

2021



RÉMY COINTREAU

STATEMENT OF
NON-FINANCIAL PERFORMANCE

EXTRACT FROM THE 2020/2021 UNIVERSAL REGISTRATION DOCUMENT

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RÉMY COINTREAU

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FROM THE 2020/2021
UNIVERSAL REGISTRATION
DOCUMENT

The Rémy Cointreau Group is one of the major operators in the global Wine & Spirits market with a portfolio of exceptional brands, which include Rémy Martin and LOUIS XIII cognacs and 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.

M E S S A G E
F R O M T H E C H A I R M A N



— MARC HÉRIARD
DUBREUIL

Even amidst the health crisis we experienced in 2020/2021, the Rémy Cointreau Group proved to be extremely resilient. This resilience is a reflection of the loyalty of clients to our wines and spirits brands, having a relevant strategy and agile teams. Rémy Cointreau emerged through this crisis even stronger, confirming our ambition to become the world leader in exceptional spirits.

It is evident in the financial and non-financial results, 2020/2021 was a year marked by resilience and therefore a source of genuine satisfaction for the Rémy Cointreau Group. After a challenging start to the year — a sharp drop in sales due to the collapse of air traffic and on-trade consumption — the second half of the year saw a spectacular recovery, which enabled us to end the year with positive organic sales growth and a return to the record profitability of the 2018/2019 financial year.

This rebound was mainly driven by the rapid business recovery in China from the summer of 2020 and by the US, our core market, which benefited from an acceleration of underlying trends during the backend of the pandemic. The year was shaped around the rise in off-trade mixology and consumption, outstanding performance of the high-end ranges, a strong development in online sales and the growing interest in corporate social and environmental responsibility. These trends, which are central to the Group's strategy, enabled Rémy Cointreau to effectively address the upheaval caused by the pandemic. They also enabled us to emerge from this crisis even stronger and look toward the future with confidence.

Whatever the circumstance, it also is always important for Rémy Cointreau to continue to fulfill our social obligations, with regard to our employees, stakeholders and the planet. Always in alignment with our commitments to the Global Compact.

In addition to financial performance, the Group continued to take actions in accordance with its values and resources. First and foremost, we took care of our teams by protecting them as much as possible from the virus through various concrete actions such as ensuring full pay without receiving aid from the state. Rémy Cointreau then played an active role in the collective effort to make hydro-alcoholic gel, driven by the generosity and enthusiasm of the teams at our various production sites. A number of sponsorship initiatives aimed at helping and

supporting the bartending community and hospitality industry were also set up in the various global markets.

Lastly, from an environmental perspective, the Group continued our actions to promote sustainable agriculture and implemented new initiatives to reduce our carbon footprint.

These efforts were rewarded on several occasions in 2020/2021. In May 2020, our Bruichladdich distillery obtained "B-Corp" certification which recognizes its social and environmental performance.

In December 2020, Rémy Cointreau was ranked as the most "responsible" French company in the agri-food sector in the study published by Le Point magazine and the Carbon Disclosure Project (CDP) granted it "Leadership" status (rating A-) in the area of climate change. While these results reflect the merit of the Group's commitment, above all they encourage us to continue to expand our actions.

I would like to thank our shareholders for the trust they have placed in Rémy Cointreau, which for some, was established many years ago.

At the end of 2020/2021, our 2030 targets for achieving profitable and responsible growth are confirmed and resolutely ambitious for the years to come.

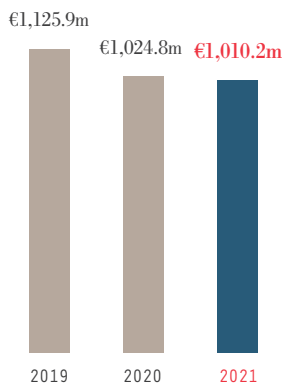
**"THE SPECTACULAR RECOVERY
IN THE SECOND HALF-YEAR
ENABLED US TO EMERGE
STRONGER FROM THE PANDEMIC
CRISIS AND TO LOOK TOWARD
THE FUTURE WITH CONFIDENCE."**

KEY FIGURES

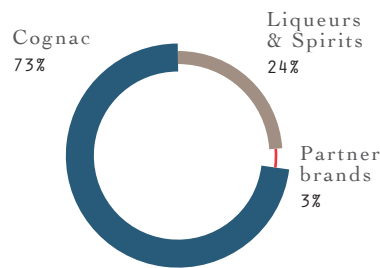
— FINANCIAL DATA

FOR THE PERIOD 1 APRIL 2020 TO 31 MARCH 2021

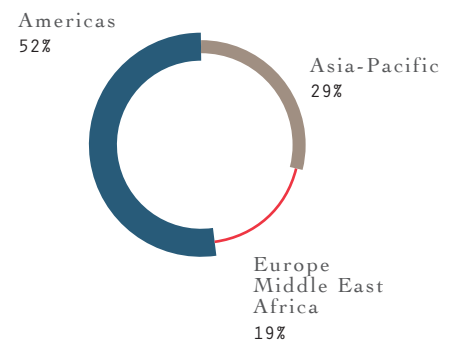
NET SALES



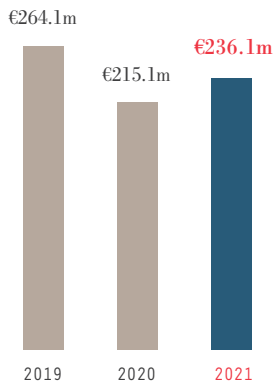
NET SALES BY DIVISION



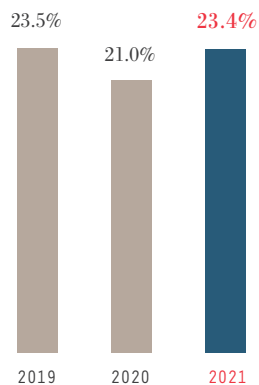
NET SALES BY DIVISION



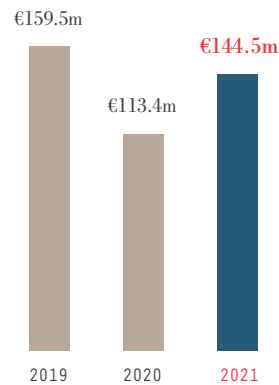
CURRENT OPERATING PROFIT/(LOSS)



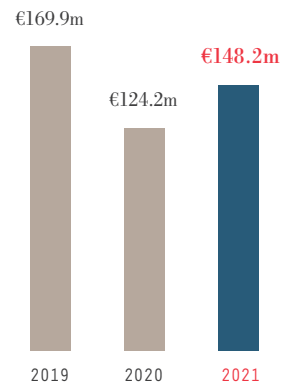
CURRENT OPERATING MARGIN



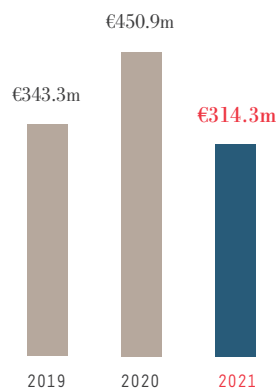
PROFIT/(LOSS) FOR THE PERIOD



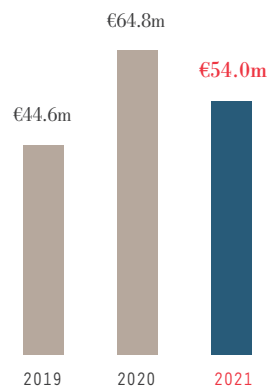
NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS



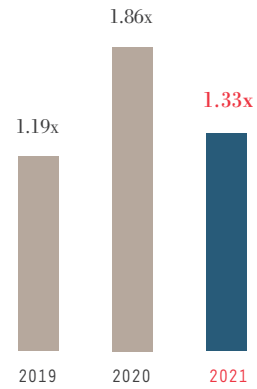
NET FINANCIAL DEBT



CAPITAL EXPENDITURE



RATIO OF NET DEBT/ EBITDA



... AND NON-FINANCIAL DATA

FOR THE PERIOD 1 APRIL 2020 TO 31 MARCH 2021

95%

Volume of solid waste recovered
(93% in 2020)

86%

Global percentage of renewable electricity
(82% in 2020)

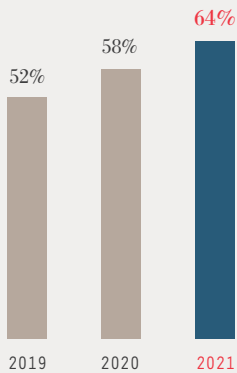
83/100

Gender equality index
(83/100 in 2020)

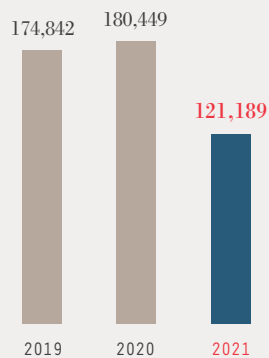
13.6%

Group turnover
(13,8% in 2020)

PERCENTAGE OF LAND MANAGED USING RESPONSIBLE AND SUSTAINABLE PRACTICES (%)



GROUP CARBON FOOTPRINT ASSESSMENT (in T_{eq} CO₂)



CLIMATE RATING 2021



Climate Disclosure Project (CDP)

A- leadership status



Included in the "Vérité 40" index with an **A** rating



ACTING AS RESPONSIBLE STAKEHOLDER IN LIGHT OF AN UNPRECEDENTED PANDEMIC



In an unprecedented context of a health crisis due to the Covid-19 epidemic, Rémy Cointreau proactively adopted a responsible and mindful attitude with all its stakeholders. The Group rolled out many initiatives while protecting its profitable and responsible development model.

WELL-PROTECTED EMPLOYEES

The Group's top priority was to protect the health and safety of its employees:

- implementation of strict health protocols at the various sites, in accordance with the recommendations of the local health authorities;
- rapid deployment of best practices across the Group: adaptation of working and interaction methods, remote working, health kits, maintaining links between employees and with management through routine e-conferences;
- maintaining full remuneration for all Group employees, including during the periods when industrial sites were closed;
- no use of state aid (partial unemployment).

PARTNERS AND COMMUNITIES SUPPORTED THROUGHOUT THE CRISIS

Rémy Cointreau implemented measures to support populations affected by the situation, and in particular the hospitality sector, an industry hard hit by the Covid crisis:

- all our sites – from the United States to Greece and including Barbados, Scotland and France – rapidly mobilised to donate neutral alcohol to local health organisations, to enable them to produce hydroalcoholic gel;
- China donated ¥1 million to purchase protective medical equipment;
- in the United States, the Cointreau brand donated \$200,000 to the US Bartenders' Guild National Charity Foundation, and then launched a Super Bowl advertisement campaign. As such, Cointreau called on the audience to send Love Letters to their favourite restaurants and bars on social media;
- the American single malt Westland has also organised fundraising campaigns for the local restaurant and bar industry. The teams took part in a monthly sports challenge: the employee with the most kilometres recorded on foot or by bike at the end of each month selects a charity which then receives a donation from Westland;
- in Barbados, collection of non-perishable food and health products was organised in the summer of 2020. In total, more than 1,000 food and health products were collected and delivered to the parish of Saint-Lucy in August 2020.

These local support initiatives have revealed the commitment of employees to their communities and a mindset that deeply embedded with the Group's values.



RESILIENT FINANCIAL INDICATORS; A NEW PARADIGM?

In a context marked by the Covid pandemic, organic sales growth amounted to +1.8% in 2020/2021, thereby proving genuinely resilient. It is difficult to accurately assess the impact of Covid on the Group's annual performance. We can nevertheless estimate that:

- it deprived the Group of a **few growth points**, notably due to the collapse of **Travel Retail**, which affected the Group's sales throughout the financial year. Excluding Travel Retail, the Group's organic growth would have reached +10%;
- the closure of a large part of the **on-trade** channel (bars, restaurants, clubs, etc.) was offset by a transfer effect to **home consumption** (notably in the United States, the UK and Australia), thanks to the **rise of mixology**;
- a **new paradigm**? In addition to the boom in mixology and home consumption, other trends already observed before the pandemic have also accelerated in recent months: the outperformance of high-end ranges, the strong growth of online sales and the growing interest in corporate social and environmental responsibility;
- the Group's two principal markets the United States and China, delivered strong double-digit growth in 2020/2021.

NET IMPROVEMENT OF NON-FINANCIAL INDICATORS

The pandemic did not slow down the Group's sustainable development efforts. It even helped to improve certain indicators monitored by the Group, even if this is temporary for some:

- **nearly 4,000 tonnes of CO2 equivalent** were eliminated thanks to the sharp reduction in business travel and teleworking;
- the **frequency rate of workplace accidents** fell to 3.5% (compared to an average of 10% over the last five years), despite high productivity rates in the second half of the year;
- the **number of training hours** amounted to around 20,000 hours, proving sound resilience given the circumstances (23,000 hours on average over the last five years).

ABOUT THE GROUP

— MAJOR MILESTONES IN THE GROUP'S HISTORY

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





2020

- **30 April:** Rémy Cointreau acquires the Cognac house J.R. Brillet



- **16 October:** Rémy Cointreau acquires the House of Champagne J. de Telmont



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

2008

Creation of a proprietary distribution structure

1998

Dominique Hériard Dubreuil becomes Chairwoman of the Rémy Cointreau Group

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

2009

- **30 March:** Rémy Cointreau exits the Maxxium distribution joint venture
- **1 April:** Rémy Cointreau controls 80% of its distribution

2013

30 August: disposal of Larsen to the Finnish Altia Group

2015

27 October: disposal of Izarra to Spirited Brands 2016

2019

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

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)

2006

- Disposal of the Dutch and Italian Liqueurs & Spirits operations
- Decision by Rémy Cointreau to resume full control over its distribution by March 2009

2011

8 July: Rémy Cointreau sells its Champagne division to EPI

2016

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

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

MAXXIUM

2005

- Initial public offering of Dynasty Fine Wines Group on the Hong Kong Stock Exchange
- Disposal of Bols' Polish operations to CEDC



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. 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.

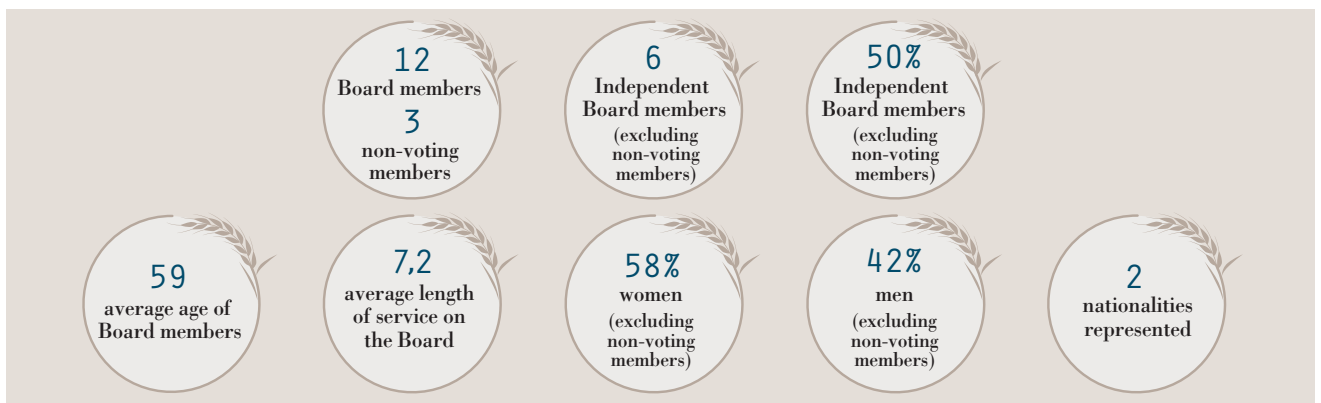
The presence of several members who are permanent residents in various other countries also lends a welcome international and cultural dimension to the Board's work, either because they have performed a role outside of France during their career, or because they hold or have held one or more appointments in non-French companies.



Caroline Bois Hériard Dubreuil, Emmanuel de Geuser, Olivier Jolivet, Jacques Hériard (non-voting member), Laure Hériard Dubreuil, Marc Hériard Dubreuil, Hélène Dubrule, Dominique Hériard Dubreuil, François Hériard Dubreuil (non-voting member), Gisèle Durand, Guylaine Saucier, Bruno Pavlovsky, Élie Hériard Dubreuil (non-voting member), Marie-Amélie Jacquet, Jacques-Étienne de T'Serclaes

Composition of the Board of Directors at 31 March 2021

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.



Composition of the Board of Directors' committees at 31 March 2021

<p>Audit-Finance Committee</p> <p>4 members 75% independent Guylaine Saucier• Caroline Bois Emmanuel de Geuser** Jacques-Étienne de T'Serclaes**</p>	<p>Nomination and Remuneration Committee</p> <p>4 members 50% independent Bruno Pavlovsky• Dominique Hériard Dubreuil Olivier Jolivet** Gisèle Durand (Orpar)</p>	<p>Corporate Social Responsibility Committee</p> <p>3 members 67% independent Dominique Hériard Dubreuil• Hélène Dubrule** Olivier Jolivet**</p>
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• Chairman of the Committee ** Independence (in line with Afp-Medef recommendations).

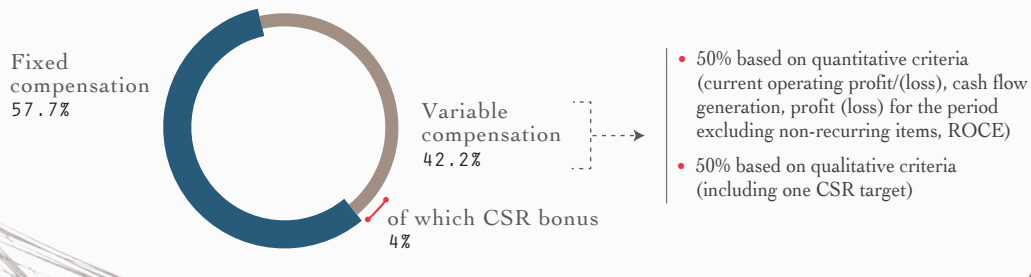
SENIOR MANAGEMENT

Appointed Group Chief Executive Officer on 1 December 2019, Éric Vallat set up a team of nine directors of four different nationalities from a range of backgrounds: spirits, cosmetics, fashion and accessories, and tableware. The role of this Executive Committee is to implement the Group's strategy for 2030, which aims to continue the Group's transformation, to build a more sustainable, profitable

and responsible business model, based on four strategic levers: enhancing the value per case, moving towards client-centric business model, accelerate the development of the flagship brands of Liqueurs & Spirits and implement the "2025 Sustainable Exception" plan for more responsible growth.



COMPOSITION OF REMUNERATION OF SENIOR MANAGEMENT (EXCLUDING LTIP)



— 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 year, two new Houses were added to this portfolio: Maison Brillet (cognac and liqueurs) and Champagne House J. de Telmont.

During the 2020/2021 financial year, the Group's net sales totalled €1,010.2 million and current operating profit (COP) came to €236.1 million. As such, sales were up by 1.8% and operating profit was up by 12.8% on an organic basis. The current operating margin stood at 23.4%, close to the all-time highs of 2018/2019.

The Rémy Cointreau Group's internal organisation is based on 11 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: "Cognac" or "Liqueurs & Spirits".

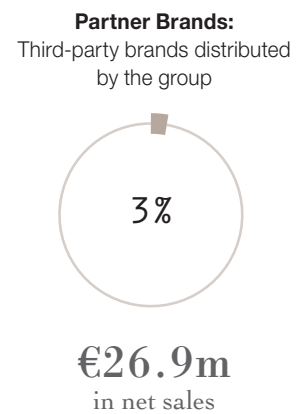
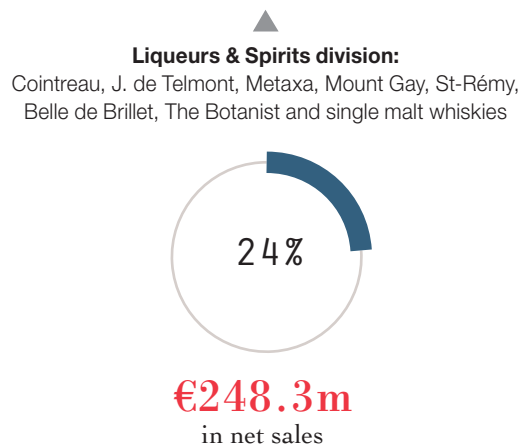
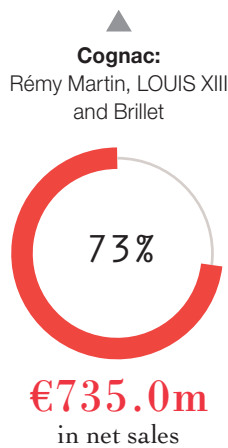
Brands which Rémy Cointreau distributes through its network on behalf of third parties form a separate category, "Partner Brands".



RÉMY COINTREAU'S GROUP BRANDS



NET SALES BY DIVISION



— COGNAC

COGNAC BRANDS

The Cognac division includes the brands of the House of Rémy Martin (Rémy Martin and LOUIS XIII) and the House of Brillet. 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).

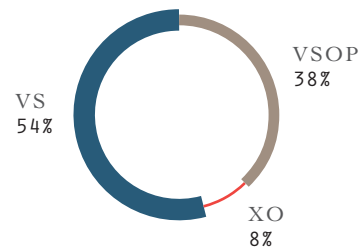
The House of Rémy Martin is positioned in the high-end segment, with four flagship products:

- 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), House of Rémy Martin (Rémy Cointreau), and Courvoisier (Suntory). Rémy Martin’s market share of cognac shipments for all qualities combined is 13% by volume (source: BNIC March 2021). Virtually all the shipments of the House of Rémy Martin are for the superior quality segment (VSOP and XO qualities), which accounts for 46% of the total cognac market (BNIC March 2021). Within this superior quality segment (VSOP and XO qualities), Rémy Cointreau now has a market share of 28% by volume (source: BNIC), up four points compared to March 2020.

GLOBAL COGNAC SHIPMENTS BY QUALITY
(source: BNIC)



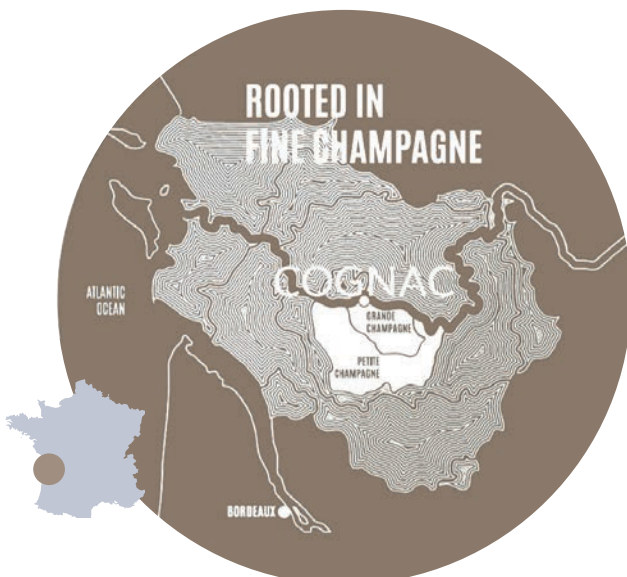
COGNAC APPELLATION D’ORIGINE CONTRÔLÉE AND “FINE CHAMPAGNE”

Cognac is an *appellation d’origine contrôlée* (AOC) brandy (eaux-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.





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.

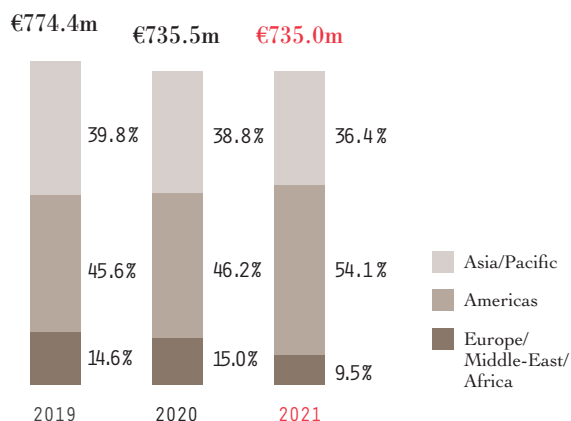
The partnership mainly consists of a cooperative, Alliance Fine Champagne (AFC), whose members manage around 60% of the Grande Champagne and Petite Champagne vineyards, via different types of collective and individual long-term agreements.

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.

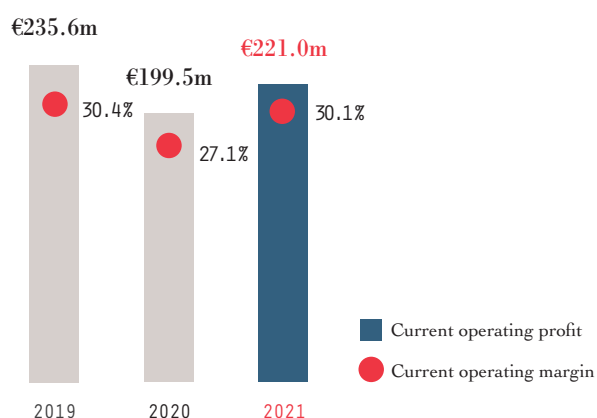
COGNAC KEY FIGURES

In 2020/2021, the Cognac division accounted for 73% of the Group's total net sales and generated 99% of its international sales. The Americas (54%) and Asia-Pacific (36%) are the division's top contributing regions, but Europe/Middle East/Africa (10%) also offers medium-term growth potential.

NET SALES (in €m) AND BREAKDOWN BY GEOGRAPHIC AREA (in %)



CURRENT OPERATING PROFIT (in €m) AND CURRENT OPERATING MARGIN (in %)



LIQUEURS & SPIRITS

LIQUEURS & SPIRITS BRANDS

The Liqueurs & Spirits division is made up of 12 spirit brands in categories such as liqueurs, brandy, gin, single malt whisky, rum and champagne. Within each category, the wines and 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 and Belle de Brillet, a Williams pear 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 the Isle of 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, U.S.;
- J. de Telmont, a winegrower's champagne located in Damery, France.

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, grapes, 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.



Damery (France)

Founded in 1912, La Champagne House J. de Telmont is a century-old family house located in Damery, near Epernay on the hills of the Marne Valley. It is one of the last family-owned vineyards in Champagne and is based on a very demanding environmental commitment. Since 2017, more than a third of the grapes harvested are "AB" certified (organically produced) or are in the process of being converted.



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 Saint-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.



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.



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 15 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 (U.S.), located in South Downtown Seattle in the state of Washington, gets its malt from producers in the terroirs of the Pacific North-West.



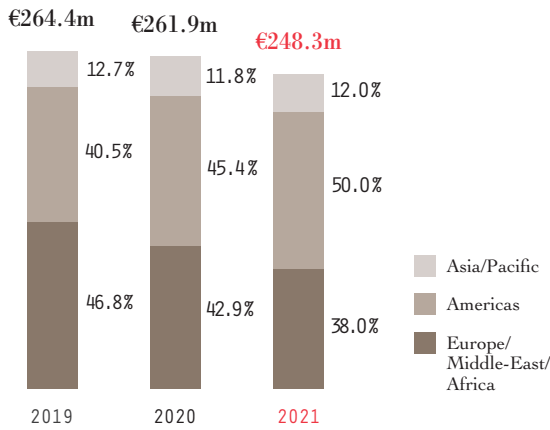
Samos (Greece)

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.

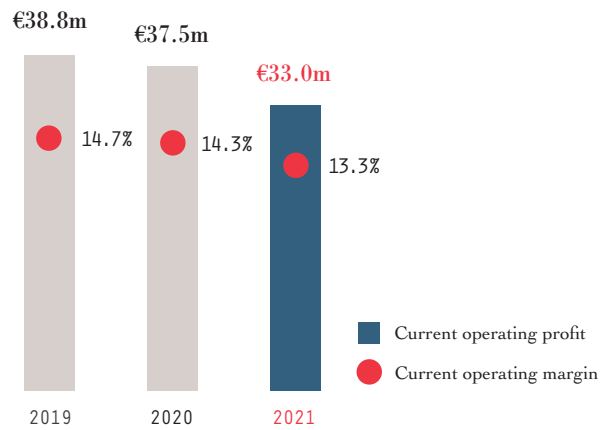
LIQUEURS & SPIRITS KEY FIGURES

In 2020/2021, the Liqueurs & Spirits division accounted for 24% of the Group’s total net sales. The Americas (50%) and Europe/Middle-East/Africa (38%) are the top contributing regions in the division. Although smaller (12%), Asia-Pacific represents a significant development opportunity for the division in the coming years.

NET SALES (in €m)
AND BREAKDOWN BY GEOGRAPHIC AREA (in %)



CURRENT OPERATING PROFIT (in €m)
AND CURRENT OPERATING MARGIN (in %)



PARTNER BRANDS

In 2020/2021, Partner Brands accounted for 3% 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 2021) are Passoã liqueur and certain spirits of the William Grant & Sons Group.

STRATEGY AND OBJECTIVES

— AN UNCHANGED 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 sell

brands and other assets deemed less suited to its value creation strategy and to take full control of its distribution in key markets (exit from Maxxium in April 2009).

Since 2015, 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.

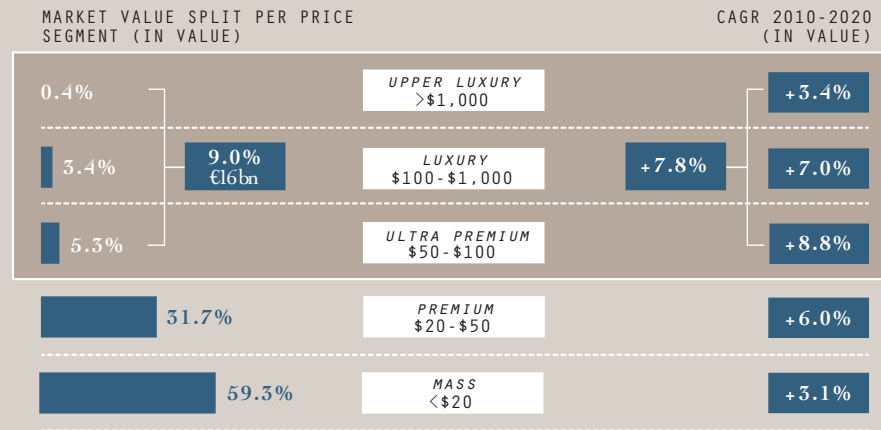


— EXCEPTIONAL SPIRITS ENJOY AN ATTRACTIVE DYNAMIC

The Rémy Cointreau Group’s positioning in the high-end segment of exceptional spirits is a very appropriate place to be: exceptional spirits are enjoying an attractive dynamic (+8% growth per year on average, compared with +4% for the spirits market as a whole

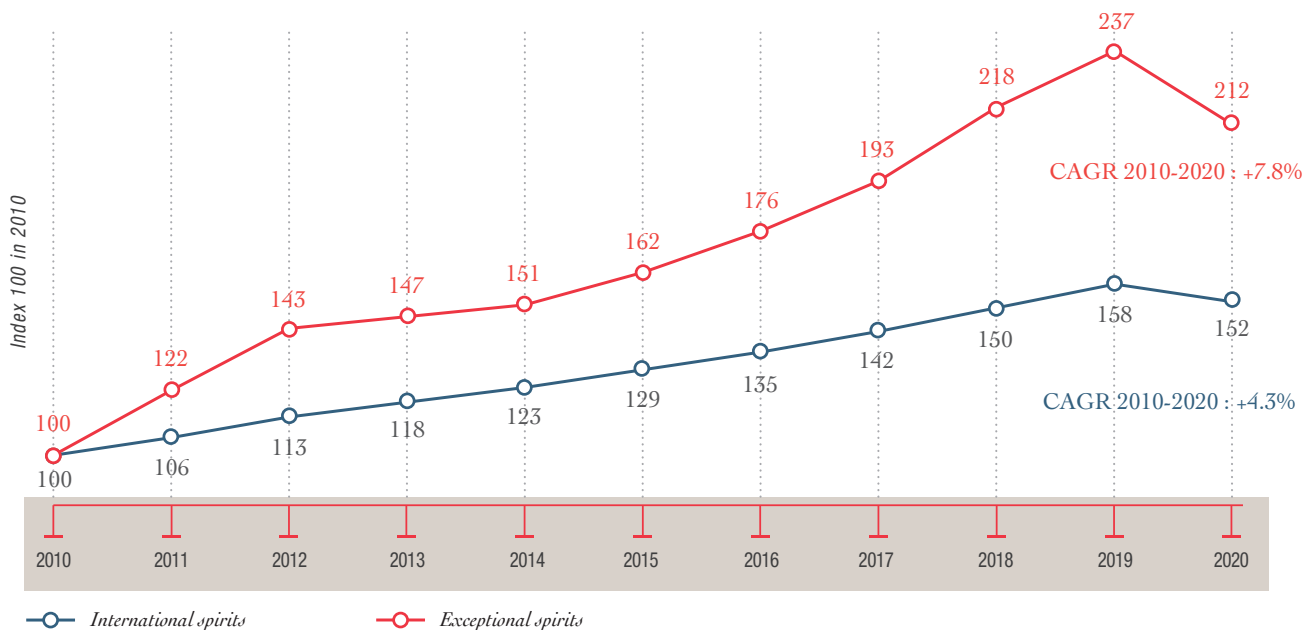
over the last 10 years), driven by a move towards the high-end of the market and an increasingly discerning clientele in terms of the quality, production, know-how and history of the spirits they consume.

Exceptional spirits: a fast-growing segment



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

The exceptional spirits segment has structurally outperformed the global spirits market since 2010



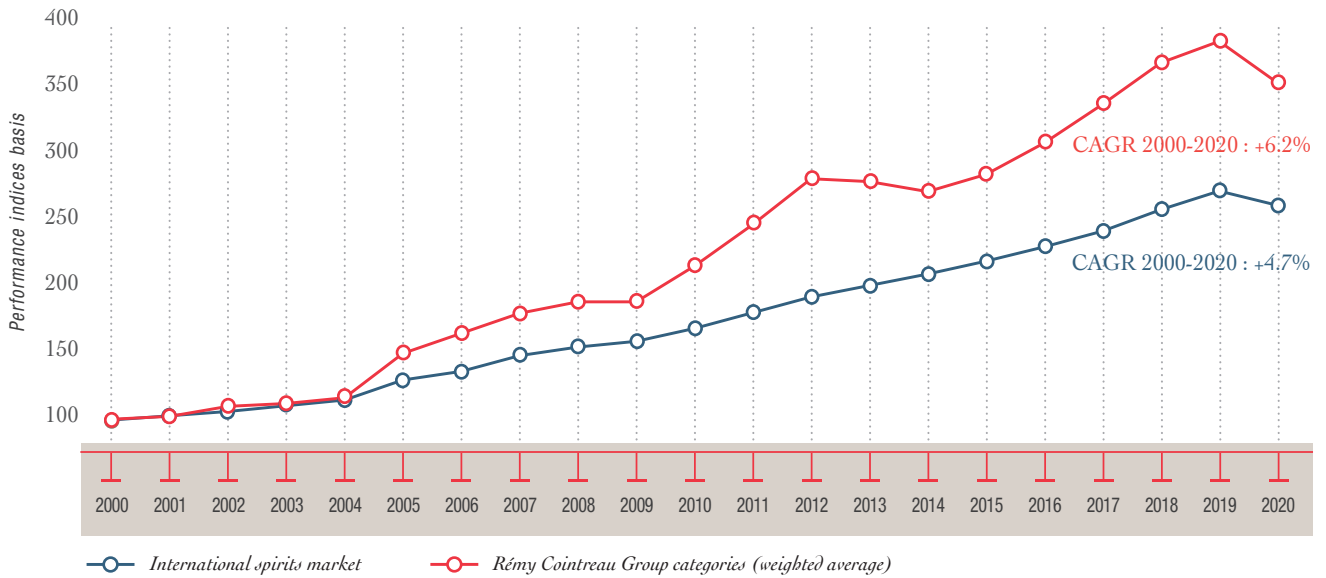
Source: IWSR, Rémy Cointreau.

— POSITIONED IN 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 benefited from strong momentum (+6.2% per year on average during the 2000/2020 period, and +7.0% at the end of

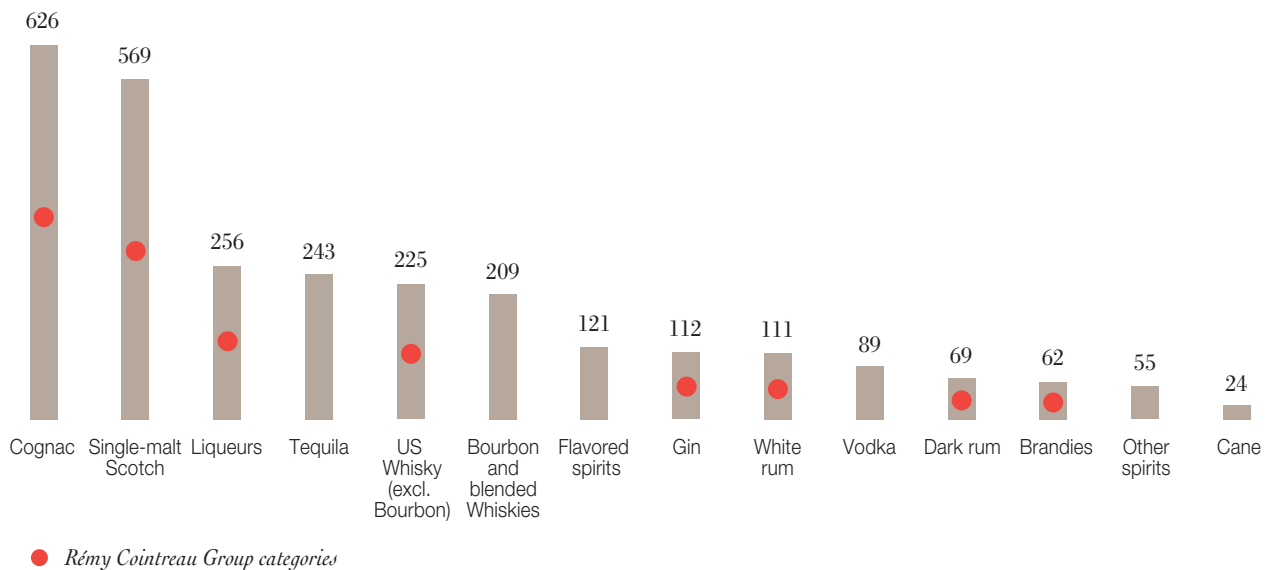
2019 before the impact of the pandemic). The international spirits market grew +4.7% on average over the last twenty years (+5.2% at the end of 2019).

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. As a result, the average value per case of the Group’s brands portfolio was nearly €500, compared to just over €100 for the international spirits market.

Value per case by category of spirits (in euros)



Source: IWSR, Rémy Cointreau.

— A NEW GENERATION OF CLIENTS

Beyond the changes observed in the context of the pandemic of Covid (which have mainly accelerated pre-existing trends), consumers of high-end spirits have changed in recent years. More connected, from the upper middle classes, younger – millennials of generations Y and Z – they are looking for knowledge – from the

spirits, history, savoir-faire, differentiation – but also a increasing demand for transparency on product quality. 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)

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



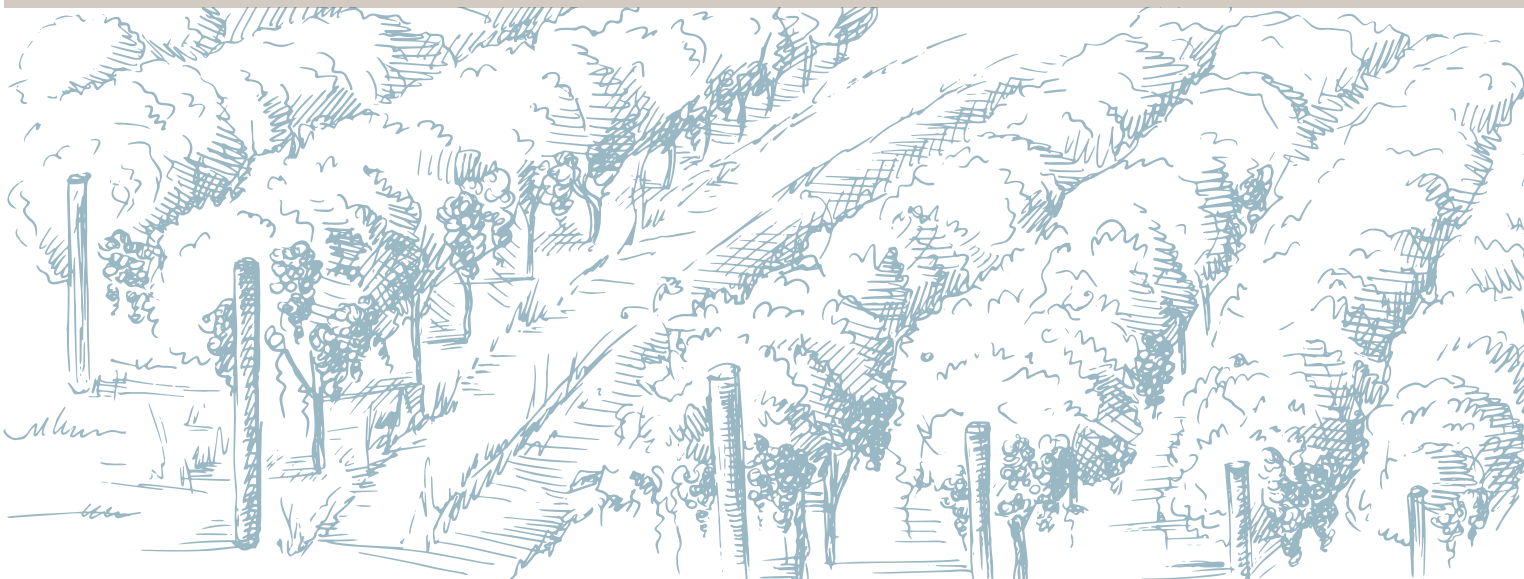
New consumer trends

- “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
- Search for “meaningful brands” in step with their values
- Globalisation and digitalisation of consumption patterns

Increased mobility*

- Growth in international mobility
- Development of Travel Retail

* Observed in recent years but pending with the Covid pandemic.



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.

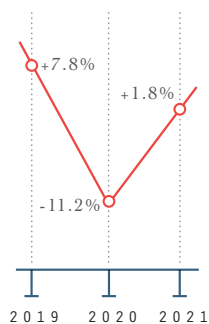
Today, the Group has a dozen directly owned subsidiaries (from the United States to China, including the United Kingdom, Belgium, Malaysia and Japan). This distribution network allows the Group to implement a price strategy and to be selective about its sales outlets in a manner consistent with its high-end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



- Group administrative sites
- Group production sites
- ✈ Travel Retail representative offices

RC
RÉMY COINTREAU
Group
€1,010.2m
in net sales

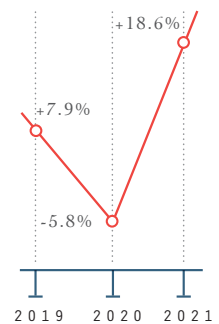
Organic sales growth for the Group



Americas

€522.0m
in net sales
52%
of Group sales

Organic sales growth for the zone



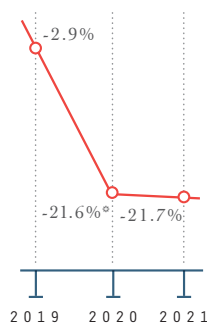


Europe Middle-East & Africa

€189.0m
in net sales

19%
of Group sales

Organic sales growth for the zone

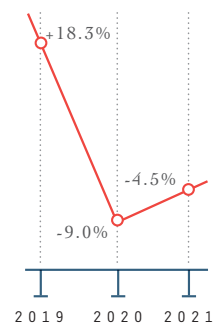


Asia Pacific

€299.2m
in net sales

29%
of Group sales

Organic sales growth for the zone



* Organic decline largely attributable to the expiration of Partner Brand distribution contracts. Organic decrease of 6.4% for Group Brands.

— A NEW STEP IN THE VALUE STRATEGY

INTRODUCTION

FOUR STRATEGIC LEVERS

The transformation of Rémy Cointreau’s business model since 2015 (acceleration of the upgrading of the brand portfolio towards the high-end and the implementation of an end-client-centric culture) has clearly brought results. Between 2015 and 2019, the Group delivered average organic growth in sales of 7% *per annum* and its current operating margin rose by 4.4 points over the period.

Since December 2019 the Group has moved on to a new step in its value strategy, which consists in optimising its portfolio strategy to build a more sustainable, profitable and responsible business model. Because such an in-depth transformation takes time, the Group has set its targets at 2030. This timeframe is also consistent with the Group’s mindset and raw material procurement planning for some of its brands, such as Rémy Martin XO.

1

ENHANCING
THE “VALUE PER CASE”

The “portfolio strategy” consists in assigning a role to each Group brand to maximise the Group’s value per case and gross margin. The priority for the most profitable brands will thus be to step-up their growth (driven by increased investments), while the less profitable will have profitability improvement targets (by gradually refocussing them on their high-end products).

By increasing its gross margin, the Group will expand its investment capacity behind its priority brands, thus creating a virtuous circle of more sustainable and profitable growth.

2

MOVING FROM A “CLIENT-CENTRIC CULTURE”
TO A “CLIENT-CENTRIC BUSINESS MODEL”

During the past five years, the Group has implemented an end-client-centric culture by establishing direct and personalised relationships through human, media and digital investments to enhance brand appeal.

The Group is now seeking to move on to the next step by implementing a genuine client-centric business model. This should translate into a significant increase in the Group’s direct sales, whether through digital, own stores or its network of “Private Client Directors”. To do this, it must implement or strengthen the tools that will enable it to communicate with, educate, retain and sell directly to its clients.

3

ACCELERATE THE DEVELOPMENT OF THE LIQUEURS & SPIRITS PRIORITY BRANDS

The Liqueurs & Spirits portfolio still has significant growth prospects due to the fact that its brands are far from their full potential in their existing markets, in particular in terms of retail penetration.

Some brands have accordingly been identified as priorities to contribute to the Group's profitable growth. The expected mix and scale effects should gradually result in an improvement of the division's profitability, despite reinvestments in brand communication and education.

4

LAUNCH OF THE "2025 SUSTAINABLE EXCEPTION" PLAN FOR MORE RESPONSIBLE GROWTH

After having defined its values (Terroirs, People, Time and Exception) in 2016, the Group is now seeking to reflect them through a genuine responsible growth plan. The key concerns of the "2025 Sustainable Exception" plan are sustainable agriculture in all terroirs involved in crafting the Group's spirits, ecodesign for all the brands' packaging, and a gradual reduction of carbon emissions aligned with the international ambition of "Net Zero Carbon" by 2050.

Moreover, as a family-owned Group, Rémy Cointreau is a people-centric company, which deeply respects the Women and the Men that comprise it and who, through their know-how and commitment, contribute to the success of the Group and its strategy. Its ambition is to become even more inclusive, whether in terms of the representation of women, ethnic diversity or age within the decision-making bodies.

Lastly, thanks to its positioning in the exceptional spirits market, the Group is fully aware of its duty to set an example regarding responsible consumption. Accordingly, the Group promotes occasional consumption to celebrate exceptional moments, with moderation.

AN AMBITIOUS AND RESPONSIBLE STRATEGY FOR 2030

The Group has thus set itself **five transformation targets** for 2030:

- **a new business model for the Louis XIII brand**, featuring significant development of direct sales, breaking with the conventions of the industry;
- **an increased proportion of "intermediate" qualities** (1738 Accord Royal, CLUB) and **XO quality at Rémy Martin**;
- **an increased contribution from the Liqueurs & Spirits division** within the Group and a sharp improvement in its profitability;
- **superior pricing for all brands** within their respective categories;
- **development of digital channels to 20%** of the Group's sales.

— VALUE CREATION

**THE GROUP'S
DNA**



TERROIRS

- Terroirs of exception (Cognac, Islay, Samos, Barbados, etc.)
- **64%** of our agricultural raw materials are “responsible and sustainable agriculture” certified
- **100%** of our winegrowers within the AOC Cognac are committed to “High Environmental Value” agriculture



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 14 exceptional
spirits**

*Sustainable
value
creation*

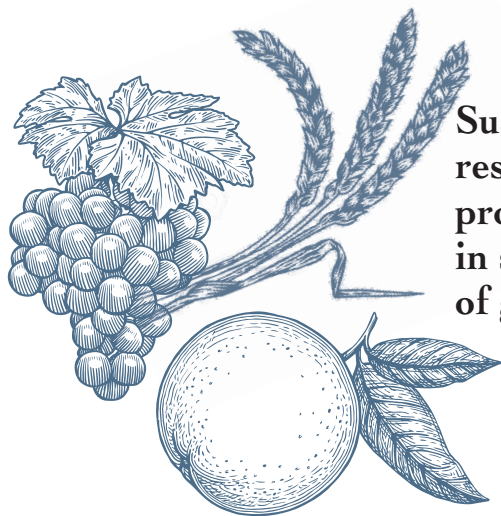
**Adding value
to our spirits
(price/mix gains)**

**Reinforcement of
brand recognition
and attractiveness**

... AND CREATE VALUE

Portfolio management optimisation:

- clarification of each brand's mission within the Group
- setting of priorities, maximising the investments behind the most profitable brands



Sustained, responsible, profitable growth in sales; maximising of gross margin

Increase in investment capacity:

- **brands**
(media, digital, education)
- **distribution network:**
development of a direct distribution network (boutiques, e-commerce, Private Client Directors, etc.)
- **product development that respects the environment**
(sustainable agriculture, eco-packaging, reduction in carbon emissions)

SHARED WITH ITS STAKEHOLDERS



EMPLOYEES

- Average Group salary: score of **107** compared with international benchmark
- Close to **20,000 hours** of training (despite the pandemic)



GOVERNMENT

- **€78 million** paid in corporate income tax in 2020/2021 (tax rate: 35%)



CIVIL SOCIETY

- **€1 million** (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
- Significant increase in dividend to **€1.85** in 2020/2021
- Stock market capitalisation up nearly **€5 billion** over the last five years (at 31 March 2021)



LOCAL COMMUNITIES

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



SUPPLIERS

- Alliance Fine Champagne: **2.25%** shareholder of Rémy Cointreau
- Partner training provided by our agronomists (sustainable agriculture)

FINANCIAL AND NON-FINANCIAL TARGETS

The 2020/2021 financial year was the first year of the 2030 strategic plan announced in June 2020. Despite the environment marked by the pandemic, the Group was able to implement the pillars of its medium-term strategy and achieve a year full of promises, both in terms of sales and operating profits.

OUTLOOK FOR THE 2021/2022 FINANCIAL YEAR

In a still fragile and uncertain public health, economic and geopolitical environment, the Rémy Cointreau Group has emerged stronger from the Covid-19 crisis.

Thus, for 2021/2022, the Group is confident in its ability to continue to win market share in the exceptional spirits sector. In particular, it expects an excellent start to its financial year, supported by a very favourable basis of comparison, phasing effects of its shipments and new, structurally more buoyant consumer trends in the United States.

Being ahead in the unfolding of its 2030 strategic plan and given the favourable environment, the Group has decided to revise up its investments in communication to support its brands through the recovery and boost their medium-term growth potential by developing brand awareness and attractiveness. The expected good growth in current operating profit will also be moderated by currency effects estimated at between -€16 and -€20 million and a scope effect estimated at -€2 million.

INCREASED CONFIDENCE IN 2030 GUIDANCE

In the medium term, Rémy Cointreau is reasserting its ambition to become the world leader in exceptional spirits, with a growth outlook that is still attractive, particularly in a world of more responsible consumption.

To achieve this, Rémy Cointreau will pursue its value strategy and its construction of a business model that delivers both profitable and responsible growth.

AMBITIOUS YET CONFIRMED FINANCIAL AND NON-FINANCIAL TARGETS:

In recent months, in an environment marked by the pandemic, Rémy Cointreau has benefited from an acceleration of pre-existing trends that support the 2030 strategy announced in June 2020: the rise of mixology and consumption at home, the outperformance of high-end spirits, the strong growth of online sales and the growing interest in corporate social and environmental responsibility.

As part of its “2025 Sustainable Exception” plan, the Group aims for sustainable agriculture in all terroirs involved in the production of its spirits, as well as a 25% reduction in carbon emissions (Scopes 1 & 2, in absolute terms) and 30% (Scope 3, in relative terms) by 2025. This is a first step towards the Group’s “Net Zero carbon” ambition for 2050.

Financial targets to 2030⁽¹⁾

72%

gross margin

33%

current operating margin

⁽¹⁾ Based on rates and scope for 2019/2020.

“2025 Sustainable Exception” Plan

100%

sustainable agriculture

Reduction in

25%

carbon emissions
(scopes 1 & 2, in
absolute terms)

Reduction in

30%

carbon emissions
(scope 3, in relative
terms)

“NET ZERO CARBON”
BY 2050



THE 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 compensation.

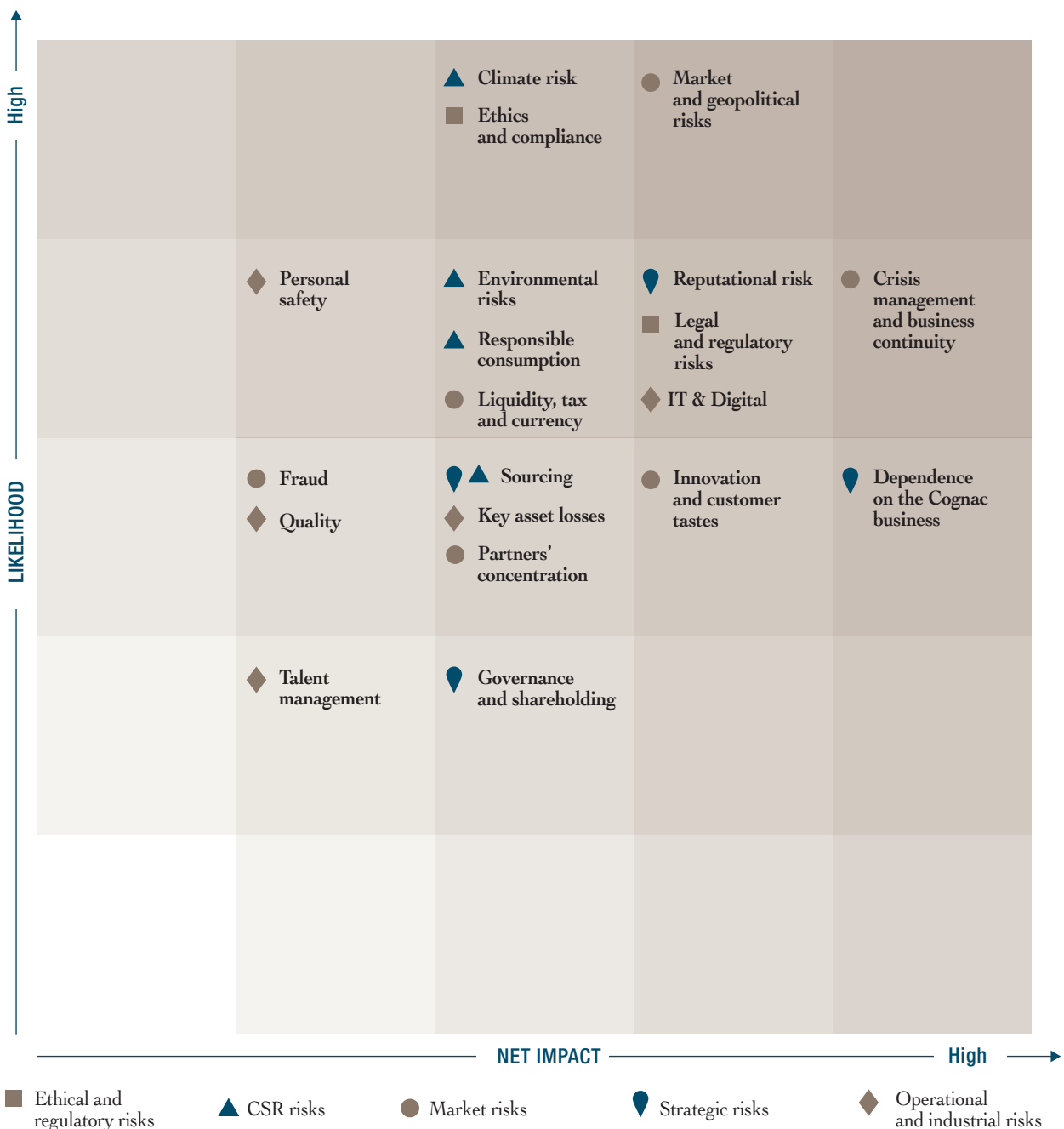
SDGs	Challenges	Risks relating to the challenge	Risk indicators (quantified targets/ progress plan)	Challenges related to the compensation of a member of the Executive Committee	
 6 CLEAN WATER AND SANITATION	Clean water and sanitation	Water management	Water availability/ Water quality	Water consumption	CEO of the House of Rémy Martin and CSR
 8 DECENT WORK AND ECONOMIC GROWTH	Decent work and economic growth	Employee well-being	Absenteeism, turnover, workplace accidents, occupational health, work-related alcohol consumption	Turnover and absenteeism	CEO of the Whisky Division
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible consumption and production	Circular economy and reduction of raw material consumption	Company's reputation among customers	EPI (Environmental Performance Index of packaging)	CEO of the House of Rémy Martin and CSR
 13 CLIMATE ACTION	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	CEO Liqueurs & Spirits, CEO Greater China, Operations Director
 15 LIFE ON LAND	Life on land	Sustainable agriculture: adapting the terroir and protecting biodiversity	Sustainable production of our agricultural raw materials	Percentage of sustainably managed land	CEO of Maison Rémy Martin and of CSR, CEO of Liqueurs & Spirits and CEO of the Whisky Division

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

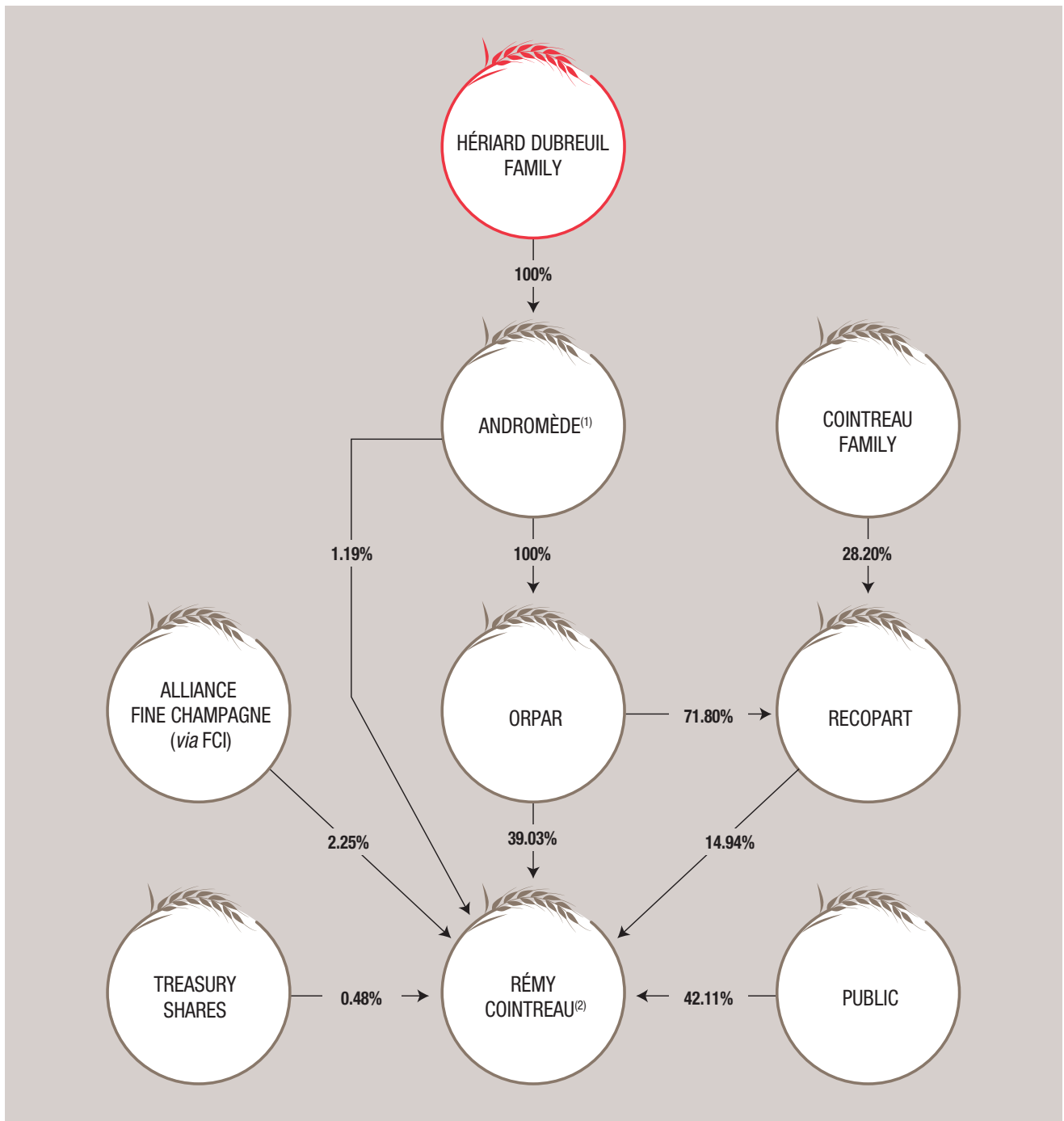
The main risk factors to which the Group is exposed given its business model are presented in this table (more details can be found in chapter 2 of this document).



COMPANY OWNERSHIP

— SHAREHOLDING STRUCTURE

AT 31 MARCH 2021
(% 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

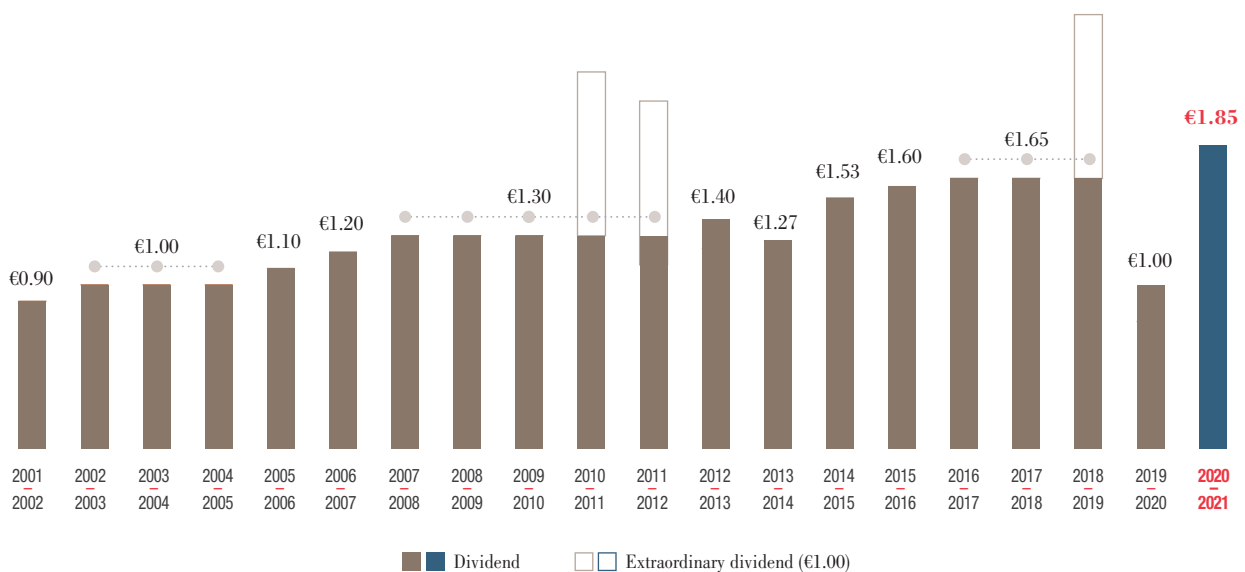
THE GROUP'S STRATEGY HAS BOOSTED THE SHARE PRICE OVER THE PAST FIVE YEARS

Rémy Cointreau shares have risen by 136% over the past five years, reflected in an increase of nearly €5 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 2018/2019..





1

CSR CHALLENGES (STATEMENT OF NON-FINANCIAL PERFORMANCE)

1.1	MAIN CHALLENGES	36	1.5	NOTE ON METHODOLOGY FOR REPORTING INDICATORS	84
1.2	IDENTIFICATION OF RISKS AND INDICATORS ASSOCIATED WITH THE CHALLENGES	38	1.5.1	Reporting protocol	84
1.3	MANAGING THE RISKS AND CHALLENGES: POLICY, ACTION PLANS AND INDICATORS	44	1.5.2	Scope	84
1.3.1	Social risks	44	1.5.3	Selected indicators	86
1.3.2	Environmental risks	50	1.5.4	Relevance of indicators	86
1.3.3	Societal risks	74	1.6	CROSS-REFERENCE TABLES	87
1.3.4	Ethical risks	79	1.7	REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT INCLUDED IN THE GROUP MANAGEMENT REPORT	90
1.4	TABLE OF INDICATORS	82		Appendix: List of information that we considered to be the most important	92

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's ambition is to offer its customers exceptional spirits and sensorial experiences. For that, it relies on the commitment and creativity of its 1,832 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

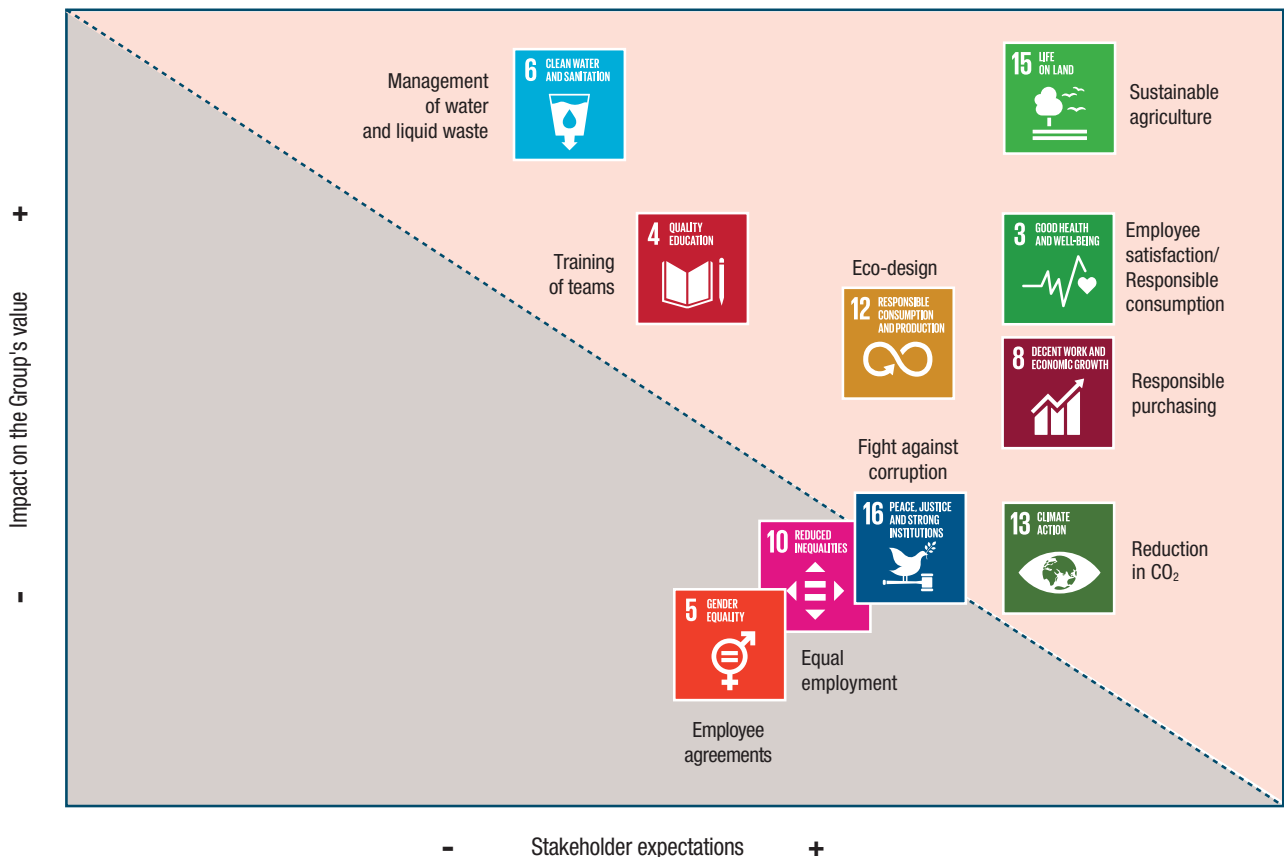
responsibility, the international context in recent years has only served to confirm – and strengthen – its resolve.

“*Terroirs*, people and time”; by adopting this emblematic motto, Rémy Cointreau wanted to demonstrate its irreversible commitment to a cause that it not only wholeheartedly supports, but over-delivers on. The Group's Executive Committee has put sustainable development front and centre of its strategy, in line with the wishes of its shareholders and Board of Directors.




This commitment supports 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 the Group's high standards, a materiality analysis was carried out in 2017. 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 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 (externally)
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	In-house training and skills development
	Gender equality: achieve gender equality	Non-discrimination and internal societal balance
	Ensure availability and sustainable management of water	Water management
	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 (sustainable development of <i>terroirs</i>)
	Reduce inequality within and among countries	Internal social balance and global consistency
	Take action to ensure sustainable consumption and production	Circular economy and reduction of raw material consumption Customer information
	Take action to combat climate change and its impacts	Contribution to the global effort (2 °C limit) and sustainability of the Company
	Sustainable land management/Protect, restore and promote sustainable use of land ecosystems/Sustainably manage forests/Preserve biodiversity	Sustainability of the Company Biodiversity conservation
	Peace and justice: build effective and accountable institutions	Business ethics Corporate governance

1

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

Particular attention has been paid to the five priority SDGs (SDGs 6, 8, 12, 13 and 15), to which the variable compensation of the Group's senior management is linked. The Board of Directors' CSR Committee, responsible for implementing the CSR strategy, monitors compliance with this commitment.

The various challenges selected form the basis of our new CSR Charter, republished 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, with responsible, committed governance at the highest level, 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, taking steps to reduce the environmental impact of our activities and striving for carbon neutrality.

— 1.2 IDENTIFICATION OF RISKS AND INDICATORS ASSOCIATED WITH THE CHALLENGES

In 2020, an internal working group was set up to establish a risk hierarchy with representatives from the Finance, HR, Public Relations & CSR and Internal Audit departments.

Focusing on the main CSR challenges described in the previous paragraph, the working group has produced a risk map which has been used to prioritise these risks (GRI Standard 102-15).

Five main CSR risks have been identified in order that the Group's overall risk management take them into account:

- sustainability of agriculture and *terroirs* (supply risk and availability of agricultural raw materials);
- responsible purchasing and supplier relations (reputational risk of the Company);
- carbon impact (risk of a carbon tax and a binding regulatory framework);
- water management (risk of water availability and quality for the development of our products);
- responsible consumption of our products (health risk for our employees and customers).

These five specific CSR risks form part of the following four overall Group risks (see section 2):

- climate;
- environmental risks;
- sourcing;
- responsible consumption.

These risks are managed through various specific actions associated with quantified targets and progress or monitoring indicators, which provide a strong framework for our ambitious new "2025 CSR plan – Sustainable Exception".

While Rémy Cointreau has always been committed to corporate social responsibility, the current international context has only served to confirm – and strengthen – its resolve. 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 2025 CSR Plan continues to address this CSR policy, in order to effectively achieve the CSR objectives through concrete action, in line with Rémy Cointreau's strategy.

It confirms the ties established between Rémy Cointreau and its stakeholders, such as its local partners and suppliers.

The major challenges of the plan were determined with the desire to involve all our employees. The respect for the dignity of all (regardless of where they live, throughout their private and professional life), is at the centre of the Group's social policy, hinging on the respect of human rights and employment law. For example, the B-Corp certification of Bruichladdich in Scotland outlined several aspects of the Group's HR policy, particularly in the area of labour market flexibility and career development paths.

The Group permanently aims to develop and protect the regions in which it operates and is convinced that it is the Company's responsibility to help them grow, while keeping in line with shared values. These values reflect the Group's truly ethical approach in order to build a relationship with its stakeholders based on trust.

Getting its suppliers to adopt its CSR policy is also 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. Several initiatives are rolled out to address this issue. Rémy Cointreau expressly asks its suppliers to join SEDEX (Supplier Ethical Data Exchange), an international organisation that aims to promote ethical and responsible business practices in global supply chains.

For the environment, the priorities of the plan are mostly in line with the international strategy for limiting global warming to +1.5 °C. Rémy Cointreau is committed to making its business carbon neutral by 2050 (Net Zero Carbon) and has joined the international movement to tackle global warming, in accordance with the SBT (Science Based Targets) method.

The Group's carbon footprint was developed with the aim of achieving a 50% reduction in carbon emissions across all the Group's businesses (Scopes 1, 2 and 3 of the carbon footprint assessment) by 2030. The major initiatives include agricultural practices, the eco-design of packaging and optimised product transportation.

In the area of agricultural practices, the policy of protecting *terroirs* is reflected in the responsible and sustainable agricultural practices used to produce all our raw materials. The Group's ambition is for all the farmland needed for its brands to be cultivated in accordance with a responsible and sustainable agricultural model by 2025 by using a responsible and sustainable agricultural label or standard.

To reflect this commitment, Rémy Cointreau is continuing to support the “act4nature” initiative, 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. This year, Rémy Cointreau confirmed its global commitments to “act4nature international”:

- commitment 1: contribute to biodiversity conservation in the terroirs;
- commitment 2: link cultural and natural heritage: protecting forests and natural environments;
- commitment 3: measure and experiment to foster biodiversity;
- commitment 4: reduce carbon emissions and combat climate change;
- commitment 5: raise awareness and train stakeholders on biodiversity conservation (employees and suppliers).

Ten- and five-year targets have been set and detailed information on each commitment is provided in the corresponding sections of this chapter 1, CSR Challenges “Statement of non-financial performance” (1.3.2.1 “Sustainable agriculture” / 1.3.2.2 “Biodiversity conservation” / 1.3.2.3 “Climate change”).

The objective of the Eco-design project, as an integral part of the 2025 CSR plan, is to reduce the consumption of raw materials used for product packaging. Internal software is used to measure the environmental impacts of Rémy Cointreau’s product packaging. First rolled out at the Cognac and Angers sites, this measurement tool is now available for all of the Group’s production sites. The aim is to achieve 100% eco-designed Group products by 2025.

The introduction of circular economy initiatives based on waste reduction and recovery is also a priority issue for the Group. 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.

Land transport is also a priority. The CSR report includes CO₂ emissions from global product transportation. An internal tool now enables to cover the whole of the Group’s logistics operations (transportation between shipping platforms, deliveries to subsidiaries and customers). The aim of the tool is to enable the carbon emissions associated with the transportation of our products to be calculated more reliably. This way they can be used directly for the purposes of the Group’s carbon assessment. Transport providers have access to this tool, enabling them to report in real time on changes in their carbon emissions, particularly when they take steps to reduce those emissions.

The emphasis is also on water management, another key focus area 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.

As part of the 2025 CSR plan, water consumption reduction and optimisation targets are currently being validated. Emphasis was placed primarily on making consumption measurements more reliable at all production sites. The first water consumption maps have been drawn up to identify what water is actually drawn from the natural resource and not discharged by the site. Under the 2025 CSR plan, this type of study will be rolled out to the Group’s production sites in France and abroad, with the aim of being completed by 2025.

It is also essential for Rémy Cointreau to minimise liquid waste and ensure that it is treated before being discharged into the natural environment. Under the 2025 CSR plan, special attention is given to treating waste water from production sites. For several years, these volumes have been monitored and BOD/COD analyses are carried out regularly before and after treatment and before discharge into the natural environment. As with solid waste, special attention is paid to “material” recovery (land application) or energy recovery from distillation vinasse.

Aware of the increasingly stringent requirements of civil society and public authorities, the 2025 CSR Plan also reflects the Group’s commitment at a societal level to the impact of its communications and their consequences on alcohol consumption. The Group has adopted responsible communications, which it aims to share with all its employees and end-customers.

The Group’s CSR Committee and the Group’s Executive Committee are responsible for the governance of the 2025 CSR plan. The Public Affairs/CSR department is responsible for implementing the actions and objectives set out in the 2025 CSR plan across Group entities.

The **progress indicators** are associated with the **quantified targets** of the 2025 CSR plan. Some of these targets require a longer term vision and have been set with a horizon of 2028 (certification of the Alliance Fine Champagne de Cognac wine cooperative) and 2030 (reduction of carbon emissions).

The **monitoring indicators** enable to measure the effectiveness and the appropriate implementation of the actions, without no requirement for significant progress in the area in question.


These two types of indicators are supplemented by **management indicators**.

All of these indicators demonstrate the concrete implementation of the 2025 CSR plan and contribute to managing previously identified CSR risks.




CSR CHALLENGES (STATEMENT OF NON-FINANCIAL PERFORMANCE)

IDENTIFICATION OF RISKS AND INDICATORS ASSOCIATED WITH THE CHALLENGES

2025 CSR PLAN – THE SUSTAINABLE EXCEPTION

SDGs	Rémy Cointreau's challenges	Risks relating to the challenge	Risk-related indicators		CSR targets			
			Indicators	Scope	2024/2025	2028/2029	2030/2031	
	Good health and well-being	Responsible consumption (externally)	Binding regulatory and fiscal framework	Qualitative information	World	Qualitative information		
				Percentage of employees completing at least one training course per year, in % ⁽²⁾	Production sites World/Subsidiaries World (>20 employees)	80		
	Quality education	Internal training/skills development	Loss or deterioration of certain know-how/ Lack of staff training in some countries	Hours of training ⁽²⁾	Production sites World/Subsidiaries World (>20 employees)	Annual monitoring		
				Percentage of men/women in management, in % ⁽¹⁾	Production sites World/Subsidiaries World (>20 employees)	50		
	Gender equality	Non-discrimination and internal societal balance	Lack of appeal and reputation of the Company	Gender equality index, scored out of 100 ⁽¹⁾	France	90		
				Percentage of men/women trained, in % ⁽¹⁾	Production sites World/Subsidiaries World (>20 employees)	50		
	Clean water and sanitation	Water management	Water availability and quality (specific case of the Barbados site)	Water consumption, in m ³⁽²⁾	Production sites World	Annual monitoring		
				Water consumed, in m ³⁽¹⁾	Production sites World	Annual monitoring		
				Water consumption reduction rate, in % ⁽¹⁾	Production sites World	In progress (to be defined in 2021/2022)		
				Pollution from liquid waste discharges	Rate of vinasse recovery, in % ⁽¹⁾	Production sites World	70	
	Decent work and economic growth	Employee well-being	Turnover/ Absenteeism/ Workplace accidents/ Activity-related consumption of alcohol	Qualitative information	World	Qualitative information		
				Turnover, in % ⁽²⁾	World	<20		
				Absenteeism, in % ⁽²⁾	France/ Production sites World	<4		
				Workplace accident frequency rate ⁽²⁾	France/ Production sites World	<9		
				Workplace accident severity rate ⁽²⁾	France/ Production sites World	<0.3		
				Average age ⁽²⁾	Production sites World/Subsidiaries World	Annual monitoring		
				Seniority ⁽²⁾	Production sites World/Subsidiaries World	Annual monitoring		
				Workforce by region, business and occupation ⁽³⁾	Production sites World/Subsidiaries World	Annual monitoring		


CSR CHALLENGES (STATEMENT OF NON-FINANCIAL PERFORMANCE)
IDENTIFICATION OF RISKS AND INDICATORS ASSOCIATED WITH THE CHALLENGES



SDGs	Rémy Cointreau's challenges	Risks relating to the challenge	Risk-related indicators		CSR targets		
			Indicators	Scope	2024/2025	2028/2029	2030/2031
 Decent work and economic growth	Responsible purchasing	Suppliers: non-compliance with regulations – responsible and sustainable practices (working conditions)/ Company's reputation with customers	Percentage of suppliers who are SEDEX members and classified as "active", in % ⁽¹⁾	World (Suppliers with the highest net sales of raw materials, packaging, advertising materials, suppliers of food contact materials and suppliers in regions with a CSR risk)	100		
			Percentage of suppliers who are SEDEX members and who provided all the information requested in the self-assessment questionnaire, in % ⁽³⁾	World (Suppliers with the highest net sales of raw materials, packaging, advertising materials, suppliers of food contact materials and suppliers in regions with a CSR risk)	100		
			Local impact (sustainable development of <i>terroirs</i>)	Lack of appeal and reputation of the Company	Qualitative information	World	Qualitative information
 Reduced inequalities	Internal societal balance/Global consistency	Lack of appeal and reputation of the Company	Employment rate of people with disabilities, in % ⁽³⁾	Production sites World/Subsidiaries World (>20 employees)	Annual monitoring		
			Percentage of work-study contracts, in % ⁽³⁾	France	Annual monitoring		
 Responsible consumption and production	Circular economy and reduction of raw material consumption	Increased raw material costs	Packaging EPI (Environmental Performance Index) ⁽¹⁾	All brands	Annual monitoring		
			Percentage of eco-designed products, in % ⁽¹⁾	All brands	100		
			EPI/Reduction of plastics in packaging, in % ⁽¹⁾	All brands	100		
			Volume of solid waste recovered ⁽²⁾	Production sites World	99		
	Customer information	Company's reputation among customers	Qualitative information	Europe	Qualitative information		

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CSR CHALLENGES (STATEMENT OF NON-FINANCIAL PERFORMANCE)

IDENTIFICATION OF RISKS AND INDICATORS ASSOCIATED WITH THE CHALLENGES

SDGs	Rémy Cointreau's challenges	Risks relating to the challenge	Risk-related indicators		CSR targets		
			Indicators	Scope	2024/2025	2028/2029	2030/2031
 Climate action	Contribution to the global effort (2 °C limit) and sustainability of the Company	Carbon impact/ Binding regulatory and fiscal framework (carbon tax)/ Company's reputation with customers	CO ₂ emissions – Scopes 1, 2 & 3, in Teq CO ₂ ⁽²⁾	Production sites World			Annual monitoring
			Percentage of significant CO ₂ emissions – product packaging, in % ⁽²⁾	Production sites World			Annual monitoring
			Percentage of significant CO ₂ emissions – upstream freight and downstream product transportation, in % ⁽²⁾	Production sites World			Annual monitoring
			Percentage of significant CO ₂ emissions – raw materials, in % ⁽²⁾	Production sites World			Annual monitoring
			CO ₂ emissions reduction rate – Scopes 1, 2 & 3, in intensity, in % ⁽¹⁾	Production sites World	29		50
			CO ₂ emissions reduction rate – Scopes 1 & 2, in absolute terms, in % ⁽¹⁾	Production sites World	25		50
			CO ₂ emissions reduction rate – Scope 3, in intensity, in % ⁽¹⁾	Production sites World	28		50
			Total energy consumption, in MWh ⁽²⁾				Annual monitoring
			Renewable electricity consumption, in % ⁽¹⁾	France		100	
			Renewable electricity consumption, in % ⁽¹⁾	Europe		100	
			Renewable electricity consumption, in % ⁽¹⁾	World		100	
			CO ₂ emissions from business travel ⁽³⁾				Annual monitoring

SDGs	Rémy Cointreau's challenges	Risks relating to the challenge	Risk-related indicators		CSR targets		
			Indicators	Scope	2024/2025	2028/2029	2030/2031
 15 LIFE ON LAND	Sustainability of the Company	Sustainable production of our agricultural raw materials and <i>terroirs</i>	Percentage of agricultural land managed sustainably, in % ⁽¹⁾	World	100		
			Percentage of Cognac wine cooperative (AFC) vineyards with HVE (level 3) certification, in % ⁽¹⁾	Cognac site	70	100	
	Biodiversity conservation	Company's reputation among customers	Specific rates per biodiversity conservation action ^(1*)	World	In progress (to be defined in 2021/2022)		
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Business ethics	Binding regulatory and fiscal framework (prohibition)	Percentage of employees trained on the Ethics and Anti-Corruption Charter, in % ⁽¹⁾	World	100		
			Number of alerts ⁽²⁾	World	Annual monitoring		
	Corporate governance	Efficiency and consistency in the implementation of the CSR strategy within the Group	Executive Committee compensation linked to the % achievement of CSR targets ⁽³⁾	World	Annual monitoring		
			B-Corp certification	Number of B-Corp certified production sites ^(1*)	World	In progress (to be defined in 2021/2022)	

(1) Progress indicators.
 (1*) Progress indicators awaiting validation.
 (2) Monitoring indicators.
 (3) Management indicators.

Main CSR risks aggregated in the Group risk map.

In parallel to this 2025 CSR plan, Rémy Cointreau has also published the Group's *raison d'être*:



RÉMY COINTREAU

“Rémy Cointreau cares for the *terroirs* that are essential to its *Maisons* and cultivates the *savoir-faire* of its people, so that clients can enjoy exceptional spirits and sensory experiences.

Upholding this heritage enables the family company to write its own destiny and to proudly pass on its centuries-old legacy to future generations.”

For several years, Rémy Cointreau has been linking its indicators to those of the Global Reporting Initiative (GRI), using the GRI G4 guidelines. The Group applies the GRI Standards (see references in the text and section 1.6 “Cross-reference tables”).

The CSR reporting covers 28 companies which provide all their employee-related, environmental and societal information (see section 1.5 “Note on methodology for reporting indicators”).

Disposals and acquisitions of companies made during the financial year are not included in the CSR reporting scope. As a result, “Maison JR Brillet” and “Champagne de Telmont” will be added to the CSR reporting in 2022.

The CSR 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 SOCIAL RISKS

1.3.1.1 EMPLOYEES' WELL-BEING

Challenge

The women and men who make up Rémy Cointreau are a fundamental asset because they embody the know-how passed down from generation to generation, which is essential to the development of exceptional products. We have a responsibility to ensure their health and safety in optimal working conditions and to support them in their professional development. We consider, for example, that the absenteeism-related indicators or the staff turnover rate provide an overall indication of how well we are taking into account the needs of our employees.

Policy

The Group is committed to the professional development of its employees, to diversity and to strengthening the sense of belonging to the Group. The Rémy Cointreau Group is also committed to providing and maintaining a working environment that ensures the health and safety of staff, customers, external stakeholders, visitors and the general public who may reasonably be affected by its activities. The Group's policy in this area is to prevent accidents,

illnesses or other injuries by ensuring that risks are taken into account in the operational management of production processes. Furthermore, in France, in keeping with its historical choices, Rémy Cointreau promotes collective agreements in all areas of negotiation.

In addition, the Group remains very vigilant with regard to changes in the Human Resources indicators monitored. Any deterioration in these indicators allows for sufficiently early action to be taken to prevent deterioration in working conditions, understood in the broadest sense.

Rémy Cointreau ensures that all its activities comply with the laws and regulations in force in all the countries in which it operates. The Group invests to continually improve working conditions, taking into account the specific challenges of each business. While health and safety is a global commitment, our entities around the world are each responsible for implementing measures to provide the best possible working conditions. This is reflected in the Quality, Health and Environment policies that are implemented locally and communicated to new employees during their induction. In addition, training courses are regularly organised at our industrial sites in France to take account of any changes in standards, legislation or regulations.

Action plans

Rémy Cointreau supports local and Group-wide initiatives to improve working conditions and promote employee well-being.

Since 2016, to encourage organisational methods designed to improve the quality of life at work, the Rémy Cointreau Group has introduced teleworking, which allows employees who so wish to reconcile their professional and private lives more easily. A Teleworking Charter enables the Company in France to provide itself with a framework known to all in this area. Also in the course of the 2020/2021 financial year, the Telework Charter has been revised to allow greater flexibility by proposing the possibility of agreeing fixed and/or occasional telework days, thus authorising up to two days of telework per week.

In both Angers and Cognac, major investments have been made to improve working conditions. In Cognac, for example, premises have been fitted out for the agricultural workers at our Saint-Même-les-Carrières winegrowing estates, including the installation of changing rooms, toilets and showers, thus helping to improve their working conditions by offering greater comfort.

In February 2020, the Cognac site also inaugurated new working premises for all the employees of the Merpins product development centre. In 2021, two new buildings will be delivered to employees of the head office functions (Accounting, Human Resources, General Services). These new spacious and functional premises offer employees even better working conditions in a very modern setting, meeting the most recent standards in terms of energy efficiency. They are spread out on either side of a 100-metre long corridor bathed in light, which serves as a distribution axis for the 2,800 metres of total surface area. Open space work islands have been created for each team to encourage communication and informal exchange within the team and with other teams. In these islands, each employee now has an individual space of 12m² outside the useful areas (corridors, storage units, landings, etc.). In addition, a new company restaurant has been fitted out and offers menus that promote food products from short supply circuits and organic produce.

In the context of the health crisis linked to the Covid-19 pandemic, the Group has implemented a large number of local initiatives adapted to each context, in order to preserve the well-being, health and safety of its employees.

The various entities have implemented strict health protocols in accordance with the recommendations of local health authorities. For example, employees were given kits containing masks, hydro-alcoholic gel and disinfectant spray. The authorised capacity of office workspaces was reduced by 50% when teleworking was not mandatory.

At our Singapore site, the security access system to the premises was adapted to include temperature taking and avoid physical contact with the system. In addition, working hours have been adjusted to reduce the flow of employees in and out of the Cognac production site.

The Group has also decided to maintain 100% of the salaries of all the Group's employees, including during periods of closure of industrial sites or during periods of confinement, and not to resort to state aid (partial unemployment).

In addition, the Group closely monitors the turnover rate of the Group's employees in order to analyse the causes of any deterioration, if necessary. For the 2020/2021 financial year, the Group has made 239 recruitments, mainly in the sales force

In order to raise employee awareness of accident prevention in the workplace, the accident frequency rate indicator for industrial sites in France is part of the profit-sharing criteria developed under a collective agreement signed with the social partners¹²³

(26.4%), marketing (12.6%), finance (12.1%) and production (11.7%). 77.4% of recruitments are permanent contracts.

At the same time and within the same scope, there were 260 to leave the Company, the main reasons being resignations (38.1%), redundancies (25%), the end of fixed-term contracts (12.7%), retirements (12.7%) and mutually-agreed departures (11.2%). The cessation of our activities at RC Vietnam resulted in the departure of four people, who were included in the number of departures.

Thus, the turnover rate was 13.6% of the population (GRI Standard 401-1 indicator). The Company's objective is to ensure that the rate does not exceed 17%, taking into account the pressure on employment in certain markets where the Group operates.

In addition, the Group continues to monitor the evolution of the workforce as an indicator of vigilance. Thus, as of 31 March 2021, the Group's total headcount reached 1,832 employees on permanent contracts (CDI) and fixed-term contracts (CDD and work-study).

HEADCOUNT BY GEOGRAPHIC AREA (GRI STANDARD 401-1)

	March 2021	%	March 2020	%	March 2019	%
France	745	40.7	725	39.1	719	37.7
Europe (excl France) – Africa	305	16.6	323	17.4	375	19.7
Americas	347	18.9	366	19.8	380	19.9
Asia	435	23.7	429	23.7	434	22.7
TOTAL	1,832	100	1,853	100	1,908	100

HEADCOUNT BY ACTIVITY (GRI STANDARD 401-1)

	March 2021	%	March 2020	%	March 2019	%
Group brands	757	41.3	751	40.5	750	39.6
Distribution	1,001	54.6	1,020	52.2	1,077	56.4
Holding	74	4.0	82	4.3	81	4.0
TOTAL	1,832	100	1,853	100	1,908	100

The distribution activity still represents more than half of the Group's workforce (54.6%).

HEADCOUNT BY FUNCTION AND POSITION

	March 2021	%	March 2020	%	March 2019	%
Commercial	537	29.3	538	29.0	597	31.3
Marketing	248	13.5	262	14.1	250	13.1
Production	267	14.6	268	14.5	272	14.3
Farming/Distillation/Ageing	163	8.9	157	8.5	153	8.0
R&D/Quality/Environment	76	4.1	84	4.5	86	4.5
Supply Chain	99	5.4	137	7.4	140	7.3
Purchasing	36	2.0				
Finance & Legal	216	11.8	213	11.5	217	11.4
IT	62	3.4	61	3.3	57	3.0
Human Resources	55	3.0	63	3.4	60	3.1
General Services	19	1.0	25	1.3	29	1.5
Senior management	54	2.9	45	2.4	47	2.5
TOTAL	1,832	100	1,853	100	1,908	100

The breakdown by gender is stable; men represent 55.2% of the workforce, women 44.8%, with different positions depending on the business line and country (GRI Standard 401-1 indicator).

By profession, men are mainly represented in the ageing, maintenance and sales professions. Women are more predominant in marketing, customer service and packaging.

The average age of the Rémy Cointreau Group's workforce is 41 years, with a slightly higher average age in France (42.3 years).

The average seniority of the Group's employees is 7.9 years, with an average in France of 9.9 years.

The Group also monitors the absenteeism rate for France, Barbados and Islay. Over the next five years, the Group intends to integrate Domaine des Hautes Glaces and Westland into this scope. For the year ended, the cumulative absenteeism rate, measured in hours of absence per theoretical hours worked, was 2.06, down slightly on the previous year. This rate does not include long-term illnesses of more than 90 days' absence (GRI Standard Indicator 403-2).

In addition, the frequency rate of work-related accidents at the production sites in France (excluding DHG), Barbados and Islay for 2020/2021 is 3.52, expressed as the number of work-related accidents with time off per million actual hours worked (GRI Standard Indicator 403-2). Over the next five years, the Group intends to include Domaine des Hautes Glaces and Westland in this scope.

The severity rate, expressed as the number of days lost due to work-related accidents per thousand actual hours worked, was 0.67 (GRI Standard Indicator 403-2). In order to remedy the causes of each accident, members of the Health and Safety Committees systematically draw up a cause tree and submit conclusions and recommendations to the committee.

1.3.1.2 NON-DISCRIMINATION AND INTERNAL SOCIAL BALANCE

Challenge

Rémy Cointreau aspires to have a fair representation of the employment areas, the markets in which it operates and its end customers. In this respect, the Group wishes to preserve its good reputation with regard to the various stakeholders in order to maintain its attractiveness on the one hand and to guarantee social balance on the other.

Policy

With regard to equal treatment of men and women and non-discrimination in general, the Rémy Cointreau Group has decided to implement international procedures and processes that guarantee fair treatment of the Group's employees. Non-discrimination without distinction as to race, religion, colour, age, sex, national origin or any other discriminatory factor not based on professional requirements is an integral part of Rémy Cointreau's policies and practices, particularly in the context of recruitment, promotions, transfers, remuneration and training.

Thus, the documentation given to employees upon induction in one of our entities reminds them of the legal or contractual provisions applicable in terms of non-discrimination and also remind them of the procedures applicable if an employee is a victim of such a situation.

In terms of professional development, Rémy Cointreau strives not to discriminate, for example, at the time of salary reviews. For example, the employee guide given to employees at our Swiss site stipulates that "The prohibition of any discrimination applies in particular to hiring, the assignment of tasks, the adjustment of working conditions, remuneration, training and professional development, promotion and the termination of employment relationships".

Rémy Cointreau is also committed to ensuring that its practices with regard to the organisation of work and other time spent in the Company aim, as far as possible, to maintain a good balance between professional and private life, allowing in particular for parenthood.

With regard to remuneration, the Group has undertaken in France to develop its remuneration policy to ensure that gender is not a criterion taken into account. 3 areas have been formalised with a common objective and measurement indicators:

- no gender difference on the hiring salary for equal skills;
- no gender difference in individual salary increases for equal performance and market ratios;
- analysis of gender differences on base pay at equal levels of employment, experience and performance, and action plan to reduce them.

Action plans

In France, the collective agreements dealing with professional equality of women and men and quality of life at work was again signed with the social partners during the 2020/2021 financial year. It has enabled objectives and progress indicators to be formalized on the themes of recruitment, remuneration, careers and training, working conditions and work/life balance.

In addition, there are facilities in terms of working time arrangements for accompanying children in a hospital setting. In addition, as far as possible, meetings are organised during working hours and training sessions are scheduled sufficiently early to allow parents to organise childcare. The parties wished to adapt the application of family solidarity leave and to allow the employee concerned to review within his or her management part-time work when employees are required to manage certain family events.

Remuneration policies are framed by role evaluations informed by a methodology and by expertise from outside the Company and by performance evaluation based on identified skills and shared objectives. Recruitment and internal mobility policies are subject to international procedures and/or charters that guide managers and encourage collegial decision-making based on objective criteria.

In order to continue to foster the Group's multicultural identity and promote diversity, the Group is actively committed to promoting the professional integration of young graduates (3 years of higher education or more) under the age of 30, from low-income social backgrounds or from priority areas. In particular, the partnership with "Our Neighbourhoods Have Talent" initiated at Rémy Martin in 2014 has continued to promote the professional integration of young graduates from disadvantaged backgrounds. In this important and supportive social scheme, the Company's sponsors play a very important role with all these young people who have lost confidence and are concerned about their future by giving them valuable advice on how to improve in recruitment interviews and sharing their professional network. Since 2014, this scheme has helped 91 young graduates and contributed to the hiring of 46 young people on permanent or fixed-term contracts.

In Paris, our site has been involved since 2017 with *Sport dans la Ville*, the main association for integration through sport which supports young people from priority neighbourhoods on the path to training and employment. Once again this year, Paris employees were invited to take part in CV workshops and interview simulations for people who are far from employment. In Angers, the Group continued to choose to pay its apprenticeship tax to organisations, schools or support structures that promote the integration of disabled workers.

In 2020, the Cognac site continued to maintain a rate of employment of disabled workers at Rémy Martin in line with the legal obligation of 6%, despite a sharp increase in the number of temporary staff taken into account in the workforce. Rémy Martin is successfully pursuing its efforts to integrate disabled people, whether on permanent or temporary contracts or through the Cognac work assistance centres.

To train the talents of tomorrow and encourage generational diversity, Rémy Cointreau is committed to apprenticeships. On the French sites, young apprentices (at Bac Pro to Bac +5 level) learn a trade, with a view to rapidly developing the rigour, creativity and professionalism expected in the professional world. The Rémy Cointreau Group has therefore continued its proactive policy on work-study training, with the renewal of work-study contracts that have expired when necessary and the recruitment of new contracts for new professions. At the end of March 2021, the proportion of these contracts represented 4.16% of the workforce in France, up from the previous year.

In addition, each trainee is given an interview before departure to review his or her training within the Group and share the vision of his or her future direction.

Finally, with a view to developing the international skills of young talent, Rémy Cointreau offers international volunteer contracts (VIE) throughout the world.

The Group is monitoring the ratio of female to male managers, which for the 2020/2021 financial year is 45.7% at Group level, a slight increase on the previous year (45.5%). In addition, in France, we monitor the weighted difference in promotion rates between women and men per calendar year. In 2020, this was 0.52% in favour of women, which translates into a promotion rate (proportion of employees promoted in the sense of the socio-professional category) of 5.4% for women against 8.6% for men. This indicator is part of the calculation of the Gender Equality Index as defined by the decree relating to the application modalities and published in the *Journal Officiel* on 9 January 2019. In addition, the gender equality index will be published by the Group during the 2021/2022 financial year in compliance with the legal provisions.

The Group also ensures fair access to training for employees. Thus, during the 2020/2021 financial year, the ratio of women to men who have benefited from at least one training course is 45.0%, which is consistent with the distribution of women to men in the Group (44.8%) and with the ratio for the previous financial year (44.8%).

1.3.1.3 INTERNAL TRAINING AND SKILLS DEVELOPMENT

Challenge

The challenge for Rémy Cointreau is to be able to maintain the adequacy of the Company's qualification needs by maintaining and developing the skill level of its employees. The human resources policy must constantly anticipate the Group's needs and this is particularly the case in terms of training.

Policy

Rémy Cointreau is committed to promoting the development of skills, in particular through internal training, which is necessary for the transmission of the know-how that is essential for the development of our exceptional products.

Rémy Cointreau also supports the development of its employees by offering them the possibility of enriching their professional experience through professional and geographical mobility opportunities.

Action plans

Despite the health crisis linked to the Covid-19 pandemic, Rémy Cointreau has maintained its international tools to promote the development of its employees' skills. The performance evaluation process, succession plans, training and international mobility policies, each led by a dedicated resource at the head office, focus resolutely on the implementation of collective or individualised action plans aimed at supporting the professional projects of the men and women of the Group, encouraging the development of skills and promoting team performance.

Due to the Group's highly international activity, 59.3% of Rémy Cointreau's workforce is located outside France as of 31 March 2021. Rémy Cointreau believes that the Group's multicultural dimension represents a major asset in its international development. International mobility – both professional and geographical – contributes to the widespread dissemination of the Group's values within its organisation. To this end, Rémy Cointreau has formalised an international mobility policy which seeks, through the homogenisation and standardisation of practices (common global standards), to encourage international mobility to meet the Group's needs in terms of employees' career development or assignments abroad at the request of the employee.

The Group's commitment to diversity is also expressed in its desire to encourage the creation of teams comprising men and women of different ages, backgrounds and professional experience.

In particular, a process for identifying key positions, shared with the Executive Committee, ensures that the Group has the skills necessary for its development and/or guides human resources decisions to guarantee the organisation's long-term future.

Training is geared towards sharing experiences in all countries where the Group operates. Rémy Cointreau encourages its employees to take an active role in their mobility and professional development. In close collaboration with their Human Resources Department, managers actively participate in the skills development plan and in the management of their teams' career paths.

For the 2020/2021 financial year, the Group has implemented a monitoring indicator expressed as a percentage of employees who have benefited from at least one training session per year. This indicator for the scope covered (excluding Europe and Domaines des Hautes Glaces) stands at 69.2% of the population. The Group's ambition is to be able to extend this indicator to all production sites worldwide and commercial subsidiaries with more than 20 employees and to maintain this rate above 50%.

In addition, during the 2020/2021 financial year, the number of hours of training declared for the entire Group, excluding Europe and including France, was 19,975 hours, of which 9,191 were for women and 10,784 for men (GRI Standard 404-1 indicator). The objective is to be able to extend this indicator to the world production sites and commercial subsidiaries with more than 20 employees.

For example, at Rémy Martin's Cognac site, a specific training programme began in September 2020 to support the introduction of open space working for the head office staff, which may cause apprehension among employees at the Company's new headquarters. It was important to launch a training programme in advance to support this major change and reassure employees. As of 31 March 2021, 65 employees had participated in the three-day module. This training course, which provides keys to understanding behaviour, is essential for better communication and working in an open space environment where taking into account others and their needs is essential for building and maintaining a harmonious daily working relationship.

A good understanding of the Company's culture is a guarantee of performance. Rémy Cointreau takes care to support its new employees as they begin their duties by offering them, through integration programmes, the chance to discover the values and history of our companies and the managerial culture that is so specific to Rémy Cointreau. More specifically, in France, the mentoring system is an integral part of the integration programme. The objective is to give new employees the keys to facilitate their integration by quickly discovering the Company's culture. Each new employee joining Rémy Cointreau on a permanent contract is assigned a mentor. This person shares his or her experience in all aspects of life in the Company and is a privileged contact who helps the employee find his or her way around the Company on induction and during his or her first few months.

1.3.2 ENVIRONMENTAL RISKS

Environmental information covers the production sites in Cognac (France), Angers (France), Barbados and Islay (Scotland), the Paris administrative site, and the companies Domaines Rémy Martin (France), Domaine des Hautes Glaces (France) and Westland (USA). 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 the very foundation of 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

Promoting responsible and sustainable agriculture means striving to better “work the land” to give back to the land what it lends us. Rigorous selection and reduction of inputs, respect for the balance of biodiversity and ecosystems, all good practices whose benefits are forgotten.

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.

Particular attention is also paid to soil quality. This focus will be stepped up as part of the 2025 CSR plan, through the use of farming methods derived from regenerative agriculture, on our own land and on that of our suppliers.

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 and 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, and 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 embodies the Group’s efforts in environmental protection. Rémy Martin also has its own vineyards, grouped under Domaines Rémy Martin. The latter are now used as a fully-fledged 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 agricultural raw materials and the ambition that all the land used benefit from a responsible and sustainable agricultural standard or label (commitment 1 – act4nature international).

In 2017/2018, the first global *terroir* mapping was carried out with the creation of 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 St-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, around 13,750 hectares of farmland and vineyards are used by Rémy Cointreau in total. The percentage of land managed through sustainable and responsible agriculture is 64%, which confirms a steady increase over the past four years (36% in 2017/2018, 52% in 2018/2019, and 58% in 2019/2020). This year’s increase is mainly due to the actions carried out:

- on wine supplies for St-Rémy brandy. Nearly 30% are now sourced from vineyards committed to biodynamic, organic farming or HVE (High Environmental Value Farming) certification initiatives;
- on cereal supplies for Bruichladdich whiskey, 30% of which is sourced from responsible and sustainable agriculture, with SQC/AUKM (Scottish Quality Crop/Assured UK Malt) or Organic certification;
- on molasses supplies for Mount Gay rum, 22% of which was Bonsucro certified for the first time this year.

It is also worth noting the steady increase in responsible sourcing of oranges for the Cointreau brand, which rose from 47% in 2019/2020 to 55% this year.

The Group’s ambition is for all the farmland needed for its brands to be cultivated in accordance with a responsible and sustainable agricultural model by 2025 (2025 CSR plan).

In addition to the actions carried out in France by the Cognac site, backed by HVE certification and its implementation, the Group’s approach is being extended worldwide. The Angers site is rolling out a new and demanding standardisation with its orange suppliers based on the GLOBAL G.A.P. standards.

In Isère, Domaine des Hautes Glaces associates many regional farmers in its commitment to sustainable agriculture.

The same is true for the Islay site in Scotland, which relies on its regional farmers for high quality supplies. In September 2019, a three-day seminar (Creators' Conference) was organised on Islay to promote the special focus placed on soil quality through the use of farming methods derived from regenerative agriculture, on our own land and on that of our suppliers. It brought together all the Group's product creators around the theme of responsible and sustainable agriculture and the preservation of *terroirs*. External experts shared their knowledge with our employees on the specific qualitative attributes of the *terroirs* and the impacts of global warming on agricultural practices. The objective is to repeat the same type of seminar every two years, with a new edition scheduled for 2021/2022 (commitment 5 – act4nature international).

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.

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

Of the 284 hectares of vineyards owned by Domaines Rémy Martin, 26 hectares are set aside for wine-growing, agronomic and environmental experiments. Domaines Rémy Martin are thus a qualitative, environmental and experimental showcase, an open-air laboratory. The experiments carried out enable to test alternative solutions on a large scale and aim to provide winegrowers with solutions to improve their environmental practices. In connection with climate change adaptation and the development of new technologies, the studies mainly focus on improving grape quality, adjusting the strategy for plant protection products, managing fertilisation and protecting biodiversity.

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 have been tested, on the ground or in the air, for the purpose of plot mapping (on-board or aerial sensors on drones). These are used to assess the intensity of the vegetation and therefore the health of the vines within the same plot. Some 5,500 measurements are carried out over a single hectare. These are then used to optimise practices to reduce inputs. The aim of these tests is to scale back the use of plant protection products, depending on the results of the measurements.

An additional study covered decision-making tools. These tools are used to assess pest pressure on the vineyard (the main grape diseases) in conjunction with meteorological information, both on a local and regional scale. The aim of the study is to test the relevance and reliability of the information used to manage grape diseases.

Other studies are also being carried out on:

- using biocontrol products to combat vine diseases:

The Ecosystem Balance and Biocontrol project is a unique experiment in Charente.

In 2018, as part of the Ecophyto 2 plan, Domaines Rémy Martin set up a pioneering test bed in the region with the *Institut Français de la Vigne* (IFV). The study conducted enables to test crop systems that reduce the need for plant protection products by introducing biocontrol products without affecting the quality of the *eaux-de-vie*. The objective is to establish decision-making rules with the aim of reducing the treatment frequency index (TFI) by 75%. The aim is also to implement responsible practices regarding the use of vine fertilizers while preserving the quality of the harvests, yields and *eaux-de-vie* produced.

Qualitative and quantitative tests have been carried out on the *eaux-de-vie* over two very different years. The results indicate changes in vine performance, mainly due to climatic conditions.

The study will continue until 2023 in order to analyse how the vines respond in general to this new cultivation practice;

- 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. As well as limiting the effects of erosion and leaching, it also reduces fertiliser use and encourages soil biodiversity (commitment 3 – international act4nature);

- 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 INRAe (*Institut National de Recherche pour l'Agriculture, l'alimentation et l'environnement*) (the French institute for agricultural research). At the end of the selection phase, three different grape varieties were selected and planted in 2018. The suitability for cultivation and the qualitative aspects of these grape varieties are being studied.

This year, the grape varieties proved resistant to mildew and powdery mildew, which made it possible to reduce treatments against these two diseases. These first results point to very interesting prospects regarding reduced usage of plant protection products, by around 80 to 90% of fungicide treatments.

The first harvest was carried out this year. The wines obtained were distilled and the first *eaux-de-vie* showed a real qualitative potential that will be studied throughout their aging process.

This first harvest is a significant milestone in the evaluation process of these new hybrid grape varieties, which could be available from 2023 and incorporated into the Cognac specifications within a five to ten year time frame.

Since 2012, Domaines Rémy Martin, “integrated agriculture” certified since 2009, has obtained level 3 in AFNOR’s “high environmental value farming” (HVE) certification since 2012. The High Environmental Value is the highest level of environmental certification granted by the French Ministry of Agriculture and Food. It certifies agricultural holdings involved in eco-friendly approaches around four areas: biodiversity, strategy for plant protection products, fertilization and irrigation.

This year, Domaines Rémy Martin were certified under to the CEC (Cognac Environmental Certification) regional standard. This certification is based on the HVE standard, supplemented by regional requirements such as the obligation to combat *flavescence dorée* and to take part in local collective surveys to identify the spread of this disease, or the use of equipment that enables to reduce the use of treatment products, thanks to confined spraying and the use of recovery panels.

Domaines Rémy Martin are 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 to involve not only its internal partners in this, but to encourage all Alliance Fine Champagne (AFC) winemakers and distillers to obtain HVE certification.

This year, the AFC Technical Committee met three times and continued its work in the following areas:

- follow-up on developments in AFC environmental certification;
- monitoring and discussions on alternative solutions to herbicides;
- reduction of inputs (use of biocontrols, monitoring of resistant grape varieties);
- recording and mapping of vineyard operations;
- measuring and monitoring biodiversity in the vineyard.

In 2019, 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.

Over the last five years, all winegrowers followed the two-day AHVE level 1 training course, representing 100% of the cooperative’s vineyards.

This year, 37 winegrowers obtained HVE level 3 certification, the highest level of engagement with this certification. There are now 253 certified winegrowers, equivalent to 54% of the cooperative’s vineyards. The objective is to reach 100% by 2028 (commitment 1 – act4nature international).

With the achievement of these HVE objectives, the AFC also meets those of the BNIC (national body for the Cognac industry) which is involved in a Cognac environmental certification process, based on HVE level 3 certification.

Largely as a result of the AFC certification project, the Charente region is one of the regions most closely involved in the HVE certification process: these 253 certified winemakers represent 86% of the total with HVE level 3 certification in Charente.

For the past two years, Rémy Martin has held an annual *Centaure de l’Environnement* award ceremony in recognition of HVE-certified winegrowers. The award was presented this year to 35 winegrowers in recognition of their efforts and commitment to environmental excellence in 2020.

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.

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 remysphere.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.

The “House of Rémy Martin Quality Guide” is also closely linked to the AFC. Reviewed by the cooperative’s “Environment & Quality” Committee, this collective work contains practical advice on HVE environmental certification, food safety and the quality of wines and *eaux-de-vie*. The first part of this document describes Rémy Cointreau’s CSR policy.

Taking a forward-looking approach, a meeting was also held in 2019 between AFC winegrowers and two experts on the topical subject of precision viticulture. Technological and digital advances in agriculture and possible applications in viticulture were discussed at the meeting. These discussion forums are popular among our winegrower partners, since they enable them to voice their concerns, questions and expectations in the face of future winegrowing challenges. This year, due to health restrictions, the organisation of such discussions was suspended but will resume in the coming months.

The AFC is also involved in testing decision-making tools (DST). These tools are used to assess pest pressure on the vineyard in conjunction with local and regional meteorological information. An AFC network was set up with the help of ten winegrowers who are testing an application available on smartphones and based on the IFV (*Institut Français de la Vigne*) Optidose model. This application enables to make informed decision regarding the application of mildew and powdery mildew treatments, based on weather information updated in real time on smartphones.

In light of the interest shown in new wine-growing practices, the AFC technical commission promoted among winegrowers the call for volunteers launched in France by the *Observatoire National de la Biodiversité* (National biodiversity watchdog). The objectives are as follows:

- obtain data on the local useful biodiversity;
- gain more in-depth knowledge on ties between biodiversity and agricultural practices;
- educate and train stakeholders of the agricultural world in biodiversity;
- implementation by farmers of observation protocols (collective watchdog).

Today, more than 600 plots in France are monitored using four protocols: butterflies, terrestrial invertebrates, pollinators and earthworms.

In 2021, in order to obtain data on biodiversity in the vineyard, 12 AFC winegrowers joined the national network by carrying out counts of invertebrates, butterflies and wild bees. The changes will be monitored year after year, which will promote the implementation of practices that foster biodiversity in the vineyards.

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.

In 2018/2019, PHD acquired 15 hectares of land to develop programmes to study sustainable farming practices.

In late 2019, a Croft Summit, which included representatives from Domaine des Hautes Glaces and Westland, was held on Islay 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 connection with this seminar, a development plan was established this year for the implementation of sustainable and regenerative agriculture on our agricultural plots. The first actions should have been implemented, yet the health crisis linked to the Covid-19 pandemic did not allow for their completion. Accordingly, they were postponed to the 2021/2022 financial year. Rye cultivation tests will be carried out on the island in order to have an alternative to intensive barley cultivation.

This underscores PHD's commitment to be as close as possible to its agricultural partners and to be a real player in the sustainable development of the *terroir* on Islay. This ambition is clearly reflected by the strong increase from 5% in 2019/2020 to 30% in the percentage of farmland cultivated according to a responsible agriculture model by our cereal suppliers.

For the past two years, the Bruichladdich distillery has been certified in accordance with EU legislation on organic production and labelling of organic products (European Council regulations (EC) No. 834/2007 and No. 889/2008).

The Bruichladdich distillery is also "B Corporation" (B-Corp) certified since May 2020. This certification confirms the relevance of the mission that Bruichladdich set itself in 2011 to act transparently, sustainably and in the community interest.

This outstanding achievement is in recognition of Bruichladdich's social and environmental performance. As a result, the distillery joins an international club of more than 3,000 companies that have adopted a rigorous approach to their decision-making, looking beyond profitability to factor in human and environmental considerations.

Developing career opportunities for 98 employees, optimising employee benefits and training programmes, and using local suppliers wherever possible, are just some of the actions taken by Bruichladdich as a community-focused business.

Cointreau: measuring the use of sustainable agriculture in orange production

In 2018, Cointreau launched its "Orange & *Terroir*" project, based on four main 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.

The commitment of orange suppliers to responsible and sustainable agriculture is therefore crucial.

To evaluate this commitment in practical terms, Cointreau has published its own internal "Sustainable Agriculture" standards based on the French HVE standards. It has also adopted the international GLOBALG.A.P. standards, and specifically the Fruit and Vegetables Certification.

Following the initial audit in 2019, further audits were carried out this year. The results show a real willingness among our suppliers to implement a sustainable agriculture model.

This is evidenced by the rapid increase over the two past years in the percentage of farmland cultivated according to a responsible agriculture model by our orange suppliers. It increased from 47% in 2019/2020 to 55% this year.

The target set by the 2025 CSR plan is that eventually, all oranges used to make Cointreau liqueur will be grown sustainably.

St-Rémy: supplier awareness of sustainable agriculture

In 2018/2019, to raise supplier awareness of Rémy Cointreau's "Sustainable Agriculture" project, an information meeting was held 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;
- agricultural practices implemented;
- carbon emissions associated with *eaux-de-vie* production.

Following this meeting, a questionnaire was sent out in 2019/2020 to the main wine cooperatives to gather environmental information on their winemaking practices. The first answers received this year show that 26% of *eaux-de-vie* for the St-Rémy brand come from responsible and sustainable agriculture plots, based on standards such as HVE, Agriculture Bio, Agriconfiance and Terra Vitis.

This first step enables to build a concrete action plan to meet the target under the 2025 CSR plan (all agricultural supplies to be sourced from responsible and sustainable agriculture).

A newsletter is also published for our employees. Covering the latest developments, it is sent out each month with information on CSR issues relating to sustainable agriculture and viticulture in France and Europe.

Protecting natural resources in Barbados

The sustainable agricultural management is central to Rémy Cointreau's activities in Barbados. In March 2021, the Mount Gay Distillery joined the global Bonsucro non-profit organisation, which promotes the sustainable production, processing and marketing of sugar cane, in the "End-User – C category".

In the medium term, the distillery plans to obtain certification from the same organisation. In addition to promoting responsible and sustainable agriculture, Bonsucro certification requires companies to implement more responsible practices in respect of social and economic matters and the environment, such as reducing energy or water consumption, reducing waste and creating a safer working environment.

In 2018, the Group acquired 134 hectares of sugar cane production land in Barbados. It is continuing to test new organic farming and permaculture methods there with the advice of global specialists in soil cultivation. Each plot is identified in order to monitor the test results of the different production methods (organic cultivation, crop rotation and permaculture). The aim is to convert the entire plantation to organic farming within five years.

A first landmark was reached this year with nearly 9% of the land now under organic sugar cane production, which prohibits the use of chemical herbicides, pesticides and fertilisers. New practices have been introduced for weed-control (manual uprooting by the staff or mechanically using tractors and specific tools), or to improve soil fertility by spreading vinasse (residual material after distillation) as a source of potassium.

Other soil conservation practices have been implemented, such as:

- crop rotation: to restore soil nutrients and break the life-cycle of parasites, sugar cane plantations are cultivated under a rotation system with root or tuber plants or cover crops such as legumes, which are particularly beneficial to restore nitrogen to the soil;
- contour hedges: this year the Barbados site set up a programme to multiply Khus grass, which is traditionally grown around field edges to prevent soil erosion. Khus grass is also a very useful carbon sink, as it is a fast-growing perennial variety of grass with an extensive root system. 3,100 new plants were planted in total.

A quarterly newsletter entitled "Back to Roots" is also distributed to the site's employees of the site so that they can become ambassadors of sustainable agricultural practices in their daily lives.

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 local and organic whisky offering brings a new vision for regional development and sustainable opportunities from converting farms to organic agriculture. Domaine des Hautes Glaces thus captures the essence of the local area, soil and climate.

For several years, the Domaine has also been involved in regenerative agriculture practices to enhance the soil from which it sources its raw materials (cereals).

Domaine des Hautes Glaces continues to play an active role in the 2025 CSR project "Responsible and Sustainable Agriculture" by maintaining a rate of 100% organically grown supplies (commitment 5 – act4nature international).

The Group is exploring and reviving centuries-old local expertise, far removed from standards and stereotypes. This includes the still, made by a local boilermaker and heated by a wood pellet burner.

For the past two years, the Domaine des Hautes Glaces distillery has been certified in accordance with EU legislation on organic production and labelling of organic products (European Council regulations (EC) No. 834/2007 and 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.

In line with the 2025 CSR plan, Westland is committed to sustainable and responsible agriculture. As such, 32 hectares of farmland were acquired in Skagit Valley. The site is not only used by the brand to grow barley, but also as an experimental land to test new barley varieties grown under sustainable agriculture conditions.

The agricultural holding is already certified “Salmon Safe”, an agricultural certification used in the Pacific Northwest to ensure that farming practices do not have a negative impact on salmon, one of the region’s top priority animal species in terms of environmental conservation. The Salmon Safe program enables agricultural holdings to be recognised for their efforts in using long-term soil conservation techniques, reducing the use of plant protection products, and optimising their water consumption, protecting and restoring river-bank and watercourse habitats.

In the coming months, the Westland agricultural property also aims to be recognised as compliant with organic farming rules.

The holding has an even greater role in its interaction with the local farming community. New barley varieties, developed thanks to the partnership with WSU Breadlab (Washington State University) will be tested on a large scale. The results will be shared with local farmers. Other types of cereals will also be studied in order to determine which ones are best suited to the criteria for organic production certification.

All of these actions are supported by several research partnerships with local universities. This year, a new partnership was set up to research old endemic varieties of barley.

Westland also signed up to the 2025 CSR project “Responsible and Sustainable Agriculture” by increasing the number of suppliers of sustainably grown barley. The percentage of farmland cultivated according to a responsible agriculture model for barley supplies continued to increase, with 27% in 2019/2020 compared to 28% this year.

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 that the Group takes action to protect this biodiversity according to the *terroirs* and natural resources used.

From Charente to the Pacific North West, Rémy Cointreau accordingly 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.

In line with this commitment, Rémy Cointreau continues to support the act4nature initiative. 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.

Action plans

Cognac site

Because forest cover helps protect biodiversity by safeguarding natural habitats, Rémy Martin has been involved for 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 I^{er} 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 *Renaissance*, 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, particular emphasis will be placed on the development and climate change adaption of pedunculate oak, featured in the production of Rémy Martin cognacs (commitment 2 – act4nature international).

Contact is also being made with the ONF and CNPF (the body responsible for sustainable forest management in France) to identify possible partnerships for low-carbon reforestation projects.

This year, Rémy Martin continued its partnership with the non-profit organisation *Un toit pour les abeilles* and a beekeeper producing organic honey. Ten hives are set up in Charente, in the middle of the Bel-Air forest. This offers a protected environment away from sources of pollution.

The honey is certified as organically produced and carries the *Bio Sud-Ouest France* label. As in previous years, it was distributed to all employees in France. Each pot of honey is accompanied by an educational leaflet on the importance of bee protection.

In 2010, a major environmental project was launched at Domaines Rémy Martin to conserve biodiversity. In partnership with the *Protection des Oiseaux* (French bird conservation league, LPO), an afforestation project was carried out on a plot on the banks of the Charente, while allowing the traditional local fauna and flora to once again occupy the natural environment.

Flora and fauna surveys were conducted in 2017 by the LPO and are renewed every three years. They currently show 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.

A forest assessment was carried out on the plot in 2019. The results were extremely satisfactory and indicated that afforestation is steadily increasing. This proves that biodiversity conservation as an environmental objective does not adversely affect the growth of planted trees. The plot therefore meets the two commitments of effective biosequestration of atmospheric carbon and conservation of local flora and fauna.

The biodiversity of the plot will be monitored in 2021, as set out in the initial three-year plan.

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.

In association with the ONF, Domaines Rémy Martin invested in a new initiative at the end of 2019 for local biodiversity conservation. The reforestation of a 0.6 hectare agricultural plot was carried out at Domaine du Grollet, near St-Même-les-Carières in Charente. Nearly 850 pedunculate oak trees were planted on the plot.

This year, Domaines Rémy Martin responded to the call for volunteers launched in France by the *Observatoire National de la Biodiversité* (National biodiversity watchdog). Today, more than 600 plots in France are monitored using four protocols: butterflies, terrestrial invertebrates, pollinators and earthworms. Plot counts were carried out on five sites to monitor earthworms and butterflies. In addition to these measures, bee nesting boxes were installed in order to monitor wild bee populations on a monthly basis.

Islay site

Bruichladdich is continuing its work on local biodiversity conservation through several projects and initiatives within the community of Islay, but also with other international partners.

The Company is particularly involved in raising awareness and training young people on local biodiversity. Partial funding for a PHD student from the UKCEH (Centre for Ecology & Hydrology) will begin in May 2021 and will focus on the preservation of native juniper, a currently threatened species.

Since its creation in 2015, The Botanist Foundation has been carrying out environmental projects together with the island's inhabitants. The aim is to improve understanding and conservation of the island's botanical diversity. Actions continue to be carried out to protect the 22 essential plant species for the production of The Botanist gin, by integrating the ecosystems necessary for them to grow properly. It should be noted that since the creation of The Botanist gin, it has been decided not to use any rare or uncommon plant. The 22 plants used are relatively common, can be easily found on the island and a real attention is paid to the way they are picked.

In partnership with the RSPB (Royal Society for the Protection of Birds), in-depth botanical studies were financed on two sites in Islay, for the conservation of grassland habitats.

Scholarships were also awarded to three young people from the region to help them pursue studies in connection with the Foundation's objectives.

Initiatives to protect pollinating insects and wild flowers continued on Islay. Based on the research and surveys carried out in previous years, wild flowers appreciated by pollinators were planted, and partnerships with local authorities were established to achieve better management of road shoulders.

Particular attention continues to be paid to monitoring the growth of the 7,500 trees planted (alder, aspen, birch, hazel, juniper, oak, maple, willow and elm) in 2017 and 2018 on a Bruichladdich property. The trees are growing well, despite difficult weather conditions.

All these actions reflect and demonstrate the concrete environmental commitments of Bruichladdich and fully contribute local biodiversity conservation on Islay. In addition to this local focus, The Botanist Foundation has partnered this year with Botanic Gardens Conservation International (BGCI), an independent UK charity working to create a global database of the world's botanic gardens for plant diversity conservation. The Foundation's objective is to raise public awareness of the importance of protecting plant diversity.

Westland

Various efforts are being made by Westland to conserve local biodiversity, in particular through the protection of two keystone species, salmon and Garry oak (*Quercus garryana*), which are central to the region's ecosystem and play a key role in the survival and conservation of more than 130 other local plant and animal species.

As such, Westland supports the "Salmon Safe" label to protect salmon habitat and the local biodiversity that depends on the species.

The preservation of Garry Oak is another major project for Westland. For the past two years, a partnership has been established with Forterra, a local non-profit which works to protect and enhance local ecosystems. Westland has planted 600 oak trees on a four-hectare plot in the Schibig Lakeview nature reserve near the distillery. Currently, 250 trees have reached a satisfactory maturity stage. Westland employees volunteer to maintain and monitor the plots to ensure a high survival rate among the young oak trees. The aim is to achieve a survival rate of at least 40% for oak trees (commitment 2 – act4nature international).

Actions are also carried out to reintroduce the "Western Bluebird" (*Sialia Mexicana*), which usually inhabits this type of forest and has practically disappeared from the region.

Cointreau

The supply of oranges is a major challenge for Cointreau. It is essential for to ensure that the natural biodiversity of this citrus fruit is preserved.

Cointreau worked with the San-Giuliano research site in Corsica, which houses a unique collection of 800 varieties of citrus fruit.

Cointreau helps to cultivate 1,200 species of lemons so that their properties could be studied to improve production.

An ambitious research project was also set up in Corsica on the genetics and aromatic diversity of oranges and bitter oranges. The link with the *terroir* will also be studied and the results of these studies are expected in 2022.

Mount Gay

This year, although the health crisis linked to the Covid-19 pandemic slowed the progress made on biodiversity-related initiatives, the Mount Gay distillery continues to invest in the conservation of its *terroir* and Barbados.

The national "We Plantin" reforestation programme, aimed at planting one million trees across Barbados was severely hampered by health restrictions imposed by the local government. However, Mount Gay was able to continue its tree planting initiative on its land.

More than a thousand trees and plant species have been planted: fruit trees (Coconuts, banana trees), ornamental plants (Bougainvillea) and legumes.

This year was marked by the creation of a food forest near the Mount Gay property. This type of forest is similar to a food production system based on sustainable plants that require little maintenance, with the integration of shrubs that produce food in a sustainable manner (agroforestry).

The bee garden near the distillery is doing very well. A mini arboretum made up of around 60 palm trees, ornamental plants and fruit trees was created this year and seven new beehives were installed.

Particular attention is also paid to landscape conservation. This year, two natural depression areas were replanted with coconut palms and around thirty new trees (mahogany).

The sugar cane nursery, established to develop the different varieties of sugar cane that can be planted on Barbados, currently houses 12 varieties of sugar cane from across the island. The aim for the nursery is to have a source of plants that are naturally resistant sugar cane pests and diseases. It is also aimed at the conservation of old varieties of sugar cane that are no longer present on the island.

1.3.2.3 CLIMATE CHANGE

Challenge

Mindful of the impact of its operations and in line with the Paris Agreement, Rémy Cointreau has an obligation to contribute to the global effort to reduce global warming to 2 °C. 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 whisky 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 as part of the 2020 CSR plan. The main challenges of this plan were 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 2025 CSR plan continues to address these major challenges, but this time with quantified targets for 2025 and 2030.

Aside from these targets, Rémy Cointreau has joined the international movement to tackle climate change. Its aim is for its business to be carbon-neutral by 2050, based on the “Net Zero Initiative” method. The Group is therefore keen to play its part in France’s National Low Carbon Strategy and Climate Plan, with a view to achieving carbon neutrality by 2050. On that basis, the Group reiterated its commitment to the “French Business Climate Pledge” in 2019 for the 2020/2023 period.

The plan is based on Rémy Cointreau’s practice of measuring its carbon emissions according to the *Bilan Carbone*[®] standard since 2006. For the past three years, 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, scopes 1, 2 and 3 of the carbon footprint assessment were updated again to refine and elaborate on the data obtained the previous year. The scope covers the whole of Rémy Cointreau’s production at the Cognac, Angers, Barbados, Islay, Westland and Domaine des Hautes Glaces sites (GRI Standards 305-1, 305-2 and 305-3).

The upstream and downstream impacts of transport are also monitored worldwide. A tool for measuring the impacts of the “downstream” distribution of products was introduced in 2019. This ensures that all carbon emissions associated with this activity are measured reliably.

Actions have been taken for several years to successfully reduce CO₂ emissions. These cover winemaking practices, energy efficiency, the increasingly systematic use of videoconferencing, the introduction of electric vehicles at the Group’s sites, the eco-design of packaging and the optimisation of product transportation.

In 2019, a plan to reduce the Group’s GHG emissions and carbon footprint was developed using the Science Based Target (SBT) method. This method was used to set the target for the reduction in the Group’s carbon emissions across all its businesses (scopes 1, 2 and 3).

This plan reflects Rémy Cointreau’s commitment to developing a strategy in which carbon neutrality and the fight against global warming are key.

The following carbon emission reduction targets were set as follows, based on the 2018/2019 carbon footprint assessment (commitment 4 – act4nature international):

	2025 targets	2030 targets
CO ₂ emissions reduction rate – Scopes 1 & 2, in absolute terms, in %	25	50
CO ₂ emissions reduction rate – Scope 3, in intensity, in %	28	50

This year, three working groups were set up to reflect the SBTs through the implementation of concrete actions by 2030.

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

Climate change adaptation

Climate change could have a dramatic impact on the production and quality of the agricultural raw materials used by Rémy Cointreau, due to the increase in sunshine and the frequency of adverse weather events such as frost.

Our teams are therefore committed to medium- and long-term actions to ensure the quality and sustainability of the Group’s supplies.

COGNAC SITE

The impacts of global warming could lead to an increase in pressure from fungal diseases that affect vines, such as mildew or powdery mildew. This could then have an impact on the quality of the wines and *eaux-de-vie*.

In Cognac, Domaines Rémy Martin are involved in three major studies:

- study of a new grape variety (selection of an old grape variety).
 - The study focuses on the physiological and qualitative attributes of an old grape variety in order to assess its adaptability to climate change.
 - They are carried out in partnership with the CVC (*Conservatoire du Vignoble Charentais*).
 - An 8,000m² site was planted for the study, which covers the period from 2018 to 2028 (harvesting of grapes, monitoring and distillation of the wines obtained).
 - This year, the first results obtained show a good yield, with wines that produced very high quality *eaux-de-vie* after the distillation process. However this needs to be confirmed in the coming years;

— grape varieties resistant to mildew and powdery mildew.

The aim is to find definitive answers to the questions of productivity, quality of *eaux-de-vie*, climate change adaptation, reduction of plant protection inputs and environmental best practice.

Since 2003, grape varieties resistant to the main vine diseases and suitable for Cognac production have been created by crossing a resistant grape variety with Ugni Blanc, currently the main grape variety in the Cognac region.

Eight hundred seeds were obtained, from which three resistant varieties were selected and planted in small plots on the estate. The study is taking place from 2018 to 2028 in association with the BNIC research site and INRAe (the French National Research Institute for Agriculture, Food and the Environment).

The aim is to have plant material available in the short, medium and long term that is suited to the challenges faced by the sector, including global warming, and to assess its ability to produce quality *eaux-de-vie*.

This year, the grape varieties showed good resistance to mildew and powdery mildew. The use of treatment products could be reduced by 80 to 90%.

This is a real breakthrough in the selection of grape varieties adapted to future climate conditions;

— grape acidity and wine preservation potential.

Global warming could also have an impact on wine preservation potential. It is essential therefore to maintain the acidity content of the grapes.

A study has been launched in association with the Bordeaux Institute of Vine & Wine Science (*Institut des Sciences de la Vigne et du Vin de Bordeaux – ISVV*) on how to manage the vines to boost grape acidity. Two plots of vines have been monitored on the estate since 2017 and different wine-growing practices will be studied until 2022 (leaf removal, pruning).

The measurements carried out will cover the impact on the Leaf Area Index (LAI) and the resulting change in acidity of the must, wine and distillate obtained from the first distillation (*brouillis*) and the quality of the *eaux-de-vie* produced.

ISLAY SITE

In 2018/2019, Bruichladdich acquired 15 hectares of land in order to develop programmes to study sustainable farming practices linked to climate change forecasts.

In late 2019, a Croft Summit, which included representatives from Domaine des Hautes Glaces and Westland, was held on Islay to examine different ways of cultivating the new plots. The event was attended by soil and crop experts, specialists, organic farmers and

researchers from all over the world. A major project was devised to plant several varieties of barley on test plots to find the most suitable varieties for the island's *terroir*, by factoring in climate change projections. The aim is to adapt local agricultural practices to preserve the *terroir*. Ultimately, other farmers on the island will also benefit from it.

The first actions should have been implemented, yet the health crisis linked to the Covid-19 pandemic did not allow for their completion. Accordingly, they were postponed to the 2021/2022 financial year.

WESTLAND SITE

Every year, climate change causes unstable meteorological conditions. In response to this, Westland launched a four-year partnership with Washington State University in 2019 to select barley by encouraging wider genetic diversity.

This year, Westland continued its partnership by funding a PHD student in an agricultural research centre of the university. After working on the selection of new breeds in the greenhouse, the first test plots will be planted in 2021. Most of the research and planting will take place at the new agricultural production site acquired by Westland in the Skagit Valley.

Research focuses on the genetic diversity of barley. One of the objectives is to design new farming methods based on low-impact environmental systems that are better positioned to take on climate change. The research base is certified organic and also focuses on regenerative agricultural systems that are safe for local ecosystems. The varieties selected will also be able to adapt more easily to extreme climate conditions such as storms, drought or increased disease pressure.

MOUNT GAY SITE

Barbados generally has two seasons, one of which records significantly more rainfall, known as the "wet season", and a season known as the "dry season". Accordingly, Mount Gay has implemented practices to mitigate these climate effects and preserve the sustainability of the local *terroir*.

The actions implemented included *inter alia*:

- selecting more drought-tolerant crops;
- modifying planting schedules in line with changes in rainfall patterns;
- selecting more drought-tolerant sugarcane crops;
- using river tamarind as a natural windbreak to protect crops from strong winds;
- managing the plantation's draining basins to prevent flooding and protect natural habitats.

Mount Gay also has a nursery with a pool of planting equipment, essential for anticipating risks related to climate change such as pests, diseases and flooding. Mount Gay’s collection is made up of 12 varieties of sugar cane which enable us to study their response capacity to future climate hazards.

The expected results of ongoing studies will enable local sugar cane cultivation to continue under more severe drought conditions, which is essential to ensuring the sustainability of the *terroir* of Barbados.

Information on the main sources of greenhouse gas emissions

CO₂ emissions for scopes 1, 2 and 3 totalled 121,189 Teq CO₂. This breaks down as follows (GRI Standards 305-1, 305-2 and 305-3):

- Cognac site: 57,693 Teq CO₂;
- Angers site: 32,844 Teq CO₂;
- Barbados site: 12,357 Teq CO₂;
- Islay site: 13,917 Teq CO₂;
- Domaine des Hautes Glaces site: 465 Teq CO₂;
- Westland site: 2,892 Teq CO₂;
- Domaines Rémy Martin site: 1,020 Teq CO₂.

For the past two years, the carbon emissions associated with promotional items have been included in the carbon footprint assessment (scope 3).

These are negligible and account for less than 0.5% of the Group’s total emissions.

Compared to the previous year, the decrease in total CO₂ emissions (-32.8%), is mainly due to scope 3 (-34%), for two reasons. The first is due to a correction in the method used to calculate the data for upstream freight included in Scope 3 of the Barbados site (impact of around -6%). The second and main reason is associated with the integration of suppliers’ actual emissions factors (mostly glassmakers and transport companies) and directly resulted in a 26% or so decrease in the Group’s total emissions. This result reflects the value of the joint work carried out throughout the year with our suppliers, in order to use their emission factors in our carbon footprint assessments.

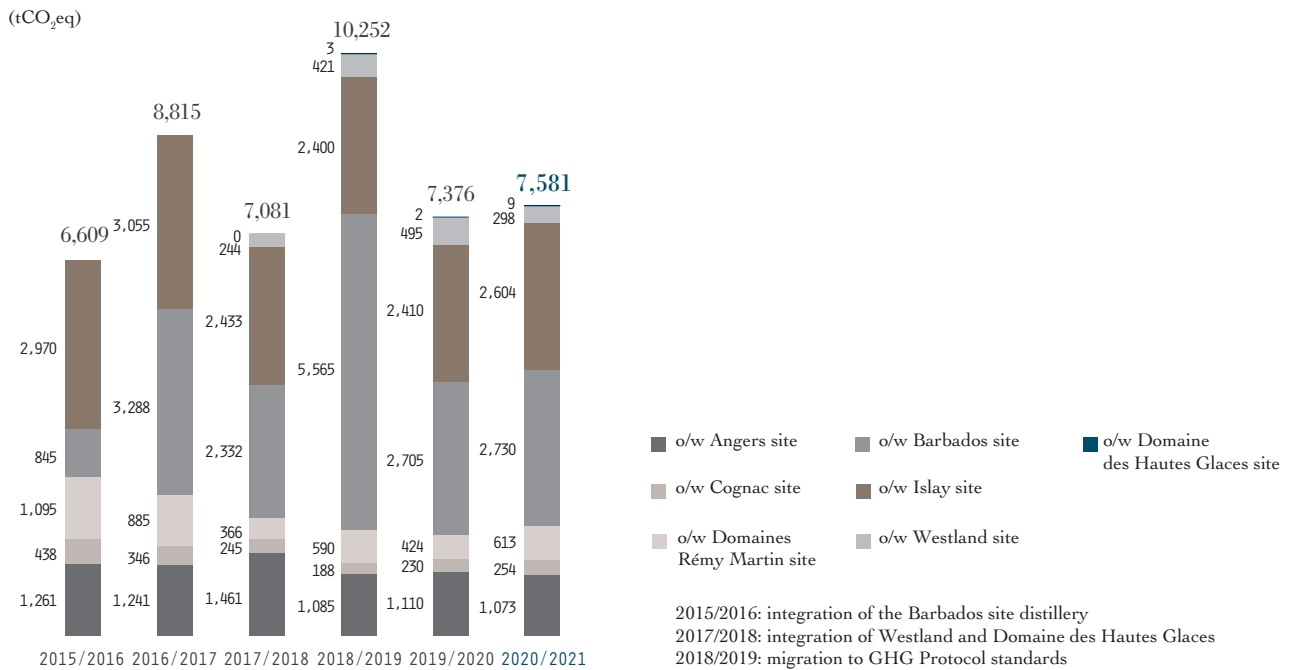
The main sources of greenhouse gas emissions for Rémy Cointreau (Scope 3) are as follows:

- product packaging: 42,866 Teq CO₂ (35.4% of total emissions);
- agricultural raw materials: 22,466 Teq CO₂ (18.5% of total emissions);
- downstream product transportation: 18,493 Teq CO₂ (15.3% of total emissions).

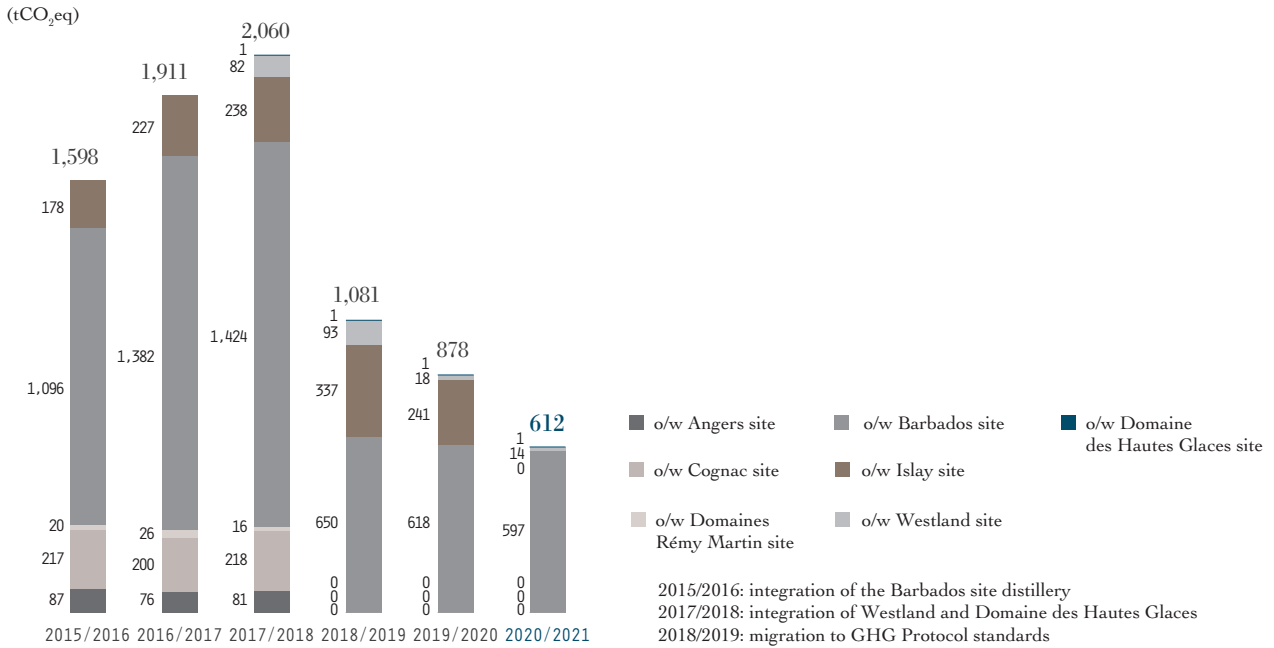
Compared to the previous year, the type significant emission items remained the same.

CO₂ emissions under scopes 1 and 2 remained stable at 8,194 Teq CO₂ (scope 1: 7,581 Teq CO₂/scope 2: 612 Teq CO₂ – GRI Standards 305-1 and 305-2). Scope 1 was slightly up (+3%), but this increase was fully offset by the decline in scope 2 (-30%) due to the use of renewable energy for the first time this year covering the total electricity consumption of the Islay site.

GHG emissions/scope 1 (GRI Standard 305-1)

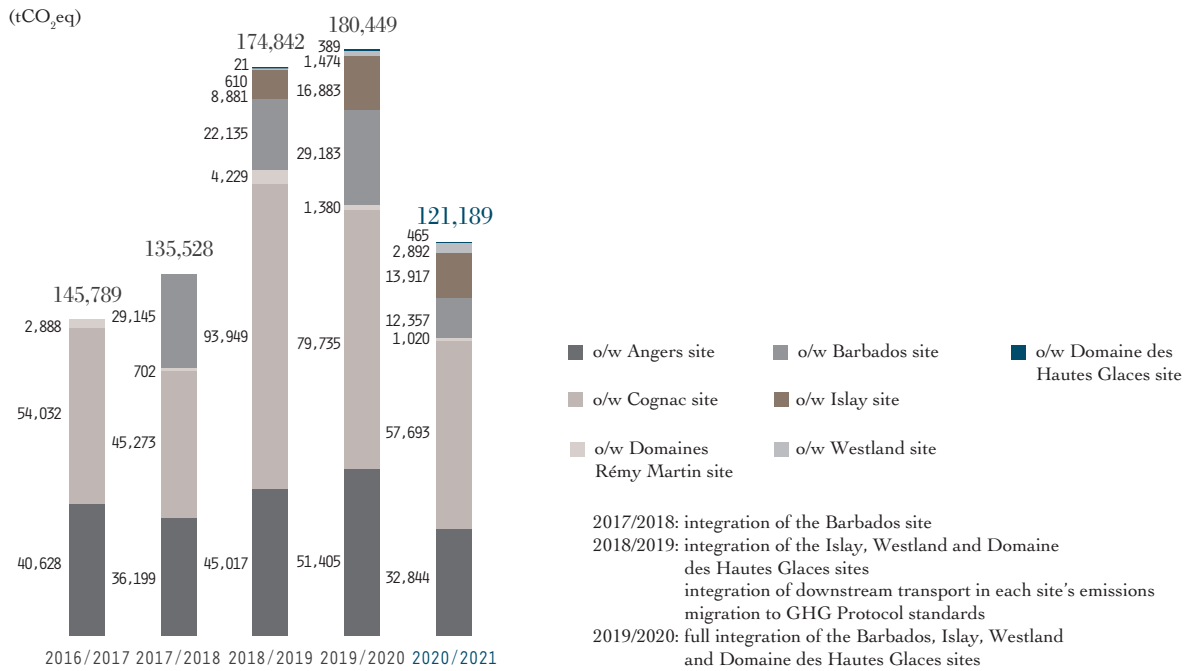


GHG emissions/scope 2 (GRI Standard 305-2)



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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 has joined the international movement to tackle climate change. Its aim is for its business to be carbon-neutral by 2050, based on the “Net Zero Initiative” method. The Group is therefore keen to play its part in France’s National Low Carbon Strategy and Climate Plan, with a view to achieving carbon neutrality by 2050.

As such, Rémy Cointreau will continue to be a member of the French Business Climate Pledge for the period 2020/2023. The Group is thus one of French companies that have confirmed their commitment to the use of renewable energy, energy efficiency and the deployment of low-carbon technologies, with the aim of mitigating the effects of climate change by lowering greenhouse gas emissions.

It should also be noted that this year, in connection with the implementation of its strategy, the Group obtained for the first time an “A-” rating from the CDP (Carbon Disclosure Project), which gives it “Leadership” status. This demonstrates the Group’s concrete commitments and initiatives to reduce its carbon footprint.

This year, three working groups were set up to reflect the SBTs through the implementation of concrete actions by 2030. Nearly 40 Rémy Cointreau employees, from all Group production sites combined, took part in this internal review with a genuine desire to innovate. The actions identified cover the Group’s three major sources of carbon emissions: agricultural supplies, product packaging and global product transportation. These include:

- agricultural supplies:
 - agricultural practices aimed at biodiversity conservation and carbon sequestration,
 - implementation of regenerative agriculture practices,
 - promotion of local procurement,
 - “sustainable agriculture” certification for all agricultural supplies,
 - 100% renewable energy in the Group’s distilleries and encourage our distiller partners to do the same;
- eco-design of products:
 - 100% renewable electricity for all administrative and operational Group sites,
 - packaging: weight reduction, use of recycled materials and elimination of boxes,

- changes in consumption patterns with, for example, bottle “deposit-return” or “refilling” systems;

– product transportation:

- promotion of electrical trucks for local transportation,
- priority given to rail freight for regional transportation,
- optimisation of container loading,
- optimisation of “last mile” delivery with “zero carbon” vehicles.

The quantified model including all the initiatives selected is currently under way and will be approved in the form of a “carbon roadmap” in the first months of the 2021/2022 financial year. This will make it possible to concretely meet the SBTs of our plan to reduce carbon emissions.

A second phase of work is underway to prepare the response to our carbon neutrality objective in 2050. After having used all reduction options, the Group is aware that its operations will always be the source of residual carbon emissions. Accordingly, action must be taken by using voluntary offset programmes. The Group’s intends to give the first priority to initiatives which have an impact our value chain (carbon insetting) and to supplement these by offsetting at a larger scope (carbon offsetting). Some of our employees have already attended an initial training course on carbon neutrality in order to better identify the future measures to be implemented to achieve our “Net Zero Carbon” target.

As of now, to support its carbon transition plan the Group introduced an internal carbon tax system this year for each brand. This tax will enable to finance innovative initiatives to reduce carbon emissions, resulting from the many projects submitted by each brand. Some have already been approved and will benefit from this financing method in 2021 for initiatives aimed at, in particular, reducing scopes 1 and 2 of the Group’s carbon footprint assessment.

The Group’s low-carbon strategy involves paying attention to the carbon emission factors used for the Group’s carbon assessments.

First, the Group became a member of Ecoinvent, an international NGO specialising in data collection which provides a global and recognised data base for carbon emission factors. A licence has been acquired and some employees were trained on this data base in order to better understand the emission factors selected, based on the types of materials used to make our packaging for example.

In a second stage, joint work was carried out throughout the year with our suppliers, in order to use their emission factors in our carbon assessments, to be as close as possible to reality. This enables to rapidly factor in the initiatives they have implemented in terms of carbon emission reduction.

Other types of discussions also take place with our suppliers, for example concerning the upstream transportation of our production supplies. In addition to transportation methods, it is important to optimise the packaging of purchased items for example. This year, in association with the supplier concerned, tests were conducted on the palletisation of bottle cap cartons. The changes made enabled to increase the quantity of capsules per box, the number of boxes per pallet and remove filler insert sheets. The results obtained proved satisfactory and point towards a significant reduction in carbon emissions by reducing the number of deliveries and therefore the number of kilometres travelled by trucks. Accordingly, this new palletisation method was validated and is now used for all deliveries of these capsules. A first carbon emissions reduction assessment will be carried out in 2022.

In parallel to this work, Rémy Cointreau continued its efforts to reduce emissions from business travel. This year, it achieved 424 Teq CO₂ in avoided emissions (GRI Standard 305-5). This reduction is mainly due to business travel restrictions imposed by the Covid-19 pandemic.

From 2017, the implementation of the CO₂ 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. The percentage of “clean” vehicles (electric or hybrid vehicles or those with CO₂ emissions of less than 100g/km) continued to increase this year to 74%, compared with 71% in 2019/2020, 64% in 2018/2019, 41% in 2017/2018 and 22% in 2016/2017.

Currently, average emissions for the Group’s entire French vehicle fleet are 77 gCO₂/km. These are therefore continuing to fall: they totalled 84 gCO₂/km in 2019/2020, 85 gCO₂/km in 2018/2019, 92 gCO₂/km in 2017/2018 and 124 gCO₂/km in 2016/2017, *i.e.* a fall of 38% in four years.

In 2019/2020, 18 vehicles were acquired, including 10 petrol hybrid vehicles and 4 electric vehicles, replacing 11 vehicles (including seven diesel vehicles). The average emissions level for new vehicles is 77 gCO₂/km, compared with 96 previously for the vehicles replaced, representing a 20% drop in emissions.

Following the creation in 2019/2020 of an IT Green Week, actions continued to be carried out this year with our employees, to further educate them on how to reduce the carbon footprint associated with their IT activities, by deleting unnecessary emails, documents and files that do not need to be archived and compressing excessively large images and files. The aim is to maintain the good results obtained in 2019, with a reduction of nearly 50% in email storage.

As part of its effort to cut carbon emissions, the Group is also switching 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. New suppliers were contacted to inform them and raise awareness of the new document exchange procedures.

To reduce energy consumption and the building’s carbon footprint, special focus has been placed on the construction of a new office building which will house employees from the Cognac site in 2021.

Product transportation

2020 was marked by the roll-out of a tool covering the whole of the Group’s logistics operations (transportation between shipping platforms, deliveries to subsidiaries and customers). This ensures that all carbon emissions associated with product transportation are measured reliably. Transport providers can have access to this tool, enabling them to report in real time on changes in their carbon emissions, particularly when they take steps to reduce those emissions. The target is to have virtually all suppliers connected to the tool by 2025 (commitment 4 – act4nature international).

Total scope 3 CO₂ emissions associated with downstream product transportation amounted to 18,493 Teq CO₂ (GRI Standard 305-3). This is one of the significant CO₂ emission generators for Rémy Cointreau. These emissions are down by almost 16% on the previous year, mainly due to the inclusion in our new measurement tool of more precise emission factors that are closer to the actual of the transportation methods used.

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;
- product transportation in shipping countries.

Actions have been taken for several years to successfully reduce CO₂ emissions in connection with the distribution of our products. For example, in 2019, a study was conducted to reduce carbon emissions from shipments to China. The aim was to replace some air freight by rail transport following the reopening of the rail link between Germany and China. An analysis of the two modes of transport showed that rail transport reduces carbon emissions by a factor of more than 30 compared with air transport. The Group had therefore taken the decision to try out this option. Nearly 40 shipments were made, with carbon emissions of 84 Teq CO₂, which had resulted in avoided emissions of almost 2,600 Teq CO₂. This action is currently still being tested.

This year, part of the deliveries of our products within China are now made by train, which resulted in avoided emissions of 2 Teq CO₂. The aim is to continue this initiative and increase our rail transport in China.

Another test is currently underway to replace truck transport between the Cognac site and the Le Havre port for shipments of products to China and the USA. In order to reduce the amount of land transport in France, the trucks leave for Bordeaux where a small container ship is loaded for Le Havre. A significant reduction in carbon emissions is expected and the coming months will make it possible to validate or invalidate the standardisation of this new transportation method between the Cognac site and the Le Havre port.

In the coming months, new projects will be studied, in line with the actions identified as part of the work carried out for achieving the SBTs to reduce carbon emissions by 2030.

Energy consumption

Since 2015, based on the energy audits of the sites, an energy consumption reduction plan has been implemented at the Angers and Cognac sites, with the choice of targets for potential reductions in electricity and gas consumption (GRI Standard 302-4). The main actions include optimising air compressor operation, replacing compressors, monitoring heating modes, managing lighting and renovating buildings. These actions enabled to reduce energy consumption by 600MWh in four years. The last stage of the action plan was finalised this year with the implementation of a centralised energy monitoring system at the Angers site. This should result in an expected reduction in energy consumption of around 300MWh in the next financial year, which will make it possible to reduce energy consumption by 900MWh in five years, as set out in the initial plan launched in 2016.

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.

On the Cognac site, an innovative initiative was launched to reduce energy consumption. The analysis laboratory was audited by the "Green Laboratory Project" association, which manages a certification introduced less than a year ago by academics and manufacturers, focusing solely on the activities of analysis laboratories. In addition to typical laboratory operations, this certification includes environmental impacts on energy savings. As a result, the laboratory launched an "Energy" action plan, which will address issues such as the management of air conditioning systems, the possibility of recovering the heat emissions from the chromatographic furnaces and the possible energy savings in switching-off instruments in a more systematic manner. Following the first audit carried out this year, the laboratory will be awarded "Bronze sustainable analytical chemistry laboratory" certification.

For the past two years, special focus has been placed on the construction of a new office building which will house employees from the Cognac site in 2021. To reduce energy consumption, it was built using an HQE BD (High Environmental Quality Sustainable Building) approach, with the "Very Efficient" level of certification. The building, which also meets the E1C1 level of E+C- certification ("Positive Energy Buildings and Carbon Reduction" certification, currently being tested), was designed to be very compact, with high insulation for the walls and roof to reduce energy consumption. Large patio windows enable to increase solar heat gain in winter. In summer, these windows are protected from the sun by large roof overhangs and an internal canvas blind, which limits the need for air conditioning. The installation of LED lighting also contributes to energy savings.

In a similar vein, the new distillery of Domaine des Hautes Glaces has set up an energy recovery and savings system.

In terms of energy optimisation, the Islay site is continuing to roll out its LED lighting plan, with the aim of replacing all the old lighting in warehouses and the distillery. New air source heat pumps have been installed and this action will be continued during the redevelopment of the packaging area. Within the latter, working methods have evolved in order to reduce the number of starts/stops and format changes on the packaging lines, which resulted in a reduction in energy consumption.

This year, Westland obtained EnviroStars certification, a local environmental certification that recognizes Washington state companies for their environmental commitments and helps them translate these commitments into actions such as improving energy efficiency and optimising lighting methods.

In line with its certification, Westland has set itself a target of reducing electricity consumption by 1% per year for the next five years. In order to report on the achievement of this target, monthly monitoring of energy data (consumption, intensity and cost, total greenhouse gas emissions, etc.) has been set up using a suitable tool.

Other actions were continued or implemented this year:

- the roll out of an internal inspection programme to monitor and maintain a safe and more energy-efficient workplace;
- the transition to LED lighting with the use of presence sensors.

An "energy consumption" policy has also been approved by the Westland site, for example with a commitment to LEED (Leadership in Energy and Environmental Design) certification for all new constructions of production facilities. This certification will attest that the new building has been designed and built to achieve high performance in the key areas of health and the environment, with particular attention paid to energy efficiency.

This year, the Barbados site also continued to install energy-saving light bulbs and lamps across all facilities, with the gradual replacement of used lighting. A comprehensive energy audit, similar to those carried out on the French sites, will be carried out in 2021/2022 and will serve as a basis for a concrete plan to reduce the site's energy consumption.

On-site studies are continuing in order to assess the potential for the integration of renewable energy.

In Scotland, for the first time this year, the Islay site used UK-certified renewable electricity for all of its consumption.

At the Barbados site, renewable energy generated by solar panels was up, with 295MWh generated this year (compared with 100MWh last year). These solar panels are connected to the Barbados national power grid and offset 15% of the site's total electricity consumption. In 2021/2022, new solar panels will be installed with a production target of 500MWh by 2025, i.e. nearly a quarter of Mount Gay's total electricity consumption.

With regard to the Westland site, the Pacific Northwest is one of the leading producers and users of renewable energy in the United States. As a result, nearly 90% of the energy supplied to Westland by the city of Seattle comes from renewable sources such as hydropower, wind and biogas.

Since 2016, nearly 100% of the energy consumption of the Group's French sites comes from renewable sources (energy from hydraulic production). For the first time this year, part of the electricity consumed by the Domaine des Hautes Glaces (79%) comes from renewable sources. All of the electricity consumption of this site should come from renewable sources in 2021/2022.

This year, 99.8% of the Group's electricity consumption in France was from renewable sources. For Europe, following the use of renewable electricity on the Islay site, this ratio rose to 99.8% (95% in 2019/2020). The figure is now 86% worldwide (82% in 2019/2020).

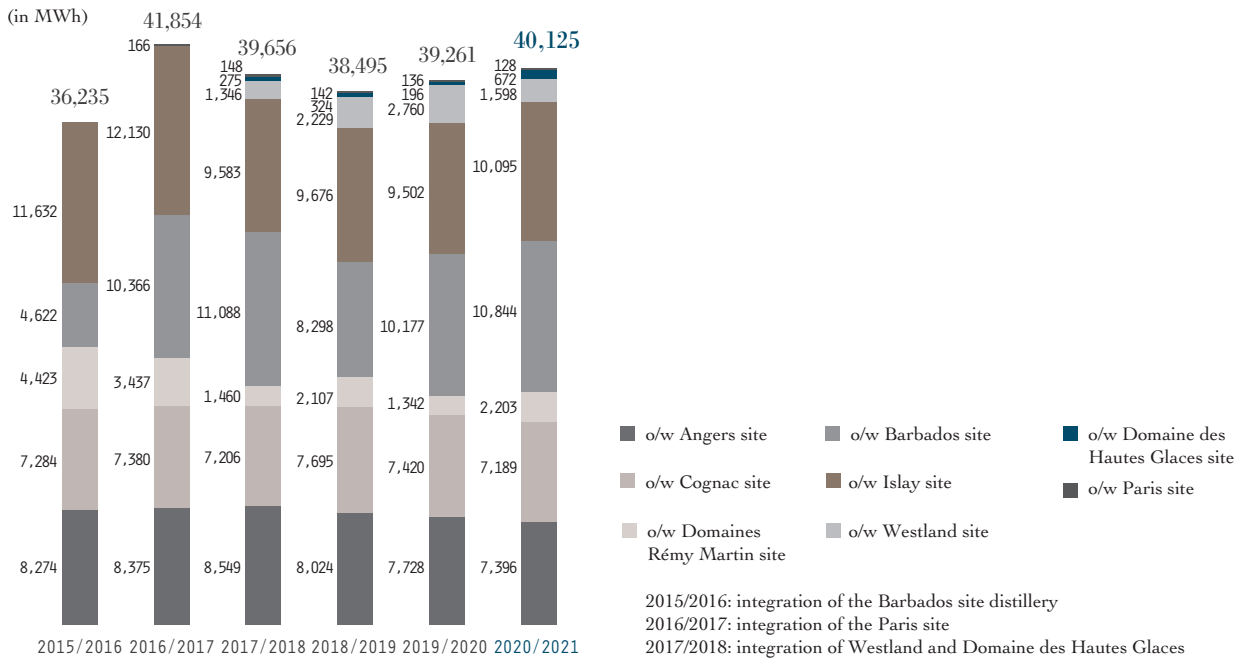
For Domaine des Hautes Glaces, 97% of total energy consumption (electricity, fuel) is from renewable sources due to the use of wood-fired stills (90% in 2019/2020).

In 2020/2021, the Group's total energy consumption amounted to 40,125MWh, up 2% on the previous year. This is mainly due to the increase in energy consumption at the Barbados site, following the creation of a new production unit for sugarcane which is harvested on the property and more extensive distillation operations (GRI Standard 302-1 indicator).

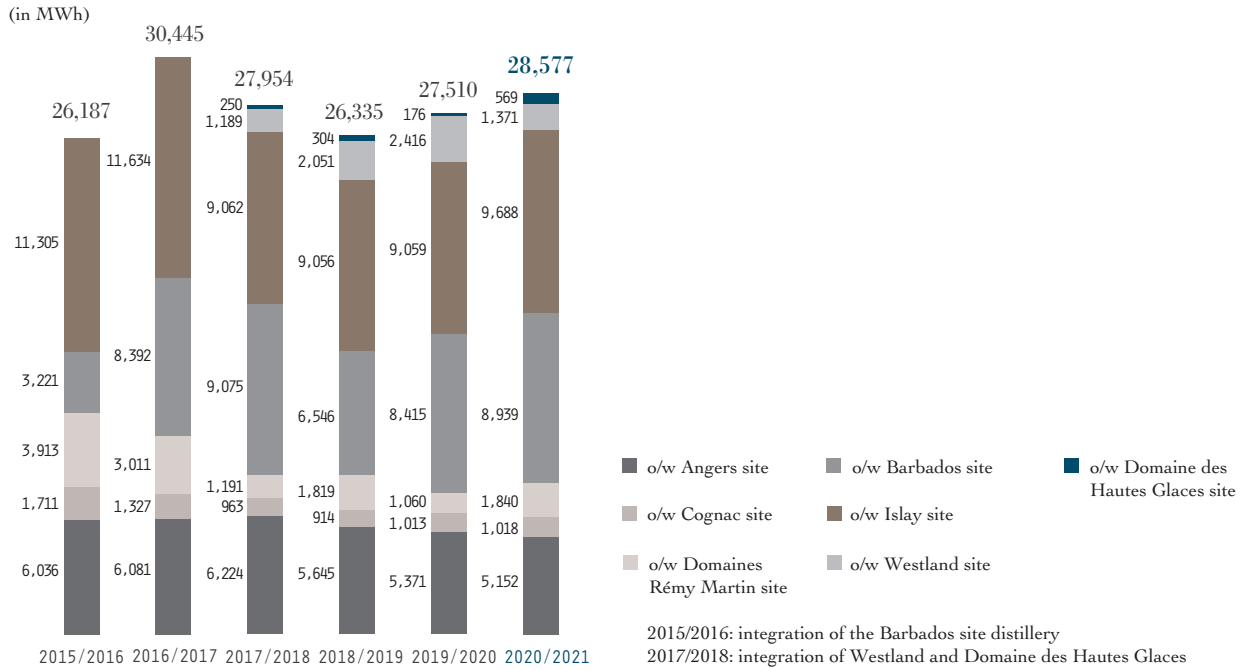
Direct energy consumption (gas, fuel oil, diesel and wood) increased by 3.9%, from 27,510 to 28,577MWh. This is mainly due to the increase in gas consumption at Domaines Rémy Martin (following more extensive distillation operations than last year – larger harvest) and at Domaine des Hautes Glaces (following the commissioning of the new distillery – higher production capacities than the old distillery).

It should be noted that this year, Westland's natural gas consumption fell by almost 44% as a result of the interruption of operations due to the Covid-19 pandemic.

Total energy consumption (GRI Standard 302-1)



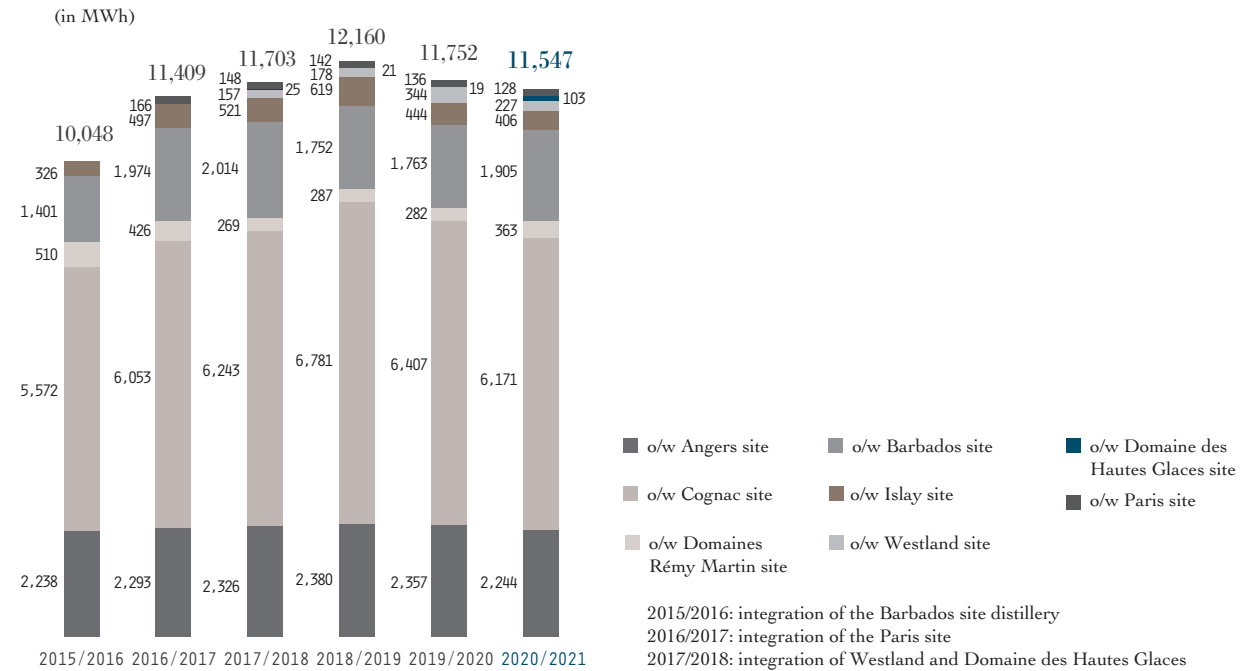
Direct energy consumption (gas, fuel oil, diesel) (GRI Standard 302-1)



In the case of indirect energy, electricity consumption (11,547MWh) was down slightly by 1.7%. Increases in electricity consumption at the Barbados, Domaines Rémy Martin and Domaine des Hautes Glaces

sites, for the same reasons as those mentioned above for direct energy consumption, were offset by the decrease in consumption at other production sites.

Indirect energy consumption (electricity) (GRI Standard 302-1)



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, Westland, 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.

The first step was to make consumption measurements more reliable at all production sites. At the Barbados site, for example, new flow meters have been installed to measure water consumption more accurately.

For the past year, the focus has been on validating the targets for reducing and optimising water consumption under the 2025 CSR plan.

Special attention is given to treating 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).

Action plans

Water availability and quality

Total water consumption (200,838m³) was down 6% on the previous year (GRI Standard 303-1).

This is mainly due to the increase in water consumption for Domaines Rémy Martin (following more extensive distillation operations than last year – larger harvest), Domaine des Hautes Glaces (following the commissioning of the new distillery – higher production capacities than the old distillery) and the Barbados site (following the creation of a production unit for sugarcane harvested on the property).

On the Barbados site, to address water-stress risk, efforts are continuing to preserve water availability:

Two rainwater harvesting systems have been installed: a pond located near the Mount Gay property, used to irrigate the plantations and a systems to collect rainwater from roofs which is stored in a collection tank.

Cultivation methods are also adapted to preserve water sources: The use of slow-release fertilisers in reduced quantities avoids soil drainage and groundwater pollution. The application of vinasse on

cultivated soils is a source of potassium and reduces the use of inorganic fertilizers, but it is also a source of water. Application is carried out on the Mount Gay property and other large private plantations on the island.

Mount Gay also undertook to restore the wells present on its property to help water infiltrate the soil and recharge groundwater aquifers.

A water consumption audit will be carried out in 2021/2022 and will serve as a basis for a concrete plan to reduce this consumption.

On the Cognac site, the construction of the new administrative building that will house employees in 2021, was built using an HQE BD (High Environmental Quality Sustainable Building) approach, with the "Very Efficient" level of certification. In this context, water-saving equipment has been installed and rainwater is harvested to water plants.

As part of the water management policy on the Islay site, the equipment is currently being modified in accordance with the water saving standards laid down by local regulations.

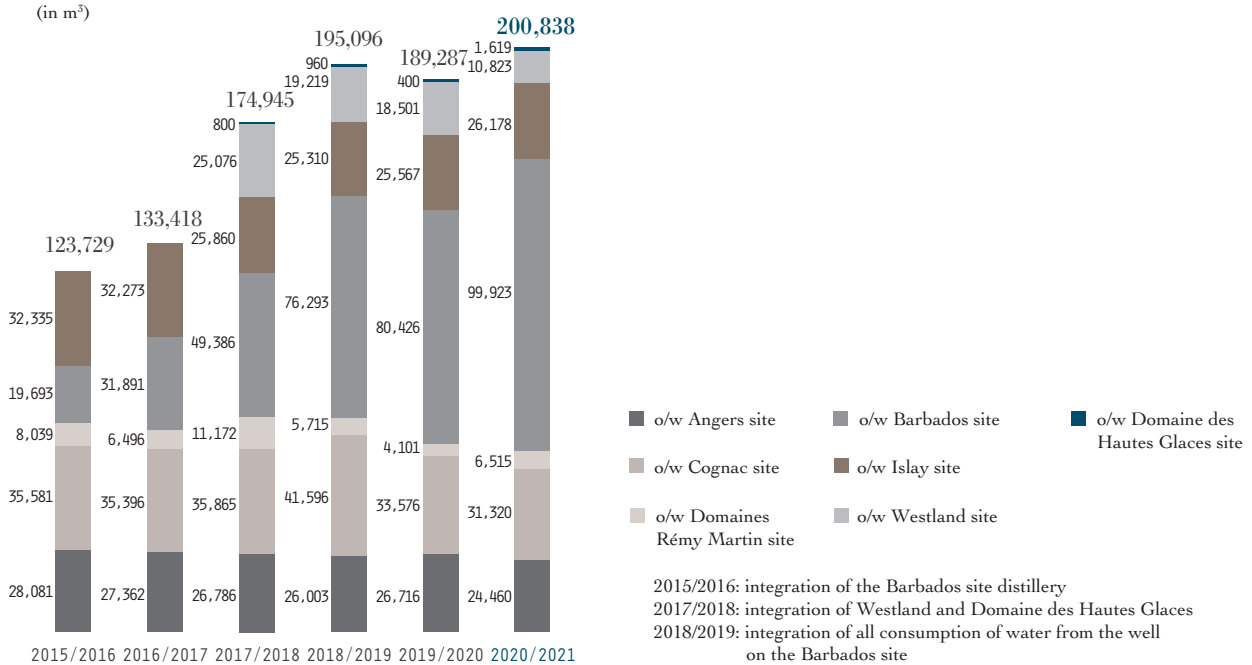
This year, Westland obtained EnviroStars certification, a local environmental certification that recognizes Washington state companies for their environmental commitments and helps them translate these commitments into concrete actions. In line with its certification, Westland has set itself a target of reducing water consumption by 1% per year for five years. A water monitoring programme is under development to monitor current consumption and draw up a more accurate map of how this consumption is broken down, by using flow meters that have begun to be installed on the production site this year.

In 2019/2020, a similar action to accurately map water consumption was carried out at the Angers site. The aim was to identify what water is actually drawn from the natural resource and not discharged by the site. From the "incoming" water on the site, the distribution between the site's various business segments was mapped, either by measurements (using meters), or by estimates. Discharges of water from each of these segments were then identified, again on the basis of measurements or estimates. This liquid waste is returned to the natural environment after treatment by the treatment plants, if necessary. The results obtained showed that the amount of water actually used in activities at the Angers site – i.e. drawn from the "water" resource and not returned to the natural environment, was 44% of the "incoming" on the site.

The aim of the 2025 CSR plan is to roll out this type of study by 2025 across the Group's production sites in France and abroad. This was implemented on the Cognac site this year. The measurements made show that the amount of water actually used in activities at the Cognac site, drawn from the "water" resource and not returned to the natural environment, is 60% of the "incoming" on the site.

For the last four years, Rémy Cointreau has met CDP (Carbon Disclosure Project) water reporting requirements. In line with this reporting and following actions such as those described above, the Group is stepping up its actions to protect water resources and obtained a "B" rating for the first time. This rating now places it in line with the average ratings of companies in its sector of activity and of all European companies rated by the CDP.

Water consumption (GRI Standard 303-1)



Liquid waste discharges

Special attention is given to treating 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).

Within this framework, the approach for the treatment of liquid waste on a site-by-site basis is as follows:

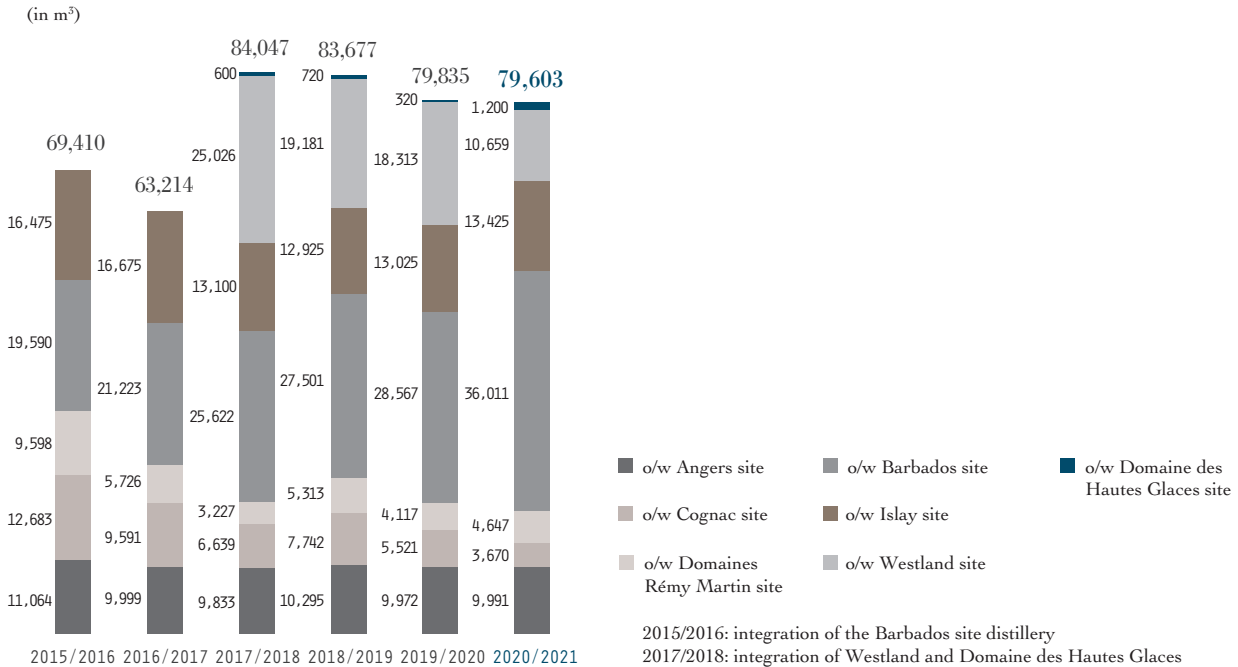
- for the Cognac and Angers sites, all liquid waste is processed by local treatment plants;
- the Barbados site uses part of its vinasse as fertiliser in accordance with specifications that comply with local regulations, with the remainder being discharged to the natural environment in compliance with local practices. Part of the vinasse is spread on the Mount Gay property and other agricultural holdings in Barbados. This contributes to the natural fertilisation and water supply of agricultural soils. 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.

Liquid waste discharges (79,603m³) were stable compared to the previous year (GRI Standard 306-1). Increases in the amounts liquid waste discharges from the Barbados sites (increase in distillation operations), Domaines Rémy Martin (following more extensive distillation operations than last year – larger harvest) and Domaine des Hautes Glaces (following the commissioning of the new distillery – higher production capacities than the old distillery) were offset by the drop in liquid waste discharges from the other production sites.

Volume of liquid waste (GRI Standard 306-1)



At the Angers, Cognac and Domaines Rémy Martin sites, after being treated in treatment plants and being returned to the natural environment, pollution from liquid waste was stable compared with the previous year, with 0.7 tonnes of BOD (Biochemical Oxygen Demand – 0.8 tonnes in 2019/2020) and 3.0 tonnes of COD (Chemical Oxygen Demand – 3.2 tonnes in 2018/2019).

Total liquid waste pollution discharged from the Group’s sites was 1,381 tonnes of BOD and 3,221 tonnes of COD. The BOD and COD values were up by 6% and 12% respectively. These changes are attributable to the increase in the amounts of liquid waste from the Barbados sites (increase in distillation operations) and Domaine des Hautes Glaces (following the commissioning of the new distillery – higher production capacities than the old distillery). The annual variability in the composition of liquid waste is also a reason for the increase in BOD and COD values (as was the case of the Islay site this year).

With regard to vinasse recovery, a new indicator was introduced this year. As with solid waste, the new calculation compares the volume of vinasse “material” recovered (land application) or energy recovered (methanisation and generation of green energy) with the total vinasse volume. The aim is for this to reach 70% within five years (i.e. by the end of the 2025 CSR plan). In this first year, the figure was 32%. Applied retrospectively to the previous financial year’s data, the figure is 23%. This increase is mainly attributable to the increase in amounts recovered at the Barbados site for the application of vinasse (from 24% in 2019/2020 to 37% in 2020/2021).

1.3.2.5 CIRCULAR ECONOMY AND REDUCTION OF RAW MATERIAL CONSUMPTION

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.

Policy

The objective of the Eco-design project, as an integral part of the 2025 CSR plan, is to reduce the consumption of raw materials used for product packaging. Internal software for packaging EPI (environmental performance index) is used to measure the environmental impacts of Rémy Cointreau’s product packaging, and more specifically the impacts from CO₂ emissions and water consumption (GRI Standards 305-3 and 303-1). First rolled out at the Cognac and Angers sites, this measurement tool is now available for all of the Group’s production sites. The aim is to achieve 100% eco-designed Group products by 2025 (commitment 4 – act4nature international).

This software was rolled out together with routine training in eco-design for employees in Purchasing, Marketing and Product Development.

Subscribing to the Ecoinvent data base helps us to better identify the emission factors selected according to the types of materials used for the Group's packaging. The joint work carried out throughout the year with our suppliers, makes it possible to use their emission factors.

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.

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 (GRI Standard 404-1 indicator). The aim was to raise awareness on reducing the environmental impact of packaging by analysing and improving the product life cycle, in particular. 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:

- 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.

For the past three years, regular training in eco-design has been provided to employees in Purchasing, Marketing and Product Development.

Internal software for packaging EPI (environmental performance index) is used to measure the environmental impacts of Rémy Cointreau's product packaging, and more specifically the impacts from CO₂ emissions and water consumption (GRI Standards 305-3 and 303-1). First rolled out at the Cognac and Angers sites, this measurement tool is now available for all of the Group's production sites.

The scores obtained vary depending on the product; the higher the score, the greater the environmental impact. This enables improvements to be identified 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.

The use of glass is of particular concern. Two targets are applied directly to this material:

- reducing the weight of the bottles so that less glass is used;
- increasing the use of cullet (recycled glass) to reduce the quantity of raw materials (such as sand) used in glassmaking.

These two measures address the social and environmental challenges associated with sand extraction at the global level, by reducing the use of this natural resource in the manufacture of bottles containing the Group's products (GRI Standard 301-2 indicator).

This year, as a result of the work group for the eco-design of products, several areas for action have been identified: Some involve reducing the weight of packaging, integrating recycled materials into the materials used and eliminating boxes. A focus could also be placed on changes in consumption patterns with, for example, bottle "deposit-return" or "refilling" systems. The quantified model including all the initiatives selected is currently under way and will be approved in the form of a "carbon roadmap" in the first months of the 2021/2022 financial year.

The Group also confirmed its "Zero Plastic" commitment under the 2025 CSR plan. Ultimately the aim is to have packaging that is free from plastic, for example by replacing it with alternative materials. In the meantime, the priority is to use only recyclable or bio-sourced plastics.

For the past year, the EPI measurement will apply to any new packaging design and will be part of the decision-making process for new products, for all Group brands, excluding Bruichladdich and Westland, which will apply this process in 2021. This year, the use of the EPI in the development of a new product enabled to reduce the weight of glass by 14% compared to the initial project.

The first practical measures have been taken to reduce the environmental impact of our packaging. We have more designed more environmentally friendly cases and phased out some presentation boxes and designed new ones.

For some of its products, Rémy Martin's objective is to eliminate 50% of its secondary packaging by 2025 worldwide. The operation was first launched in the United States. In parallel to this initiative, life cycle assessments (LCA) are carried out to reduce the environmental impact of certain boxes.

Westland is also committed to reducing the amount of waste generated by its packaging. In addition, all Westland secondary packaging will be 100% recyclable from 2023.

This year, the Bruichladdich brand encouraged its customers to reduce packaging by launching the "One Tin Lighter" operation. All single malt whiskey bottles now have an optional outer packaging. When shopping online or at the distillery shop, the default option is no packaging. If they want to make a purchase with packaging, customers will have to specifically request it. The goal is to eliminate secondary packaging globally with ambitious plans to implement this initiative across the globe. The project is also considered to be an important step to gain knowledge on customer behaviour in respect of packaging over the long term. Their choices will allow us to better target long-term sustainable development projects in order to reduce our environmental impacts.

Bruichladdich is also involved in the eco-design of its packaging. Several initiatives were launched this year:

- inclusion of the analysis of the carbon footprint for packaging components in the product development process from the earliest stages so that it becomes a determining criterion in the choice of packaging;
- updating of the supplier purchasing policy to place a stronger focus on environmental performance and sustainability.

New suppliers will be selected according to these criteria, in addition to the usual financial, technical and aesthetic capabilities, with the aim to ensure that the sustainability and environmental impact of the goods supplied are as critical as other considerations in the selection process of suppliers and components.

The redesign of the Bruichladdich brand packaging is also planned as part of the 2025 CSR plan, to make it lighter and more sustainable (reduction of the carbon footprint).

The Group shares its convictions with its stakeholders. This year, the Angers site took part in the call for applications launched by the FFS (Fédération Française des Spiritueux, or French federation of spirits producers) to carry out a collective assessment on packaging, together with Adelphe, non profit producer responsibility organisation. The assessment, conducted at the site by a Packaging expert, was used to determine a set of operational recommendations to reduce the amount of packaging used, reduce environmental impacts and reduce production costs. This assessment also enabled to confirm that the packaging of the Cointreau liqueur was entirely "eco-designed". Collective feedback on the findings of the assessment carried out at the Angers site and in another French company was provided to all FFS and Adelphe members.

The teams concerned are also evolving to achieve the Group's eco-design objectives, for example with the creation this year of a new position of Packaging Development Director at the Islay site in Scotland.

In addition to Product packaging, the eco-design objectives of the 2025 CSR plan will apply to the promotional items used by the Group.

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.

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.

Actions are also regularly carried out at all production sites to limit plastic waste. Worldwide, plastic bottles have been removed from meeting rooms and replaced by carafes.

At the Paris and Angers sites, plastic cups have been replaced by paper cups in drink machines. Aluminium water bottles have been issued to employees and water fountains have been installed.

The Westland site has also switched to using compostable cups. In addition, it has taken steps to train staff in good waste management techniques and in identifying what can be recycled and composted.

This year, with its EnviroStars certification, Westland continued to optimise its waste management. The site has increased its sorting and recycling capacities, particularly for plastic packaging, plastic films and batteries. The creation of a waste management plan is underway and audits are scheduled for next year.

The Cognac site, along with twelve other companies, has committed to a programme with the support of local authorities to reduce waste or even avoid its generation. An internal assessment is carried out and each company undertakes to carry out a new waste reduction initiative.

On this same site, new single-material cups, made in France, without plastic film, totally recyclable in the "paper" channel or compostable waste, were made available near drink machines.

The bio-waste from the company restaurant of the new administrative building will be entrusted to an external company and processed using a dehumidification technology. Food leftovers are ground into powder and then used as a fertiliser.

At the laboratory of the Cognac site, the audit conducted by the Green Laboratory Project outlined the quality of waste sorting.

In Barbados, Mount Gay introduced a new waste treatment process two years ago – mainly for glass, cardboard and plastic. A new awareness-raising campaign for employees on waste management and sorting was carried out this year, supplemented by an internal campaign to recycle glass and plastic, in order to encourage employees to sort waste better.

As a B-Corp certified company, the Islay site monitors and sorts its waste. Numerous initiatives have been put in place, such as a more active engagement with existing suppliers to reduce transport packaging where possible.

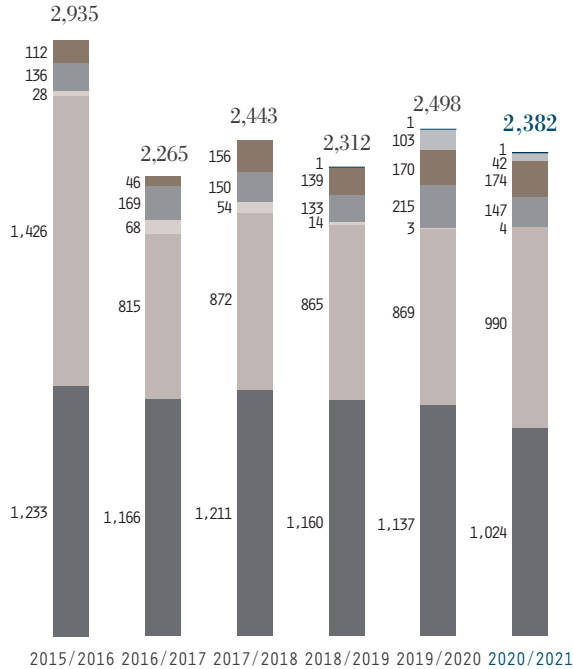
Since September 2012, the OIW (Ordinary Industrial Waste) from the Angers site has been recycled by a combined energy unit (urban heating). Since October 2017, at the Cognac site, OIW is recovered for use as solid recovered fuel (SRF) to produce energy.

Total waste (2,382 tonnes – GRI Standard 306-2 indicator) was down by 4%. The percentage of materials recovery from solid waste 88%, up by 2% compared to the previous year. The percentage of energy recovery from solid waste was stable overall, at 6%. This year, the total percentage of waste recovery totalled 95%, an increase of 2% compared to 2019/2020.

The Angers site maintained an excellent performance with a total recovery percentage of 100%. This year, the Cognac site also achieved a total recovery percentage close to 100%, up by 2% compared to the previous year.

Quantity of waste (GRI Standard 306-2)

(in tonnes)



- o/w Angers site
- o/w Cognac site
- o/w Domaines Rémy Martin site
- o/w Barbados site
- o/w Islay site
- o/w Westland site
- o/w Domaine des Hautes Glaces site

2015/2016: integration of the Barbados site distillery
 2018/2019: integration of Domaine des Hautes Glaces
 2019/2020: integration of Westland

1.3.2.6 CUSTOMER INFORMATION

Challenge

Civil society is regularly concerned about the appropriate management of natural resources and how they are managed. Our customers pay increasing attention to the way they consume and the future of the planet. Therefore Rémy Cointreau has a duty to provide answers and assurances in response to these expectations. There is also the issue of the Company’s sustainability and customer reputation.

Policy

Customers 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

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.

Under the aegis of spiritsEUROPE, the European representative body for the spirits industry, Rémy Cointreau co-signed in 2019 – together with five of the world’s largest producers of spirits and several national federations – a memorandum of understanding (MoU) under the terms of which the signatories pledged to gradually

include detailed nutritional information on labels and to publish a complete list of ingredients online. By the end of 2022, two thirds of products marketed by signatories in the European Union will carry nutritional information. Eventually, this will have to apply to all products.

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 an internal rating process carried out in two steps during the year to assess the level of satisfaction of retailer customers. Areas for improvement are then systematically examined and shared with said customers. In 2020, the health crisis resulting from the Covid-19 pandemic prevented the usual annual survey carried out in March from being conducted. This year the survey was able to take place once again and the satisfaction rating obtained was 16.9 out of 20. As a reminder, the rating was 17.8 out of 20 in 2018/2019 (GRI Standards 102-43 and 102-44).

The Group also replied to questions from retailer customers, mainly in Europe (Norway and the United Kingdom) about the Group’s CSR commitments.

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. The visits organised as part of the “Heritage Days” event are still hugely successful.

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. It also held on to its TripAdvisor certificate of excellence this year. Because it has been awarded this certificate each year for more than seven years, the site has been indoctrinated into the “Certificate of Excellence Hall of Fame”.

The site was also picked by the non-profit organisation *Entreprise et Découverte* as one of the top 100 sites for excellence in industrial tourism.

In 2020, Rémy Martin was picked by the DGE (*Direction Générale des Entreprises*) and by the non-profit organisation *Entreprise et Découverte* to be one of the three national companies that will follow up and participate in a call for projects on knowledgeable tourism. This project will last for three years in collaboration with the French Ministries of Foreign Affairs, Culture and Education.

Since 2012, the Cognac site has held the French government’s *Entreprise du Patrimoine Vivant* (Living Heritage Company) label, which was established to reward businesses that promote French craftsmanship and tradition. At the end of 2017, the certification has been renewed for five years.

The Angers site also holds “*Entreprise du Patrimoine Vivant* certification”, together with “*Qualité Tourisme*” certification.

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

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.

The Group is assessed by the Vigeo Eiris non-financial agency. The previous rating carried out in early 2020 shows an overall increase in Rémy Cointreau’s scores compared with the last rating in 2018.

In December 2020, MSCI updated the rating of Rémy Cointreau, which obtained an “A” rating. The assessment of the Group’s carbon strategy is under way.

The *Emploi Humpact* job rating also improved a score of 3.5 stars out of five possible. In terms of employment, Rémy Cointreau ranks eighth out of 40 companies in the same business sector, up by 18 places compared to the previous ranking.

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).

In connection with the implementation of its strategy, the Group obtained for the first time an “A-” rating from the CDP (Carbon Disclosure Project), which gives it “Leadership” status. This demonstrates the Group’s concrete commitments and initiatives to reduce its carbon footprint.

Rémy Cointreau also improved its CDP Water rating by obtaining a “B” rating for the first time, following its actions to protect water resources. This rating now places the Group in line with the average ratings of companies in its sector of activity and of all European companies rated by the CDP.

This year, Rémy Cointreau received two awards that reflect the merit of its CSR strategy:

- trophy for the “2020 Best Non-Financial Performance Statement produced in response to Article L.225-102-1 of the French Commercial Code”, awarded by the *Conseil Supérieur de l’Ordre des Experts-Comptables* (French High Council of Chartered Accountants, CSOEC) and the *Compagnie Nationale des Commissaires aux Comptes* (French National Organisation of Statutory Auditors, CNCC);
- 1st place in the agri-food sector and 26th place all business sectors combined of the ranking for socially responsible companies in the study carried out by the *Le Point* magazine in partnership with Statista, an institute based in Germany.

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 communication.

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), the FEVS (*Fédération des Exportateurs de Vins et Spiritueux*, or French federation of wine and spirits exporters) and the *Prévention et Modération* (Prevention and Moderation) association;
- in Europe: spiritsEUROPE (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: APISWA (Asia Pacific International Spirits and Wines 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.

Rémy Cointreau is also still involved in the 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 reflects 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 and support for the commitments of the WIRSPA (West Indies Rum & Spirits Producers Association);
- the co-signing by Rémy Cointreau of the European nutrition labelling MoU.

Under the aegis of spiritsEUROPE, the European representative body for the spirits industry, Rémy Cointreau co-signed – together with five of the world's largest producers of spirits and several national federations – a memorandum of understanding (MoU) under the terms of which the signatories pledged to gradually include detailed nutritional information on labels and to publish a complete list of ingredients online.

The MoU was signed in Paris during the annual congress of spiritsEUROPE, in the presence of the European Commissioner for Health and Food Safety.

The main objective of the MoU is that by the end of 2022, two thirds of products marketed in the European Union will carry nutritional information, with an interim objective of 25% by the end of 2020. Rémy Cointreau achieved the interim objective.

This year, these initiatives were supplemented by new actions.

In Barbados, Mount Gay has maintained its partnership with the Substance Abuse Foundation (SAF), which fights all forms of addiction, including excessive alcohol consumption. Mount Gay continued to be actively involved in the BAIA (Barbados Alcohol Industry Association), in particular through the development of awareness campaigns to promote responsible drinking with, for example, the implementation of autonomous regulation for advertising. A partnership has also been launched with Adopt-A-KM, a community-based programme to beautify and maintain the roads in Barbados. As part of this programme, communication panels on responsible consumption were installed for a period of 12 months along two of the island's busiest highways, thereby ensuring maximum visibility of this prevention campaign.

Also in Barbados, Mount Gay made the decision last year to place new labels on rum bottles with specific guidance for consumers to raise awareness of the risks of drink-driving, underage drinking and drinking during pregnancy. This decision was implemented this year.

In the United States, as a member of the Distilled Spirits Council of the United States (DISCUS), Westland has officially adopted the organisation's code of responsible practices. Westland employees have been trained on this code. They are required to comply with the guidelines that apply to all advertising and marketing activities in the US domestic market: product advertising, consumer communications, promotional events and distribution and sales material.

Aside from these examples, Rémy Cointreau also adheres to the various responsible communication and consumption codes of international professional bodies and federations.

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 global tier-one and tier-two suppliers. This applies to centralised raw material purchases managed at Group level, i.e. purchases including ingredients, packaging and promotional items. As part of this effort to improve transparency and ethics in its business practices, Rémy Cointreau 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. To facilitate the achievement of this objective, regular discussions are held with our suppliers throughout the year to present the Group's CSR policy, particularly in the area of responsible purchasing.

Two new indicators representative of the rolling out of SEDEX among our suppliers were also created this year to more accurately reflect their commitments.

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.

This year, specific communication presenting the Group's CSR policy on responsible purchasing was sent by post to all suppliers.

In addition, in order to have a more detailed view of the CSR policies of our suppliers, including tier-two suppliers, it was decided to create two new indicators representative of their SEDEX commitments (GRI Standard 308-1 and 414-1 indicators):

- indicator AR1: percentage of suppliers who are members of SEDEX and classified as "active", i.e. granting access to all their information, including in particular their answers to the self-assessment questionnaire;
- indicator AR2: Percentage of suppliers who are SEDEX members and who provided all the information requested in the self-assessment questionnaire.

The self-assessment questionnaire allows SEDEX suppliers to share information about their business with their customers by answering a comprehensive list of questions tailored to different types of businesses.

The questions are based on the four pillars of the SMETA audit methodology (SEDEX Members Ethical Trade Audit) regarding working conditions, employee health and safety, environmental impacts and business ethics.

The use of SEDEX information enabled to measure the two new indicators for the first time: 82% for the first (AR1) and 49% for the second (AR2). The targets set are to achieve 100% (AR1) and 80% (AR2) by the next financial year (2021/2022).

This initial use of SEDEX data allowed to identify more precisely potential CSR risks among our suppliers. However, these risks are identified solely using self-declaration questionnaires, since not all suppliers are subject to a compulsory CSR audit. To remedy this shortcoming, Rémy Cointreau will call on external audit bodies, either using their own audit form or the SEDEX Members Ethical Trade Audit (SMETA) form. After a first audit carried out in 2019/2020 at a packaging supplier of to test the approach, eleven new supplier audits were carried out this year. The audits targeted suppliers of packaging items and agricultural raw materials as part of the "Sustainable Agriculture" project.

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 (CO₂ 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 CO₂ emissions from product transportation (see section 1.3.2.3 "Climate change").

In 2019/2020, Rémy Cointreau updated its general purchasing conditions for all the Group's French sites. This document, sent to all suppliers, is designed to provide a solid legal framework for contractual relations with them.

For the past two years, supplier documents have been electronic. 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.

The Cognac site continues to source wood casks that are PEFC certified (*Program de Reconnaissance des Certifications Forestières* – an international NGO that promotes the protection and sustainable management of forests throughout the world). Since 2003, all large-capacity casks have been made of PEFC certified wood. The same is true for 60% of our cask purchases. The aim is to achieve 100% as part of the 2025 CSR plan.

Over the past few years, all these actions have continued to perpetuate Rémy Cointreau's involvement with its suppliers. For example, in 2019, 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 TERRITORIAL 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 was thus given to initiatives that support the community. This is maintained in the 2025 CSR plan. 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 Committee of CSR Experts of the Colbert Committee, which defends the values of French luxury goods, Rémy Cointreau contributes to the sharing of best CSR practices.

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. Of the recent workshops organised by this association, two focused on the implementation of remote working and responsible purchasing. The last topic was perfectly in line with of Rémy Cointreau's major CSR commitments.

In 2020, Rémy Cointreau also supported a highly innovative local initiative in Cognac spearheaded by the Greater Cognac Development Council: a Climate Collage workshop was organised as part of its "Make the Transition" event. The aim was to encourage local residents to have fun while thinking about the serious issue of global warming, working in teams to create a collage using maps illustrating the causes and consequences of global warming. A special workshop was held for younger generations where they could build a "junior" collage. Both this and the collages made by the adults were kept. They will go on public display to continue raising awareness of the major challenge that global warming represents for a *terroir* such as the Cognac region.

This year, again in Cognac, Rémy Cointreau is present in a working group for the development of local and sustainable food in collective restaurants in the community of municipalities.

For several years, Rémy Cointreau has sought to have an active role in the sustainable development of local areas. With this in mind, it makes regular contributions on topics of interest to CSR actors.

This year, for example, Rémy Cointreau gave a presentation at the 2020 Annual report conference, organised in Paris by the company DII. The intervention focused on the implementation of the Non-Financial Performance Statement and the inclusion of financial and non-financial indicators.

The Group also hosted a CSR meeting at the Angers site in October 2020 organised by the Pays de la Loire region's CSR platform, the *Comité 21 Grand Ouest* and the *CPME Maine et Loire* (Confederation of Small and Medium-Sized Enterprises). The subject of the meeting was on CSR, a performance and attractiveness driver for SMEs and Rémy Cointreau intervened to present its CSR policy and share its experience with the Company managers present.

Also in association with the BNIC (French national body for the Cognac industry), Rémy Cointreau is part of the regional initiative to develop a CSR strategy for the Cognac industry.

Rémy Cointreau is also involved in the publication of the Colbert Committee's Guide, "Values of French luxury goods and corporate social responsibility goals". This compiles examples of best practice for 15 sustainability goals grouped into four values: aesthetics, high standards, sustainability and compliance. This year, the Group updated all its CSR information, in the form of around fifteen memo sheets presenting the major actions carried out for sustainable agriculture, biodiversity conservation, human resources management and responsible purchasing, adaptation to climate change, eco-design of packaging, communication and responsible consumption and involvement in the regions.

Rémy Cointreau is keen to promote a positive corporate responsibility culture in training syllabuses. In France, it continued to give presentations to students graduating from France's *Grandes Écoles*, such as the Nantes-Atlantic National College of Veterinary Medicine, Food Science and Engineering (ONIRIS Nantes), and the ESSCA School of Management in Angers. The presentations showcased the Group's CSR strategy and initiatives.

On the Barbados site, Mount Gay continues to maintain close links with local schools. Once again, the Distillery welcomed around twenty students from the Samuel Jackman Prescod Institute of Technology (SJPIT) as part of a course project on arboriculture. Students were able to apply their knowledge to orchard design, composting, fruit tree planting, pruning, fertilisation and mulching. Emphasis was also placed on the use of sustainable agricultural practices and resulted in the planting of 1,000 trees. The wealth of information exchanged in the course of these meetings enables all Mount Gay employees, students and stakeholders to enhance their knowledge in the implementation of responsible and sustainable agriculture.

The Group also shares its convictions with its stakeholders. This year, the Angers site took part in the call for applications launched by the FFS (*Fédération Française des Spiritueux*, or French federation of spirits producers) to carry out a collective assessment on packaging, together with Adelphe, non profit producer responsibility organisation. The findings concern for example a reduction in packaging volumes and were included in a collective feedback provided to all FFS and Adelphe members.

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.

Rémy Cointreau continues to be active with the *Fondation de la 2^e chance*, which provides help and support to people trying to turn their lives around after a difficult period. The Group has been involved with the Foundation for almost 15 years now.

Echoing its environmental commitments, in 2019 Rémy Martin sponsored the creation of an "Admirable Trees" trail on the Château de Versailles estate. Selected from the 350,000 trees on the estate, the 30 "Admirable Trees" stand out for their botanical rarity, history and beauty.

In Greece, in partnership with the company Paths of Greece, the Metaxa brand funded the restoration of a 10km hiking trail on the island of Samos, near the village of Vourliotes (the Path of the Muscat Vineyards). The aim of this project is to create a vital and precious asset for the village to enable visitors to explore its surroundings.

On Islay, Bruichladdich, the leading local employer, is also closely involved in local community life, for example by sponsoring local community gardens.

In Barbados, Mount Gay 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.

In September 2020, Mount Gay organised an event related to the performance culture of employees and their involvement in the local community. Action was taken to restore the clubhouse and field of a sports centre. The interior and exterior of the building were repainted. Landscaping was also carried out and the yard was renovated to make the facilities ready for use. In the presence of the Minister of Agriculture and Food Safety, a closing ceremony brought together the members of the community centre and the National Sports Council.

In October 2020, Mount Gay took part in an initiative in primary schools by contributing to a donation of cut barrels to be used as garden pots. The aim is to use small-scale agriculture and gardening in the fight against childhood illnesses. Four schools participated in the first phase of the programme.

For the past two years, a major event for the Group has been the international "We Care Day". All Group employees are encouraged to spend the day working to improve the local area.

The first “We Care Day” took place in June 2018. At each of the Group’s sites, Rémy Cointreau employees took part in environmental and local heritage initiatives.

In 2019, the second “We Care Day” also took place in June. As in the previous year, the environment and local heritage were the focus of attention of the Group’s employees. In Cognac, they joined forces again to work on restoring the Château de la Mercerie and help clear the Abbaye de Châtre site. In China, trees were planted in the Pudong district of Shanghai. In Singapore, our teams picked up 135kg of litter from East Coast Beach. Beaches were also cleaned up in Africa, the Middle East and India. In Greece, on the Saronida beach south of Athens, more than a tonne of litter was collected thanks to the work of our employees. In the United States, our Global Travel Retail (GTR) team built a butterfly garden and cleared invasive plants from the gardens of Thomas House in Miami. In New York, 23kg of litter was collected on Rockaway Beach. Polluting waste was also removed from the shores of White Rock Lake in Dallas. In London, our staff built a playground at Stave Hill Ecology Park. In Malaysia, for the second year in a row, a nature trail was created in association with the Malaysia Nature Society.

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

Due to the Covid-19 pandemic, We Care Day could not take place in 2020 due to health restrictions. The format of the 2021 edition is being prepared in order to adapt it to current health constraints.

Also actively involved with local communities, the Rémy Cointreau Foundation is continuing its actions to support initiatives of general interest to promote and transfer exemplary skills and know-how. Through its four areas of commitment, namely the transmission for the long term, the promotion of exemplary skills and know-how, influence and skills sponsorship, it currently supports 21 craftsmen.

This year, the Foundation supported new know-how, such as a seaweed glass craftsman, a cabinetmaker designer, an ennobler of unwanted materials (carpet, wood, metal, technical fabrics offcuts are upcycled as noble materials for the luxury goods sector to be used in new creations). The Foundation’s support continues to be reflected in investments in craftsmen’s tools and equipment.

The Foundation is also involved in various missions with nine partners focused on exemplary craftsmanship expertise, such as:

- the opening of an Artist-in-residence institution: this year, the Rémy Cointreau Foundation is participating in the creation and coordination of violin making and archery workshop which will host professionals, as part of the opening in early spring of the *Maison Talents & Violon’celles* in Paris;
- the introduction of a training programme, including the opening of a digital training course for the *Compagnons du Devoir*, with a first pilot course including fifteen apprentices, in Nantes.

In view of the health crisis, the Foundation set up an emergency project to reduce the digital divide. This project, focused on professional and technical high schools, which prepare students for the professions of tomorrow, resonates the training of young artisans. The Foundation contributed to the acquisition of 200 laptops by public educational institutions and school cooperatives, intended for families who do not have such equipment, by using the *Plateforme Trousse à Projets* approved by the French Ministry of Education.

At the beginning of 2020, in view of the public health emergency, our employees volunteered to support healthcare providers in tackling the global Covid-19 pandemic. All over the world, our staff have made a long-term commitment to help local health workers, supplying them with alcohol and masks, the first weapons in the fight against the virus.

In the United States, after a donation of US\$200,000 made in early 2020 by the Cointreau brand to the US Bartenders’ Guild National Charity Foundation (a foundation whose purpose is to provide financial support to bartenders whose businesses were closed due to the Covid-19 pandemic), the Cointreau brand continued its action with a dedicated communication campaign launched in early 2021.

The same type of action was developed in Europe, with financial support for on-trade markets in Poland, Ukraine and Belgium.

In Seattle, the entire Westland site team united to fight the spread of the Covid-19 pandemic. From April to June 2020, the distillation of whiskey stopped to make way for the production and distribution of hydroalcoholic gel. The bottling and labelling of the hand-filled bottles was provided on a voluntary basis by Westland employees. More than 5,000 litres of gel were produced and distributed to different organisations throughout the Pacific Northwest (hospitals, medical clinics, homeless shelters, food banks, police and fire departments, nursing homes, dentists, libraries, day camps, bars and restaurants, etc.). Part of this production is currently still being distributed to restaurants.

In addition to the production of gel, Westland has also organised fundraising campaigns, in particular for the restaurant and bar industry. The teams took part in a monthly sports challenge: the employee with the most kilometres recorded on foot or by bike at the end of each month selects a charity which then receives a donation from Westland.

In Barbados, the Mount Gay Distillery donated more than 6,000 bottles of 1.75 litre of hydroalcoholic gel to governmental, public and private organisations (local police, Covid-19 isolation centres, schools, pharmacies, bars and restaurants, etc.). The hydroalcoholic gel was also distributed to Mount Gay employees.

Faced with the adverse effects experienced throughout the country due to the Covid-19 pandemic, Mount Gay employees also took action to help vulnerable people in their daily environment. A collection of non-perishable food and health products was organised in June and July 2020. In total, more than 1,000 food and health products were collected and delivered to the parish of Saint Lucia in August 2020.

On the Isle of Islay in Scotland, the Bruichladdich distillery teamed up with the local soap factory to manufacture hydroalcoholic gel and to distribute it to the island's hospital and doctors, as needed.

In France, the Domaine des Hautes Glaces and Cognac and Angers production sites donated neutral alcohol to local healthcare actors so that they could produce hydroalcoholic gel for pharmacies, doctors and hospitals in their regions. The Cognac site also donated masks.

At the Angers site, a ready-to-use hydroalcoholic solution was developed with the help of a professional pharmacist, in accordance with the recommendations of the World Health Organization (WHO). A supply of glycerine was set up and the production line normally dedicated to the bottling of Cointreau orange liqueur was adapted to fill and label bottles of two and five litres of hydroalcoholic solution. These bottles were then sent to the University Hospital Centre in Angers.

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 its 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 with Rémy Cointreau is essentially the responsibility of the Corporate Social Responsibility Committee (CSR Committee), one of the Board of Directors' committees, for which the 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 (CSR plans), and monitoring the indicator dashboard, the findings of CSR reporting audits, changes in non-financial ratings and prospects for future action (updating CSR plans).

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 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 9001, ISO 14001, ISO 22001, ISO 45001, OHSAS 18001, AHVE and B-Corp 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:

- Pacte law: approval of the *raison d'être*;
- 2019/2020 CSR reporting review in relation to the EU regulation on the non-financial performance statement;
- approval and monitoring of the "Sustainable Exception" CSR plan;
- implementation of the carbon plan to achieve the 2030 carbon targets and the "Net Zero Carbon 2050" (SBT workshops);
- 2021/2022 budgets allocated to the implementation of the CSR strategy (internal carbon tax);
- change in the CSR organisation in 2021/2022;
- rollout of B-Corp certification;
- work of the Rémy Cointreau Foundation.

The Executive Committee regularly monitors the implementation of CSR plan and held two meetings on this subject this year.

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.

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.

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 2020, for the seventh 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. The practical integration of the SDGs into the Group's CSR challenges and the actions taken in the context of responsible purchasing management were highlighted as some of the strengths of the Group's CSR strategy.

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. This year, for example, the following topics were discussed: "Biodiversity conservation", "Diversity and inclusion in the workplace", "Only 10 years left to reach the United Nations SDGs: what are the tools for measuring its contribution and its impacts?".

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.

In France, 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.

In 2019, the Creators' Conference, held on Islay for three days in September, formed part of this process. It brought together all the Group's product creators around the theme of responsible and sustainable agriculture and the preservation of *terroirs*. External experts shared their knowledge with our employees on the specific qualitative attributes of the *terroirs* and the impacts of global warming on agricultural practices.

At the Cognac site, volunteers are requested to create a dense network within the Company. For several years, HSE (Health, Safety and Environment) officers have been assigned to different departments. 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. In 2019, for example, they were closely involved in organising two-day safety and environment workshops. More than 200 people visited the six different stands, which centred on themes such as occupational health, risk behaviour, road safety and recycling.

To continue raising employee awareness, special workshops can be held at production sites. This should have been the case in 2020 on the Cognac site with the setting up of stands for two days dedicated to reinforcing the safety and environmental culture of the site's employees, dealing with topics related to fire prevention, first aid and road traffic safety. This initiative did not take place due to the health situation related to the Covid-19 pandemic and was postponed until 2021.

The Westland site continued its effort this year to ensure that CSR is at the heart of its corporate culture. Since 2019, an individual CSR bonus was introduced as part of the employee compensation scheme. This year, an interfunctional committee was created to promote the site's environmental management system (Westland Environmental and Sustainability Team).

CSR training/information programmes for our employees are also being developed using e-learning tools. In 2019, a new tool was created in Cognac for staff working in markets around the world, to develop their knowledge of the Group's CSR policy and environmental commitments.

A new training programme designed to unite all teams around the "2025 Sustainable Exception" CSR Plan, the WE Care Academy was launched in early 2021 by Rémy Martin. The training course is organised around three educational and collaborative workshops, and focuses on three strategic areas for the future: sustainable development of the *terroirs*, eco-design of products and responsible ambassadors.

For the past three years, regular training in eco-design has been provided to French employees in Purchasing, Marketing and Product Development. This training is an integral part of the Ecodesign project launched by the Group in 2017. The aim is to raise awareness among employees on reducing the environmental impact of packaging by analysing and improving the product life cycle, in particular. This training was extended this year to Bruichladdich and Westland.

In France, new employees who join the Group benefit from a presentation of Rémy Cointreau's CSR policy as part of their on-boarding path.

Since September 2020, the Internal Communications department has been sharing on a monthly basis on the Group's intranet current initiatives, objectives, key figures and best practices in the area of CSR. This enables each employee, in France and abroad, learn more about the variety of issues in which we all have a role to play through our commitment to CSR in order to achieve the objectives set by the Group.

The Liqueurs & Spirits R&D department continues to publish a newsletter for employees. Covering the latest developments, it is sent out each month with information on CSR issues relating to sustainable agriculture and viticulture in France and Europe, news updates on packaging and a focus on regulatory requirements in connection with the Group's CSR commitments.

On the Cognac site, the internal *Rémyscope* newsletter sent to all employees, regularly addresses CSR topics, particularly those related to the site's low-carbon strategy.

For several years, the companies Cointreau and Rémy Martin have held Quality, Environment and Food Safety certification (ISO 9001, ISO 14001 and ISO 22001).

On the Cognac site, the laboratory will soon be awarded “Bronze sustainable analytical chemistry laboratory” innovating certification, following the first audit carried out this year by the “Green Laboratory Project” non-profit organisation.

Cointreau is also certified OHSAS 18001 and is the first Group company to obtain ISO 45001 certification. This certification aims to improve employee safety, reduce workplace risks and create better and safer working conditions.

Bruichladdich is ISO 9001 certified and the first Group company to be B-Corp (B Corporation) certified since 2020. By 2023, the date on which the B-Corp certification will be renewed, Bruichladdich aims to improve its score on the B-Corp assessment scale.

For the past two years, the Bruichladdich distillery has been certified in accordance with EU legislation on organic production and labelling of organic products (European Council regulations (EC) No. 834/2007 and No. 889/2008).

Mount Gay is ISO 9001 and ISO 22001 certified.

Domaines Rémy Martin is AHVE (high environmental value farming) certified.

For the past two years, the Domaine des Hautes Glaces distillery has been certified in accordance with EU legislation on organic production and labelling of organic products (European Council regulations (EC) No. 834/2007 and No. 889/2008).

This year, several follow-up or renewal audits have taken place on our sites.

A QSE monitoring audit was conducted at the Cognac site, highlighting the collective and individual commitment of employees, and the responsible purchasing policy based on SEDEX guidelines as strengths.

At the Angers site, a monitoring audit was conducted on both ISO 14001 and ISO 9001 certifications. A certification audit concerned the renewal of the ISO 22001 certification and that the ISO 45001 certification was obtained. The strengths highlighted concerned the high performance of the site’s management system, with a very proactive approach in many areas, particularly in terms of CSR.

ISO 9001 and organic production certification monitoring audits were carried out at the Islay site. The result of these audits is very positive, with no non-compliance issues identified.

The Barbados site was also audited this year to monitor its certifications. Following the health restrictions due to the Covid-19 pandemic, the audits were conducted remotely and confirmed the ISO 9001 and ISO 22001 certifications of Mount Gay.

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).


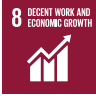

One of the main initiatives of the year was the rolling out of “anticorruption” training at Rémy Cointreau using an e-learning module, in French, English and Chinese.

The aim is to raise awareness among all Group employees about the fight against corruption. It is everyone’s duty to be aware of the challenges in this area and to act with integrity with the Group’s stakeholders, particularly with its business partners.

1.4 TABLE OF INDICATORS

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

		2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021		
Social risks	 Employee well-being	Turnover, in %(2) – GRI Standard 401-1			14.8	13.2	13.8	13.6	
		Absenteeism, in %(2) – GRI Standard 403-2	4.6	3	2.3	2	2.3	2	
		Workplace accident frequency rate, in %(2) – GRI Standard 403-2	8.9	13.31	9.13	8.51	11.21	3.5	
		Workplace accident severity rate, in %(2) – GRI Standard 403-2	0.07	0.13	0.38	0.59	0.53	0.67	
		Average age, in years(2)	41	41	41	40	41	41	
		Seniority, in years(2)	9.4	9.1	8.4	7.9	8	7.9	
	 Non-discrimination and internal social balance	Ratio of male/female managers, in %(1) – GRI Standard 401-1			43	44	45	46	
		Gender Equality Index, scored out of 100(1)					83 ^(e)	83	
		Ratio of male/female training, in %(1) – GRI Standard 404-1		43	43	46	45	45	
	 Internal training/skills development	Percentage of employees completing at least one training course per year, in %(2)				79	74	69	
		Hours of training(2) – GRI Standard 404-1	15,954	18,463	24,243	26,615	31,677	19,975	
	Environmental risks	 Sustainable agriculture	Percentage of agricultural land managed sustainably, in %(1)			36	52	58	64
			Percentage HVE certification of vineyards in the Cognac wine-growing cooperative (AFC), in %(1)			23	42	50	54
		 Climate change	CO ₂ emissions (total scopes 1, 2 & 3), in Teq CO ₂ (2) – GRI Standard 305-3	145,789	135,528	174,842 ^(a)	180,449 ^(f)	121,189 ^(g)	
			Percentage of significant CO ₂ emissions – product packaging, in %(2)			37	46.5 ^(a)	40.6	35.4
Percentage of significant CO ₂ emissions – downstream product transportation, in %(2)					22.7	19.3 ^(a)	12.2	15.3	
Percentage of significant CO ₂ emissions – raw materials, in %(2)					30.6	14.7 ^(a)	13	18.5	
Total energy consumption, in MWh(2) – GRI Standard 302-1			36,235	41,854	39,656	38,495	39,261	40,125	
Renewable electricity consumption, (world) in %(1)				78	77	79	82	86	
 Water and wastewater management		Water consumption, in m ³ (2) – GRI Standard 303-1	123,729	133,418	174,945 ^(b)	195,096 ^(c)	189,287	200,838 ^(h)	
		Volume of liquid waste recovered from distillation, in %(2) – GRI Standard 306-1					23 ^(e)	32	

		2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021			
Societal risks		Circular economy/ customer information	Volume of solid waste recovered, in %(2) – GRI Standard 306-2		91	89	92	94	93	95
			Percentage of suppliers that are SEDEX members and classified as “active”, in %(1) – GRI Standard 308-1 and 414-1							82 ^(e)
		Responsible purchasing	Percentage of suppliers who are SEDEX members and who responded to all the information requested in the self-assessment questionnaire, in %(1) – GRI Standard 308-1 and 414-1							49 ^(e)
			Percentage of the workforce trained in the code of ethics, in %(1)			80	^(d)		86	^(d)
		Business ethics	Anti-Corruption Charter training rate, in %(1)							80 ^(e)
			Number of alerts(2)				6		5	7
		Corporate governance	Number of B-Corp certified production sites(1)						1	1

- (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).
- (e) New indicator 2025 CSR Plan.
- (f) Change due mainly to an extension to scope 3 (CO₂ emissions).
- (g) Change due mainly to Scope 3 (-34%), for two reasons. The first is due to a correction in the method used to calculate the data for upstream freight included in Scope 3 of the Barbados site (impact of around -6%). The second and main reason is associated with the integration of suppliers’ actual emissions factors (mostly glassmakers and transport companies) and directly resulted in a 26% or so decrease in the Group’s total emissions.
- (h) This is due mainly to the increase in water consumption for Domaines Rémy Martin (following more extensive distillation operations than last year – larger harvest), Domaine des Hautes Glaces (following the commissioning of the new distillery – higher production capacities than the old distillery) and the Barbados site (following the creation of a production unit for sugarcane harvested on the property).

— 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** in order to highlight our uniqueness, with responsible, committed governance at the highest level, 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, taking steps to reduce the environmental impact of our activities and striving for carbon neutrality.

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. (www.remy-cointreau.com)

1.5.1 REPORTING PROTOCOL

The 2020/2021 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 2020/2021 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:

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20, rue de la Société-Vinicole

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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 (28 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

All 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.

The environmental indicators listed in the following paragraph (section 1.5.3 "Selected indicators") concern all production sites, apart from the indicators below for which the scope is specified:

- percentage of liquid waste pollution/Chemical Oxygen Demand at treatment outlet (all sites excluding the Westland site);
- GHG audit – Vehicle fleet (for French sites only).

SCOPE OF HR REPORTING

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 28 companies.

2. Training

DHG and 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 March 2021. 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.

Absenteeism: scope limited to French companies (excluding DHG), 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 are 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 are not available, the severity rate may be calculated using the number of theoretical hours worked.

1.5.3 SELECTED INDICATORS

All indicators included in 2020/2021 reporting are listed below.

They are also presented in the 2020/2021 reporting protocol where, for each one, a detailed fact sheet specifies its scope, definition, calculation methodology, the necessary data and the checks carried out to calculate and verify the figures obtained.

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 by 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
- Percentage of disabled employees in the total workforce
- Number of training hours by gender
- Workforce trained by gender
- Gender equality index

ENVIRONMENTAL INDICATORS

Energy

- Total energy consumption
- Direct energy consumption (fuels)
- Indirect energy consumption
- Renewable energy consumption

Water and liquid waste

- Water consumption
- Volumes of liquid waste
- Percentage of liquid waste pollution/Biological Oxygen Demand at treatment outlet
- Percentage of liquid waste pollution/Chemical Oxygen Demand at treatment outlet
- Volume of liquid waste recovered

Sustainability of the Company

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

Packaging raw material

- EPI (Environmental Performance Index)

Solid waste

- Quantities of solid waste
- Percentage of materials recovery from solid waste (hazardous and non-hazardous)
- Percentage of energy recovery from solid waste (hazardous and non-hazardous)

Carbon footprint assessment

- CO₂ audit – GHG emissions (scopes 1 and 2)
- CO₂ audit – GHG emissions (scope 3)
- CO₂ audit – Significant GHG emissions (scopes 1, 2 and 3)
- CO₂ audit – Business travel
- CO₂ audit – Vehicle fleet

SOCIETAL INDICATORS

Business ethics

- Percentage of employees trained
- Number of alerts

Responsible purchasing

- Percentage of suppliers who are SEDEX members and classified as “active”
- Percentage of suppliers who are SEDEX members and who provided all the information requested in the self-assessment questionnaire

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	44-49
Tackling discrimination	47-48
Promoting diversity	47-48
Societal commitments	74-81
Commitments to disability	48
Environmental consequences of the business	
Climate change	57-66
Circular economy	69-72
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, 44-49, 75-76
Impact of the business on the fight against corruption and tax evasion	81, 118-120

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	36-43
	Quantitative measurement indicators	46-47, 82-83
	Assessment by a credible third party of the accuracy and scope of the information	90-92
	Use of high standards of transparency and disclosure such as the GRI (Global Reporting Initiative) guidelines	89
	Integration of Sustainable Development Goals (SDGs)	2-3, 36-43
	Actions to advance Sustainable Development Goals (SDGs)	36-43
	GC Advanced criteria: implementing the ten principles into Strategies & Operations	Criterion 1: description of mainstreaming into corporate functions and business units
Criterion 2: description of value chain implementation		50-55, 75-76
Criterion 3: description of robust commitments, strategies or policies in the area of human rights		44-49, 75-76
Criterion 4: description of effective management systems to integrate human rights principles		2-3, 44-49, 75-76
Criterion 5: description of effective monitoring and evaluation mechanisms of human rights integration		2-3, 44-49, 75-76
Criterion 6: formulation of robust commitments, strategies or policies in the area of labour standards		44-49, 75-76
Criterion 7: description of effective management systems to integrate the labour principles		44-49, 75-76, 81, 118-120
Criterion 8: description of effective monitoring and evaluation mechanisms of labour principles integration		44-49, 52-53, 75-76, 79-81
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— 1.7 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT INCLUDED IN THE GROUP MANAGEMENT REPORT

For the year ended 31 March 2021

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,
Rémy Cointreau
21, boulevard Haussmann
75009 Paris, France

In our capacity as Statutory Auditor of Rémy Cointreau (hereinafter the "entity"), appointed as an independent third party and certified by Cofrac (Cofrac Inspection accreditation no. 3-1060, whose scope is available at www.cofrac.fr), we hereby report to you on the consolidated non-financial information statement for the year ended 31 March 2021 (hereinafter the "Statement"), included in the Group 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, which must include a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome 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 presented in the Statement and 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 standards 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 reasoned opinion expressing a limited assurance conclusion on:

- the consistency 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 outcome of the policies, including key performance indicators, and the measures implemented in light of 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 consistency 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 standards applicable in France 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 consistency of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities, and the impact of those risks on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the appropriateness 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 the information provided for in paragraph 2 of Article L. 22-10-36 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, within the limitations set out in the Statement;
- 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 results that we considered to be the most important (see the list provided in the appendix), we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - tests of details, 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 Bruichladdich (United Kingdom) and Cointreau SA (France) for environmental data and Bruichladdich (United Kingdom), CLS (France) and Cointreau SA (France) for social data, and covers between 27% and 54% 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 (see the list provided in the 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 RESOURCES

Our work was carried out by a team of 7 people between March and June 2021 and took a total of 8 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around ten interviews with the people responsible for preparing the Statement, representing the Human Resources, Financial Communication, Compliance, Environment and Purchasing departments.

CONCLUSION

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

Neuilly-sur-Seine, 18 June 2021

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Olivier Auberty
Partner

Sylvain Lambert
Sustainable Development Partner

APPENDIX: LIST OF INFORMATION THAT WE CONSIDERED TO BE THE MOST IMPORTANT

Key performance indicators and other quantitative outcomes:

Main risks (Rémy Cointreau's challenges)	Sections of the Universal Registration Document presenting the associated policies, measures and outcomes reviewed as part of our work
Employee well-being	<ul style="list-style-type: none"> • Section 1.3.1.1 Including the following KPIs: "Turnover, in%", "Absenteeism, in%", "Workplace accident frequency rate", "Workplace accident severity rate", "Average age, in years", "Seniority, in years" and "Workforce by region, business and occupation"
Non-discrimination and Internal social balance	<ul style="list-style-type: none"> • Section 1.3.1.2 Including the following KPIs: "Percentage of men/women in management", "Percentage of men/women trained", "Gender equality index, scored out of 100", "Weighted difference in the rate of promotion between men and women" and "Rate of promotion between women and men"
In-house training and Skills development	<ul style="list-style-type: none"> • Section 1.3.1.3 Including the following KPIs: "Percentage of employees completing at least one training course per year" and "Hours of training"
Sustainable agriculture	<ul style="list-style-type: none"> • Section 1.3.2.1 Including the following KPIs: "Percentage of agricultural land managed sustainably" and "Percentage of Cognac wine cooperative (AFC) vineyards with HVE certification"
Biodiversity conservation	<ul style="list-style-type: none"> • Section 1.3.2.2
Contribution to the global effort (2°C limit) and sustainability of the Company	<ul style="list-style-type: none"> • Section 1.3.2.3 Including the following KPIs: "CO₂ emissions – Scopes 1, 2 & 3, in Teq CO₂", "CO₂ emissions reduction rate – Scope 1, 2 & 3, in intensity", "CO₂ emissions reduction rate – Scopes 1 & 2, in absolute terms", "Total energy consumption, in MWh", "Renewable electricity consumption (world)", "Percentage of significant CO₂ emissions – product packaging", "Percentage of significant CO₂ emissions – upstream freight and downstream product transportation", "Percentage of significant CO₂ emissions – raw materials", "CO₂ emissions reduction rate – Scope 3, in intensity" and "CO₂ emissions from business travel"
Water management	<ul style="list-style-type: none"> • Section 1.3.2.4 Including the following KPIs: "Water consumption, in m³", "Water consumed, in m³", "Pollution from liquid waste discharges" and "Rate of vinasse recovery"
Circular economy and reduction of raw material consumption	<ul style="list-style-type: none"> • Section 1.3.2.5 Including the following KPIs: "Volume of solid waste recovered"
Customer information (nutritional labelling)	<ul style="list-style-type: none"> • Section 1.3.2.6
Responsible consumption (externally)	<ul style="list-style-type: none"> • Section 1.3.3.1
Responsible purchasing	<ul style="list-style-type: none"> • Section 1.3.3.2 Including the following KPIs: "Percentage of suppliers who are Sedex members and who are classified as active" and "Percentage of suppliers who are Sedex members and who provided all of the information requested in the selfassessment questionnaire"
Local impact (sustainable development of <i>terroirs</i>)	<ul style="list-style-type: none"> • Section 1.3.3.3
Governance	<ul style="list-style-type: none"> • Section 1.3.4.1 Including the following KPIs: "Number of B Corp certified production sites"
Business ethics	<ul style="list-style-type: none"> • Section 1.3.4.2 Including the following KPIs: "Percentage of the workforce trained in the anti-corruption charter" and "Number of alerts"



2

GROUP RISKS

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— 2.1 RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

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 Business Unit and legal entity 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.

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 aware of how to manage risk in order to:

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

COMPONENTS OF RISK MANAGEMENT

RISK MANAGEMENT ORGANISATION

The key players are the members of the Group Executive Committee, Business Unit Management Committees and the key market executives. They are responsible for identifying the principal risks in their field or geographic area and the extent of those risks

given their frequency and the scale of the potential impact. They are also responsible for action plans to secure operations.

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 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 prevention and the sharing of best practices 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 coverage for the risks identified.

PERMANENT MONITORING OF RISK MANAGEMENT

Risks considered significant are subject to *ad hoc* reviews as part of the audit programmes. The various 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.

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 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 subject to control to ensure its proper functioning.

GENERAL PRINCIPLES OF INTERNAL CONTROL

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, and with the directives issued by the governing bodies and senior management;
- 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 and can be influenced by many other factors, including the uncertainty of the outside world, the exercise of powers of judgement or malfunctions that may occur due to technical or human failure.

COMPONENTS OF INTERNAL CONTROL

Internal control is based on the following main principles:

- the 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 of each person, which is put in place to increase the effectiveness of the Group's women and men, and to make them aware of their responsibilities;
- the **internal control procedures**, which reiterate the principles and rules applicable to all of the Group's subsidiaries for the main operational cycles identified;
- the **self-assessment questionnaire**, updated regularly, that aims to assess the existence and robustness of the internal control systems at the level of each entity and used for implementing improvement plans. As such, one report per subsidiary is issued and a specific summary for the Executive Committee is prepared;

- the **Internal Audit Charter**, intended for all Group employees, which includes the ethical and methodological operating framework of internal audit.

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

1. An appropriate and structured organisation

In order to foster an exchange of best practices and cross-group control of its operations, the Group has chosen a matrix-based organisation. 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.

This organisation is enhanced by a human resources policy based on ability, know-how and high standards. The Group is committed to a recruitment policy that improves the professionalism of its staff and attracts talent, and a policy that develops skills that will maintain a high degree of expertise in its workforce.

The organization is also based on an information system that uses modern, high-performance Enterprise Resource Planning (ERP) solutions (SAP S/4 HANA) to meet the Group's growth ambitions.

Rémy Cointreau's reputation is built on strong ethical values, namely integrity, respect for the law and the individual, honesty in dealings with customers, suppliers and employees, and social and environmental responsibility, which are included in the Group's **code of business ethics**.

2. 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 databases and information systems, updated on a daily basis, providing the people concerned with relevant and reliable information to enable them to make timely decisions.

3. 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. This system is described above in the first part of this section.

4. 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 a contract that makes reference to the UN Global Compact. Under such contracts, suppliers are required to adhere to the values of respect for human rights, the environment and fundamental social principles. In addition, the Ethics Charter 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 the databases of each House. Their application is regularly reviewed as part of the ISO 9001, 14001 and 22000 certifications, as well as HACCP accreditations, thereby ensuring best practices;
- IT systems: the Head of Group IT Security coordinates the implementation of security policies and their associated procedures in the entities. In particular, the financial systems considered as critical are subject to a daily backup and hosted in data centres offering full availability guarantees. In addition, business recovery plans are under development and will be tested annually;
- central management of funding and cash: the Foreign Exchange Charter and the Interest Rate Charter sets out the principles that must be followed to ensure greater security in this area. These documents are 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. 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.

5. 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 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 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.

SCOPE OF RISK MANAGEMENT AND INTERNAL CONTROL

The internal control system mirrors Rémy Cointreau's matrix organisation and more specifically to the specific features of the subsidiaries and their relationship with the Group.

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 THE 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 carried out. With respect to 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 COMMITTEE

The Audit Committee ensures that internal control procedures are in place and are applied, both in the accounting and financial fields 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

Internal Audit – which 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 senior management and the Audit Committee. Its assignments are identified based on risks

listed in the risk mapping, the economic environment and specific requests from the management of the Group's various entities.

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 the Audit Committee with guidelines for the annual schedule and a summary of achievements of the previous financial year.

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 order to cover the different types of risks, compliance and insurance management is attached to internal audit.

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, industrial organisation. 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 Group companies in significant legal matters and in litigation management. 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 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.

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. These are 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 in its own area. The system is further enhanced by the presence of financial controllers within each Business Unit.

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.

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.

In addition, the Group carries out 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.

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 and job-specific user environments have been set up to ensure task segregation. All data is backed up every day. Batch data processing work is also programmed in a specific sequence, with systems that alert the principal users in case of an incident.

Other automatic control systems have been established, such as thresholds requiring validation, 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 reviews:

- preliminary reviews, which may focus on the internal control of processes for the preparation of accounting and financial information;
- a limited half-yearly review of all accounting and financial data prepared by Group companies;
- a limited half-yearly review of the consolidated financial statements prepared by the Finance department;
- an annual review of all year-end accounting and financial data prepared by Group companies;
- an annual 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 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 schedules, exchange rates to be used, consolidation scopes and specific matters to be monitored. These instructions are systematically sent to all Group companies.

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

Financial Communication managers draw 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. The Legal department ensures compliance with the prevailing laws and regulations in respect of 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 main risks to which the Rémy Cointreau Group is exposed, and whose materialisation could have a material adverse effect on its business, results, financial position or outlook, are presented below.

These are risks specific to the Rémy Cointreau Group identified in the latest risk mapping conducted during the 2019/2020 financial year.

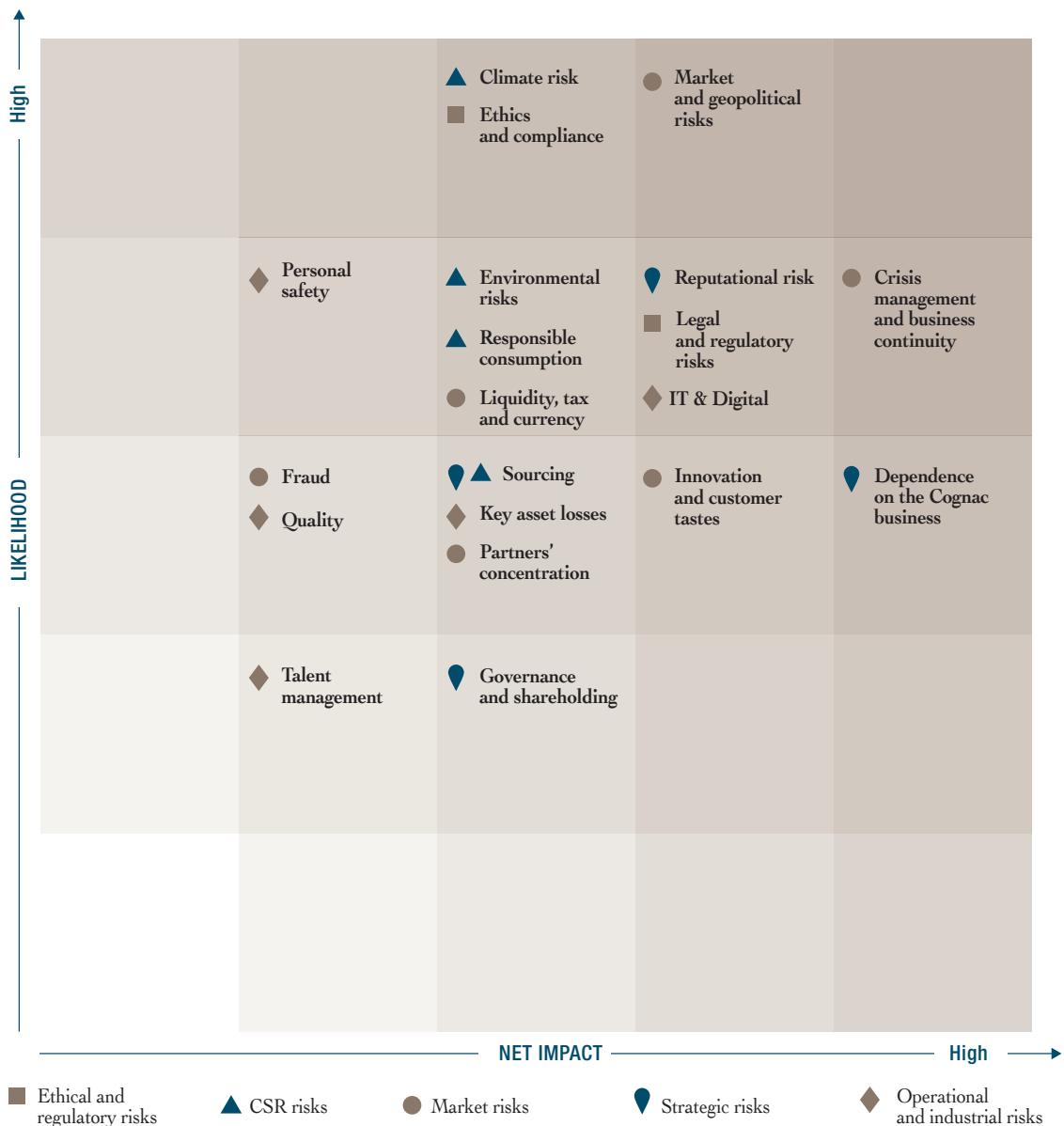
A system for anticipating and managing these risks has been set up and is periodically updated to take into account any regulatory, legislative, economic, societal, geopolitical and competitive changes.

The mapping below ranks the various risks according to their potential impact and likelihood, and represents the Group's exposure, after considering the risk-control measures implemented.

The risks identified are broken down into five main categories: strategic risks, operational and industrial risks, market risks, ethical and regulatory risks, and CSR risks.

In the current context of the Covid-19 health crisis, the mapping has been updated to take into account the changes in certain risks and associated management measures, in particular in terms of personal safety and business continuity.

This chapter includes a detailed description of these risks, their effects and the measures implemented to manage them.



• Strategic risks	2.2.1.1	Reputational risk
	2.2.1.2	Sourcing management risk
	2.2.1.3	Dependence on the Cognac business
	2.2.1.4	Governance and shareholding
• Operational and industrial risks	2.2.2.1	IT & Digital
	2.2.2.2	Risks of key asset losses
	2.2.2.3	Quality
	2.2.2.4	Talent management
	2.2.2.5	Personal safety
• Market risks	2.2.3.1	Crisis management and business continuity
	2.2.3.2	Market and geopolitical risk
	2.2.3.3	Liquidity, tax, and currency risk
	2.2.3.4	Innovation and customer tastes
	2.2.3.5	Fraud
	2.2.3.6	Dependency risk related to our partners' concentration
• Ethical and regulatory risks	2.2.4.1	Ethics and compliance
	2.2.4.2	Legal and regulatory risks
• CSR risks	2.2.5.1	Climate risk
	2.2.5.2	Environmental risks
	2.2.5.3	Risks associated with responsible consumption

A risk in **bold text** indicates that the risk is covered in Chapter 1.

2.2.1 STRATEGIC RISKS

2.2.1.1 REPUTATIONAL RISK

Risk presentation

The Rémy Cointreau Group has strong ethics. Its teams are renowned for their professionalism and its products are recognised for their quality and authenticity. Together these factors underpin the success of the Group's brands.

The reputation and image of a company and its brands could be 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 clients of the Group's brands, having a lasting and significant impact on its image and results.

Potential impact on the Group

The immediate consequences would be customers moving away from the Group, which could potentially call into question Rémy Cointreau's strategy in its different markets.

The reputational value of a brand is essentially based on how its customers perceive it, and even one apparently isolated event can have a significant impact.

Management and measures implemented

In order to best manage these risks and their consequences, Rémy Cointreau has implemented several measures:

- the Group has drawn up and widely circulated a code of business ethics and an Anti-Corruption Charter, which are regularly updated. The code of business ethics aims to promote Rémy Cointreau's values. The purpose of the Anti-Corruption Charter is to raise awareness among women and men in the Group of the various risks they may face;
- the Group has expanded its digital marketing teams and set up an effective media monitoring strategy, enabling it to respond very quickly to potential rumours;
- a crisis management operations handbook has been drawn up;
- as part of its CSR policy, Rémy Cointreau educates its employees to act, at all times, in accordance with its code of ethics;
- finally, the Group works closely with the authorities in each country to crack down on counterfeiting, and takes part in awareness initiatives on the dangers of counterfeit products.

2.2.1.2 SOURCING MANAGEMENT RISK

Risk presentation

A majority of the Rémy Cointreau Group's production is carried out in-house, in line with its strategy of exceptional products tied to their *terroirs*. Supply security is therefore a critical issue:

- to guarantee continued growth for the Group;
- to ensure that its partners apply the same principles of respect for human rights, labour law and the environment.

Potential impact on the Group

A supply disruption in either volume or quality could result in a production breakdown and thus a loss of business.

Moreover, working with partners who do not respect Rémy Cointreau's commitments, as defined in the CSR report, would impair Rémy Cointreau's commitments to its *terroirs* and its customers.

Management and measures implemented

The Rémy Cointreau Group's products are intrinsically tied to their *terroirs*, thereby forging long-term partnerships with producers from these *terroirs*.

Operationally, supplier risk is managed by the Purchasing department, jointly with the Product Development teams. Rémy Cointreau is improving the security of its supplies, implementing a diversification policy to limit its dependency on suppliers, and building up strategic inventories.

The Group enters into special partnerships with its suppliers based on ethics, trust, long-term commitment, and shared values. In the interests of supporting all of its partners in the long term, Rémy Cointreau ensures that they share and respect its social, environmental, and ethical ambitions and commitments. Sedex supplier audits are conducted by the Purchasing department to make sure supplier operations are in compliance with the Group's expectations.

These actions are detailed in Chapter 1.3.3.2 "Responsible Purchasing".

2.2.1.3 RISK OF DEPENDENCY ON THE COGNAC BUSINESS

Risk presentation

The Rémy Martin and LOUIS XIII Cognac lines are the key drivers of revenue for the Rémy Cointreau Group. Rémy Martin and LOUIS XIII are global, iconic brands from the best *terroirs* in the Cognac region, with a loyal customer base across its different European, American, and Asian markets.

Potential impact on the Group

The Rémy Cointreau Group is heavily dependent on the good health of its Cognac brands, whether in:

- the supply of **eaux-de-vies**, with a limited, highly sought-after output of Grande and Petite Champagne, dependent on a specific *terroir*;
- the consumption of its products in its principal markets, where a severe decline would have a significant impact on the Group's earnings;
- the reputation of its Cognac brands with their customer bases, and their loyalty to their values of authenticity, know-how, and quality.

Hence, an inability to obtain supplies of eaux-de-vie de Cognac, specifically Grande Champagne; major damage to the image capital of the Rémy Martin and LOUIS XIII brands; or a loss of customers on the principal markets, would have a significantly affect the Rémy Cointreau Group. Similarly, a substantial or sustained decline in the volume or sale price of our Rémy Martin or LOUIS XIII cognacs would have a negative effect on its financial results. Furthermore, if efforts to maintain or enhance the relevance of the Rémy Martin and LOUIS XIII brands with our current and future customers were not successful, our sales and operational earnings could suffer.

Management and measures implemented

Aware of this risk, the Rémy Cointreau Group has established the following measures:

- **eaux-de-vie**: The Rémy Cointreau Group, through its subsidiary Domaines Rémy Martin, owns Petite and Grande Champagne vines and has a policy of actively acquiring land. Additionally, its policy of long-term commitment with wine growers and distillers secures its sourcing for the years to come;
- diversification of supply across markets, where the variety of the Rémy Martin line and the LOUIS XIII limited editions, serve to both attract and retain customers looking for rare and authentic products, and to spread the risk across the different markets, where, for instance, China is loyal to Club and LOUIS XIII, while the US prizes VSOP and 1738;
- this creates a more balanced distribution of its net sales among the three principal markets of Europe, the United States, and China.

2.2.1.4 GOVERNANCE AND SHAREHOLDING RISK

Risk presentation

As a family-owned, listed company, Rémy Cointreau is sensitive to the management of its governance, in particular due to:

- the level of involvement of the shareholding family in the Group's management (or its potential divestment) of which could change its profile;
- the potential capital investment of an activist fund;
- a potential takeover bid that could have an impact on the continuity of the strategy.

Potential impact on the Group

Rémy Cointreau's strategy is based on a long-term development outlook (as indicated by its values *Terroirs*, People, and Time), which could be affected in the event of changes in shareholding.

Moreover, over-involvement of the shareholding family could disrupt the Group's governance.

Management and measures implemented

The Hériard Dubreuil family, a historic shareholder in Rémy Cointreau, reasserts and demonstrates its involvement in the Group, whose strategic ambition is to become the global leader in exceptional spirits. Moreover, a stable and committed shareholder base over the long term is a strategic advantage for a portfolio of hundred-year-old brands with a long ageing process for *eaux-de-vie*.

In addition, the bonds between the Rémy Cointreau Group and Andromède, a company of the Hériard Dubreuil family, are defined and framed in a service provision agreement. Under this agreement, Andromède provides Rémy Cointreau with support services in strategy and finance management, institutional and commercial relations, development and external growth, and the organisation and oversight of senior management.

2.2.2 OPERATIONAL AND INDUSTRIAL RISKS

2.2.2.1 IT & DIGITAL RISKS

Risk presentation

IT risks consist of data loss, corruption or breach (commercial, production or 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. 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) or internal attacks (malicious employees).

According to the ANSSI (French National Information Systems Security Agency), cybercrime is the main cyber threat for companies, with a very alarming increase in ransomware attacks in recent months.

In addition, changes in practices and technologies, with the increased use of remote working due to Covid or the use of cloud solutions, significantly increase cybersecurity risks.

Potential impact on the Group

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.

Management and measures implemented

A dedicated team, headed up by an IT Systems Security Manager within the IT Systems department and with strong support from senior management, has been tasked with implementing appropriate tools and processes since 2015. These have recently been significantly stepped up and are constantly being adapted.

In particular, Rémy Cointreau has an external Security Operation Centre and the latest technology designed to protect its network, servers, user workstations and Cloud applications and to prevent hacking (anti-virus, anti-spam, web filtering, remote access).

In addition, business recovery plans have been developed or are under development and crisis management exercises are organised. Training is also provided internally to raise the awareness of all Rémy Cointreau employees to these different threats.

Lastly, permanent monitoring, regular discussions with other peers and risk quantification exercises enable to maintain a very high level of vigilance within the organisations.

2.2.2.2 RISK OF KEY ASSET LOSSES

Risk presentation

Rémy Cointreau's main assets are its brands, employees, sites and inventories.

The Group is particularly sensitive to any event that could affect one of its brands, jeopardise the health of our employees, or deteriorate some of its assets, be they buildings or inventories.

Potential impact on the Group

Because our cognacs, whiskies and rum are aged for long periods, we maintain an important inventory of products that are aged and reach maturity in our various cellars, located on sites specific to each brand. The loss of a high volume of aged inventories – due to fire, another natural or human-made disaster, contamination, or other cause – could considerably reduce supply of the product(s) in question. A consequence of these disruptions, or other breaks in the supply chain, could prevent us from meeting customer demand for a period of time. Insurance claims might not be sufficient to cover the replacement value of inventory of products reaching maturity or other assets, should they be lost. Disaster recovery plans might not prevent a disruption in operations, and rebuilding damaged facilities could take considerable time.

Any loss impacting our employees could result in the loss of skills and disrupt our production over a shorter or longer period.

Management and measures implemented

To manage this risk, the Rémy Cointreau Group has rolled out a set of measures, carried out jointly by the Operations department and the Insurance department.

Preventive measures have been defined and put in place, particularly at production sites. They undergo regular external audits by our insurers' prevention engineers. These measures include facilities design and maintenance, team training and formalised operating procedures.

Rémy Cointreau has also established protection and control systems to control the quality of its products and limit the potential risk of product contamination.

Lastly, to ensure the safety of its employees, the Group has enhanced personal safety measures on its sites and formed a partnership with an international security expert to cover its employees during business travel. In addition, the purpose of the Group Talent department is to identify rare skills and prepare succession plans. At present, a succession plan is in place for each of the key positions.

2.2.2.3 PRODUCT QUALITY RISK

Risk presentation

Rémy Cointreau brands are known and recognised for their high-end quality, owing in particular to the raw materials used, the expertise of its craftsmen and winemakers, and respect for the local region or *terroirs* they come from.

Potential impact on the Group

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, Rémy Cointreau 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 its 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 customers are guaranteed a unique experience when enjoying the Group's products.

Rémy Cointreau has also rolled out a training programme to identify and respond appropriately to the needs of each member of staff. As a result, each 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 withdraw from the distribution network any bottles that could be affected by a quality issue.

2.2.2.4 TALENT MANAGEMENT RISKS

Risk presentation

The reputation and success of Rémy Cointreau are built on the know-how of its cellar masters and the skills of its teams. Attracting, developing, and retaining top talent while allowing certain rare or in-demand skills to be passed on is an ongoing challenge.

Potential impact on the Group

Any loss in talent or know-how, or an inability to attract or find new talent, would have implications for the sustainability of certain kinds of knowledge and expertise, as well as for the well-being of our teams (loss of motivation, weaker investment in projects) and therefore on the Rémy Cointreau Group's ability to achieve its goals.

Management and measures implemented

Rémy Cointreau's Human Resources Department has set up a number of measures:

- a training plan offers employees various modules on the Group's brands and functions, or aimed at supporting individual and professional development;
- the Talent department is tasked with attracting new talent but also identifying and fostering talent within the Group;
- internal and external mobility is promoted, giving employees the option of developing abroad or in another function;
- as part of its well-being at work policy, teleworking (both regular and occasional) has been set up;
- as a family-owned group, Rémy Cointreau wants to retain its employees and involve them in the Company over the long term. As such it has established various incentive measures: incentives, profit-sharing and supplementary pension schemes, etc.

2.2.2.5 PERSONAL SAFETY RISKS

Risk presentation

The Rémy Cointreau Group is intent on respecting personal safety regulations and is also vigilant about the safety and health of people of both its employees and its customers at all times.

The factors identified by the Rémy Cointreau Group that may jeopardise the safety of its employees and customers include:

- occupational illness or psycho-social risks;
- the risk of accidents during travel in some markets;
- the risks associated with using certain machines;
- the risks associated with excessive consumption of spirits;
- the risks related to a pandemic similar to Covid-19.

Potential impact on the Group

Any harm to the health and safety of its employees and customers would have significant consequences for the Group, whether:

- reputational impact, related to the fallout from an accident;
- legal impact, due to litigation which could have significant financial consequences;
- loss of employee motivation.

Management and measures implemented

Rémy Cointreau has always been committed to procedures aimed at continuously improving the safety of its employees and reducing the number of workplace accidents.

First, the Group's production sites undergo independent audits resulting in action plans that are reviewed each year. Our insurers are closely involved in these measures in order to assess their effectiveness.

In addition, Rémy Cointreau has taken out a contract with an international traveller safety expert to ensure its employees' safety during business travel.

The Group's people are also routinely educated on the importance of responsible consumption, through specific training programmes and the implementation and circulation of strict rules for those in contact with points of sale.

Lastly, during the Covid-19 pandemic, Rémy Cointreau's top priority has been to ensure the safety of its employees. Accordingly, the Group has implemented strict protocols across all its sites, adapted to local health situations and rules: hygiene measures, organisation of teleworking, working environments and work time. Inter-site and intra-site crisis committees have been set up as well as the organisation of routine communication. Psychological assistance has also been introduced to help employees experiencing difficulties.

2.2.3 MARKET RISKS

2.2.3.1 CRISIS MANAGEMENT AND BUSINESS CONTINUITY

Risk presentation

The Rémy Cointreau Group, through its presence in numerous markets and its production process, is exposed to risks of various kinds (health, natural disasters, industrial and economic disasters) that may have a significant effect on Group's business and its ability to recover rapidly.

Potential impact on the Group

A natural disaster causing the destruction of the production sites, a global health crisis, such as a long-lasting pandemic, a political crisis resulting in the closure of borders or any other event disrupting the activity could have material impacts on the sales of the Group. In addition, poor preparation and anticipation would affect its ability to resume activity quickly and efficiently.

For example, the Covid-19 global pandemic resulted in a total shutdown of the Group's production sites during several weeks in the first half of 2020 as well as the closure of on-trade points of sale for variable periods of time during depending on the various markets and a decline in air freight which affected travel retail.

Management and measures implemented

The safety and sustainability of all of the Group's assets: human, tangible, intangible, and know-how, are the top priorities.

The Group's production sites have established business continuity plans. In particular, the cellars located in the Cognac region, which house the majority of Rémy Cointreau's assets, are classified as Seveso high-threshold under the authorization regime and have defined, formalized business continuity plans that are shared with insurers and local authorities, as well as a safety management system.

The Rémy Cointreau Group has also crisis management operations handbook and, following each event, it conducts a feedback exercise to identify what might have been managed more effectively.

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2.2.3.2 MARKET AND GEOPOLITICAL RISK

Risk presentation

By virtue of its international presence, the Rémy Cointreau Group is sensitive to market developments, protectionist tensions, potential trade wars, even the consequences of terrorist acts.

The Brexit situation (since the United Kingdom is one of the Group's principal markets in Europe, as well as a producer country); the tensions and risks of trade war; and popular uprisings in various countries, are all events creating instability which could affect Rémy Cointreau's business.

Potential impact on the Group

These events could have multiple consequences such as:

- restricted access to certain markets for our brands;
- a significant increase in customs duties;
- a fall in consumption and our sales.

Management and measures implemented

In the context of its risk control policy, the Rémy Cointreau Group has set out to diversify its exposure through:

- better distribution of its business among different markets (United States, Europe, China, Asia excl. China, and Africa);
- diversification of its spirits line, developing "limited editions" and highlighting its products' movement upmarket;
- development of new distribution channels (brand boutiques, e-commerce, and direct sales).

2.2.3.3 LIQUIDITY, TAX, AND CURRENCY RISKS

Risk presentation

Rémy Cointreau's results are sensitive to fluctuations in exchange rates, as the Group realises about 80% of its net sales in currencies other than the euro, whereas most of the production is within the euro zone.

The majority of the Group's activities are characterised by high levels of capital employed, particularly inventories undergoing ageing, which involves substantial financing requirements over the long term.

Finally, due to its international presence, Rémy Cointreau is exposed to financial risks linked to the development, complexity, and interpretation of tax regulations in the countries in which it operates.

Potential impact on the Group

Unfavourable currency fluctuations can generate financial losses.

Any change in the Group's financing structure might impact the Group's earnings as well as its ability to finance itself over the long term.

The changes in tax regulations and the increasing burden of direct and indirect taxation on spirits in particular (excise duties, customs duties, etc.) could negatively affect its earnings.

Management and measures implemented

The currency risk is hedged so as to minimise and anticipate the impact of currency fluctuations on the Rémy Cointreau Group's earnings.

The Group's foreign exchange policy is founded on the following management principles:

- distribution subsidiaries are billed in their own currency, based on an annual exchange rate set in euro;
- the currency risk is hedged by Financière Rémy Cointreau on a yearly basis, calculated on the Group's net positions;
- no speculation is authorised;
- these hedges are performed with firm and/or optional currency transactions eligible for hedge accounting;
- other non-operating transactions are hedged against the currency risk once their commitment is firm and final. These include financial risks generated by intra-Group loan transactions and dividends in foreign currencies.

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 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 3.50 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.

Lastly, the Rémy Cointreau Group keeps a regulatory watch and sets its tax policy by relying on a team of tax specialists that reports to the Finance department. The Group is committed to following all tax regulations in the countries in which it operates; its tax policy is not based on any tax-evasion scheme and is compliant with the principles laid down by the OECD.

2.2.3.4 RISKS ASSOCIATED WITH INNOVATION AND CHANGING CUSTOMER TASTES

Risk presentation

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

In addition, any inability of the Group to innovate by presenting products that meet customers' new expectations would constitute a risk factor.

Potential impact on the Group

A change in consumer tastes and in particular, 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.

Management and measures implemented

Rémy Cointreau continues to diversify its brand portfolio and develop its product range in order to limit its exposure to a particular brand, category of spirits or market.

As such, the Group further enhanced its portfolio and, on 16 October 2020, announced the acquisition of Champagne J. de Telmont, a traditional century-old business firmly engaged in an organic agriculture certification process.

The development of the ranges and capacity for innovation of the Houses enable to address the changes in consumer tastes and to be a pioneer in new consumption patterns.

Continuous strategic monitoring is also an important factor in the growth strategy.

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2.2.3.5 FRAUD RISK

Risk presentation

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, the Group could be a prime target for numerous fraud attempts, both in France and internationally.

Attempted fraud can come in many forms:

- external fraud, be it 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;
- internal fraud by an employee, through theft or collusion with a third party.

Potential impact on the Group

No matter what form the fraud takes (theft, cyber-extortion, embezzlement), it can result in financial losses that are:

- direct, through the fraud perpetrated;
- indirect, in connection with the costs of managing the fraud (consulting fees and legal fees).

Fraud can also result in the theft of confidential information or personal data.

Lastly, the reputational aspect should also be taken into account when assessing potential impact.

Management and measures implemented

Aware of the growing risk, Rémy Cointreau has implemented a range of measures and checks. These include:

- raising awareness and training employees for these risks;
- strengthening key procedures;
- improving cooperation with partner banks in the securing of transactions;
- deploying specific IT tools against "cyber" risks.

More specifically, concerning the risk of "internal" fraud, Rémy Cointreau stepped up its procedures for third party control and validation and the segregation of duties. Routine communication and specific training courses are organised, including strict reminders of the principles of integrity.

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

2.2.3.6 DEPENDENCY RISK RELATED TO OUR PARTNERS' CONCENTRATION

Risk presentation

The Wines & Spirits industry is highly competitive and fragmented. There is a tendency toward concentration among players in distribution and production alike that may impact Rémy Cointreau in a lasting way, thereby creating a situation of dependency that could be harmful with increased pressure on the Group's prices and margins.

Potential impact on the Group

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

- concentration among competitors risks marginalising Rémy Cointreau. There is a risk of it lacking sufficient critical size to be able to negotiate with key partners (such as players in iconic locations in major cities);
- concentration in the distribution sector could also have a negative impact due to the increased bargaining powers of distributors. This also entails the risk of our products being delisted with our partners, either temporarily or permanently and affect our sales prices and conditions.

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 links with big-name establishments.

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:

- 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 Rémy Cointreau company;
- similarly, with regard to suppliers, there is no dependency on a key supplier. More specifically, supplies of cognac eau-de-vie are the subject of long-term commitments, thereby reducing the supply risks.

Moreover, the Group continues to invest in and develop its own distribution network, guaranteeing its independence and ability to be present in all of its markets.

Lastly, Rémy Cointreau is seeking to diversify its distribution channels, with very ambitious targets for growth in direct sales and e-commerce.

2.2.4 ETHICAL AND REGULATORY RISKS

2.2.4.1 ETHICS AND COMPLIANCE RISKS

Risk presentation

The Group has a global business and is therefore subject to a raft of laws and regulations, including various regulations on anti-corruption (Sapin II Act in France, FCPA in the USA, UKBA in the United Kingdom) and data protection (GDPR, CCPA in California, etc.), as well as the principles enshrined in the Global Compact.

Potential impact on the Group

The risk that the Group fails to comply with one of these regulations, or that one of its employees does not follow the rules contained in the Group code of business ethics and in doing so exposes Rémy Cointreau to various sanctions.

The impacts of these sanctions may be numerous: financial, reputational, psychological for our employees, and even the loss of our appeal to job seekers.

Management and measures implemented

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

To prevent corruption, the Group conducted a risk mapping exercise which resulted in the roll out of local action plans, and implements the other anti-corruption measures provided for in the Sapin II Act. An anti-corruption code of conduct has been drawn up and specific training modules are provided to Group employees. Lastly, an ethics whistleblowing hotline, accessible both internally and externally has been set up.

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 and in the US). The compliance plan is based in particular on data protection policies, internal data management procedures and impact analysis, the use of standard contractual clauses, and lastly, appropriate training for all members of staff.

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

2.2.4.2 LEGAL AND REGULATORY RISKS

Risk presentation

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 with respect to the production, packaging, marketing and advertising of these products, as well as public health, product recall, labelling, and promotions.

Moreover, the Rémy Cointreau Group attaches particular importance to the legal protection of its assets and of its trade relations in France and around the world. This also involves:

- its intellectual property rights, particularly of its brands, which are a major asset in its business;
- its distribution contracts;
- its supplier relationships;
- litigation with customers or government authorities.

Potential impact on the Group

These regulations and their developments can have a strong impact on the Group's ability to do business:

- advertising and promotion: to amend consumer behaviours and reduce alcohol consumption, the various authorities may impose restrictions or even limit alcohol advertising. An example of this is the Evin law in France. A limited campaign would hinder Rémy Cointreau in its efforts to introduce its brands and retain customers;
- labelling: In addition to the restrictions of the legal notices, strong labelling, similar to that carried out in the tobacco industry, could drive customers away from spirits, thereby reducing sales;
- distribution channels: regulatory changes in distribution could restrict Rémy Cointreau's ability to distribute its products or conduct promotional campaigns;
- brand protection: The brands of the Rémy Cointreau Group could be imitated, counterfeited or registered by third parties in violation of its rights. The Group could then encounter difficulties in protecting its brands in certain countries or reassuring consumers who might be misled into thinking that they are buying the Group's products;
- contracts: A lack of contract formalisation in its trade relationships, with suppliers and customers alike;
- litigation: Any major litigation could have significant consequences on the Group (financial, reputational) or its brands and products.

Management and measures implemented

In order to have an influence on these regulations and their developments, the Rémy Cointreau Group belongs to many professional groups so that it can promote its positions and its interests both with other industry players and with administrative authorities.

An integrated Legal department permanently manages the Group's legal affairs. It carries out preventative checks on all the legal risks, both internal and external, that may affect the achievement of the Rémy Cointreau'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. To defend its interests, Rémy Cointreau takes a position on these risk factors, in particular:

- by committing to communicate through responsible campaigns that do not target "young and at-risk" customers, and working to make sure sensible advertising of spirits is always a reality;
- by raising awareness among customers of the dangers of excessive consumption in its communication;
- by collaborating with the various authorities for the design of labelling;
- brand protection: 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;
- to prevent counterfeiting, by taking every action necessary to tackle counterfeiting, particularly in Asia and Eastern Europe, against any unfair competition, and by opposing any registration of trademarks by third parties whenever it considers that a trademark application infringes its property rights. Within the Legal department, a specialist lawyer is devoted to protecting the Group's Liqueurs & Spirits brand portfolio. Similarly, a manager is dedicated to protecting the Rémy Martin brand portfolio. To fight against counterfeiting, they ensure the follow up of the report on any counterfeiting of the Group's brands, together with professional bodies, distributors, Sales departments, customs authorities, the Corporate Relations department and government expert agencies. They take every step they deem relevant to oppose the registration of counterfeit trademarks by third parties across the globe. They carry out and manage the litigation proceedings they deem necessary worldwide, with the support of specialised advisers;
- litigation management: in the event of procedures relating to trademark law, the protection of intellectual property rights, the protection of its distribution network, relations with employees and the control of its tax declarations and all other matters inherent in its activities, Rémy Cointreau calls on the services of first-rate lawyers in order to build defence and provisions, when necessary, the amounts related to these risks and litigation.

2.2.5 CSR RISKS

2.2.5.1 CLIMATE RISK

Risk presentation

The Rémy Cointreau Group's spirits are produced on their own specific *terroirs*. These are subject to seasonal vagaries such as drought, hail, and frost, as well as longer-term climate changes like global warming.

Potential impact on the Group

Depending on their type, weather events can have various impacts:

- seasonal climatic hazards: A strong climatic hazard like heavy frost, hailstorm, overly dry summer, or lack of precipitation can impact the production of the raw materials the Group needs. Whether a sharp drop in yield or greatly diminished harvest quality, these would inevitably have an impact on future net sales;
- climate change: This long-term phenomenon can have a major impact on the Group's activity. Indeed, a substantial change, specifically warming, may change the crop map and impact the product-*terroir* link that is a building block in the identity of the Rémy Cointreau Group's products.

Management and measures implemented

Rémy Cointreau is committed to an active environmental conservation and protection policy in order to minimize its impact. Moreover, the Group operates a dynamic management of its supplies, enabling it to minimise the climatic hazards on its harvests. Our teams are therefore committed to medium- and long-term actions to ensure the quality and sustainability of the Houses' supplies. These actions are detailed in Chapter 1.3.2.3 ("Adapting to climate change").

Rémy Cointreau 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, in the context of its risk management policy, as described in Chapter 2.3 "Insurance", the Group has taken out a policy covering hail and frost that may affect our Cognac vineyards.

2.2.5.2 ENVIRONMENTAL RISKS

Risk presentation

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

Potential impact on the Group

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.

All the certifications of the production sites are presented in chapter 1.3.4.1 "Governance".

2.2.5.3 RISKS ASSOCIATED WITH RESPONSIBLE CONSUMPTION

Risk presentation

The Rémy Cointreau Group endeavours to meet its responsibilities to society. As such, it is keenly aware of its responsibilities with respect to public health. Just as it cares about the quality of its products, it also cares about promoting moderate consumption of its products.

Potential impact on the Group

Any negative effect on the health of its employees by excessive consumption of its products or of alcohol in general may result in:

- stricter regulations on alcohol consumption;
- litigation brought against the Group by employees or customers;
- damage to the reputation of the Group and its brands.

Management and measures implemented

Rémy Cointreau remains involved, together with the industry's major companies and professional associations, in the main joint projects to encourage responsible alcohol consumption across its principal markets. The movement upmarket strategy that is a feature of all of the Group's Houses is also very consistent with the pursuit of higher-quality consumption and the aim of reducing risky consumption. Internally, Rémy Cointreau routinely raises employee awareness of the importance of responsible consumption through training and targeted messaging.

These actions are further detailed in the section on responsible consumption in Chapter 1.3.3.1 "Responsible consumption of our products".

— 2.3 INSURANCE

The Rémy Cointreau Group has implemented a risk management policy that includes:

- risk prevention at industrial and storage sites and employee safety;
- identification of its risk exposure;
- implementation of business continuity plans;
- optimisation, coordination and pooling of its insurance policies.

The main insurance policies are integrated under international insurance programmes covering the various risks identified, such as general civil liability, withdrawal of delivered products, damage to property and consequent operating losses and transport of goods. Local insurance policies can also be subscribed to meet regulatory requirements and the specific needs of the subsidiaries (e.g. vineyard insurance, auto fleets, etc.).

Insurance type	Coverage and limits of the various policies subscribed
Property damage and business interruption	<p>This coverage is presented as “All Risks Except”.</p> <p>Basis for compensation</p> <ul style="list-style-type: none"> • Replacement value for movable or immovable assets. • Wine and spirits: Market replacement value and net book value based on type of inventories. • Operating losses with a compensation period of 24 months. <p>Contractual claim limit</p> <p>A contractual claim limit of €850 million was negotiated for property damage and business interruption combined.</p>
General liability (operations and products)	<p>This policy covers the Rémy Cointreau Group for all physical, material and immaterial damage caused to third parties for €100 million.</p>
Contamination and brand image	<p>This plan is supplemental to the general liability coverage subscribed and covers the product cost, the costs of restoring the brand image, operating losses, and the contamination and any deterioration of the product.</p> <p>Coverage of €15 million per policy year.</p>
General liability Environmental damage	<p>Coverage of €10 million per policy year.</p>
Transport	<p>Coverage of €10 million per claim.</p>
General liability – corporate officers	<p>Coverage of €50 million per policy year.</p>
Fraud and cyber	<p>Coverage of €15 million for fraud and of €15 million for Cyber per policy year.</p>
Credit	<p>Coverage of each customer’s outstanding balance, up to a limit set per customer by the insurer.</p>

— 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 of 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 employees are committed to comply with the applicable laws and regulations in all countries where they present and operate an activity.

These principles are explicitly included in the Group's code of ethics and Anti-Corruption Charter.

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 as soon as they join the Group. It is the foundation 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. Employees must avoid any situation of a conflict of interest, or situation that may be perceived as a conflict, between their duties towards Rémy Cointreau and their personal interests;
- **the fight against corruption**, Rémy Cointreau condemns corruption in all its forms, including 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 customers, 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.

ANTI-CORRUPTION CHARTER

The purpose of the Rémy Cointreau Anti-Corruption Charter, available in four languages and distributed to all employees, is to raise awareness among women and men in the Group of certain risks. It describes the types of behaviour to be avoided and details the commitment of the Group and its governing bodies to the fight against corruption. It lays down Rémy Cointreau’s guiding principles on a number of operational topics and addresses the following topics:

- corruption and influence peddling offences, issues and forms;
- the whistleblowing system with the ethics hotline;
- prohibition of facilitation payments;
- management of conflicts of interest;

- interactions with public officials;
- rules on gifts and invitations.

This Anti-Corruption Charter may be supplemented on a local basis by other procedures.

In addition, this charter is supplemented by an Anti-Corruption code of conduct which summarises the main guidelines of the Anti-Corruption Charter and which is included in the internal regulations.

2.4.2 ORGANISATION

COMPLIANCE DEPARTMENT

The Compliance department has been placed under the responsibility of the Internal Audit and Insurance department, which became the Internal Audit, Compliance and Insurance department on 1 September 2017. It is 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, Compliance and Insurance 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.

NETWORK OF COMPLIANCE OFFICERS IN THE GROUP

The compliance and legal teams located in Paris and abroad, in particular in the United States, China and in Singapore, make up the network of “compliance” correspondents, working closely with the Internal Audit, Compliance and Insurance department and the Data Protection Officer, in order to roll out, organise and implement, on a local scale, compliance programmes within the Group.

“PERSONAL DATA” COMMITTEE

A “Personal Data” Committee has been created comprising the following managers, together with the Data Protection Officer:

- Audit, Compliance and Insurance department;
- Group Compliance manager;
- Group Legal department;
- IT Systems department;
- E-commerce department.

The mission of the “Personal Data” Committee is to ensure compliance with European regulation No. 2016/679 of 27 April 2016, the General Data Protection Regulation as well as other international regulations such as the CCPA in California.

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 reports to the Internal Audit, Compliance and Insurance department.

2.4.3 IMPLEMENTATION

CORRUPTION

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.

The fight against corruption is part of an ethical approach to which the Rémy Cointreau Group is firmly committed. The governing body has an active role regarding compliance with ethical rules through communication to all employees. The Group's daily practices, whether managerial, commercial or operational, must foster this ethical culture.

Rémy Cointreau is committed to comply with all of the relevant laws and regulations, particularly those of the countries in which the Group produces and distributes its products. In order to comply with the requirements of law no. 2016-1691 of 9 December 2016 on transparency, combating corruption and modernising the economy (Sapin II Act), the Rémy Cointreau Group has made the Audit, Compliance and Insurance department responsible for implementing the anti-corruption programme and the action plans to reinforce the strict procedures that are already in place, in accordance with the requirements of said Act.

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 Regulation, the Audit, Compliance and Insurance department was designated to prepare and implement 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 and internal control.

2.4.4 CONTROL

ETHICS HOTLINE – PROFESSIONAL WHISTLEBLOWING SYSTEM

The Group has set up a whistleblowing system, called the "Rémy Cointreau Ethics Hotline", the procedures of which are detailed in the Whistleblower Charter. It is accessible both internally and externally.

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 failing to comply with ethics and integrity is contrary to the Group's values and its internal rules.

MONITORING THE IMPLEMENTATION OF ETHICAL VALUES

Audits on the application of the Group's procedures are conducted on a regular basis in the subsidiaries and may also be carried out with the main suppliers and partners. These audits primarily cover the following issues: combating corruption, protection of personal data, respect for the environment, respect for human rights and fundamental freedoms.

ETHICS ISSUES TRAINING PROGRAMME

An "anti-corruption" training module intended for all Rémy Cointreau Group employees was rolled out during the 2020/2021 financial year. Training for employees the most exposed to corruption risks (sales and purchasing teams) will be rolled out during the next financial year.

Communication aimed at raising the awareness of employees who have access to personal data as part of their duties (e.g. customer, prospect, service provider and/or employee data) has been prepared and circulated.

A "data protection" training module aimed at training employees who have access to personal data as part of their duties will be circulated to all employees concerned during the next financial year.



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The French version of this document is available
on request or on the website remy-cointreau.com



Printed on paper from sustainably managed forests.



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