareholders' Meeting. However, where a capital increase is carried out by incorporation of reserves, profits or share premiums, the relevant Extraordinary Shareholders' Meeting which decides such an increase, rules under the quorum and majority conditions required for Ordinary Shareholders' Meetings.

Capital increases are decided or authorised by an Extraordinary Shareholders' Meeting which sets the terms for an issue of new shares and grants all powers to the Board of Directors to carry this out for a period that may not exceed 26 months.

The Extraordinary Shareholders' Meeting may decide to reduce the share capital, particularly by way of repurchase of shares or reduction in their nominal value, or again, by reduction in the number of shares in accordance with legal provisions.

The share capital may also be written down in accordance with the law.

7.3.2 Amount of share capital

At 31 March 2019, the share capital amounted to €80,239,659.20 divided into 50,149,787 shares, with a par value of €1.60 each, all in the same class, fully paid up and comprising 77,844,669 voting rights.

Form of the shares: fully paid shares are in registered or bearer form, as decided by the shareholder.

7.3.3 Authorised capital

AUTHORISATION TO GRANT SUBSCRIPTION AND/OR PURCHASE OPTIONS FOR ORDINARY SHARES IN THE COMPANY

The Shareholders' Meeting, under the 31st resolution, authorised the Board of Directors, for a period of 38 months as from 24 July 2018, in accordance with the provisions of Articles L. 225-177 *et seq*. of the French Commercial Code, to grant, on one or more occasions, for the benefit of employees of the Company and companies under Article L. 225-180 of the French Commercial Code, as well as to corporate officers within the meaning of law, options giving the right to subscribe to new Company shares, to be issued for the purpose of a capital increase, or to options giving right to the purchase of shares in the Company resulting from a share buyback under the conditions stipulated in Articles L. 225-208 or L. 225-209 *et seq*. of the French Commercial Code, it being specified that in accordance with the provisions of Article L. 225-182 of the French Commercial Code, the Board of Directors may not grant options to corporate officers and employees of Company affiliates that hold more than 10% of the share capital;

The Board of Directors will carry out the allocations and determine the identity of the beneficiaries as well as the conditions and, where appropriate, the criteria of allocation of options.

The total number of shares likely to be subscribed or purchased by the beneficiaries may not exceed 2% of the share capital at the date of the allocation decision by the Board of Directors.

In addition, the total number of shares likely to be subscribed or purchased by the beneficiaries through the exercise of the options granted may not exceed 0.2% of the share capital existing at the date of the allocation decision by the Board of Directors and may not exceed the ceiling provided for in the twenty-third resolution of the Shareholders' Meeting of 24 July 2018.

The subscription or purchase price of shares for the beneficiaries of options shall be set by the Board of Directors subject to the limits indicated hereafter: - with regard to share subscription options, the subscription price may not be lower than the average of the listed prices during the twenty trading days prior to the date on which the options are granted and, with regard to ordinary share purchase options, the price may not be either lower than the average of the listed prices during the twenty trading days prior to the date on which the options are granted, or lower than the average purchase price of shares owned by the Company in respect of Articles L. 225-208 and/or L. 225-209 of the French Commercial Code.

Subscription options and ordinary share purchase options granted pursuant to this authorisation must be exercised within a maximum of 10 years from their allocation.

The Board of Directors may, in accordance with legal requirements, decide the type of options offered (subscription or purchase options) and the terms and conditions of the plan(s), set the conditions, dates, clauses prohibiting the immediate resale and lock-up period.

The Board of Directors may make the grant of some or all of the shares conditional on the attainment of one or more performance conditions. In the case of executive officers, the bonus share grants will be subject to compliance with performance conditions determined by the Board of Directors.

AUTHORISATION FOR THE GRANT OF BONUS SHARES TO EMPLOYEES AND SOME CORPORATE OFFICERS

The twentieth resolution of the Combined Shareholders' Meeting of 24 July 2018 authorised the Board of Directors, for a period of 38 months from 24 July 2018, pursuant to the provisions of Articles L. 225-197-1 *et seq*. of the French Commercial Code, on one or more occasions, to grant employees of the Company or related companies within the meaning of Article L. 225-197-2 of the French Commercial Code or certain categories thereof, as well as corporate officers defined by law, bonus shares, whether existing or to be issued, subject to the statutory trading restriction periods.

The Board of Directors will determine the identity of the beneficiaries of the allocation as well as the conditions and, where appropriate, the criteria of allocation of shares.

The total number of shares thereby issued free of charge may not be such that the total number of shares granted free under this resolution represents more than 2% of the number of shares in the share capital on the date the Board of Directors resolves to award the bonus shares. Furthermore, the total number of bonus shares awarded to executive officers may not represent more than 0.2% of the number of shares making up the share capital on the day of the decision by the Board of Directors to allocate the bonus shares and may not exceed the maximum amount of €1,600,000.

The allocation of shares to their beneficiaries will become final at the end of a minimum vesting period of one year and the minimum period of retention of shares by the beneficiaries is set at one year. However, if the vesting period is a minimum of two years, the Shareholders' Meeting authorises the Board of Directors not to impose any retention period for the shares in question.

The Board of Directors may, in accordance with legal requirements, place restrictions on the sale of bonus share allocations by executive officers prior to the termination of their position or may set the number of such shares to be held in the form of registered shares until the termination of their position.

The Board of Directors may make the grant of some or all of the shares conditional on the attainment of one or more performance conditions. In the case of executive officers, the bonus share grants will be subject to compliance with performance conditions determined by the Board of Directors.

The Board of Directors will proceed, where appropriate, during the vesting period with adjustments to the number of shares arising from transactions in the capital of the Company in order to preserve the rights of the beneficiaries.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY INCORPORATION OF RESERVES, PROFITS OR PREMIUMS

The twenty-ninth resolution of the Combined Shareholders' Meeting of 24 July 2018 authorised the Board of Directors, pursuant to the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code, with the authority to sub-delegate under the conditions established in law, for a period of 26 months from 24 July 2018, to increase the share capital, on one or more occasions, at the times and on the terms of its choosing, by incorporation of reserves, profits or premiums, the capitalisation of which is permitted by law or the Company's Articles of Association, followed by the creation and bonus issue of shares or the increase in the par value of existing shares, or a combination of both.

In the event of the distribution of bonus shares, fractional rights are not negotiable and the corresponding shares will be sold, the amounts resulting from the sale being allocated to the holders of rights within legal and regulatory requirements.

The maximum share capital increase that may be carried out under this authorisation may not exceed a nominal amount of €20,000,000, it being specified that this amount shall be deducted from the ceiling provided for in the twenty-third resolution of the Combined Shareholders' Meeting of 24 July 2018 or, as the case may be, the limit provided for in any similar resolution that may supersede said resolution during the term of this authorisation. This amount does not take account of any adjustments required by law and regulation, and, where applicable, contractual provisions providing for other cases of adjustment, to preserve the rights of holders of securities or other rights giving access to the share capital.

DELEGATION TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING, WITH OR WITHOUT SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS, COMPANY SHARES AND/OR SECURITIES GRANTING ENTITLEMENT TO THE ALLOCATION OF DEBT SECURITIES

The Combined Shareholders' Meeting of 24 July 2018, in its twenty-third, twenty-fourth and twenty-fifth resolutions, authorised the Board of Directors, which may delegate such authorisation under legal and regulatory conditions, in accordance with the provisions of Articles L. 225-129 *et seq*. and L. 228-91 *et seq*. of the French Commercial Code, the powers required to increase the share capital and to issue, with or without shareholders' preferential subscription rights, the number of Company shares and the number of marketable securities of any kind, giving immediate or future access to the Company's share capital or giving entitlement to the allocation of debt securities, with a capital increase of a maximum nominal amount of €15,000,000, for the twenty-fourth and twenty-fifth resolutions of said meeting and of €20,000,000 for the twenty-third resolution of said meeting. It is specified that this limit does not take account of Company shares to be issued in respect of any adjustments made in accordance with applicable legal and regulatory provisions, and, if applicable, with contractual provisions that provide for other cases of adjustment in order to preserve the rights of the holders of marketable securities and other rights giving access to the share capital. The total nominal amount of securities representative of debt securities giving access to the share capital or marketable securities giving entitlement to the allocation of debt securities that the Board of Directors is empowered to issue further to the resolutions of said Extraordinary Shareholders' Meeting, may not exceed €500,000,000 Issues of preference shares and of marketable securities giving immediate or future access to preference shares are expressly excluded from this authorisation.

The issues decided by virtue of these delegations of authority must be carried out within a period of 26 months from 24 July 2018.

The twenty-third resolution concerns share issues with the maintenance of shareholders' preferential subscription rights, the twenty-fourth resolution concerns the issue without preferential subscription rights, by way of a public offering, and the twentieth resolution permits the same type of issue within the framework of private placements, as referred to in Article L. 411-2 (II) of the French Monetary and Financial Code.

The Board of Directors may decide to use the treasury shares as a replacement for shares to be issued under these resolutions.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES REPRESENTING THE COMPANY'S SHARE CAPITAL AS A RESULT OF CONTROLLED COMPANIES ISSUING MARKETABLE SECURITIES WHICH CARRY FUTURE ENTITLEMENT TO THE COMPANY'S CAPITAL

The same Combined Shareholders' Meeting of 24 July 2018, in its twenty-fourth and twenty-fifth resolutions, in view of the issue of shares and marketable securities giving access to the capital of the Company which would in turn carry entitlement to any marketable securities issued by companies in which Rémy Cointreau directly or indirectly holds more than 50% of the share capital, subject to the approval of the Board of Directors of Rémy Cointreau, delegated to the Board of Directors the necessary powers to proceed with the issue of capital securities in Rémy Cointreau to which these marketable securities give the right, subject to an overall maximum capital increase of a nominal €15,000,000, as set by the twenty-fourth resolution.

In this context, Rémy Cointreau shareholders do not have a preferential subscription right to these marketable securities issued by these companies.

The issues decided by virtue of this authority must be carried out within a period of 26 months from 24 July 2018.

AUTHORISATION FOR ANY CONTROLLING COMPANY TO ISSUE MARKETABLE SECURITIES CARRYING ENTITLEMENT TO THE COMPANY'S SHARES

The same Combined Shareholders' Meeting of 24 July 2018, in its twenty-fourth and twenty-fifth resolutions, authorised the issue by any company directly or indirectly holding more than 50% of the Company's share capital, of marketable securities giving the right to the allocation, by any means, immediately or in the future, of existing Company shares, it being specified that the number of existing shares allocated in this way shall not represent more than 10% of the Company's share capital.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES OR MARKETABLE SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL IN CONSIDERATION FOR THE SECURITIES CONTRIBUTED TO ANY PUBLIC TAKEOVER OFFER LAUNCHED BY RÉMY COINTREAU

The twenty-fourth resolution of the Combined Shareholders' Meeting of 24 July 2018 granted the Board of Directors, for a maximum of 26 months from 24 July 2018, the powers required to issue shares or marketable securities giving access to the share capital in consideration for the securities contributed to any public takeover offer launched by the Company on the shares of any company whose shares are admitted for trading on a regulated market, including all marketable securities issued by Rémy Cointreau, subject to an overall maximum capital increase of €15,000,000.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES, SECURITIES OR MARKETABLE SECURITIES, FREELY SETTING THE ISSUE PRICE

The twenty-sixth resolution of the Combined Shareholders' Meeting of 24 July 2018 authorised the Board of Directors, for a maximum of 26 months from 24 July 2018, within the framework of the twenty-fourth and twenty-fifth resolutions on the issue, without shareholders' preferential subscription rights, by way of a public offering or offering referred to in Article L. 411.2 (II) of the French Monetary and Financial Code, to set, in the manner of its choosing, the issue price for any shares and marketable securities giving access to the share capital, within a limit of a maximum of 10% *per annum*. The twenty-sixth resolution of the Combined Shareholders' Meeting of 24 July 2018 authorised the Board of Directors to issue all forms of shares and marketable securities giving access to the share capital within a limit of 10% of the share capital *per annum* and within the limit set by the twenty-fourth and twenty-fifth resolutions, by setting a different issue price to that selected for the issues authorised pursuant to the above resolutions, which may not be less, at the discretion of the Board of Directors, than either (a) the average price weighted by the trading volume over the 20 trading sessions prior to the setting of the issue price or (b) the average price weighted by the trading volume on the trading session prior to the setting of the issue price, in both cases, reduced by a potential maximum discount of 10% and on condition that the amount to be received for each share is at least equal to its par value. Issues of preference shares and of marketable securities giving immediate or future access to preference shares are expressly excluded from this authorisation.

DELEGATION TO THE BOARD OF DIRECTORS TO ISSUE SHARES OR MARKETABLE SECURITIES GIVING ACCESS TO THE SHARE CAPITAL OF UP TO 10% OF EXISTING SHARE CAPITAL AS CONSIDERATION FOR THE CONTRIBUTIONS IN KIND

The twenty-eighth resolution of the Combined Shareholders' Meeting of 24 July 2018 authorised the Board of Directors, for up to 26 months as of 24 July 2018, with the authority to sub-delegate to any person permitted by law, to issue all types of shares and marketable securities giving access to the share capital (excluding preference shares), within a limit of 10% of the Company's share capital at the time of issue, in consideration for contributions in kind, the 10% limit being deducted from the ceiling set in the twenty-fourth resolution of the Combined Shareholders' Meeting of 24 July 2018, or as the case may be, deducted from the ceiling provided for in any similar resolution that may supersede said resolution during the term of this authorisation.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO INCREASE THE NUMBER OF SECURITIES TO BE ISSUED WITH OR WITHOUT SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS

The Combined Shareholders' Meeting of 24 July 2019, in its twenty-seventh resolution, authorised the Board of Directors, under the twenty-third, twenty-fourth, twenty-fifth and twenty-sixth resolutions of the same meeting, to increase the number of securities to be issued in accordance with the provisions of Articles L. 225-135-1 of the French Commercial Code within 30 days of the subscription closing date and, up to a limit of 15% of each issue, and at the same price as that used for the initial issue subject to compliance with the overall limit set in the resolution under which the issue is decided.

This authorisation is valid for a period of 26 months from 24 July 2018.

TABLE SUMMARISING THE AUTHORISATIONS CURRENTLY IN FORCE GRANTED TO THE BOARD OF DIRECTORS IN RESPECT OF CAPITAL INCREASES

Description of the authorisation	Date of the Shareholders' Meeting	Nominal amount of the authorisation	Period of the validity of the authorisation	Use made of authorisation during the financial year
Grant of bonus shares, existing or to be issued	24 July 2018	Limited to 2% of the share capital and €1.6 million for shares to be issued(1)	38 months	Grant of 74,600 shares
Subscription and/or purchase options for ordinary shares	24 July 2018	Limited to 2% of the share capital and €20 million for shares to be issued(2)	38 months	None
Issue of shares or marketable securities giving access to share capital with preferential subscription rights and/or the issue of marketable securities granting entitlement to the allocation of debt securities	24 July 2018	▪ €20,000,000 capital increase(3) ▪ €500,000,000 in debt securities(4)	26 months	None
Issue of marketable securities giving access to share capital without preferential subscription rights and/or the issue of marketable securities granting entitlement to the allocation of debt securities: ▪ by public offering; ▪ by private placement.	24 July 2018	▪ €15,000,000 capital increase(5) ▪ €500,000,000 in debt securities(6)	26 months	None
Issue of shares, securities or marketable securities, freely setting the issue price	24 July 2018	Limited to 10% of the share capital(7)	26 months	None
Increase in the number of shares to be issued in the event of over-subscription	24 July 2018	limited to 15% of the initial issue	26 months	None
Capital increase by incorporation of reserves, profits or premiums	24 July 2018	€20,000,000(8)	26 months	None
Capital increase in consideration for contributions in kind	24 July 2018	Limited to 10% of the share capital(9)	26 months	None
Capital increase in consideration for contributions of securities in the event of a public exchange offer	24 July 2018	€15,000,000(10)	26 months	None

(1) *Deducted from the ceiling provided for in the twenty-fourth resolution of the Shareholders' Meeting of 24 July 2018.*
(2) *Deducted from the ceiling provided for in the twenty-third resolution of the Shareholders' Meeting of 24 July 2018.*
(3) *Deducted from the ceiling provided for in the twenty-fourth, twenty-fifth, twenty-sixth, twenty-seventh, twenty-eighth, twenty-ninth, thirtieth, thirty-first and thirty-second resolutions of the Shareholders' Meeting of 24 July 2018.*
(4) *Deducted from the marketable securities representative of debt securities giving access to the capital or granting entitlement to the allocation of debt securities likely to be issued in connection with the authorisations granted to the Board of Directors by the Shareholders' Meeting of 24 July 2018.*
(5) *Deducted from the ceiling provided for in the twenty-fourth, twenty-fifth, twenty-sixth, twenty-seventh, twenty-eighth, thirtieth, thirty-first and thirty-second resolutions of the Shareholders' Meeting of 24 July 2018.*
(6) *Deducted from the ceiling provided for in the twenty-third and twenty-fourth resolutions of the Shareholders' Meeting of 24 July 2018.*
(7) *Deducted from the ceiling provided for in the twenty-fourth and twenty-fifth resolutions of the Shareholders' Meeting of 24 July 2018.*
(8) *Deducted from the ceiling provided for in the twenty-third resolution of the Shareholders' Meeting of 24 July 2018.*
(9) *Deducted from the ceiling provided for in the twenty-fourth resolution of the Shareholders' Meeting of 24 July 2018.*
(10) *Deducted from the ceiling provided for in the twenty-fifth, twenty-sixth, twenty-seventh, twenty-eighth, thirtieth, thirty-first and thirty-second resolutions of the Shareholders' Meeting of 24 July 2018.*

NON-EQUITY SECURITIES

Rémy Cointreau issued two bonds in the amount of €80 million, with a 10-year maturity, on 27 February 2015, and, in the form of 10-year bonds convertible into new and/or existing shares, in the amount of €275 million, on 7 September 2016.

The features of these transactions are described in the notes to the consolidated financial statements and the notes to the parent company financial statements of Rémy Cointreau for 2018/2019.

AUTHORISATION TO ISSUE SECURITIES GIVING ACCESS TO THE SHARE CAPITAL

The authorisation for a new Company stock option plan was approved at the Shareholders' Meeting of 24 July 2018, however it was not used during the year.

Details of the plans allocated and shares in circulation appear in note **12** to the consolidated financial statements in section 5.6.

CHANGES IN THE SHARE CAPITAL OVER THE PAST FIVE YEARS

Dates	Type of transaction	Number of shares created or cancelled	Share capital in €	Premiums in €	Cumulative share capital in €	Number of shares in the share capital
25/09/2014	Partial payment of dividend in shares	233,394	373,430.40	12,981,374.28	77,936,404.80	48,710,253
24/09/2015	Partial payment of dividend in shares	24,761	39,617.60	1,401,472.60	77,976,022.40	48,735,014
22/09/2016	Partial payment of dividend in shares	957,170	1,531,472	63,307,223.80	79,507,494.40	49,692,184
11/09/2017	Partial payment of dividend in shares	635,254	1,016,406.40	56,111,985.82	80,523,900.80	50,327,438
17/01/2018	Capital reduction by cancellation of treasury shares	(103,638)	(165,820.80)	(9,843,724.16)	80,358,080	50,223,800
24/09/2018	Partial payment of dividend in shares	725,987	1,161,579.20	72,242,966.37	81,519,659.20	50,949,787
17/01/2019	Capital reduction by cancellation of treasury shares	(800,000)	(1,280,000)	(82,030,907.97)	80,239,659.20	50,149,787

7.3.4 Authorisation to trade in Company shares

LIQUIDITY CONTRACT

The Company concluded a liquidity contract with a liquidity provider. As part of this mandate, the liquidity provider's sole purpose is to promote the liquidity of the Company's securities and the regularity of their quotation on the market. At 31 March 2019, the Company held 5,903 such shares.

SHARE BUYBACK PROGRAMME

The Rémy Cointreau Combined Shareholders' Meeting of 26 July 2016, in its fifteenth resolution and subject to certain conditions, authorised the Board of Directors to buy or sell Company shares for a period expiring at the end of the Shareholders' Meeting held to approve the financial statements for the financial year ended 31 March 2017 and, at the very latest, within 18 months starting from 26 July 2016.

The Board of Directors did not use this authorisation in the 2016/2017 financial year, apart from under the liquidity contract signed with an investment services provider.

The Rémy Cointreau Combined Shareholders' Meeting of 25 July 2017, in its seventeenth resolution, renewed this authorisation.

As a result, the Board of Directors was authorised to buy or sell Company shares for a period expiring at the end of the Shareholders' Meeting held to approve the financial statements for the financial year ending on 31 March 2018 and, at the very latest, within a period of 18 months starting on 25 July 2017, up to a limit of 10% of the share capital, *i.e.* 4,856,852 shares, net of treasury shares. The maximum amount that the Company was liable to pay based on this number of shares was €728,527,800.

The Board of Directors of 25 July 2017 used this authorisation during the 2017/2018 financial year and resolved to retain an investment services provider to buy back Company shares within a limit of 10% of the share capital, net of treasury shares, and notably those acquired under the liquidity contract. The share buyback programme was therefore implemented on 1 August 2017 and ended on 29 December 2017.

Between 1 August and 29 December 2017, the Company acquired, under this buyback programme, 273,009 of its own shares (representing 0.54% of the share capital) at an average price of €96.44.

As announced in the press release of 29 December 2017, the shares bought back in this way were allocated to the following objectives: 1. Reducing the share capital *via* the cancellation of treasury shares; 2. Meeting the obligations in respect of marketable securities giving access to capital; 3. Meeting the obligations arising from bonus share programmes for employees and/or corporate officers of the Company and/or its related companies.

This decision does not affect the performance of the liquidity contract entered into by the Company.

The Rémy Cointreau Combined Shareholders' Meeting of 24 July 2018, in its twenty-first resolution, renewed this authorisation.

As a result, the Board of Directors was authorised to buy or sell Company shares for a period expiring at the end of the Shareholders' Meeting held to approve the financial statements for the financial year ending on 31 March 2019 and, at the very latest, within a period of 18 months starting on 24 July 2018, up to a limit of 10% of the share capital, *i.e.* 4,802,083 shares, net of treasury shares. The maximum amount that the Company was liable to pay based on this number of shares was €960,416,600.

The share buyback programme was designed to achieve the following, in order of decreasing priority:

- to ensure liquidity or promote trading in the secondary market in Rémy Cointreau shares *via* an investment service provider, under the terms of a liquidity agreement that complies with the Ethics Charter recognised by the French Financial Markets Authority;
- to cancel shares as part of a share capital reduction;
- to cover obligations in respect of marketable securities giving access to capital;
- to grant shares in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant bonus shares to employees and/or authorised corporate officers of the Company and/or companies related to it within the meaning of Articles L. 225-197-1 *et seq*. of the French Commercial Code;
- to purchase shares and retain them to be used subsequently in exchange or payment for acquisitions, in accordance with applicable regulations;
- to implement any market practices permitted by the French Financial Markets Authority and, more generally, carry out all transactions in compliance with the regulations in force.

The purchase of these shares, together with their sale or transfer, could be performed under legal and regulatory conditions at any time, subject to the lock-up periods set out in Article 631-6 of the General Regulation of the French Financial Markets Authority, or subject to other legal or regulatory provisions, and by any means, including on the market or off-market, on regulated or unregulated markets, *via* multilateral trading facilities, with systematic internalisers, or over the counter, including by public offering, block transactions, sale with repurchase options and the use of any derivative financial instruments traded on a regulated market or not, multilateral trading facilities, with systematic internalisers or over the counter, including under the conditions authorised by the competent market authorities, and during the periods that the Board of Directors, or the person acting on the authority of the Board of Directors, shall choose, most notably option transactions, except for the sale of put options, and inasmuch as such means do not contribute to a significant increase in the volatility of the share price. The maximum portion of the capital acquired or transferred in the form of block transactions may amount to 100% of the authorised share buyback programme. Payment may be made by any means.

As part of these objectives, the repurchased shares could be cancelled in accordance with the twenty-second resolution of the same Shareholders' Meeting, subject to a limit of 10% of the share capital per period of 24 months.

The maximum share purchase price was set at €200 by the Shareholders' Meeting.

The Board of Directors of 24 July 2018 used this authorisation during the 2018/2019 financial year and resolved to retain an investment services provider to buy back Company shares within a limit of 10% of the share capital, net of treasury shares, and notably those acquired under the liquidity contract. The share buyback programme was therefore implemented on 1 August 2018 and ended on 20 December 2018.

Between 1 August and 20 December 2018, the Company acquired, under this buyback programme, 1,000,000 of its own shares (representing 1.96% of the share capital) at an average price of €103.60.

As announced in the press release of 27 December 2018, the shares bought back in this way were allocated to the following objectives: 1. Reducing the share capital *via* the cancellation of treasury shares; 2. Meeting the obligations in respect of marketable securities giving access to capital; 3. Meeting the obligations arising from bonus share programmes for employees and/or corporate officers of the Company and/or its related companies.

This decision does not affect the performance of the liquidity contract entered into by the Company.

Details of the transactions carried out as part of the share buyback programme are available on the Company's website www.remy-cointreau.com under the heading "Finance/Regulatory information".

The renewal of this authorisation will be proposed at the next Annual Shareholders' Meeting.

INFORMATION ON TRANSACTIONS PERFORMED UNDER THE SHARE BUYBACK PROGRAMME VALID FROM 1 APRIL 2018 TO 31 MARCH 2019

Pursuant to Article L. 225-211 of the French Commercial Code, the purpose of this *section* is to inform the Shareholders' Meeting of the share purchases made between 1 April 2018 and 31 March 2019 as part of the share buyback programme authorised by the Shareholders' Meetings of 24 July 2018.

Between 1 April 2018 and 31 March 2019, the Company purchased 319,604 shares and sold 323,213 shares under the liquidity contract. During this same period, it purchased 1,000,000 shares under the share buyback programme implemented by the Board of Directors of 24 July 2018. During this same period, it transferred 74,600 shares to service bonus share grants for long-term performance incentive plans.

The table below summarises the purpose of the transactions carried out **during the period 1 April 2018 to 31 March 2019:**

		Average price
Percentage of the share capital held as treasury shares directly and indirectly at the start of the year	0.44%	
Number of securities **held** at the start of the year	220,297	
Number of securities **purchased** since the start of the year:		
• under the liquidity contract	319,604	€110.83
• under the share buyback programme of 24/07/2018	1,000,000	€103.60
Number of securities **sold** since the start of the year as part of the liquidity contract	323,213	€111.66
Number of securities **transferred** since the start of the year:		
• grant of bonus shares	74,600	
Number of securities **cancelled** since the start of the year	800,000	
Number of shares **held on 31 March 2019:**		
• under the liquidity contract	5,903	
• for bonus share grants (reassignment of shares under the 2017/2018 share buyback programme)	136,185	
• under the share buyback programme of 24/07/2018	200,000	

BALANCE FOLLOWING THE SHARE BUYBACK PROGRAMME AUTHORISED BY THE COMBINED SHAREHOLDERS' MEETING OF 24 JULY 2018

		Average price
Percentage of share capital held as treasury shares directly and indirectly	0.45%	
Number of securities **held** at the start of the programme	227,385	
Number of securities **purchased** since the start of the programme:		
• under the liquidity contract	250,968	€111.16
• under the share buyback programme agreement of 24/07/2018	1,000,000	€103.60
Number of securities **sold** since the start of the programme as part of a liquidity contract	267,168	€112.17
Number of securities **transferred** since the start of the programme:		
• grant of bonus shares	74,600	
Number of securities **cancelled** since the start of the programme	800,000	
Number of shares **held at 31 May 2019:**		
• under the liquidity contract	1,200	
• for bonus share grants (reassignment of shares under the 2017/2018 share buyback programme)	136,185	
under the share buyback programme of 24/08/2018	200,000	

BREAKDOWN OF EQUITY SECURITIES HELD, BY OBJECTIVE

At 31 March 2019, the Company held a total of 342,088 treasury shares.

Shares held by the Company are used to promote trading in the secondary market or to enhance the liquidity of the Rémy Cointreau share by an investment services provider, *via* a liquidity contract that complies with the Ethics Charter recognised by the AMF. 5,903 shares were held under the liquidity contract at 31 March 2019.

At 31 March 2019, the Company also held 200,000 treasury shares purchased under the share buyback programme implemented by the Board of Directors which was authorised by the Shareholders' Meeting of 24 July 2018 (including 125,000 shares allocated to the bonus share award and 75,000 shares allocated to the conversion of convertible bonds (OCEANEs)). And at the same date, 136,185 shares were held under the previous share buyback programme authorised by the Shareholders' Meeting of 25 July 2017 (all such shares were allocated to the bonus share award).

DESCRIPTION OF THE MAIN FEATURES OF THE BUYBACK PROGRAMME PUT BEFORE THE SHAREHOLDERS' MEETING OF 24 JULY 2019 IN THE SIXTEENTH RESOLUTION

- Securities affected: shares issued by Rémy Cointreau.
- Maximum percentage that may be purchased by the Company: 10% of shares comprising the share capital on the date of the purchases.
- Maximum number of shares that may be purchased by the Company: 4,672,890 shares.
- Maximum unit price: €200, excluding purchase costs.

Objectives:

- to ensure liquidity or promote trading in the secondary market in Rémy Cointreau shares *via* an independent investment services provider, under the terms of a liquidity agreement that complies with the Ethics Charter recognised by the French Financial Markets Authority (Autorité des marchés financiers, AMF);
- to cancel shares as part of a capital reduction, subject to the adoption of the seventeenth resolution submitted to this Shareholders' Meeting;
- to deliver all or some of the shares acquired upon the exercise of the rights attached to marketable securities giving rights by way of conversion, exercise, redemption or exchange or by any other manner, to the allocation of company shares, in accordance with applicable regulations;
- to use all or some of the shares acquired to grant shares to employees and/or authorised corporate officers of the Company and/or companies related to it in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant bonus shares in accordance with the provisions of Articles L. 225-197-1 *et seq*. of the French Commercial Code;
- to retain all or some of the shares acquired for subsequent use in exchange or payment for acquisitions, as contributions, or in merger or reverse merger transactions, in accordance with recognised market practices and applicable regulations;
- to implement any market practices permitted by the French Financial Markets Authority (*Autorité des marchés financiers*, AMF) and, more generally, carry out all transactions in compliance with the regulations in force.

Term of the programme: until the Shareholders' Meeting called to approve the financial statements for the year ended 31 March 2020 and, at the latest, within 18 months of 24 July 2019.

7.3.5 Transactions carried out during the year

The Board of Directors of 24 July 2018 therefore implemented this authorisation under the twenty-first resolution, which was approved at the Shareholders' Meeting of 24 July 2018, during the 2018/2019 financial year and resolved to retain an investment services provider to buy back Company shares within a limit of 10% of the share capital, net of treasury shares, particularly any acquired under the liquidity contract. The share buyback programme was therefore implemented on 1 August 2018 and ended on 20 December 2018.

Between 1 August and 20 December 2018, the Company acquired, under this buyback programme, 1,000,000 of its own shares (representing 1.96% of the share capital) at an average price of €103.60.

As announced in the press release of 27 December 2018, the shares bought back in this way were allocated to the following objectives:

1. Reducing the share capital *via* the cancellation of treasury shares;
2. Meeting the obligations in respect of marketable securities giving access to capital; 3. Meeting the obligations arising from bonus share programmes for employees and/or corporate officers of the Company and/or its related companies.

This decision does not affect the performance of the liquidity contract entered into by the Company.

Details of the transactions carried out as part of the share buyback programme are available on the Company's website www.remy-cointreau.com under the heading "Finance/Regulatory information".

7.3.6 Outstanding derivatives

None.

7.4 Shareholding and stock market information

7.4.1 Ownership of share capital and voting rights as at 31 March 2019

At 31 March 2019, after recognition by the Board of Directors of a change to the share capital that had occurred during the year, as disclosed in section 7.3 of this report, the share capital amounted to €80,239,659.20, divided into 50,149,787 shares with a par value of €1.60 each.

In accordance with Article L. 233-13 of the French Commercial Code, it is specified that as of 31 March 2019:

- Orpar held more than one-third of the share capital and more than 45% of the voting rights of your company;
- Récopart held around 15% of the share capital and more than 18% of the voting rights of your company;
- Fine Champagne Investissements held more than 2% of the share capital and more than 2% of the voting rights;
- Andromède held more than 1% of the share capital and voting rights of your company.

See simplified shareholding structure at 31 March 2019 presented in the integrated report (page 24).

The employee savings plans represent less than 1% of the share capital of Rémy Cointreau. It is the only form of collective shareholding by Rémy Cointreau Group employees.

VOTING RIGHTS, NUMBER OF SHAREHOLDERS, INFORMATION ON SHAREHOLDERS HOLDING 1% OR MORE AND ON THE NATURE OF THEIR INVESTMENT, SHAREHOLDERS' AGREEMENT, CAPITAL HELD BY EMPLOYEES, TREASURY SHARES

	Position at 31/03/2019			Position at 31/03/2018			Position at 31/03/2017		
Shareholders	Number of shares	% of share capital	% of Voting rights	Number of shares	% of share capital	% of Voting rights	Number of shares	% of share capital	% of Voting rights
Orpar	19,542,581	38.97	47.53	19,032,234	37.89	47.48	18,689,324	37.61	49.06
Récopart	7,479,831	14.91	18.84	7,359,727	14.65	19.02	7,359,727	14.81	19.84
Andromède	596,332	1.19	1.49	586,756	1.17	1.50	576,184	1.16	1.03
Sub-total family shareholders	**27,618,744**	**55.07**	**67.86**	**26,978,717**	**53.71**	**68**	**26,625,235**	**53.58**	**69.93**
Fine Champagne Investissements	1,135,631	2.26	2.84	1,117,396	2.22	2.86	1,097,263	2.21	1.50
Sub-total shareholders acting in concert	**28,754,375**	**57.33**	**70.7**	**28,096,113**	**55.93**	**70.86**	**27,722,498**	**55.79**	**71.43**
BLACKROCK INC[1]	3,578,314	7.13	4.60	3,724,792	7.42	4.88	3,720,239	7.49	3.39
APG Asset Management NV[2]	3,508,025	7	4.50	3,508,025	6.98	4.60	3,508,025	7.06	4.80
LINDSELL TRAIN Ltd[3]	2,540,398	5.07	3.26	-	-	-	-	-	-
Schroders[4]	714,845	1.42	0.92	714,845	1.42	0.94	714,845	1.44	0.98
AMUNDI[5]	669,492	1.33	0.86	669,492	1.33	0.88	773,635	1.56	1.06
AXA Investment Managers[6]	499,393	1	0.64	709,174	1.41	0.93	709,174	1.43	0.97
Fidelity Management & Research Company[7]	499,893	1	0.64	499,893	0.99	0.66	499,893	1.01	0.68
Citigroup Global Markets Limited[8]	534,228	1.06	0.68	534,228	1.06	0.70	534,228	1.07	0.73
Citadel[8]	694,392	1.38	0.89	-	-	-	-	-	-
Rémy Cointreau (treasury shares)	342,088	0.68	0.00	220,297	0.44	0.00	112,366	0.23	0.00
Free Float	7,814,344	15.6	12.31	11,546,941	25.02	15.55	11,397,281	22.92	15.96
TOTAL	**50,149,787**	**100.00**	**100.00**	**50,223,800**	**100.00**	**100.00**	**49,692,184**	**100.00**	**100.00**

Based on the declaration of crossing thresholds provided by law or by the Articles of Association (1% of the share capital and voting rights).

(1) Declaration of 20 June 2018.
(2) Declaration of 30 March 2015.
(3) Declaration of 31 March 2019.
(4) Declaration of 14 March 2016.
(5) Declaration of 26 April 2017.
(6) Declaration of 11 September 2018.
(7) Declaration of 6 May 2015.
(8) Declaration of 18 November 2013.
(9) Declaration of 19 March 2019.

A number of shares possess double voting rights. A total of 28,036,970 shares had double voting rights at 31 March 2019. The main shareholders, Orpar and Récopart, hold such rights (*i.e.* 24,645,564).

At 31 March 2019, the Company held 342,088 treasury shares, 200,000 of which were purchased under the share buyback programme implemented by the Board of Directors which was authorised by the Shareholders' Meeting of 24 July 2018 (including 125,000 shares allocated to the bonus share award and 75,000 shares allocated to the conversion of convertible bonds (OCEANEs). All shares acquired under the sale and repurchase contract signed on 24 March 2005 have been exercised to cover the share purchase options. 5,903 shares were held under the liquidity contract at 31 March 2019. And at the same date, 136,185 shares were held under the previous share buyback programme authorised by the Shareholders' Meeting of 25 July 2017 (all such shares were allocated to the bonus share award).

DECLARATIONS OF CROSSING OF THRESHOLDS AND/OR INTENTION

- Sale of 1,500,000 Rémy Cointreau shares (AMF decision no. 213C0550 of 14 May 2013)

  Andromède disclosed that, *via* the companies Orpar and Récopart which it controls, on 3 May 2013 it crossed the thresholds in the downward direction of two-thirds of the voting rights and 50% of the share capital of Rémy Cointreau, and that it held, both directly and indirectly, 25,314,615 Rémy Cointreau shares representing 49,604,552 voting rights or 49.72% of the share capital and 65.74% of the voting rights of the Company. On this occasion, Orpar had individually fallen below the threshold of 50% of the voting rights in Rémy Cointreau. The thresholds were crossed following the sale by Orpar of 1,500,000 Rémy Cointreau shares as part of a private placement *via* accelerated book-building.
- Shareholder agreement between Fine Champagne Investissements, Andromède, Orpar and Récopart (AMF decision no. 213C0586 of 23 May 2013). Fine Champagne Investissements (FCI) declared that it had exceeded, on 13 May 2013, along with Andromède, Orpar and Récopart, the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, one-third of the share capital and 50% of voting rights of Rémy Cointreau and that it held, jointly, 25,385,619 Rémy Cointreau shares representing 49,675,982 voting rights, or 49.86% of the share capital, and 65.83% of voting rights of this company[1].

  The thresholds were crossed following the execution, on 13 May 2013, of a shareholders' agreement between the above- mentioned members acting in concert towards Rémy Cointreau[2].

  FCI also made a declaration of intention.
- Rémy Cointreau shares received by Andromède as a result of a merger-absorption (AMF decision no. 213C0862 of 8 July 2013)

  Andromède, acting in concert with Récopart, Orpar and Fine Champagne Investissements, disclosed that on 28 June 2013, it had exceeded the thresholds of 50% of the share capital and two-thirds of the voting rights in Rémy Cointreau and that it held, directly and indirectly, *via* the companies Orpar and Récopart which it controls, 25,942,283 Rémy Cointreau shares representing 50,389,513 voting rights or 50.96% of the share capital and 66.78% of the voting rights. The thresholds were crossed following Andromède's merger by absorption of four companies that are shareholders of Andromède and controlled by the Hériard Dubreuil family, as a result of which Andromède received 556,877 Rémy Cointreau shares representing 713,957 voting rights, resulting from the universal transfer of assets from the absorbed companies. This merger-absorption had no effect on the control of Andromède.
- Rémy Cointreau shares received by FCI after exercising a purchase option (AMF decision no. 213C1167 of 2 August 2013)

  The Group composed of the limited companies Andromède, Orpar and Récopart and the simplified limited company Fine Champagne Investissements (FCI) declared that on 31 July 2013, it had fallen below the threshold of two-thirds of voting rights in Rémy Cointreau and held 25,942,283 Rémy Cointreau shares representing 49,395,460 voting rights, or 50.96% of the share capital and 66.33% of the voting rights in the Company[3]. On this occasion, Andromède, through Orpar and Récopart, both companies it controls, indirectly fell below the thresholds of 50% of the share capital and two-thirds of the voting rights in Rémy Cointreau.

  The thresholds were crossed following the exercise, by FCI, of an undertaking to purchase 201,533 Orpar shares it held, which Orpar paid for by remittance to FCI of 994,053 shares in Rémy Cointreau, resulting in the loss of double voting rights attached to the aforementioned Rémy Cointreau shares.
- Cancellation of 1,150,000 Rémy Cointreau treasury shares (AMF decision no. 213C1783 of 22 November 2013)

  The Group composed of the limited companies Andromède, Orpar and Récopart and the simplified limited company Fine Champagne Investissements[4] (FCI) declared that on 19 November 2013, it had exceeded the threshold of two-thirds of voting rights in Rémy Cointreau and held 25,942,283 Rémy Cointreau shares representing 49,587,459 voting rights, *i.e.* 52.13% of the share capital and 67.46% of the voting rights in the Company. This threshold was crossed due to a reduction in the total number of shares and voting rights in Rémy Cointreau resulting from the cancellation of 1,150,000 Rémy Cointreau shares.

(1) *On the basis of share capital consisting of 50,909,912 shares representing 75,460,124 voting rights, pursuant to the 2nd subparagraph of Article 223-11 of the General Regulation.*
(2) *Note that the shareholders' agreement referred to above is included under D&N 213C0515 of 2 May 2013, the provisions of which are set out below (see section 7.4.1).*
(3) *On the basis of share capital consisting of 50,909,912 shares representing 74,466,099 voting rights, pursuant to the 2nd subparagraph of Article 223-11 of the General Regulation.*
(4) *Simplified limited company (based at Maison des Viticulteurs, 25 rue de Cagouillet, 16100 Cognac) owned by the Alliance Fine Champagne (AFC) cooperative, a structure resulting from the merger of the Champaco and Prochacoop cooperatives.*

- Cancellation of 1,283,053 Rémy Cointreau treasury shares (AMF decision no. 214C0472 of 28 March 2014)

  The limited company Andromède declared that on 25 March 2014, it had exceeded, directly and indirectly, through the companies Orpar and Récopart which it controls, the thresholds of two-thirds of voting rights and 50% of the capital of Rémy Cointreau and that it held, directly and indirectly, 24,877,226 shares representing 48,522,402 voting rights, or 51.32% of the capital and 67.14% of the voting rights in the Company.

  This threshold was crossed due to a reduction in the total number of shares and voting rights in Rémy Cointreau resulting from the cancellation of 1,283,053 Rémy Cointreau shares.

  The Group composed of the limited companies Andromède, Orpar and Récopart and simplified limited company Fine Champagne Investissements (FCI) has not crossed any threshold and at 25 March 2014, held 25,942,283 Rémy Cointreau shares representing 49,587,459 voting rights, or 53.51% of the capital and 68.79% of the voting rights in the Company.

Exemption from the obligation to file a draft public offering (AMF decision no. 215C0387 of 1 April 2015)

In its meeting of 31 March 2015, the French Financial Markets Authority (Autorité des marchés financiers) examined a request for exemptions to the obligation to file a draft public takeover offer on the shares of Rémy Cointreau, as part of the successive acquisitions of Rémy Cointreau shares by Orpar.

Through the cumulative effect of (i) the cancellation of 1,283,053 Rémy Cointreau shares which took place on 25 March 2014, (ii) the payment of part of the dividend for the 2013/2014 financial year in Rémy Cointreau shares, and (iii) the acquisition, on 10 March 2015, by Orpar, of 174,000 Rémy Cointreau shares, the aforementioned members declared that they held, at 10 March 2015, 26,280,396 shares representing 49,921,377 voting rights, *i.e.* 53.95% of the capital and 68.90% of the voting rights in the Company[1].

Orpar thus increased its individual stake in the capital and voting rights, initially comprising 30% to 50%, by more than 1% over less than 12 consecutive months, placing itself under the obligation to file a public takeover offer on all of the capital of Rémy Cointreau, in accordance with Article 234-5 of the General Regulation.

Furthermore, Orpar issued, on 3 February 2015, zero coupon bonds exchangeable for existing Rémy Cointreau shares for a nominal amount of €170 million. The bonds, listed in Luxembourg, will be redeemed on 15 July 2019 with a premium of 102.3% on the initial price. According to the terms of the prospectus, Orpar will use around 80% of the proceeds of the transaction to buy back existing Rémy Cointreau shares.

Thus, Orpar could increase its individual stake in the capital and voting rights, initially comprising 30% to 50%, by more than 1% over less than 12 consecutive months[3], again placing it under the obligation to file a public takeover offer on all of the capital of Rémy Cointreau, in accordance with Article 234-5 of the General Regulation.

In this context, Orpar requested exemptions from the French Financial Markets Authority from the obligation to file a public takeover offer on the Rémy Cointreau shares for each of the two aforementioned events causing the offer on the basis of Article 234-9, 6° of the General Regulation.

Considering that, prior to the aforementioned transactions, the members held a majority of the Rémy Cointreau voting rights, the French Financial Markets Authority granted the requested exemptions on the aforementioned regulatory basis.

As a result of these exemptions, Orpar continued its purchases until 31 October 2015, without acceleration limit, as part of its commitment to allocate around 80% of the proceeds of the exchangeable issue to purchase existing Rémy Cointreau shares. Under the exemptions granted, Orpar acquired 802,400 Rémy Cointreau shares.

Information consecutive to an exemption from the obligation to file a draft public offering (AMF decision no. 215C1626 of 6 November 2015)

Pursuant to Article 234-5 of the General Regulation, the *société anonyme* Orpar notified the French Financial Markets Authority, that it held, at 31 October 2015, following acquisitions of Rémy Cointreau shares on the market under the aforementioned exemptions, 18,258,061 Rémy Cointreau shares representing 34,798,204 voting rights, or 37.46% of the share capital, and 47.93% of the Company's voting rights.

On this occasion, the group composed of the *société anonyme* Orpar and the simplified limited companies Andromède, Récopart and Fine Champagne Investissements (FCI) declared that it held, on 31 October 2015, 27,082,796 Rémy Cointreau shares representing 50,730,752 voting rights, or 55.57% of the share capital, and 69.88% of this company's voting rights.

It should be noted that on 20 June 2017, Orpar renegotiated the conditions of the 2015 exchangeable bond both in relation to its term and its amount. In this regard, Orpar issued bonds exchangeable for existing Rémy Cointreau zero coupon shares for a nominal amount of €200 million while buying back all of the bonds issued in 2015. The bonds, listed in Luxembourg, will be redeemed on 20 June 2024 with a premium of 101.7% on the initial price.

The terms of the prospectus are unchanged compared with 2015.

SHAREHOLDER AGREEMENTS AND CONCERT ACTION BETWEEN THE PARTIES

The Company is aware of the existence of the following concert parties and shareholder agreements:

between Orpar and the shareholders of Récopart:

- under a Memorandum of Understanding signed on 21 and 22 July 2010, on 22 July 2010 Orpar acquired 721,995 Récopart shares, including 421,995 outright and 300,000 in bare ownership from Mr Pierre Cointreau and his children, thereby increasing its investment to 61.02% of the share capital and 61.02% of the voting rights in Récopart;
- prior to this transaction, Orpar and Récopart were granted an exemption from the requirement to make a public takeover offer under Article 234-9-6 of the General Regulation set out in Decision and Notification 210C0520 published on the website of the AMF on 14 June 2010. The declaration of crossing of thresholds following this exemption was made by letter of 23 July 2010 and published on the website of the AMF in Decision and Notification 210C0694.

On that date, Récopart held 6,937,889 shares and 13,229,478 voting rights in Rémy Cointreau, *i.e.* 14.30% of the share capital and 17.08% of the voting rights in Rémy Cointreau. On that date, Orpar held 20,901,034 shares and 40,732,231 Rémy Cointreau voting rights, *i.e.* 43.09% of the share capital and 52.59% of the Rémy Cointreau voting rights. As a result, following this acquisition, Orpar directly or indirectly held a total of 27,838,923 shares and 53,961,709 voting rights in Rémy Cointreau, *i.e.* 57.39% of the share capital and 69.67% of the voting rights in Rémy Cointreau, and had thus indirectly exceeded the threshold of 50% of the share capital and 66.67% of the voting rights in Rémy Cointreau.

In application of the Memorandum of Understanding and as part of the implementation of the acquisition, Orpar and Mr Pierre Cointreau and his family entered into the following agreements to govern their relationship within Récopart:

- an undertaking to purchase was granted on 21 and 22 July 2010 by Orpar to the Cointreau family, in relation to the remaining Récopart shares held by the Cointreau family. The undertaking to purchase reflects Orpar's commitment to acquire, from members of the Cointreau family and at their request, a maximum of 1,867,068 Récopart shares;
- an undertaking to sell was granted on 21 and 22 July 2010 by the Cointreau family to Orpar, in relation to the remaining Récopart shares held by the Cointreau family. The undertaking to sell reflects the commitment of the members of the Cointreau family to sell to Orpar, at the latter's request, a maximum of 1,867,068 Récopart shares.

The heirs of Mr and Ms Pierre Cointreau may exercise the aforementioned promises in one or more brackets, as of the expiry date of the commitments arising from the Dutreil agreement, given that the number of brackets will vary according to the date on which the commitments under the Dutreil agreement expire;

- a shareholders' agreement was concluded on 21 and 22 July 2010. This agreement was entered into for a period of 20 years from the date of its signature. The agreement specified that Récopart, in order to streamline the Company's structure, would be turned into a simplified limited company (SAS) and that the Company Articles of Association would be redrafted accordingly, which was done in July 2011. The agreement also specified the annual dividend distribution policy.

Orpar also benefits from a preferential subscription right on any share transfer, except for certain types of so-called free transfers, it being specified that the preferential subscription right became automatically applicable from the date Récopart was turned into a simplified limited company and the corresponding amending of its Articles of Association.

Lastly, the agreement specifies that in the event Orpar were to receive a bid from a third party buyer for at least 51% of Récopart shares, which it would be prepared to accept, that all shareholders would be compelled to dispose of their shares jointly with Orpar, on the terms and conditions specified in the agreement.

During the second half of the 2018/2019 financial year, Orpar acquired part of the Récopart shares held by an heir of Mr and Mrs Pierre Cointreau, *i.e.* 23,255 ordinary shares.

Orpar's holding in Récopart thus increased from 69.39% to 69.77%.

Between Andromède, Orpar and Fine Champagne Investissements (FCI):

- Andromède, FCI and Orpar entered into a shareholder agreement on 3 April 2013 relating to Orpar and Rémy Cointreau, the main clauses of which were published in accordance with Article L. 233-11 of the French Commercial Code *via* AMF decision no. 213C0515 of 2 May 2013;
- in decision No. 213C0515 of 2 May 2013, the AMF examined the consequences of the concert party between Fine Champagne Investissements (FCI) and Andromède, Orpar and Récopart and granted an exemption from the requirement to make a public takeover offer under Article 234-1, 1° of the AMF General Regulation.

Main clauses of the agreement concerning Rémy Cointreau:

- **governance**: Orpar and FCI will meet in reasonable time before any Shareholders' Meeting of Rémy Cointreau to examine the draft resolutions submitted to the meeting and agree on a common position. In any event, FCI agrees to attend the meeting in question or give proxy to Orpar and combine its votes with those of Orpar and vote as previously indicated to Orpar;
- **Rémy Cointreau shares as payment**: if FCI sells its interest in the capital of Orpar to Andromède as a result of the undertaking to purchase agreed by Andromède relating to 201,533 Orpar shares held by FCI or the undertaking to sell relating to the same Orpar shares and agreed by FCI, Andromède may pay the price due to FCI in cash or in Rémy Cointreau shares[1];
- **retention**: FCI agrees not to dispose of Rémy Cointreau securities used as payment for the aforementioned undertakings to purchase, for a period of two years from their delivery;
- **pre-emption right**: Orpar will benefit from a pre-emptive right on the abovementioned Rémy Cointreau shares at the end of the two-year period set out in the retention obligation;
- **ceiling**: FCI agrees not to increase its stake in Rémy Cointreau without the agreement of Orpar and not to enter into any agreement or more generally any concert action with any third party with respect to Rémy Cointreau;
- **duration**: the agreement is valid for seven years, *i.e.* until 4 April 2020, it being specified that, in the event that Orpar or FCI carries out an act forcing the launch of a public takeover offer on Rémy Cointreau securities, the concert party linking them will immediately end and will, by law, become null and void.

COLLECTIVE RÉMY COINTREAU SHARE LOCK-UP AGREEMENTS WITHIN THE FRAMEWORK OF ARTICLE 787 B I BIS OF THE FRENCH GENERAL TAX CODE

During the 2017/2018 financial year, on 30 January 2018, Orpar, Recopart, and Recopart shareholders, and Marc Hériard Dubreuil, in his capacity as Chairman of the Board of Directors, entered into a collective lock-up agreement within the framework of the provisions of Article 787 B I *bis* of the French General Tax Code and in the context of the Dutreil law for a term of two years. The Rémy Cointreau shares that are covered by the agreement represent 10,800,000 shares or 21.45% of the share capital and voting rights as at 30 January 2018.

7.4.2 Changes to the breakdown of the share capital over the last three years

During the 2016/2017 financial year, the exercising of the 2015/2016 dividend option in cash or shares resulted in the issue of 957,170 shares corresponding to a capital increase of €1,531,472, bringing the capital to €79,507,494.40. On the year-end date, Orpar held over one-third of the share capital and over 45% of the voting rights. Récopart held more than 10% of the share capital and more than 15% of the voting rights.

During the 2017/2018 financial year, the exercising of the 2016/2017 dividend option in cash or shares resulted in the issue of 635,254 shares corresponding to a capital increase of €1,016,406.40 bringing the capital to €80,523,900.80. A reduction in the share capital was then carried out through the cancellation of treasury shares as part of the share buyback programme - implemented on 1 August 2017 and concluded on 29 December 2017 - corresponding to 103,638 shares out of the 273,009 shares acquired in this context and corresponding to a reduction in the nominal share capital of €165,820.80, thus taking the capital to €80,358,080. On the year- end date, Orpar held over one-third of the share capital and over 45% of the voting rights. Récopart held more than 10% of the share capital and more than 15% of the voting rights.

During the 2018/2019 financial year, the exercising of the 2017/2018 dividend option in cash or shares resulted in the issue of 725,987 shares corresponding to a capital increase of €1,161,579.20 bringing the capital to €81,519,659.20. A reduction in the share capital was then carried out through the cancellation of treasury shares as part of the share buyback programme - implemented on 1 August 2018 and concluded on 20 December 2018 - corresponding to 800,000 shares out of the 1,000,000 shares acquired in this context and corresponding to a reduction in the nominal share capital of €1,280,000 thus taking the capital to €80,239,659.20. On the year- end date, Orpar held over one-third of the share capital and over 45% of the voting rights. Récopart held around 15% of the share capital and more than 18% of the voting rights.

7.4.3 Persons controlling the Company and details of their shareholdings

At 31 March 2019, Orpar was 100% controlled by Andromède, which is controlled by the Hériard Dubreuil family.

At 31 March 2019, Andromède held 596,332 shares, or 1.19% of the share capital, corresponding to 1,159,220 voting rights, or 1.49% of the voting rights. At the same date, Orpar held 19,542,581 Rémy Cointreau shares, or 38.97% of the share capital, corresponding to 36,998,242 voting rights, or 47.53% of the voting rights. Orpar held, directly and indirectly, shares held by Récopart, or a total of 53.88% of the share capital and 66.37% of the voting rights in Rémy Cointreau. Together Andromède, Orpar and Récopart held 55.07% of the share capital and 67.86% of the voting rights in Rémy Cointreau.

Pursuant to European regulation No. 809/2004 of 29 April 2004, established pursuant to the "Prospectus" directive, Rémy Cointreau ensures that the control of the Company is not currently and will not ever be abused, by adopting corporate governance measures.

The Company refers to the recommendations of the Corporate Governance Code for Listed Companies published in June 2013 most recently revised in June 2018 by the AFEP/MEDEF and the guidelines for applying this Code by the Corporate Governance High Commission in January 2019. In particular, the Board of Directors comprises a significant proportion of independent Board members and has its own internal regulations.

7.4.4 Stock market information

Shares in Rémy Cointreau are listed on the Euronext Paris regulated market (ISIN code FR0000130395). Rémy Cointreau is included in the French SBF 120 index and the European EuroStoxx 100 index.

At 31 December 2018, Rémy Cointreau had a market capitalisation of €5.041 billion.

In November 2005, Rémy Cointreau had entrusted a financial institution with the implementation of a liquidity contract that conforms to the AMAFI Ethics Charter recognised by the AMF. Since 1 April 2015, Rémy Cointreau has entrusted a different financial institution with the implementation of a liquidity contract that conforms to the AMAFI Ethics Charter recognised by the AMF.

NUMBER OF SECURITIES AND CAPITAL TRADED ON EURONEXT PARIS AND PRICE CHANGES IN LAST EIGHTEEN MONTHS

	Number of shares traded	Average price in €	High in €	Low in €	Trading volumes in €M
2016					
December	1,840,491	79.77	81.57	76.09	154.73
2017					
January	2,554,116	82.66	90.00	78.65	213.50
February	2,120,927	85.11	87.20	83.53	180.46
March	1,881,885	86.65	91.77	82.64	164.01
April	1,858,604	92.07	94.80	86.60	170.91
May	1,729,378	95.73	98.50	92.37	164.97
June	2,465,382	101.99	106.05	96.43	251.53
July	1,686,792	100.55	106.45	97.13	169.51
August	1,495,049	96.87	98.96	94.35	144.54
September	1,285,017	97.79	100.25	94.40	125.62
October	1,816,545	107.20	112.60	99.50	194.51
November	1,644,989	111.26	114.10	106.35	183.00
December	1,679,334	115.54	119.80	107.90	193.26
2018					
January	2,303,969	110.14	116.60	102.90	252.79
February	2,084,901	106.90	113.20	99.05	222.32
March	1,431,904	112.59	116.20	108.00	160.92
April	1,661,490	115.02	120.80	111.30	191.25
May	1,316,922	121.10	129.70	114.00	160.91
June	2,535,700	121.28	131.30	111.00	305.63
July	2,051,989	115.44	121.50	110.20	237.18
August	1,299,077	121.46	125.30	116.80	157.93
September	1,838,238	114.88	121.80	108.90	210.63
October	3,096,922	105.61	117.30	98.60	325.99
November	2,730,651	105.13	110.60	100.20	286.31
December	2,141,380	100.83	105.70	96.15	217.15
2019					
January	2,258,821	100.03	105.00	94.15	225.94
February	1,633,308	110.58	115.20	101.30	179.71
March	1,653,962	117.06	120.20	114.40	193.19
April	1,377,494	118.79	122.00	116.20	163.68
May	1,443,619	119.36	124.60	115.50	172.55

7.5 Items liable to have an impact in the event of a public takeover offer

In compliance with Article L. 225-100-3 of the French Commercial Code, we notify you of the factors liable to have an impact in the event of a public takeover offer:

- the structure of the Company's share capital is disclosed in *section* 7.4 of this report and refers to concert parties and to shareholder agreements that had been brought to the Company's attention at the time of writing;
- the direct or indirect investments known to the Company are described in *section* 7.4 of this report;
- with the exception of the double voting rights allocated, pursuant to Article 23.2 of the Articles of Association, to fully paid-up shares which have been held in registered form for at least four years in the name of the same shareholder, no shares carry specific privileges;
- there is no restriction in the Articles of Association on the exercise of voting rights, except for failure to comply with the provisions in respect of crossing the statutory threshold of 1% of the share capital or voting rights or any multiple of this percentage, under the terms provided for by Article 8.2 of the Articles of Association; there are no restrictions on share transfers in the Articles of Association;
- the rules governing the appointment and dismissal of members of the Board of Directors are those of the prevailing laws and the Articles of Association;
- amendments to the Company's Articles of Association are made in accordance with the prevailing laws and regulations;
- the Company and some of its subsidiaries have entered into agreements containing a clause offering the co-contracting parties the option of terminating those agreements in the event of a change of control of the Company, mainly under distribution agreements with third parties and the bonds of €80 million dated February 2015 and €275 million dated September 2016 described in note **13.6** to the consolidated financial statements in sections 5.6 and 6.4 (note 2.8) of this report;
- severance and non-compete compensations and the defined-benefit and defined-contribution pension commitments granted to Valérie Chapoulaud-Floquet, Chief Executive Officer, can be found in *section* 3.5.4 of this report;
- the various delegations and authorisations granted to the Board of Directors by the Shareholders' Meeting, notably concerning the issue and repurchase of shares, are disclosed in *section* 7.3.3 of this report.


PORT
CHARLOTTE
HEAVILY
PEATED
ISLAY
SINGLE
MALT
MRC: 01
2010
59.2% alc./vol.
750 mL

8

COMBINED SHAREHOLDERS' MEETING OF JULY 24TH 2019

8.1 Explanatory statement and draft resolutions

Ordinary business

Approval of the Company and consolidated financial statements and appropriation of earnings

The first two resolutions concern the approval of the Company and consolidated financial statements for the financial year ended 31 March 2019.

The Company financial statements show a profit of €104,040,260.36.

The consolidated financial statements show a net profit attributable to the owners of the parent of €159,191,000.

It is stated, in accordance with Article 223 *quarter* of the French General Tax Code, that no expenditure or expenses referred to in Article 39 paragraph 4 of the French General Tax Code were incurred during the financial year ended 31 March 2019.

The third resolution concerns the appropriation of company earnings for the financial year ended 31 March 2019 and the payment of the dividend.

The Board of Directors asks that you approve the appropriation of distributable earnings for the financial year ended 31 March 2019 as follows:

▪ profit for the financial year as at 31 March 2019:	€104,040,260.36
▪ retained earnings:	€88,886,740.61
▪ allocation to the legal reserve:	€0.00
Total distributable amount:	€192,927,000.97
▪ ordinary dividend of €1.65:	€82,747,148.55
▪ exceptional dividend of €1 per share:	€50,149,787.00
▪ retained earnings, subject to the approval of the third resolution	€60,030,065.42

The Board of Directors proposes to set the amount of the dividend to be distributed to each of the Company's shares with dividend rights in respect of the financial year ended 31 March 2019 at €1.65, *i.e.* a total of €82,747,148.55 based on 50,149,787 shares comprising the share capital at 31 March 2019.

The ex-dividend date will be 12 September 2019 and the dividend will be paid as of 16 September 2019.

In the event that the Company holds any of its own shares as of the ex-dividend date, the amount corresponding to the dividend not distributed as a result of that holding shall be allocated to "Retained earnings".

It is specified that, as the law currently stands, for natural persons who have their tax residence in France, the dividend is subject to a single flat-rate withholding tax ("PFU") of 12.8% or, if the beneficiary has expressly and irrevocably so opted, to the income tax applicable to his/her entire income, net gains, profits and receivables falling under the field of application of the single flat-rate withholding taxation in accordance with the progressive income tax system. The dividend is eligible for the 40% rebate benefiting individuals domiciled in France for tax purposes as provided for in paragraph 2 of Article 158-3 of the French General Tax Code. However this now applies only to taxpayers who opt for taxation in accordance with the progressive income tax system.

In accordance with the law, we hereby advise you that the amount of net dividends paid in respect of the past three financial years, and the amount of the dividend payment eligible for the aforementioned tax allowance for individual shareholders who are tax residents of France, were as follows:

Financial years	2015/2016	2016/2017	2017/2018
Net dividend per share	€1.60	€1.65	€1.65
Dividend paid eligible for the 40% rebate	€1.60	€1.65	€1.65

Distribution of a special dividend

In the **fourth resolution**, you are asked to approve, subject to the approval of the third resolution covering the appropriation of distributable earnings for the financial year ended 31 March 2019, and the setting of the ordinary dividend, the distribution of a special dividend of €1.00 per share, paid out of the amount of distributable earnings laid down in the third resolution after appropriation of the ordinary dividend.

The ex-dividend date for this special dividend would be 12 September 2019 with the dividend payable in cash from 16 September 2019, at the same time as the ordinary dividend of €1.65 set in the third resolution of this Meeting.

In the event that the Company holds any of its own shares as of the ex-dividend date, the amount corresponding to the dividend not distributed as a result of that holding shall be allocated to "Retained earnings".

It is specified that, as the law currently stands, for natural persons who have their tax residence in France, the dividend is subject to a single flat-rate withholding tax ("PFU") of 12.8% or, if the beneficiary has expressly and irrevocably so opted, to the income tax applicable to his/her entire income, net gains, profits and receivables falling under the field of application of the single flat-rate withholding taxation in accordance with the progressive income tax system. The dividend is eligible for the 40% rebate benefiting individuals domiciled in France for tax purposes as provided for in paragraph 2 of Article 158-3 of the French General Tax code. However this now applies only to taxpayers who opt for taxation in accordance with the progressive income tax system.

In accordance with the law, the table below summarises the amount of dividends and the distributed dividend eligible for the 40% reduction indicated in 158-3-2 of the French General Tax Code for individuals domiciled for tax purposes in France during the three previous financial years:

Financial years	2015/2016	2016/2017	2017/2018
Net dividend per share	€1.60	€1.65	€1.65
Dividend paid eligible for the 40% rebate	€1.60	€1.65	€1.65

Agreements covered by article L. 225-38 *et seq.* of the French commercial code

The **fifth resolution** concerns the regulated agreements and commitments authorised and entered into during previous financial years and whose performance continued in the 2018/2019 financial year. These agreements and commitments were once again examined by the Board of Directors at its meeting of 26 March 2019, in accordance with Article L. 225-40-1 of the French Commercial Code and reported to the Statutory Auditors for inclusion in their special report. This special report is reproduced in section 8.4 of this 2018/2019 Registration Document.

Please note that, in accordance with current legislation, regulated agreements already approved by the Shareholders' Meeting in previous financial years and which remain in force are not put to the vote at subsequent Shareholders' Meetings.

Ruling on the Statutory Auditors' special report, the shareholders are asked to approve this report and to duly note the information in connection with regulated agreements and commitments authorised and entered into during previous financial years and whose performance continued in the 2018/2019 financial year.

Reappointment of three board members

The **sixth, seventh and eighth resolutions** ask the Shareholders' Meeting to reappoint Marc Hériard Dubreuil, Olivier Jolivet and ORPAR, represented by Gisèle Durand, as Board members for a three-year term, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 March 2022.

Before proposing the renewal of these terms of office that expire at the end of this Shareholders' Meeting, the Board of Directors, on the recommendation of the Nomination-Remuneration Committee, ensured that the Board members in question were available. The Board also assessed their respective contributions to its work, as well as to that of its committees. It concluded that retaining each one in their functions was in the Company's interest.

At its meeting on 4 June 2019, the Board of Directors examined in particular the independence of its members in light of the criteria set out in the AFEP/MEDEF Corporate Governance Code for listed companies, updated in June 2018.

Information about these three Board members is provided in section 3.2.1 of this 2018/2019 Registration Document.

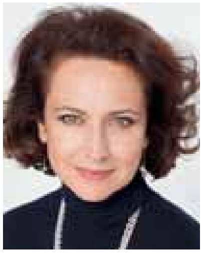
Appointment of two board members

The ninth resolution asks the Shareholders' Meeting, on the recommendation of the Nomination and Remuneration Committee, to appoint Hélène Dubrule as a Board member for a three-year term, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 March 2022.

Hélène Dubrule would be appointed to replace Florence Rollet, who has informed the Board of her intention not to seek renewal of her term of office as Board member, for personal reasons, following the Shareholders' Meeting of 24 July 2019.

With this appointment, Ms Hélène Dubrule would bring to the Board her extensive knowledge of the luxury and lifestyle sectors, her expertise in retail and wholesale distribution models, the international vision that she acquired through the global brands she managed and her close understanding of the shift of the luxury goods business toward experiential and multichannel sales. Lastly, her understanding of the challenges of listed family companies and her interest in CSR and sustainable development issues would enhance the Board.

Hélène Dubrule would be appointed as a member of the CSR Committee.



HÉLÈNE DUBRULE

French nationality, 53 years old
Business address: *Hermès Distribution France – 23, rue Boissy d'Anglas – 75008 Paris – France*

Hélène Dubrule graduated from HEC in 1987 and began her career at L'Oréal, where she held marketing and development positions for nearly 10 years within the Consumer Goods Division and was later appointed Marketing Director within the L'Oréal Luxury Goods Division. In 2001 she also graduated from Esmod, a school where she studied in Seoul, where she lived for four years. For the past 17 years, she has held responsibilities in the Hermès Group, where she has been in turn, International Marketing Director of Hermès Parfums, CEO of Hermès Soie et Textiles, CEO of Hermès Maison and Chairperson of Puiforcat. She has headed the French market businesses as CEO of Hermès Distribution France since July 2018.

CURRENT APPOINTMENTS

- Member of the Supervisory Board of the Labruyère group

TERMS OF OFFICE THAT EXPIRED OVER THE LAST FIVE YEARS

Five executive positions of Group Hermès subsidiaries, between October 2009 and June 2018:

- CEO of Hermès Maison, Hermès Sellier Division
- Chairman of Faubourg Italia.
- Chairman of Puiforcat.
- Chairman of Compagnie des Arts de la Table et de l'Email (CATE).
- Chairman of Beyrand

The Board of Directors, based on work conducted by the Nomination and Remuneration Committee, proposes the appointment of Hélène Dubrule as an independent Board member within the meaning of the AFEP/MEDEF Corporate Governance Code and the Internal Regulations of the Board of Directors.

As regards business relations between Rémy Cointreau and Hermès, in which Hélène Dubrule is a senior executive, the Board, following the recommendation of the Nomination and Remuneration Committee, and after having performed a review, considered that said relations were not significant with respect to the total purchases of the Rémy Cointreau Group. Hermès, through Les Cristalleries de Saint Louis, is an important supplier for Rémy Cointreau; however it is not exclusive. Moreover, the business relation of Hermès with Rémy Cointreau remains extremely limited in Hermès revenue In addition, under her duties, Hélène Dubrule has no decision making authority with respect to contracts constituting a business relation with Rémy Cointreau. Lastly, Hélène Dubrule committed to not take part in any discussion or decision which could potentially affect the business relations between one company and the other Therefore the business relationships with Hermès are not likely to have an impact on Hélène Dubrule's independence.

To the Company's knowledge, there are no potential conflicts of interest between the issuer's obligations and the private interests and/or other obligations of Hélène Dubrule.

The tenth resolution asks the Shareholders' Meeting, on the recommendation of the Nomination and Remuneration Committee, to appoint Marie-Amélie Jacquet as a Board member for a three-year term, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 March 2022.

Marie-Amélie Jacquet will be appointed to replace Yves Guillemot, who has informed the Board of his intention not to seek renewal of his term of office as Board member, for personal reasons, following the Shareholders' Meeting of 24 July 2019.

This appointment would strengthen the presence within the Board of members with a financial background, including within the Group. Marie-Amélie Jacquet would also provide an in-depth understanding of teams and customers, which she acquired while she worked in the various markets.

MARIE-AMÉLIE JACQUET

French nationality, 41 years old
Date first appointed as a non-voting member: *20 November 2018*.
End of appointment as non-voting member: *November 2019.*
Business address: *Andromède SAS – 21 boulevard Haussmann – 75009 Paris*

After graduating in international finance from ESCP-EAP, Marie-Amélie Jacquet began her career with Société Générale Investment Banking in London. She then joined NM Rothschild & Sons, where she served in various roles within the Capital Goods team in the Mergers/Acquisitions department. Following this, she held Management control positions at Rémy Cointreau.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Deputy Chief Executive Officer of Andromède SAS.

OTHER FUNCTIONS AND APPOINTMENTS AT 31/03/2019

- Director and Vice-Chairman of the Board of Directors of Oeneo SA.
- Member of the Audit Committee of Oeneo SA.
- Chief Executive Officer of ALETEIA 2.
- Director and Chairman of Mount Gay Distilleries Ltd.

PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Chief Executive Officer of ALETEIA.
- Member of the Supervisory Board of Andromède SAS.
- Member of the Management Board of Andromède SAS

In her capacity as representative of the main shareholder, Marie-Amélie Jacquet cannot be qualified as an independent Board member.

Following these two appointments, the Board of Directors will have, excluding non-voting members, six women and six independent out a total of 12 members.

Directors' fees

In **the eleventh resolution**, we ask that you set the amount of Directors' feed awarded to members of the Board of Directors for the 2019/2020 financial year and the following financial years at €620,000, until decided otherwise. This amount, a slight increase compared to the previous financial year, is nevertheless in line with the practices followed by several French groups with an international dimension and of similar size to Rémy Cointreau.

Approval of the remuneration policy for executive officers for the 2019/2020 financial year

The purpose of **the twelfth and thirteenth resolutions** is to submit for your approval, in accordance with Article L. 225- 37-2 of the French Commercial Code, the principles and criteria used to determine, distribute and allocate the fixed, variable and exceptional elements of the total remuneration and benefits of any kind attributable to the Chairman of the Board of Directors and the Chief Executive Officer for their services and constituting the remuneration policy applicable to them for the 2019/2020 financial year.

These principles and criteria, approved by the Board of Directors on 4 and 17 June 2019, on the recommendation of the Nomination and Remuneration Committee, are presented in the Board of Directors' report on the remuneration policy for executive officers attached to the report referred to in Articles L. 225-100 and L. 225-102 of the French Commercial Code and appearing in section 3.5.7 of the 2018/2019 Registration Document.

It is specified that:

- if these resolutions are rejected by the Shareholders' Meeting, the remuneration of the Chairman of the Board of Directors and the Chief Executive Officer will be set in accordance with the remuneration allocated in respect of the financial year ended 31 March 2019, in accordance with the provisions of Article L. 225-37-2 paragraph 4 of the French Commercial Code;
- the payment of the variable and exceptional components of the remuneration of the Chief Executive Officer depends on the subsequent approval, by a Company Shareholders' Meeting, of the components of the total remuneration and benefits of any kind paid or awarded to the Chief Executive Officer in respect of the 2019/2020 financial year.

Approval of the elements of total remuneration and benefits of any kind paid or awarded for the year ended 31 March 2019 to each executive officer of the Company

By voting on the, **fourteenth and fifteenth resolutions**, the Shareholders' Meeting is asked to approve, in accordance with the provisions of Article L. 225-100 of the French Commercial Code, the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid or awarded, in respect of the financial year ended 31 March 2019, to each person who has held the post of executive officer of the Company during the said financial year, in accordance with the remuneration policy approved during the shareholders' meeting of 24 July 2018. Namely:

- Marc Hériard Dubreuil as Chairman of the Board of Directors
- Valérie Chapoulaud-Floquet as Chief Executive Officer,

These components are presented in the Corporate Governance report indicated in Article L. 225-37 of the French Commercial Code, included in section 3.5.1 and in the tables reproduced in section 3.5.4 of the 2018/2019 Registration Document.

Pursuant to these texts, the payment of the variable components of the remuneration awarded to the Chief Executive Officer in respect of the financial year ended 31 March 2019, is subject to approval of the fifteenth resolution.

Purchase and sale of its own shares by the Company

In accordance with the Board of Directors' decision of 24 July 2018, under the share buyback programme, between 1 August and 20 December 2018 the Company acquired 1,000,000 shares (i.e. 1.96% of the share capital) at an average price of €103.60.

As set out in the announcement of 1 August 2018, the shares bought back in this way were allocated to the following objectives:

1. reducing the share capital via the cancellation of treasury shares;
2. meeting the obligations in respect of marketable securities giving access to capital;
3. meeting the obligations arising from bonus share programmes for employees and/or corporate officers of the Company and/or its related companies.

At 31 March 2019, the Company held a total of 342,088 treasury shares.

Shares held by the Company are used to promote trading in the secondary market or to enhance the liquidity of the Rémy Cointreau share by an investment services provider, via a liquidity contract that complies with the Ethics Charter recognised by the AMF. 5,903 shares were held under the liquidity contract at 31 March 2019.

At 31 March 2019, the Company also held 200,000 treasury shares purchased under the share buyback programme implemented by the Board of Directors which was authorised by the Shareholders' Meeting of 24 July 2018 (including 125,000 shares allocated to the bonus share award and 75,000 shares allocated to the conversion of convertible bonds (OCEANEs). And at the same date, 136,185 shares were held under the previous share buyback programme authorised by the Shareholders' Meeting of 25 July 2017 (all such shares were allocated to the bonus share award).

In the **sixteenth** resolution, we propose that you authorise the Board of Directors for a maximum duration of eighteen months from the date of this meeting, to purchase Company shares, up to a limit of 10% of the share capital on the date such purchases are made. For indicative purposes, this corresponds to a maximum number of 4,672,890 shares, based on the current share capital, including the treasury shares held by the Company as of 31 March 2019.

Shareholders are reminded that, by law, if shares are repurchased for liquidity reasons, the number of shares included in the calculation of the 10% corresponds to the number of shares purchased, less the number of shares resold during the authorisation period.

The purpose of the buyback programme is to enable the following transactions to be performed, in decreasing order of priority:

- to ensure liquidity or promote trading in the secondary market in Rémy Cointreau shares via an independent investment services provider, under the terms of a liquidity agreement that complies with the Ethics Charter recognised by the French Financial Markets Authority;
- to cancel shares as part of a capital reduction, subject to the adoption of the seventeenth resolution submitted to this Shareholders' Meeting;
- to deliver of all or part of the shares acquired upon exercise of the rights attached to marketable securities giving access to Company shares, by way of conversion, exercise, redemption, exchange or by any other way, in accordance with applicable regulations;
- to use all or part of the shares acquired to grant shares to employees and/or authorised corporate officers of the Company and/or companies related to it in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant bonus shares in accordance with the

provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code;

- to hold all or part of the shares acquired with a view to their subsequent exchange or use as payment in relation to acquisitions, contributions, mergers and share splits, in accordance with recognised market practices and pursuant to applicable regulations;
- to implement any market practices permitted by the French Financial Markets Authority and, more generally, carry out all transactions in compliance with the regulations in force.

The purchase of these shares, together with their sale or transfer, may be performed under legal and regulatory conditions at any time, including during a public takeover offer involving the Company's shares, or during a public takeover offer initiated by the Company, subject to the lock-up periods specified in European Commission regulation 596/2014 of 16 April 2014 and Commission regulations delegated by any means, including through the use of any derivative financial instruments, except for the sale of put options, and inasmuch as such means do not contribute to a significant increase in the volatility of the share price. The maximum portion of the capital acquired or transferred in the form of block transactions may amount to 100% of the authorised share buyback programme. Payment may be made by any means.

We should remind you that since law No. 2014-384 of 29 March 2014 (known as the Loi Florange), companies can launch their buyback programmes during offer periods, even without express authorisation from the Shareholders' Meeting.

We request that you set the maximum purchase price per share at €200, excluding transaction expenses. The maximum amount that the Company would therefore be liable to pay is €934,578,000, excluding trading fees.

The Board of Directors shall inform shareholders of the transactions performed in its annual management report, in accordance with the provisions of Article L. 225-211 of the French Commercial Code.

This authorisation cancels the authorisation granted by the meeting of 24 July 2018 in its twenty-first resolution, for the amounts unused to date.

The Board of Directors shall inform shareholders of the transactions performed in its annual management report, in accordance with the provisions of Article L. 225-211 of the French Commercial Code.

Extraordinary business

Authorisation to reduce the share capital *via* the cancellation of treasury shares held by the Company

The seventeenth resolution allows the Board of Directors the option of cancelling, in accordance with Article L. 225-209 of the French Commercial Code, by way of a capital reduction, the shares purchased by the Company pursuant to the authorisation granted by the meeting in its sixteenth resolution, or purchased under prior authorisations for the Company to buy and sell its own shares.

Its aim is to enable the Board of Directors to reduce the share capital as a result of this cancellation. In accordance with the law, such transactions may not cover more than 10% of the share capital in each 24-month period.

This authorisation shall be valid for a maximum period of eighteen months from the date of this Shareholders' Meeting, and will render ineffective all prior authorisations.

The Board of Directors' meeting on 17 January 2019 cancelled 800,000 treasury shares, representing 1.57% of the share capital, through a capital reduction, as announced on 29 December 2018 relating to the end of its share buyback programme.

Following this cancellation, Rémy Cointreau held 367,105 treasury shares, corresponding to 0.73% of the share capital. The share capital now amounts to €80,239,659.20, divided into 50,149,787 shares.

Powers to accomplish formalities

The **eighteenth resolution** is a standard resolution granting powers necessary to proceed with publication and other legal formalities.

The Board of Directors

We ask you to vote in favour of the resolutions put to you.

8.2 2019 Shareholders' Meeting resolutions

I. ORDINARY BUSINESS

- Approval of the Company financial statements for the 2018/2019 financial year;
- Approval of the consolidated financial statements for the 2018/2019 financial year;
- Appropriation of income and setting of the dividend;
- Distribution of a special dividend;
- Agreements covered by Articles L. 225-38 *et seq.* of the French Commercial Code authorised in previous financial years and which continued to be performed during the 2018/2019 financial year;
- Reappointment of Mr Marc Hériard Dubreuil as Board member;
- Reappointment of Mr Olivier Jolivet as Board member;
- Reappointment of ORPAR as Board member;
- Appointment of Ms Hélène Dubrule as Board member;
- Appointment of Ms Marie-Amélie Jacquet as Board member
- Determination of Directors' fees;
- Approval of the principles and criteria used to determine, distribute and allocate the components of the total remuneration and benefits of any kind that may be awarded to the Chairman of the Board of Directors, in accordance with Article L. 225-37-2 of the French Commercial Code;
- Approval of the principles and criteria used to determine, distribute and allocate the components of the total remuneration and benefits of any kind that may be awarded to the Chief Executive Officer, in accordance with Article L. 225-37-2 of the French Commercial Code;
- Approval of the components of the total remuneration and benefits of any kind paid or awarded, in respect of the financial year ended 31 March 2019, to Mr Marc Hériard Dubreuil, Chairman of the Board of Directors, in accordance with Article L. 225-100 of the French Commercial Code
- Approval of the components of the total remuneration and benefits of any kind paid or awarded to Ms Valérie Chapoulaud-Floquet, Chief Executive Officer, in respect of the financial year ended 31 March 2019, in accordance with Article L. 225-100 of the French Commercial Code;
- Authorisation for the Board of Directors to buy and sell company shares in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code.

II. EXTRAORDINARY BUSINESS

- Authorisation enabling the Board of Directors to reduce the share capital via the cancellation of treasury shares held by the Company;
- Powers to accomplish formalities.

8.2.1 Within the competence of the ordinary shareholders' meeting

FIRST RESOLUTION

(Approval of the Company financial statements for the 2018/2019 financial year)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report for the financial year ended 31 March 2019 and the Statutory Auditors' report on the Company financial statements, approves the Company financial statements for the financial year ended 31 March 2019, which comprise the statement of financial position, the income statement and the notes, as presented, showing a profit of €104,040,260.36, together with all the transactions reflected in the aforementioned financial statements or summarised in these reports.

In accordance with the provisions of Article 223 quarter of the French General Tax Code, the Shareholders' Meeting notes that no expenditure or expenses referred to in Article 39-4 of said Code were incurred during the financial year ended 31 March 2019.

SECOND RESOLUTION

(Approval of the consolidated financial statements for the 2018/2019 financial year)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' report on the consolidated financial statements, approves the consolidated financial statements for the financial year ended 31 March 2019, which comprise the statement of financial position, the income statement and the notes, as presented, showing a net profit attributable to the owners of the parent of €159,191,000, together with all the transactions reflected in the aforementioned financial statements or summarised in these reports.

THIRD RESOLUTION

(Appropriation of income and setting of the dividend)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, on the proposal of the Board of Directors, hereby approves the appropriation of the distributable income for the financial year ended 31 March 2019 as follows:

▪ profit for the financial year as at 31 March 2019:	€104,040,260.36
▪ retained earnings:	€88,886,740.61
▪ allocation to the legal reserve:	€0.00
Total distributable amount:	€192,927,000.97
▪ ordinary dividend of €1.65:	€82,747,148.55
▪ exceptional dividend of €1 per share:	€50,149,787.00
▪ retained earnings, subject to the approval of the third resolution	€60,030,065.42

A dividend of €1.65 per share shall be paid for each Company share with dividend rights. The total dividend of €82,747,148,55 was determined on the basis of the 50,149,787 shares making up the share capital at 31 March 2019. The ex-dividend date is set at 12 September 2019 and the dividend will be paid as of 16 September 2019.

In the event that the Company holds any of its own shares when the dividend becomes payable, the amount corresponding to the dividend not distributed as a result of that holding shall be allocated to "Retained earnings".

It is specified that, as the law currently stands, for natural persons who have their tax residence in France, the dividend is subject to a single flat-rate withholding tax ("PFU") of 12.8% or, if the beneficiary has expressly and irrevocably so opted, to the income tax applicable to his/her entire income, net gains, profits and receivables falling under the field of application of the single flat-rate withholding taxation in accordance with the progressive income tax system. The dividend is eligible for the 40% rebate benefiting individuals domiciled in France for tax purposes as provided for in paragraph 2 of Article 158-3 of the French General Tax code. However this now applies only to taxpayers who opt for taxation in accordance with the progressive income tax system.

In accordance with the law, we hereby advise you that the amount of net dividends paid in respect of the past three financial years, and the amount of the dividend payment eligible for the aforementioned tax allowance for individual shareholders who are tax residents of France, were as follows:

Financial years	2015/2016	2016/2017	2017/2018
Net dividend per share	€1.60	€1.65	€1.65
Dividend paid eligible for the 40% rebate	€1.60	€1.65	€1.65

FOURTH RESOLUTION

(Distribution of a special dividend)

The Shareholders' Meeting,

- deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,
- following the recommendation of the Board of Directors, and subject to the approval of the third resolution of this Shareholders Meeting concerning the appropriation of earnings for the financial year ended 31 March 2019 and the setting of the ordinary dividend,
- resolves to pay to the shareholders, a special dividend of €1 per share, i.e. a total amount of €50,149,787 paid out of the amount of distributable earnings laid down in the third resolution after appropriation of the ordinary dividend, with a balance of the "Retained Earnings" account amounting to €60,030,065.42.

The ex-dividend date for this special dividend would be 12 September 2019 with the dividend payable in cash from 16 September 2019, at the same time as the ordinary dividend of €1.65 set in the third resolution of this Meeting.

In the event that the Company holds any of its own shares when the dividend becomes payable, the amount corresponding to the dividend not distributed as a result of that holding shall be allocated to "Retained earnings".

It is specified that, as the law currently stands, for natural persons who have their tax residence in France, the dividend is subject to a single flat-rate withholding tax ("PFU") of 12.8% or, if the beneficiary has expressly and irrevocably so opted, to the income tax applicable to his/her entire income, net gains, profits and receivables falling under the field of application of the single flat-rate withholding taxation in accordance with the progressive income tax system. The dividend is eligible for the 40% rebate benefiting individuals domiciled in France for tax purposes as provided for in paragraph 2 of Article 158-3 of the French General Tax code. However this now applies only to taxpayers who opt for taxation in accordance with the progressive income tax system.

In accordance with the law, we hereby advise you that the amount of net dividends paid in respect of the past three financial years, and the amount of the dividend payment eligible for the aforementioned tax allowance for individual shareholders who are tax residents of France, were as follows:

Financial years	2015/2016	2016/2017	2017/2018
Net dividend per share	€1.60	€1.65	€1.65
Dividend paid eligible for the 40% rebate	€1.60	€1.65	€1.65

FIFTH RESOLUTION
(Agreements covered by Articles L. 225-38 *et seq.* of the French Commercial Code authorised in previous financial years and which continued to be performed during the 2018/2019 financial year)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors on the regulated agreements and commitments covered by Articles L. 225-38 *et seq.* of the French Commercial Code, deliberating on the special report of the Statutory Auditors, takes note of the information relating to the agreements and commitments entered into and authorised in previous financial years and which continued to be performed in the past financial year and are mentioned therein and were reviewed by the Board of Directors at its meeting on 26 March 2019 in accordance with Article L. 225-40-1 of the French Commercial Code.

SIXTH RESOLUTION
(Reappointment of Mr Marc Hériard Dubreuil as Board member)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report, resolves to reappoint Mr Marc Hériard Dubreuil as Board member for a three-year term, i.e. until the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending 31 March 2022.

SEVENTH RESOLUTION
(Reappointment of Mr Olivier Jolivet as Board member)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report, resolves to reappoint Mr Olivier Jolivet as Board member for a three-year term, *i.e.* until the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending 31 March 2022.

EIGHTH RESOLUTION
(Reappointment of ORPAR as Board member)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report, resolves to reappoint as Board member ORPAR, the registered office of which is located at Rue Joseph Pataa, Ancienne rue de la Champagne, 16100 Cognac, registered under number 322 867 789 in the Angoulême Trade and Companies Register, represented by Ms Gisèle Durand, for a three-year term, *i.e.* until the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending 31 March 2022.

NINTH RESOLUTION
(Appointment of Ms Hélène Dubrule as Board member)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report, appoints Ms Hélène Dubrule as Board member for a three-year term, *i.e.* until the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending 31 March 2022.

TENTH RESOLUTION
(Appointment of Ms Marie-Amélie Jacquet as Board member)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report, appoints Ms Marie-Amélie Jacquet as Board member for a three-year term, *i.e.* until the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending 31 March 2022.

ELEVENTH RESOLUTION
(Determination of Directors' fees)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, resolves to set the total annual amount of Directors' fees awarded to members of the Board of Directors at €620,000 for 2019/2020 and subsequent financial years until otherwise decided.

TWELFTH RESOLUTION
(Approval of the principles and criteria used to determine, distribute and allocate the components of the total remuneration and benefits of any kind that may be awarded to the Chairman of the Board of Directors in accordance with Article L. 225-37-2 of the French Commercial Code)

The Shareholders' Meeting, ruling under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the report on the remuneration policy applicable to executive officers defined in accordance with Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria used to determine, distribute and allocate the fixed components of the total remuneration and benefits of any kind that may be awarded to the Chairman of the Board of Directors in respect of his office, set by the Board of Directors on the recommendation of the Nomination and Remuneration Committee, described in the Corporate Governance Report as required under Article L. 225-37 of the French Commercial Code, and included in section 3.5.7 of the 2018/2019 Registration Document.

THIRTEENTH RESOLUTION
(Approval of the principles and criteria used to determine, distribute and allocate the components of the total remuneration and benefits of any kind that may be awarded to the Chief Executive Officer, in accordance with Article L. 225-37-2 of the French Commercial Code)

The Shareholders' Meeting, ruling under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the report on the remuneration policy applicable to executive officers defined in accordance with Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total remuneration and benefits of any kind that may be awarded to the Chief Executive Officer in respect of her office, set by the Board of Directors on the recommendation of the Nomination and Remuneration Committee, described in the Corporate Governance Report as required under Article L. 225-37 of the French Commercial Code, and included in section 3.5.7 of the 2018/2019 Registration Document.

FOURTEENTH RESOLUTION

(Approval of the components of the total remuneration and benefits of any kind paid or awarded, in respect of the financial year ended 31 March 2019, to Mr Marc Hériard Dubreuil, Chairman of the Board of Directors, pursuant to Article L. 225-100 of the French Commercial Code)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the Board of Directors' reports, in accordance with the provisions of Article L. 225-100 of the French Commercial Code, approves the fixed components of the total remuneration and benefits of any kind paid or awarded, in respect of the financial year ended 31 March 2019, to Mr Marc Hériard Dubreuil, Chairman of the Board of Directors, as presented in the Corporate Governance Report as required under Article L. 225-37 of the French Commercial Code and included in section 3.5.4 of the 2018/2019 Registration Document.

FIFTEENTH RESOLUTION

(Approval of the components of the total remuneration and benefits of any kind paid or awarded to Ms Valérie Chapoulaud-Floquet, Chief Executive Officer, in respect of the financial year ended 31 March 2019, pursuant to Article L. 225-100 of the French Commercial Code)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the Board of Directors' reports, in accordance with the provisions of Article L. 225-100 of the French Commercial Code, approves the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid or awarded to Ms Valérie Chapoulaud-Floquet in respect of her duties as Chief Executive Officer for the financial year ended 31 March 2019, as presented in the Corporate Governance Report as required under Article L. 225-37 of the French Commercial Code and included in section 3.5.4 of the 2018/2019 Registration Document.

SIXTEENTH RESOLUTION

(Authorisation for the Board of Directors to buy and sell company shares in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the elements referred to in the Registration Document, comprising all the information that must be included in the programme's description, authorises the Board of Directors, with the authority to sub-delegate in accordance with legal and regulatory requirements, pursuant to the provisions of Articles L. 225-209 et seq. of the French Commercial Code, Articles 241-1 et seq. of the General Regulation of the French Financial Markets Authority (AMF) and European Union regulations applicable to market abuse, in particular EU regulation No. 596/2014 of 16 April 2014, to purchase the Company's shares on one or more occasions, subject to the limits set out below.

The purchase, sale, transfer or exchange of these shares may be performed in accordance with the legal and regulatory provisions at any time, subject to the lock-up periods specified by EU regulation No. 596/2014 of 16 April 2014, and its delegated regulations, and by any means, including on the market or off-market, on regulated or unregulated markets, via multilateral trading facilities, with systematic internalisers, or over the counter, including by public offering, block transactions, sale with repurchase options and the use of derivative financial instruments traded on a regulated market or not, multilateral trading facilities, with systematic internalisers, or over the counter, under the conditions authorised by the competent market authorities, and at the times that the Board of Directors, or the person acting on the authority of the Board of Directors, shall choose. These transactions may include option transactions, except for the sale of put options, and inasmuch as such transactions do not contribute to a significant increase in the volatility of the share price. The maximum portion of the capital acquired or transferred in the form of block transactions may amount to 100% of the authorised share buyback programme. Payment may be made by any means.

The maximum purchase price per share is set at €200 (excluding acquisition expenses) subject to the adjustments relating to potential transactions in the Company's share capital and/or on the par value of the shares.

In the event of a capital increase via the capitalisation of reserves, the allocation of bonus shares, a split or reverse split of the par value and/or the shares, the price indicated above shall be adjusted by a multiplying factor equal to the ratio between the number of shares comprising the share capital before the transaction and the number following the transaction.

Purchases may involve a number of shares such that the number of shares held by the Company following these purchases does not exceed 10% of the share capital on the date such purchases are made. For indicative purposes, this corresponds to a maximum number of 4,672,890 shares based on the current share capital, including the treasury shares held by the Company as of 31 March 2019.

It is specified that where the shares are repurchased in order to ensure liquidity in Rémy Cointreau's shares under the conditions defined below, the number of shares taken into account in order to calculate this 10% limit shall correspond to the number of shares purchased, less the number of shares resold during the period of this authorisation.

The maximum overall amount that the Company is liable to pay based on this number of shares will be €934,578,000, excluding trading fees, with the understanding that the Company may not own, either directly or via a person acting in their own name but on the Company's behalf, more than 10% of its own shares, nor more than 10% of a particular category.

The purpose of this programme is to enable the following transactions to be performed, in decreasing order of priority:

- to ensure liquidity or promote trading in the secondary market in Rémy Cointreau shares via an independent investment services provider, under the terms of a liquidity agreement that complies with the Ethics Charter recognised by the French Financial Markets Authority;
- to cancel shares as part of a capital reduction, subject to the adoption of the seventeenth resolution submitted to this Shareholders' Meeting;
- to deliver all or part of the shares acquired upon the exercise of the rights attached to marketable securities giving the right, by conversion, exercise, redemption or exchange or by any other manner, to the allocation of company shares pursuant to applicable regulations;
- to use all or part of the shares acquired to grant shares to employees and/or authorised corporate officers of the Company and/or companies related to it in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant bonus shares in accordance with the

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provisions of Articles L. 225-197-1 et seq. of the French Commercial Code;

- to hold all or part of the shares acquired with a view to their subsequent exchange or use as payment in relation to acquisitions, contributions, mergers and share splits, in accordance with recognised market practices and pursuant to applicable regulations;
- to implement any market practices permitted by the French Financial Markets Authority and, more generally, carry out all transactions in compliance with the regulations in force.

The Shareholders' Meeting grants all powers to the Board of Directors, with the authority to sub-delegate in accordance with legal and regulatory requirements, to place any order on a stock market or off-market, allocate or re-allocate the acquired shares to the intended purposes, sign all sale or transfer agreements, enter into all agreements and option contracts, make all declarations and complete all formalities with all bodies, and generally do whatever is necessary for the execution of the decisions it takes under this authorisation.

The Shareholders' Meeting grants all powers to the Board of Directors to adjust the unit price and the maximum number of the shares to be purchased, in accordance with the change in the number of shares or in the par value resulting from potential financial transactions performed by the Company.

The Board of Directors shall inform the Shareholders' Meeting each year of the transactions performed under this resolution, in accordance with the provisions of Article L. 225-211 of the French Commercial Code.

This authorisation shall expire at the end of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 March 2020 and, at the latest, within a maximum of eighteen months from this day. It renders ineffective the unused portion of the authorisation given by the Combined Shareholders' Meeting, ruling in its ordinary session, of 24 July 2018 in its twenty-first resolution.

8.2.2 Within the competence of the extraordinary shareholders' meeting

SEVENTEENTH RESOLUTION

(Authorisation enabling the Board of Directors to reduce the share capital via the cancellation of treasury shares held by the Company)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Extraordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors,

authorises the Board of Directors, with the authority to sub-delegate in accordance with legal and regulatory requirements, in accordance with Article L. 225-209 of the French Commercial Code, to reduce the share capital by cancelling, on one or more occasions, in the amount and at the time of its choice, some or all shares in the Company acquired or held pursuant to the authorisation for the Company to purchase its own shares, the subject of the sixteenth resolution of this meeting, or acquired pursuant to previous authorisations for the Company to buy or sell its own shares.

The Shareholders' Meeting grants all powers to the Board of Directors to perform this or these capital reduction(s), to determine their amount, within the limit of 10% of the share capital for each 24-month period, on the understanding that this limit applies to an amount of the Company's share capital that will be adjusted, where applicable, in order to take into account the transactions subsequent to this meeting that affect the share capital, to determine their terms and conditions, to charge the difference between the par value of the cancelled shares and the purchase price surplus to any reserve and paid-in capital items available, to make the corresponding amendments to the Articles of Association, to issue all publications and complete all formalities required, to delegate all powers for the implementation of its decisions, all according to the legal provisions in force when this authorisation is used.

This authorisation will expire at the end of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 March 2020, and at the latest within 18 months from today.

This authorisation terminates, for the unused portion, and replaces the twenty-second resolution adopted by the Combined Shareholders' Meeting of 24 July 2018.

EIGHTEENTH RESOLUTION

(Powers to accomplish formalities)

The Shareholders' Meeting confers all powers to accomplish all legal filing and public notice formalities to the bearer of a copy or a certified excerpt of these minutes.

8.3 Statutory Auditors' report on the share capital reduction

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Rémy Cointreau and in accordance with the provisions of Article L. 225-209 of the French Commercial Code (*Code de commerce*), applicable in the event of a share capital reduction via the cancellation of treasury shares, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital reduction.

The Board of Directors is seeking an 18-month authorisation, as from the date of this Combined Shareholders' Meeting, to cancel, for a up to a maximum of 10% of the share capital per 24-month period, the shares bought back by the Company pursuant to an authorisation to buy back its own shares in accordance with the provisions of the aforementioned article.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the reasons for and the terms and conditions of the proposed share capital reduction, which is not considered to affect shareholder equality, comply with the applicable legal provisions.

We have no matters to report on the reasons for and the terms and conditions of the proposed share capital reduction.

Neuilly-sur-Seine and Paris, 24 June 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Auditeurs et Conseils Associés ACA Nexia
Olivier Auberty	François Mahé

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8.4 Statutory auditors' special report on regulated agreements and commitments

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the General meeting of Rémy Cointreau,

In our capacity as Statutory Auditors of Rémy Cointreau, we report to you on related-party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified in the performance of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. It is your responsibility, in accordance with the terms of Article R. 225-31 of the French Commercial Code (*Code de commerce*), to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide you with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information provided to us is consistent with the underlying documentation.

8.4.1 Agreements and commitments submitted for approval by the Shareholders' Meeting

We inform you that we have not been advised of any agreement or commitment authorised and concluded during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

8.4.2 Agreements and commitments already approved by the Shareholders' Meeting

8.4.2.1 AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS THAT REMAINED IN FORCE DURING THE YEAR

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by the Shareholders' Meeting in prior years, remained in force during the year.

Service provision agreement between Rémy Cointreau and Andromède

Persons concerned

Marc Hériard Dubreuil, Chairman of the Board of Directors of Rémy Cointreau and Chief Executive Officer of Andromède; François Hériard Dubreuil, Chairman of the Management Board of Andromède and member of the Board of Directors of Rémy Cointreau; Dominique Hériard Dubreuil, member of the Board of Directors of Rémy Cointreau and member of the Supervisory Board of Andromède.

Nature and purpose

Andromède and Rémy Cointreau signed a service provision agreement on 31 March 2011 under which Andromède provides Rémy Cointreau with services in the field of management, strategy and finance, institutional and commercial relations, development and external growth, and organisation and management of senior executives. This agreement was approved for an open-ended term from 1 April 2015.

Terms and conditions

The agreement provides for annual fees calculated on the basis of the cost borne, plus a 5% margin.

During the year ended 31 March 2019, Andromède charged Rémy Cointreau €2,647,801.51 (excluding tax) under this agreement.

Cash management agreement between Rémy Cointreau and Orpar

Persons concerned

Marc Hériard Dubreuil, Chairman of the Board of Directors of Rémy Cointreau and Vice Chairman and member of the Board of Directors of Orpar; François Hériard Dubreuil, Chairman and Chief Executive Officer of Orpar and member of the Board of Directors of Rémy Cointreau; Dominique Hériard Dubreuil, member of the Board of Directors of Rémy Cointreau and of Orpar.

Nature and purpose

Rémy Cointreau and Orpar entered into an open-ended cash management agreement on 14 December 2004, under which they agreed the terms for management of their cash surpluses.

Terms and conditions

This agreement defines the interest payable on the advances granted by Orpar to Rémy Cointreau, based on Euribor, plus a fixed margin according to the syndicated loan terms applicable to Rémy Cointreau.

At 31 March 2019, the balance of the advances granted by Orpar to Rémy Cointreau came to €635.91. The interest expense incurred by Rémy Cointreau during the year, calculated on the basis of the daily outstanding balance, came to €343.45.

Current account agreement between Rémy Cointreau and Orpar

Persons concerned

Marc Hériard Dubreuil, Chairman of the Board of Directors of Rémy Cointreau and Vice Chairman and member of the Board of Directors of Orpar; François Hériard Dubreuil, Chairman and Chief Executive Officer of Orpar and member of the Board of Directors of Rémy Cointreau; Dominique Hériard Dubreuil, member of the Board of Directors of Rémy Cointreau and of Orpar; Gisèle Durand, permanent representative of Orpar, member of the Board of Directors and controlling company.

Nature and purpose

On 17 January 2018, the Board of Directors authorised the renewal of a current account agreement between Rémy Cointreau and Orpar, initially concluded on 31 March 2015.

Terms and conditions

Under the current account agreement entered into on 31 March 2018, Orpar agreed to provide €60 million to Rémy Cointreau from 7 April 2018, at an interest rate of 0.60% per annum and for a maximum period of three years. It is refundable in fine, or at any time at the request of either party with three months' prior notice.

During the year ended 31 March 2019, Orpar requested that Rémy Cointreau make a partial refund of €20 million. The interest expense incurred by Rémy Cointreau under this agreement came to €344,794.48.

Defined benefit pension commitment of Mr. Marc Hériard Dubreuil

Person concerned

Mr. Marc Hériard Dubreuil, Chairman of the board of directors of Rémy Cointreau.

Nature and purpose, and terms and conditions

Marc Hériard Dubreuil, as a director, qualified for a defined-benefit pension plan funded by a controlling company, Andromède.

When he was appointed as Chairman of the Board of Directors, effective 1 October 2017, the Board of Directors decided on 29 September 2017 to approve the defined-benefit pension commitment made to him by Andromède.

The plan provides for the payment of a pension equal to 1% of the reference remuneration (12-month average annual gross remuneration over the 24-month period prior to his retirement from the Company) per full year of seniority at Andromède, capped at 10% of the reference remuneration and subject to his continued service at the Company at the time of his retirement.

Marc Hériard Dubreuil retired on 20 September 2018, claiming his retirement benefits under the general plan, and, since that date, no longer benefits from the collective defined-contribution pension plan under Article L. 242-1 of the French Social Security Code (*Code de sécurité sociale*).

The Company's commitment was limited to the payment of the contributions to the insurance company that managed the scheme. For the same reason, since 30 September 2018 Marc Hériard Dubreuil no longer benefits from the defined-benefit pension plan under Article L. 37-11 of the French Social Security Code and paid for by Andromède.

Reasons why the commitment is beneficial for the Company

The Board of Directors wished for Marc Hériard Dubreuil to retain the defined-benefit pension plan applicable to him as a member of the Board of Directors, without performance conditions.

8.4.2.2. AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS WITH NO CONTINUING EFFECT DURING THE YEAR

In addition, we have been informed of the following commitments and agreements, approved by the Shareholders' Meeting in prior years, which had no effect during the year.

Defined benefit pension commitment of Valérie Chapoulaud-Floquet

Person concerned

Valérie Chapoulaud-Floquet, Chief Executive Officer of Rémy Cointreau.

Nature and purpose, and terms and conditions

Valérie Chapoulaud-Floquet, Chief Executive Officer, benefits from a defined-benefit pension plan authorised by the Board of Directors on 27 January 2015.

On the renewal of her term as Chief Executive Officer from 27 January 2018, the Board of Directors decided on 17 January 2018 to maintain the defined-benefit pension commitment approved by the Board of Directors on 25 September 2014 and at the Shareholders' Meeting held on 29 July 2015.

This plan provides for the payment of an annuity of 8% to 15% of the average annual gross remuneration for the last two years of activity according to seniority, subject to her continued service at the Company at the time of her retirement. It is capped to ensure that the total amount of replacement income received equals no more than 50% of the remuneration received while in service.

On 17 January 2018, the Board of Directors decided that the vesting of rights would be subject to the same performance conditions as those applicable to the annual variable portion of the Chief Executive Officer's remuneration (financial portion and individual portion).

For the rights granted for the period from 27 January 2018 to 31 March 2018, the Board of Directors decided on 5 June 2018 that the duration was too short to justify the application of these conditions.

Nevertheless, after having ensured that the conditions would have been met over a full year, the Board of Directors noted an automatic 1% increase in rights due in respect of the 2017/2018 financial year.

For the 2018/2019 financial year, on 5 June 2018 the Board of Directors approved the principle that the vesting of rights subject to performance conditions would be aligned with the quantitative criteria applicable to the financial portion of the variable portion, as was the case in 2017/2018:

- consolidated current operating profit;
- cash flow generation;
- consolidated net profit (excluding non-recurring items);
- ROCE (return on capital employed).

The annual increase will be calculated as follows:

- 1% if the cumulative performance of the above criteria is between 50% and 90%;
- 1.5% if the cumulative performance of the above criteria reaches a ceiling of 100%;
- 0.1% per two-point increase between 90% and 100% of the cumulative performance of the above criteria. For example, if the cumulative performance is 94%, the increase will be 1.2%.

Reasons why the commitment is beneficial for the Company

The Board of Directors wished for Valérie Chapoulaud-Floquet to retain the defined-benefit pension commitment applicable to her in her previous term as Chief Executive Officer.

In application of the French law of 6 August 2015 on growth, activity and equal opportunities, the acquisition of additive pension rights for executives of listed companies in respect of a financial year is subject to compliance with performance conditions, which are assessed in relation to the performance of the company.

The performance conditions applicable to the defined-benefit pension commitment made to Valérie Chapoulaud-Floquet from 27 January 2018, namely the date on which her appointment as Chief Executive Officer was renewed, are consistent with market practice in the use of such schemes.

Defined-contribution pension plan and death, incapacity, disability and health insurance contributions for Valérie Chapoulaud-Floquet

Person concerned

Valérie Chapoulaud-Floquet, Chief Executive Officer of Rémy Cointreau.

Nature and purpose

Valérie Chapoulaud-Floquet, Chief Executive Officer, benefits from a defined-contribution pension plan and from death, incapacity, disability and health insurance.

On the renewal of her term of office as Chief Executive Officer, the Board of Directors decided on 17 January 2018 to renew the defined-contribution pension plan and death, incapacity, disability and health insurance approved by the Board of Directors on 7 June 2017 and at the Shareholders' Meeting held on 25 July 2017.

Terms and conditions

The amount of this plan represents 8% of the Chief Executive Officer's annual remuneration, of between eight and sixteen times the annual social security ceiling. The Company's commitment is limited to the payment of the contribution to the insurance company that manages the plan.

For the year ended 31 March 2019, the contributions paid by the Company to the insurer amounted to €25,555.

Reasons why the commitment is beneficial for the Company

The Board of Directors wished for Valérie Chapoulaud-Floquet to retain the defined-contribution pension plan applicable to her in her previous term as Chief Executive Officer, with no performance conditions.

Termination and non-compete clause indemnities for Valérie Chapoulaud-Floquet

Person concerned

Valérie Chapoulaud-Floquet, Chief Executive Officer of Rémy Cointreau.

Nature and purpose

On the renewal of her term of office as Chief Executive Officer, the Board of Directors decided on 17 January 2018 to renew the indemnities payable to Valérie Chapoulaud Floquet in the event of her termination. These indemnities include:

- a termination payment of a maximum of 24 months of gross fixed and variable remuneration, subject to performance conditions;
- compensation payable under the non-compete clause, corresponding to 12 months of gross fixed and variable remuneration.

The total amount of the termination and non-compete clause indemnities is limited to 24 months' remuneration.

The termination payment will only be made in the event of forced departure. It will not be due where there are serious grounds or misconduct or in the event of business failure.

In the event of business failure, the Board of Directors may be fully or partially exempt from paying the termination benefit. The business situation will be assessed based on the results measured at the end of the previous two financial years. The business is deemed to have failed if the aggregate operating profit for the previous two financial years is less than €250 million.

The payment is subject to the following performance criteria:

Quantitative performance criteria

If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, are less than 75% of the budgetary targets, no compensation will be payable.

If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, equal 75% or more of the budgetary targets, the compensation paid will be equivalent to two years' gross remuneration multiplied by the percentage used (maximum 100%). For example, if the percentage used is 87.5%, the compensation will be equal to 21 months. The percentage used to calculate the compensation is the average percentage of the previous two financial years.

Qualitative performance criterion

The Board of Directors may adjust the amount of the bonus, expressed as a percentage of gross annual remuneration and calculated according to the quantitative criteria, based on the next results measured against a qualitative criterion. For this, the Board takes the Company's corporate social responsibility rating with the Vigéo ratings agency into consideration. The final compensation amount is limited to 24 months' remuneration as defined above.

Reasons why the commitment is beneficial for the Company

Termination pay is intended to protect executives in the event of forced departure of members of the executive team. The non-compete clause aims to protect the Group in the event of the departure of any executive officer.

These terms were determined to take into account the AFEP-MEDEF corporate governance code and market practice concerning non-compete clauses and termination payments.

Paris and Neuilly-sur-Seine, 24 June 2019

The statutory auditors

Auditeurs et Conseils Associés Aca Nexia	PricewaterhouseCoopers Audit
François Mahé	Olivier Auberty


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ADDITIONAL INFORMATION

9.1 Documents on display

The Articles of Association, minutes of the Shareholders' Meetings, Statutory Auditors' reports and other corporate documents may be consulted at the Company's registered office.

The Rémy Cointreau registration document filed with the AMF, together with the Company's press releases regarding sales and net income, the annual and half-yearly reports, the Company and consolidated financial statements, and the information regarding transactions in treasury shares and the total number of shares and voting rights may be viewed on the Company's website, at the following address: www.remy-cointreau.com

9.2 Information incorporated by reference

Pursuant to Article 28 of (EC) regulation No. 809/2004, the following information is incorporated in this document for reference purposes:

- the consolidated financial statements for the 2017/2018 financial year, prepared in accordance with IFRS, together with the related Statutory Auditors' report, can be found on pages 142 to 194 of the registration document filed with the AMF on 29 June 2018 under number D.18-0622;
- the consolidated financial statements for the 2016/2017 financial year, prepared in accordance with IFRS, together with the related Statutory Auditors' report, can be found on pages 111 to 174 of the registration document filed with the AMF on 23 June 2017 under number D.17-0667;
- Rémy Cointreau SA's financial statements for the 2017/2018 financial year, prepared in accordance with French legislation, together with the related Statutory Auditors' general and special reports, can be found on pages 196 to 212 respectively of the registration document filed with the AMF on 29 June 2018 under number D. 18-0622;
- Rémy Cointreau SA's financial statements for the 2016/2017 financial year, prepared in accordance with French legislation, together with the related Statutory Auditors' general and special reports, can be found on pages 175 to 190 respectively of the registration document filed with the AMF on 23 June 2017 under number D. 17-0667.

9.3 Statement by the person responsible for the registration document and annual financial report

"I hereby certify that, to the best of my knowledge, and after taking all reasonable measures to this end, the information contained in this registration document is accurate and contains no omissions likely to affect the import of that information.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the net assets, financial position and results of the Company and of all companies included in the scope of consolidation, and that the management report, included in this document, in accordance with the cross-reference table in section 9.5.3, provides a true and fair view of the business trends, results and financial position of the Company and of all companies included in the scope of consolidation, together with a description of the main risks and uncertainties that they face.

I have obtained a letter from the Statutory Auditors, upon completion of their work, in which they state that they have verified the information relating to the financial position and financial statements, as provided in this registration document, and have read the registration document in full.

The historical information presented in this document is covered in the Statutory Auditors' reports on pages 207 and 228 for the 2018/2019 financial year and incorporated by reference in this document for the 2017/2018 and 2016/2017 financial years."

Valérie Chapoulaud-Floquet

Chief Executive Officer of Rémy Cointreau

9.4 Persons responsible for the audit and fees

9.4.1 Current mandates

Alternate statutory auditors

Firm	PriceWaterhouseCooper Audit 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	Auditeurs & Conseils Associés 31 rue Henri Rochefort 75017 Paris
Represented by	Olivier Auberty	François Mahé
Date of first appointment	24/07/2018	26/09/1990
Date appointment renewed	–	24/07/2014
Date appointment expires	Shareholders' Meeting to consider the 2024 financial statements	Shareholders' Meeting to consider the 2020 financial statements

ALTERNATE STATUTORY AUDITORS

Holder		Pimpaneau et Associés 31 rue Henri Rochefort 75017 Paris
Date of first appointment		26/09/1990
Date appointment renewed		24/07/2014
Date appointment expires		Shareholders' Meeting to consider the 2020 financial statements

9.5 Cross-reference tables

9.5.1 Cross-reference table with the headings of annex 1 of EU regulation 809/2004

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14.	**Administrative bodies and senior management**		
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15.	**Remuneration and benefits**		
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16.	**Practices of administrative and management bodies**		
16.1	Date of expiration of current terms of office	94	3.2.1
16.2	Service contracts binding members of management bodies	117	3.4
16.3	Information on the Audit Committee and the Remuneration Committee	108-112	3.2.3
16.4	Corporate governance	92-93	3.1
17.	**Employees**		
17.1	Number of employees	35	1.3.1
17.2	Shareholdings and stock options	120-122, 176-177	3.5.2, 5.6 note 12.3
17.3	Arrangements involving the employees in the capital of the issuer	236-237	7.3.3
18.	**Major shareholders**		
18.1	Shareholders owning more than 5% of the share capital and voting rights	244	7.4.1
18.2	Existence of different voting rights	235, 245	7.4.1, 7.4.3
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18.4	Arrangements known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	245-248	7.4.1
19.	**Related-party transactions**	266-269	**8.4.2**
20.	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
20.1	Historical financial information	156-204	5
20.2	Pro-forma financial information	140-149	4
20.3	Rémy Cointreau SA annual financial statements	214-227	6
20.4	Auditing of historical annual financial information	272	9.2
20.5	Age of latest financial information	272	9.1
20.6	Interim and other financial information	n/a	n/a
20.7	Dividend policy	224	6.4 note 3.3
20.8	Legal and arbitration proceedings	180	5.6 note 14
20.9	Significant change in the issuer's financial or trading position	n/a	n/a

		Page number	Chapter number
21.	**Additional information**		
21.1	Share capital	175	5.6 note 12
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21.1.2	Shares not representing capital	239	7.3.3
21.1.3	Shares held by the issuer or its subsidiaries	240-243	7.3.4
21.1.4	Convertible securities, exchangeable securities, or securities with warrants	n/a	n/a
21.1.5	Acquisition rights, capital subscribed but not paid in, undertakings to increase capital	236-240	7.3.3
21.1.6	Options on the capital, and agreements providing for placing the capital under option	n/a	n/a
21.1.7	History of the share capital	240	7.3.3
21.2	Memorandum and Articles of Association		
21.2.1	Corporate purpose	234	7.1
21.2.2	Provision with respect to the members of the administrative, management and supervisory bodies	105-107	3.2.2
21.2.3	Rights, preferences and restrictions attaching to each class of the existing shares	234-235	7.2
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21.2.5	Conditions governing Shareholders' Meetings	234-235	7.2
21.2.6	Provisions liable to delay, defer, or prevent a change of control of the issuer	n/a	n/a
21.2.7	Provisions governing the ownership threshold above which shareholder ownership must be disclosed	234-235	7.2
21.2.8	Conditions governing changes in the capital	236	7.3.1
22.	**Material contracts**	**266-269**	**8.4.2**
23.	**Third-party information and statement by experts and declarations of any interest**	**n/a**	**n/a**
24.	**Documents on display**	**272**	**9.1**
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9.5.2 Cross-reference table for use with the annual financial report

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3.	**Statutory Auditors' report on the parent company financial statements**	**228-231**	**6.5**
4.	**Statutory Auditors' report on the consolidated financial statements**	**207-211**	**5.7**
5.	**Management report**		
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5.2	Principal risks and uncertainties, financial risk management policy	77-83	2.2
5.3	Items liable to have an impact in the event of a public takeover offer	250	7.5
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9.5.3 Cross-reference table for use with the management report

Reference texts		Comments on the financial year	Page number	Chapter number
French Commercial Code	L. 225-100, L. 225-100-2, L. 232-1, L. 233-6 and L. 233-26	Objective and comprehensive analysis of change in the business, earnings and financial position of the Company and Group	140-151	4
French Commercial Code	L. 225-100 and L. 225-100-2	Key performance indicators of a non-financial nature relating to the specific activity of the Company	59-60	1.4
French Commercial Code	L. 233-6	Significant stakes acquired during the year in companies with their registered office in France	n/a	n/a
French Commercial Code	L. 232-1 and L. 233-26	Important events occurring between the balance sheet date and the date of the report	150	4.5
French Commercial Code	L. 232-1 and L. 233-26	Foreseeable change in the situation of the Company and the Group	151	4.6
French General Tax Code	243 bis	Dividends paid in respect of the last three financial years and the amount paid in respect of said financial years eligible for the allowance of 40%	224	6.4 note 3.3
		Elements of presentation of the Group		
French Commercial Code	L. 225-100 and L. 225-100-2	Description of the principal risks and uncertainties that the Company faces	77-83	2.2
French Commercial Code	L. 225-100 and L. 225-100-2	Use of financial instruments by the Company: objectives and policy for the management of financial risks	80-82, 182-186	2.2.3 5.6 note 16
French Commercial Code	L. 225-100 and L. 225-100-2	Company exposure to price, credit, liquidity and cash risk	80-82, 182-186	2.2.3 5.6 note 14
French Commercial Code	L. 225-102-1, L. 225-102-2 and R. 225-104	Social and environmental consequences of the activity (including “Seveso” facilities)	38-43, 82	1.3.2, 2.2.4
French Commercial Code	L. 232-1	Research and development activities	n/a	n/a
		Items bearing on corporate governance		
French Commercial Code	L. 225-102-1	List of all holdings held in any company by each of the Board members during the year	95-104	3.2.1
French Commercial Code	L. 225-102-1	Total remuneration and benefits of all kinds paid to each corporate officer during the year	117-130	3.5
French Commercial Code	L. 225-102-1	Commitments of all kinds made by the Company for the benefit of its corporate officers, corresponding to remuneration, allowances or benefits due or liable to be due upon the assumption, termination or change of these functions by the persons in question or subsequent thereto	117-130	3.5
French Commercial Code	L. 225-184	Options granted, subscribed or purchased during the year by the corporate officers and each of the top ten employees of the Company who are not corporate officers, and options granted to all eligible employees, by category	n/a	n/a

Reference texts		Comments on the financial year	Page number	Chapter number
French Commercial Code	L. 225-185	Conditions for the exercise and conservation of options by executive officers	n/a	n/a
French Commercial Code	L. 225-197-1	Conditions for the retention of bonus shares awarded to executive officers	119, 236	3.5.2, 7.3.3
French Monetary and Financial Code	L. 621-18-2	Transactions by executives and related parties on the Company's shares	131	3.5.5
		Information on the Company and the capital		
French Commercial Code	L. 225-100-3	Rules applicable for the appointment and replacement of members of the Board of Directors or Executive Board and for amendments of the Articles of Association of the Company	93-95, 105-107	3.2.1, 3.2.2
French Commercial Code	L. 225-100-3	Powers of the Board of Directors or the Executive Board, in particular to issue or repurchase shares	236-240	7.3.3
French Commercial Code	L. 225-211	Detail of purchases and sales of treasury shares during the year	240-243	7.3.4
French Commercial Code	R. 228-90	Any adjustments to securities giving access to the capital in the event of share buybacks or financial transactions	n/a	n/a
French Commercial Code	L. 225-100	Table summarising the authorisations currently in force granted by the Shareholders' Meeting to the Board of Directors or Executive Board in respect of capital increases	239	7.3.3
French Commercial Code	L. 225-100-3 and L. 233-13	Structure of and change in the Company's capital	244	7.4.1
French Commercial Code	L. 225-100-3	Statutory restrictions on the exercise of voting rights and share transfers or agreement clauses brought to the knowledge of the Company	235, 245-248	7.2, 7.4.1
French Commercial Code	L. 225-100-3	Direct or indirect shareholdings in the capital of which the Company has knowledge	245-248	7.4.1
French Commercial Code	L. 225-102	State of employee shareholdings in the share capital on the last day of the financial year and the proportion of capital represented by the shares held by employees under the Company savings plan and by employees and former employees in company mutual funds	244	7.4.1
French Commercial Code	L. 225-100-3	List of holders of any securities with special control rights, and description thereof	244	7.4.1
French Commercial Code	L. 225-100-3	Control mechanisms provided for in any employee shareholding scheme where the control rights are not exercised by it	n/a	n/a
French Commercial Code	L. 225-100-3	Agreements between shareholders of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights	245-248	7.4.1
French Commercial Code	L. 225-100-3	Agreements concluded by the Company that are modified or terminated in the event of a change of control of the Company, unless such disclosure, except in the case of a legal duty of disclosure, would seriously harm its interests	205	7.5

Reference texts		Comments on the financial year	Page number	Chapter number
French Commercial Code	L. 225-100-3	Agreements providing for compensation for members of the Board of Directors, senior management or employees if they resign or are dismissed without just cause or if their employment ceases because of a public offer	125, 127-128	3.5.4
French Commercial Code	L. 464-2	Injunctions or penalties for anti-competitive practices	n/a	n/a
		Items bearing on the financial statements		
French Commercial Code	L. 232-6	Any changes in the presentation of financial statements or in the valuation methods used	160	5.6 note 1
French Commercial Code	R. 225-102	Results of the Company over the last five financial years	224	6.4 note 3.3

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