



2020



RÉMY COINTREAU

STATEMENT OF
NON-FINANCIAL PERFORMANCE
EXTRACT FROM THE 2019/2020 UNIVERSAL REGISTRATION DOCUMENT

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RÉMY COINTREAU

STATEMENT
OF NON-FINANCIAL
PERFORMANCE

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FROM THE 2019/2020
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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.

CHAIRMAN'S MESSAGE



— MARC
HÉRIARD DUBREUIL

2019/2020 was a singular year in more than one respect... like so many years have been for the Rémy Cointreau Group and its Houses, some of which being centuries-old. And it is in these unprecedented moments that the Group knows how to stay calm and stay agile, to prepare to rebound in the best possible way. That is why we are confident that we can emerge from this crisis even stronger, and why we are looking toward the future with ambition – the ambition to become the leader in exceptional spirits.

The 2019/2020 environment was particularly complex worldwide for the Group, as a global economic downturn combined with the threat of import tariffs in the United States and, of course, this unprecedented health crisis, which knocked the wind out of global air traffic and on-premise consumption. For the Group, the major event was the change in its governance, with the departure of Valérie Chaploulaud Floquet and the arrival of Éric Vallat as Chief Executive Officer of Rémy Cointreau.

In spite of this context, our sales held steady at above €1 billion, our profitability remained high at 21.0%, and some of our non-financial targets, such as sustainable agriculture, were met well ahead of schedule. Lastly, we are very proud of the “B-Corp” certification of our Bruichladdich Distillery which recognises its social and environmental performance, alongside some 3,000 companies worldwide.

Along with a new management team, we are setting ourselves new financial and non-financial targets: within 10 years, the refined value strategy should enable the Group to achieve a gross margin of 72% and a current operating margin of 33%. However, it is important to us that this growth is responsible and continues to be based on the principles and values promoted by the Global Compact. Rémy Cointreau is therefore launching its “2025 Sustainable Exception” plan, with three key focus areas: sustainable agriculture, reduced carbon emissions, and ecodesign. Our objectives are clear: by 2025, to guarantee sustainable agriculture in all terroirs involved in crafting our spirits; target 100% ecodesign for our packaging; and gradually reduce our carbon emissions in line with the international ambition of “Net Zero Carbon” by 2050. And lastly, the Group has just formalised its *Raison d’Être*, defining its long-term corporate mission.

In the shorter term, 2020/2021 is expected to unfold in a context that no-one can predict with certainty, but that we expect to see take two tracks. The first half should remain tense, in a situation still marked by the global pandemic and its consequences for all of our major markets. Based on a first quarter, which we estimate to record an organic decrease of about 45%, and a second quarter already showing signs of recovery, but still in moderate decline, our current operating profit could fall by about 45% to 50% at constant exchange rates and scope. However, the second half is expected to benefit from a substantial rebound, one on which the Group is already focusing its full energy and creativity.

I would like to take a moment here to thank all of our employees for their remarkable solidarity, which they have expressed in numerous initiatives to help each other, on every continent, in recent months. I’d like to say how much we admire their responsiveness – their fighting spirit, even – and the community spirit they have demonstrated through their voluntary commitments in their local areas.

Finally, I want to recognise the financial efforts made and shared by everyone in this Group – from employees to members of the Board of Directors – to adapt our cost structure in this context of pressure on sales. Rémy Cointreau’s conduct stems from ethics that we are proud to share with our shareholders. I thank them for their confidence and loyalty.

“IT IS IMPORTANT TO US THAT THIS GROWTH IS RESPONSIBLE AND CONTINUES TO BE BASED ON THE PRINCIPLES AND VALUES PROMOTED BY THE GLOBAL COMPACT.”

KEY FIGURES

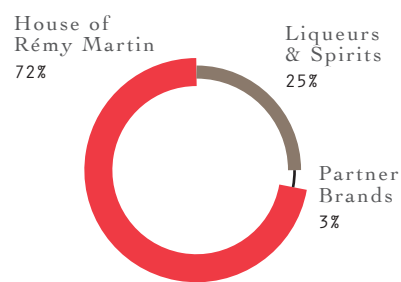
— FINANCIAL DATA

FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020

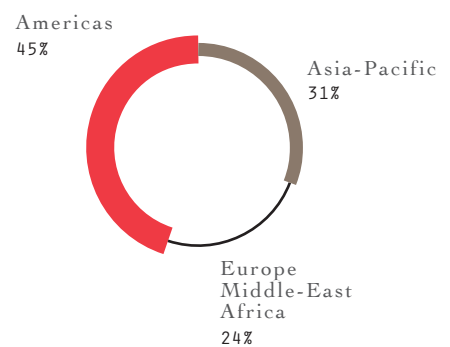
NET SALES



NET SALES BY DIVISION



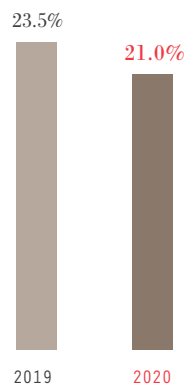
NET SALES BY GEOGRAPHIC AREA



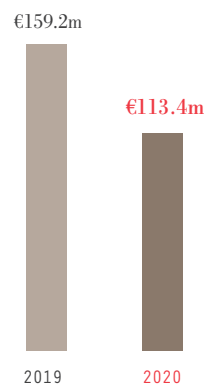
CURRENT OPERATING PROFIT/(LOSS)



CURRENT OPERATING MARGIN



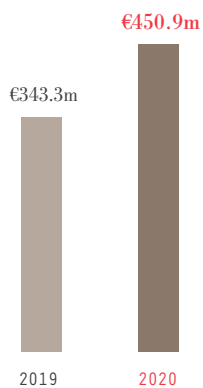
PROFIT (LOSS) FOR THE PERIOD



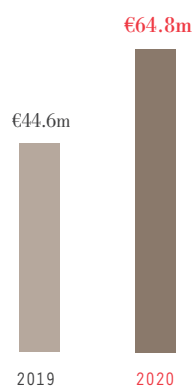
NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS



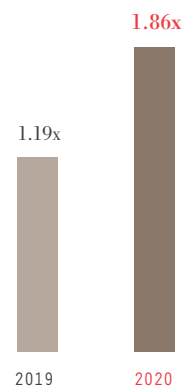
NET FINANCIAL DEBT



CAPITAL EXPENDITURE



RATIO OF NET DEBT/ EBITDA



... AND NON-FINANCIAL DATA

FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020

45.5%

Percentage of women managers
(44% in 2019)

41 years

Average age of Group employees
(40 years in 2019)

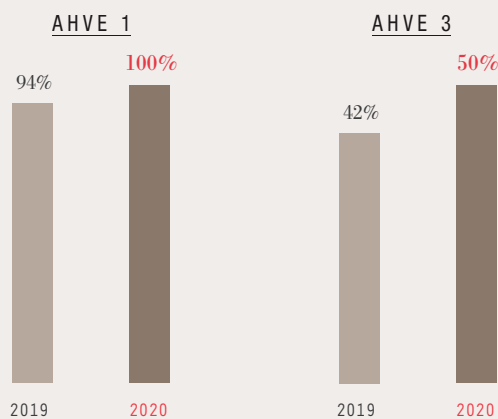
31,677

Number of hours training
(26,615 in 2019)

2.3%

Absenteeism rate (hours of absence per hours worked)
(2.0% in 2019)

PERCENTAGE OF AFC COOPERATIVE MEMBERS' LAND USING AN ENVIRONMENTAL APPROACH



Responsible purchasing

86.0%

percentage of suppliers having joined SEDEX*
(93% in 2019)

Ethifinance rating

1st

out of 230

(3rd out of 230 in 2019)

* SEDEX: Supplier Ethical Data Exchange.

— IMPACT OF THE COVID-19 PANDEMIC ON THE GROUP

The 2019/2020 year-end was harshly penalised by Covid-19, which the WHO declared a pandemic on 11 March 2020. Asia was affected first, in January 2020, followed by Europe, and finally the Americas, with the closure of on-trade outlets (bars, restaurants, nightclubs, etc.). The collapse of global air traffic also weighed down airport spirits sales.

The Group estimates that the pandemic resulted in shortfalls of €36 million (-3%) in sales and €21 million in Current Operating Profit/(Loss) (-8%) during the 2019/2020 financial year. The consequences of this pandemic are expected to continue to weigh on the Group during the first half of 2020/2021. The Group has accordingly announced that it anticipates an organic downturn of 45% in net sales during the first quarter, followed by a more moderate decline in the second quarter. Consequently, it anticipates an organic decrease of 45%-50% in Current Operating Profit/(Loss) during the first half-year.

As regards CSR, COVID had no impact on environmental or societal indicators in 2019/2020. On the other hand, the 2020/2021 indicators, in particular those on carbon emissions and water consumption, could benefit from the temporary closure, then gradual reopening of all our production sites at the beginning of the financial year.



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



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

1998

Dominique Hériard Dubreuil becomes Chairman of the Rémy Cointreau Group

2008

Creation of a proprietary distribution structure

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 Passoã

2017

- 5 January: acquisition of The Domaine des Hautes Glaces distillery, which produces single malt whiskies in the French Alps
- 6 January: acquisition of the Westland distillery, which produces single malt whiskies in the state of Washington, US
- 1 October: Marc Hériard Dubreuil becomes Chairman of the Rémy Cointreau Group

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

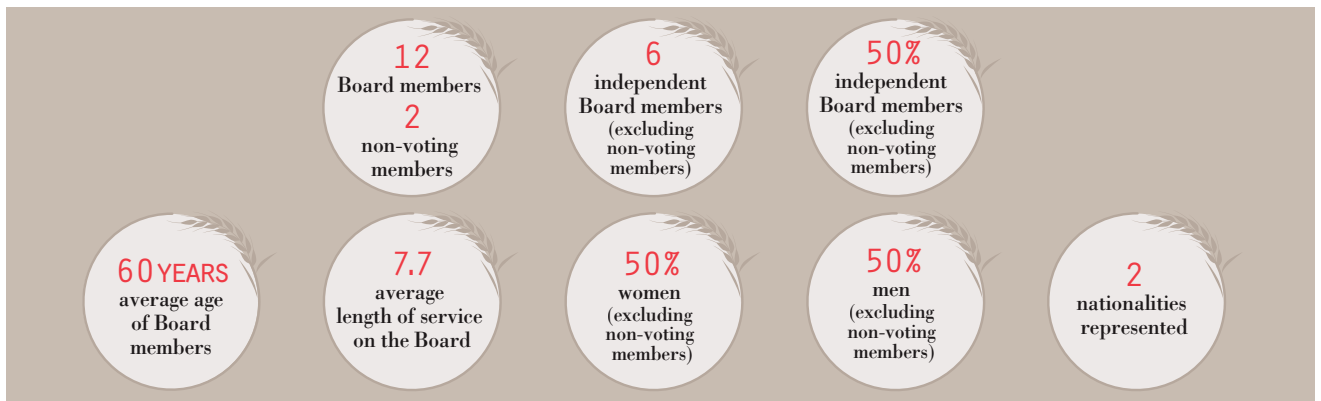
selection criteria for Board members. The presence of several members who are permanent residents in various other countries also lends a welcome international and cultural dimension to the Board's work, either because they have performed a role outside of France during their career, or because they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



Caroline Bois Hériard Dubreuil <i>(non-voting member)</i>	Emmanuel de Geuser	Olivier Jolivet	Laure Hériard Dubreuil	Marc Hériard Dubreuil	Hélène Dubrule	Dominique Hériard Dubreuil	François Hériard Dubreuil	Gisèle Durand	Guylaine Saucier	Bruno Pavlovsky	Elie Hériard Dubreuil <i>(non-voting member)</i>	Marie-Amélie Jacquet	Jacques-Étienne de T'Serclaes
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Composition of the Board of Directors at 31 March 2020

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.



Committees of the Board of Directors

Audit-Finance Committee

4 members
75% independent
Guylaine Saucier*
François Hériard Dubreuil
Emmanuel de Geuser*
Jacques-Étienne de T'Serclaes*

Nomination and Remuneration Committee

4 members
50% independent
Bruno Pavlovsky*
Dominique Hériard Dubreuil
Orpar SA Gisèle Durand
Olivier Jolivet*

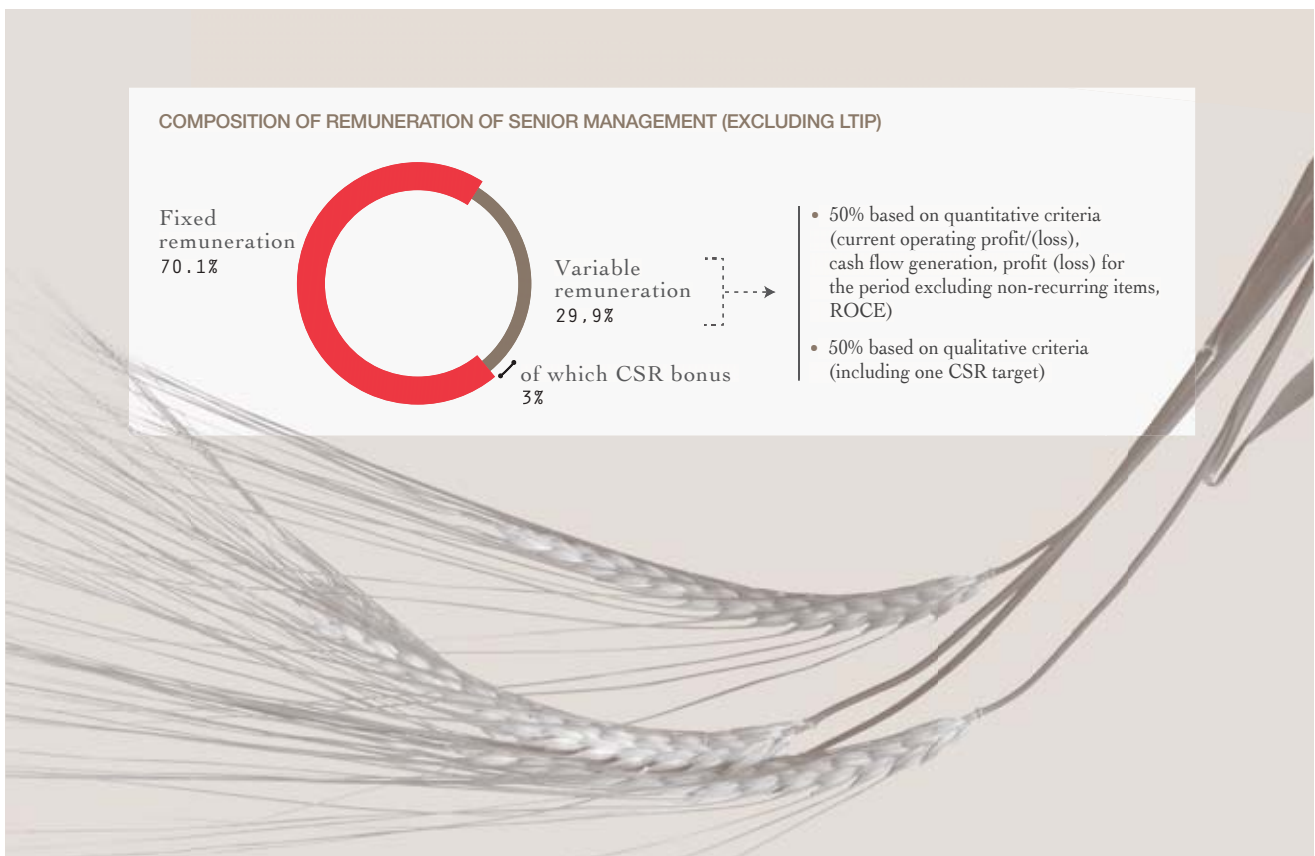
Corporate Social Responsibility Committee

3 members
67% independent
Dominique Hériard Dubreuil
Hélène Dubrule*
Olivier Jolivet*

* Independent Board member.

CHANGE IN EXECUTIVE COMMITTEE DURING THE FINANCIAL YEAR

Éric Vallat was appointed Chief Executive Officer of the Group on 1 December 2019, following the departure of Valérie Chapoulaud-Floquet. The Executive Committee he heads includes 10 directors of seven different nationalities from a range of backgrounds: spirits, cosmetics, fashion and accessories, and the art of entertaining.



— 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.

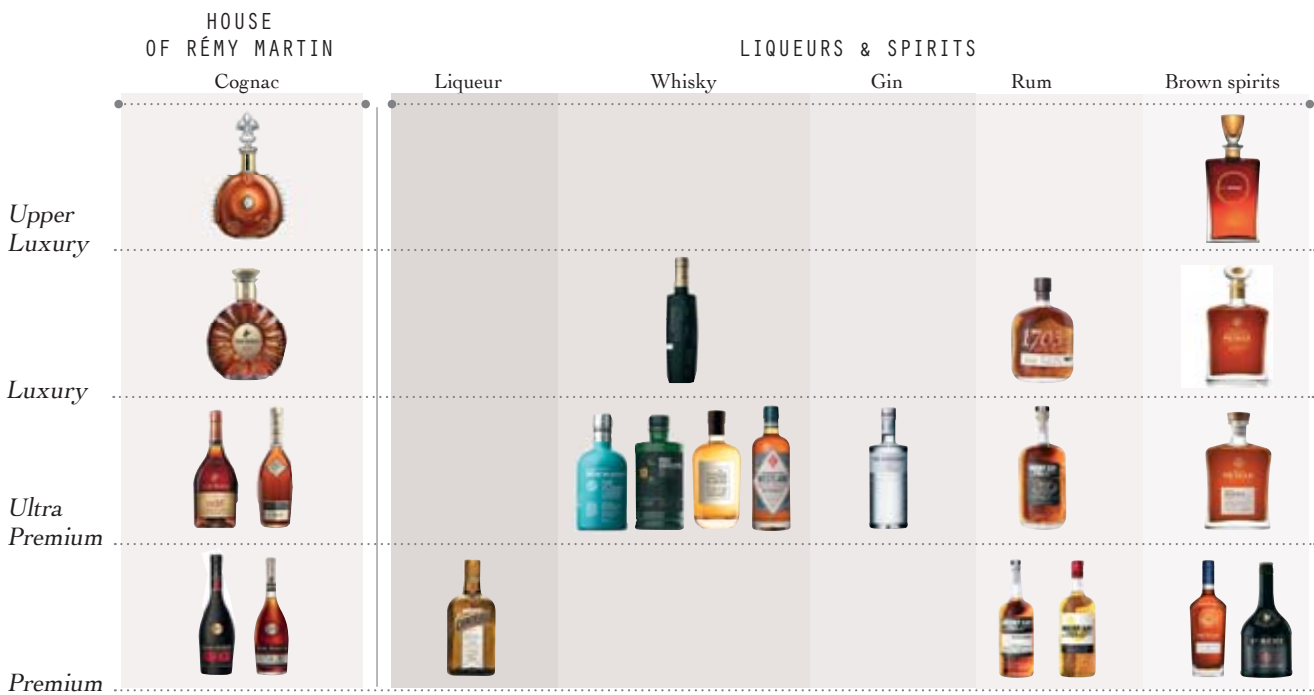
During the 2019/2020 financial year, the Group's net sales totalled €1,024.8 million, an organic decrease of 11.2% (of which Group brands accounted for 6.3%), in a complex economic and health environment. The Group's current operating profit totalled €215.1 million with a current operating margin of 21.0%.

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

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

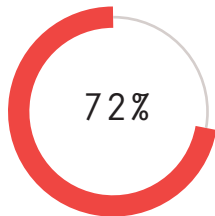


RÉMY COINTREAU'S GROUP BRANDS



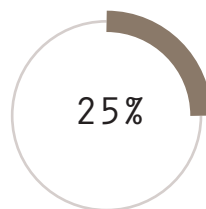
NET SALES BY DIVISION

The House of Rémy Martin:
Rémy Martin and LOUIS XIII



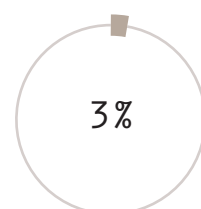
Net sales
€735.5m

Liqueurs & Spirits:
Cointreau, Metaxa, Mount Gay, St-Rémy, the Botanist and single malt whiskies



Net sales
€261.9m

Partner Brands:
Third-party brands distributed by the Group



Net sales
€27.5m



— HOUSE OF RÉMY MARTIN

HOUSE OF RÉMY MARTIN BRANDS

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

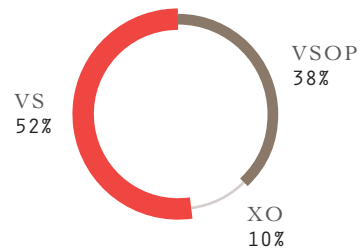
The House of Rémy Martin is thus positioned in the high-end segment, with four flagship products:

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

COMPETITIVE POSITIONING

Four Cognac brands share around 85% of the world market by volume and nearly 90% by value (source: IWSR): Hennessy (LVMH), Martell (Pernod Ricard), Rémy Martin (Rémy Cointreau), and Courvoisier (Suntory). Rémy Martin’s market share of cognac shipments for all qualities combined is 12% by volume (source: BNIC March 2020). Rémy Martin makes 99% of its shipments in the QS (Qualité Supérieure) segment, which accounts for 48% of the total cognac market (source: BNIC March 2020). In this superior quality segment, Rémy Cointreau has a market share of 24% by volume (source: BNIC).

GLOBAL COGNAC SHIPMENTS BY QUALITY
(source: BNIC)



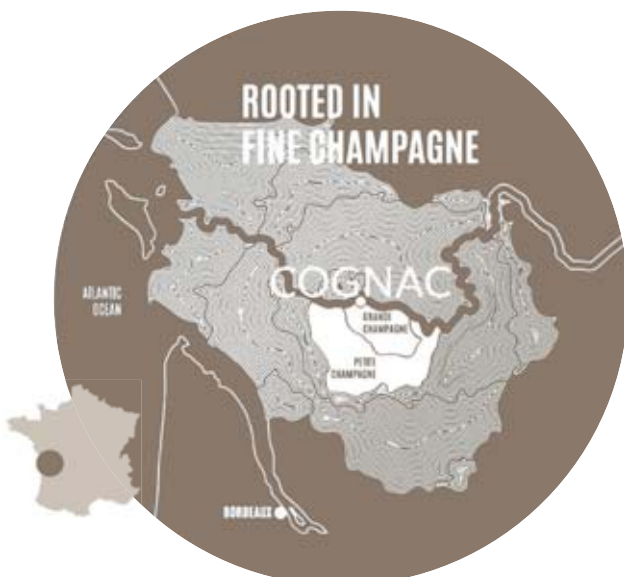
COGNAC APPELLATION D’ORIGINE CONTRÔLÉE AND “FINE CHAMPAGNE”

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





THE HOUSE OF RÉMY MARTIN AND THE SOURCING OF EAUX-DE-VIE

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

The House also owns wine estates (235 hectares of vines eligible for the Cognac appellation), as well as a new distillery in Juillac, which opened in November 2018. However, the stock of Cognac *eaux-de-vie* has been built up largely as a result of exclusive partnerships with Grande and Petite Champagne producers. This partnership policy, introduced in 1966, has enabled the Group to manage its long-term supplies and meet the quality standards required by the House of Rémy Martin.

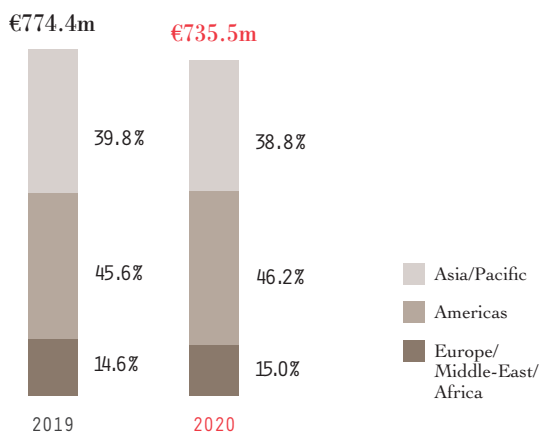
The partnership mainly consists of a cooperative, Alliance Fine Champagne (AFC), whose members manage around 60% of the Grande Champagne and Petite Champagne vineyards, via different types of collective and individual long-term agreements.

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

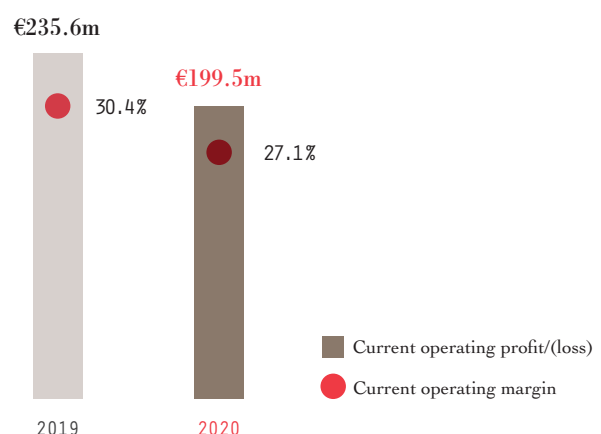
HOUSE OF RÉMY MARTIN KEY FIGURES

In 2019/2020, the House of Rémy Martin accounted for 72% of the Group's total net sales and 99% of its international sales. The Americas (46%) and Asia-Pacific (39%) are the division's top contributing regions, but Europe/Middle East/Africa (15%) also offers medium-term growth potential.

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



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



— LIQUEURS & SPIRITS

LIQUEURS & SPIRITS BRANDS

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

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

COMPETITIVE POSITIONING

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

LIQUEURS & SPIRITS: SOURCING AND PRODUCTION SITES

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

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

Angers (France)



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

Trièves (France)



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

Brandons and St Lucy (Barbados)



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

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

Samos (Greece)

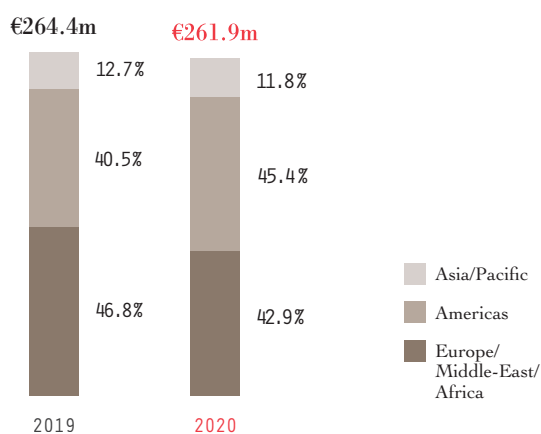


As part of its "terroir" policy, the House of Metaxa acquired a 1.2 hectare wine property on the island of Samos, located at the heart of the island's muscat vineyards. Muscat wine is an essential component in Metaxa's signature taste.

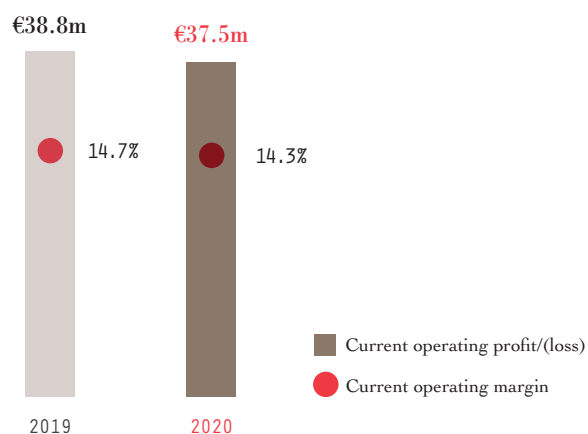
LIQUEURS & SPIRITS KEY FIGURES

In 2019/2020, the Liqueurs & Spirits division accounted for 25% of the Group's total net sales. The Americas (45%) and Europe/Middle-East/Africa (43%) are the top contributing regions in the division.

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



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



PARTNER BRANDS

In 2019/2020, 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 2020) 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 dispose of brands and other assets deemed less suited to its value creation strategy and to resume full control of its distribution in key markets (exit from Maxxium in April 2009).

With its own distribution network in Asia, the US and in some European countries, Rémy Cointreau controls around 80% of its net sales. The Group is therefore able to implement a pricing and distribution strategy consistent with its high-end positioning.

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.



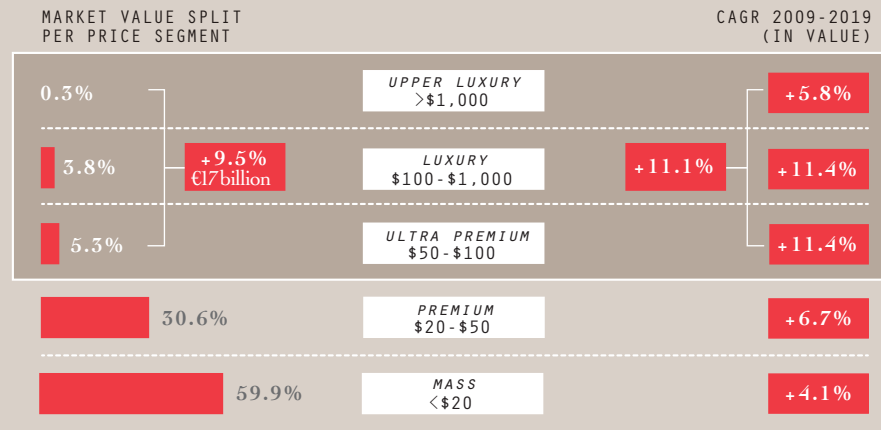
— EXCEPTIONAL SPIRITS ENJOY AN ATTRACTIVE DYNAMIC

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 (+11% growth per year on average, compared with +5% 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.

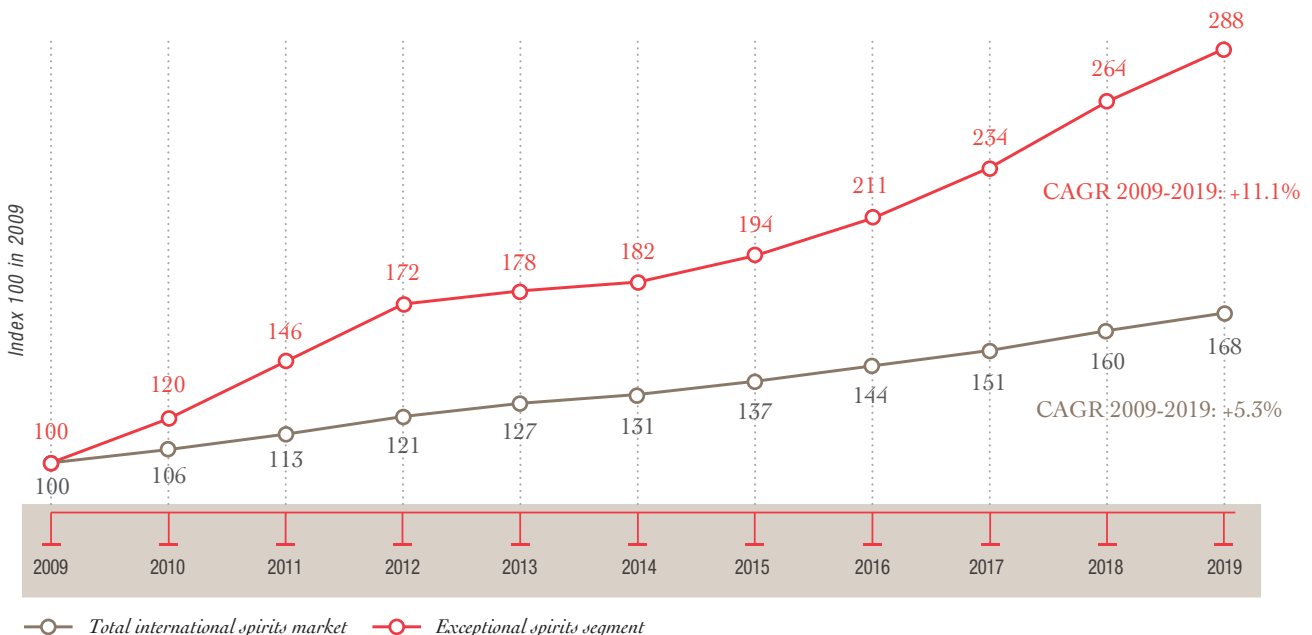


Exceptional spirits: a fast-growing segment



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

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



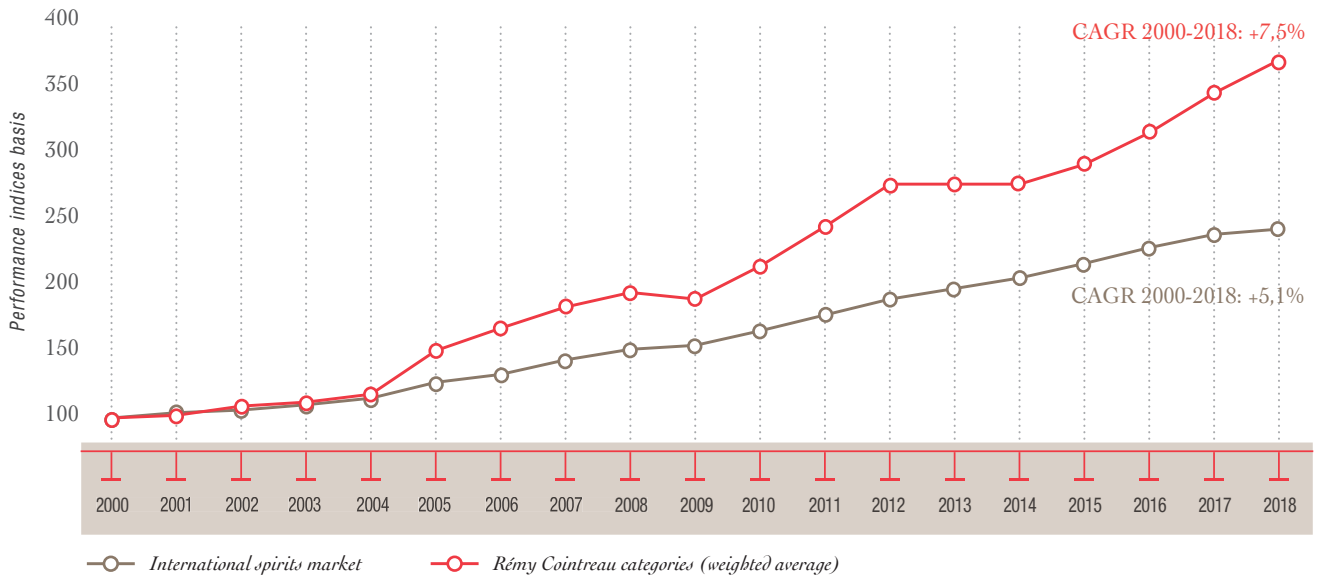
Source: IWSR, Rémy Cointreau.

— 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 significantly outperformed the market in recent years (+7.5%

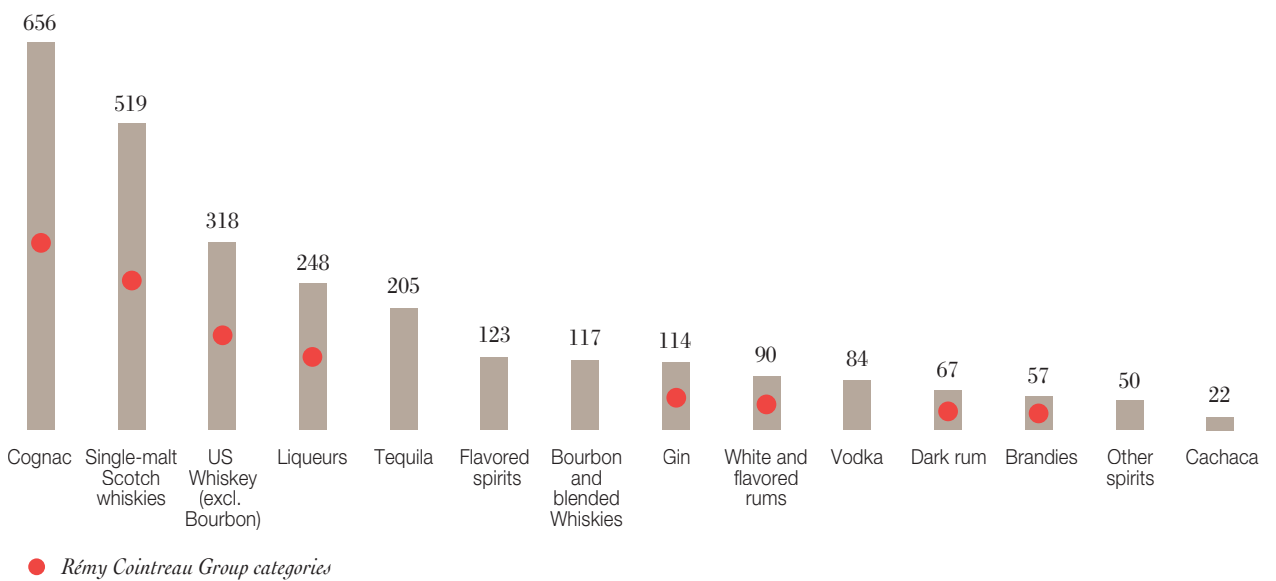
per year on average during the period 2000-2018, compared with 5.1% for the market) and that retain a strong consumer appeal.

Rémy Cointreau Group categories structurally outperformed market growth



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

Value per case by category of spirits (in €)



Source : IWSR, Rémy Cointreau.

— A NEW GENERATION OF CLIENTS

Clients of high-end spirits have changed in recent years. Younger, more connected and from affluent backgrounds, these globetrotting millennials from generations Y and Z want to know about the origins of the spirits, their history, how they are made and what makes them different. At the same time, there is a growing demand for

transparency about the quality of the products. Our clients are also looking for a more convenient way of buying our spirits (growth of e-commerce), as well as more services, an enhanced shopping experience and a tailor-made offering.

New demographic

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

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

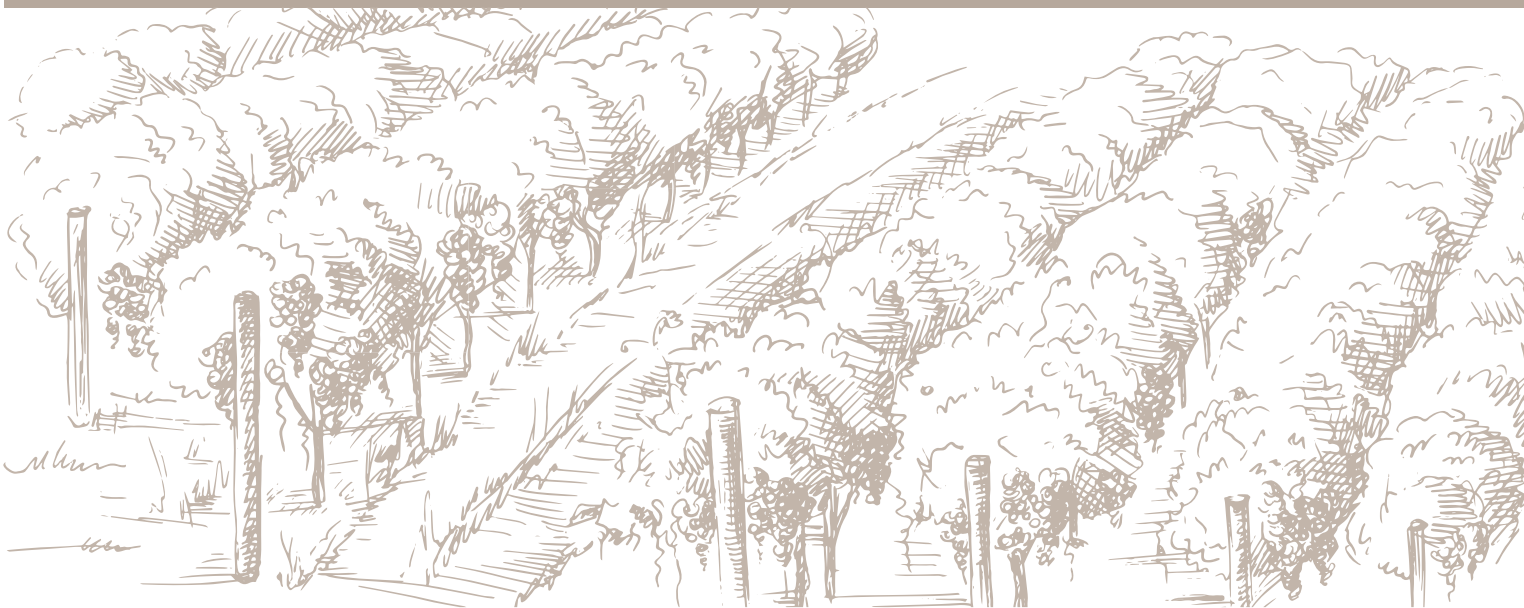


New consumer trends

- “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



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.**

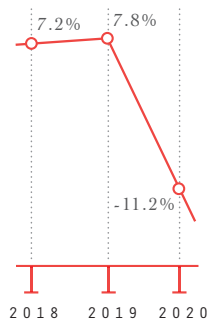
Today, the Group has a dozen directly owned subsidiaries (from the United States to China, including the United Kingdom, Belgium, Malaysia and Japan). This distribution network allows the Group to implement a price strategy and to be selective about its sales outlets in a manner consistent with its high-end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



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

RC
RÉMY COINTREAU
Groupe
€1,024.8M
in net sales

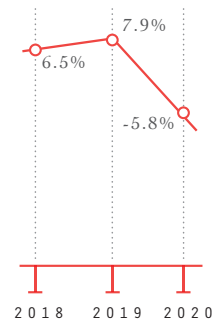
**Organic sales growth
for the Group**



Americas

€458.6M
in net sales
45%
of Group sales

**Organic sales growth
for the zone**



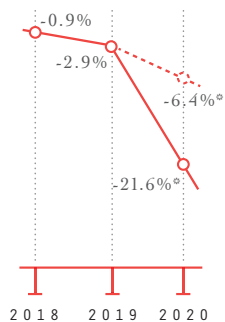


Europe Middle-East & Africa

€246.1M
in net sales

24%
of Group sales

Organic sales growth for the zone

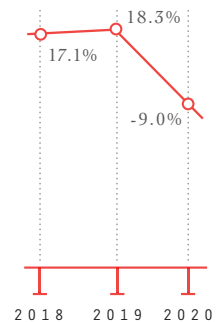


Asia Pacific

€320.1M
in net sales

31%
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

4 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.

Accordingly, the Group will now move 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, in other words 10 years. 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.

A 10-YEAR AMBITION

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" products** (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.)
- Supply agreements that advocate sustainable agriculture
- **86%** of suppliers are SEDEX members



PEOPLE

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



TIME

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

EXCEPTIONAL SPIRITS THAT TASTE LIKE THEIR TERROIR...

High-end positioning in high-growth segments

A portfolio of 12 exceptional spirits

Sustainable value creation

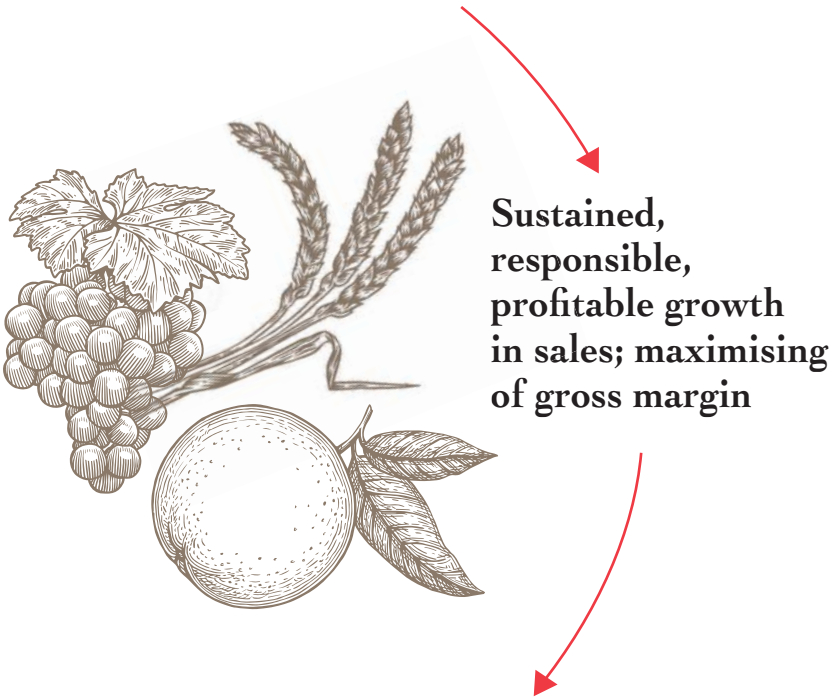
Stronger pricing power behind our spirits (price/mix gains)

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
- **31,677** hours of training



GOVERNMENT

- **€61m** paid in corporate income tax in 2019/2020 (tax rate: 34%)



CIVIL SOCIETY

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



SHAREHOLDERS

- Steady increase in dividends over the past 20 years
- One-time reduction of the ordinary dividend to €1.00 in 2019/2020 due to the global pandemic and its impact on the Group
- Stock market capitalisation up **€2 billion** over the last five years (at 31 March 2020)



LOCAL COMMUNITIES

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



SUPPLIERS

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

FINANCIAL AND NON-FINANCIAL TARGETS

With the arrival of **Éric Vallat** as Chief Executive Officer of Rémy Cointreau, the Group launched its management reorganisation and set itself ambitious new financial and non-financial targets.

OUTLOOK FOR THE 2020/2021 FINANCIAL YEAR

Despite the uncertain health, economic, and geopolitical situation, the Rémy Cointreau Group remains confident that it will come through the current crisis even stronger.

Thanks to more favourable trends in the consumption of spirits in the United States at the beginning of the financial year, the Group has adjusted its outlook slightly upward for the first quarter of 2020/2021: it now expects net sales to fall by about 45% organically

(compared to an organic decline in the order of -50% to -55% initially). With the second quarter moving toward a limited decline, the Group anticipates an organic decline of 45% to 50% in current operating profit for the first half of 2020/2021.

Nonetheless, the second half of 2020/2021 should benefit from a strong recovery driven by China and the United States.

NEW MEDIUM-TERM OUTLOOK

In the medium term, Rémy Cointreau is reasserting its ambition to become the world leader in exceptional spirits, in which the growth outlook 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 **corporate model** in which **growth is both profitable and responsible**.

THE GROUP IS THUS SETTING AMBITIOUS FINANCIAL AND NON-FINANCIAL TARGETS FOR ITSELF:

By 2030, improved portfolio management should enable it to attain a gross margin of 72% and a current operating margin of 33%.

Financial targets to 2030

72%

Gross margin

33%

Current Operating Margin

Simultaneously, the Group will deploy its “**2025 Sustainable Exception**” plan, which aims in particular for **sustainable agriculture** across all land on which its spirits depend, 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 the first step toward the Group’s “**Net Zero Carbon**” ambition for 2050.

“2025 Sustainable Exception” Plan

100%

integrated agriculture

25%

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

30%

reduction in carbon emissions (scope 3, in relative terms)

“NET ZERO CARBON”
BY 2050



GROUP'S MAIN CHALLENGES AND RISKS






—THE GROUP'S MAIN NON-FINANCIAL CHALLENGES

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

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

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

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

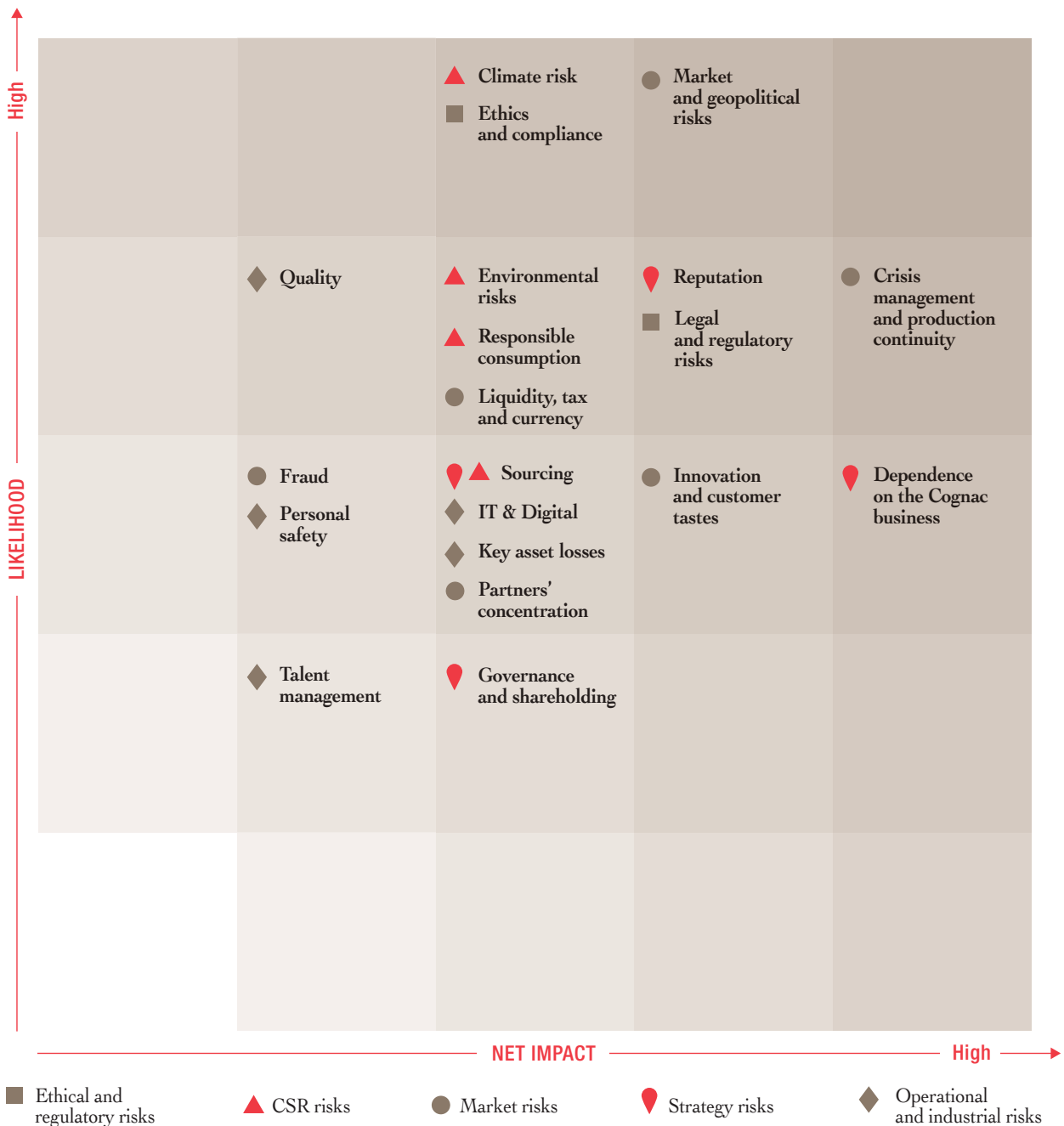
SDGs	Challenges	Risks relating to the challenge	Risk indicators (quantified targets/ progress plan)	Challenges related to the remuneration of a member of the Executive Committee	
 6 CLEAN WATER AND SANITATION	Clean water and sanitation	Water management	Water availability/ Water quality	Water consumption	Operations Director
 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	Human Resources Director
 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 Liqueurs & Spirits
 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	CEOs of the Americas, EMEA and Asia Pacific regions
 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 House of Rémy Martin and CEO Whisky Business Unit

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

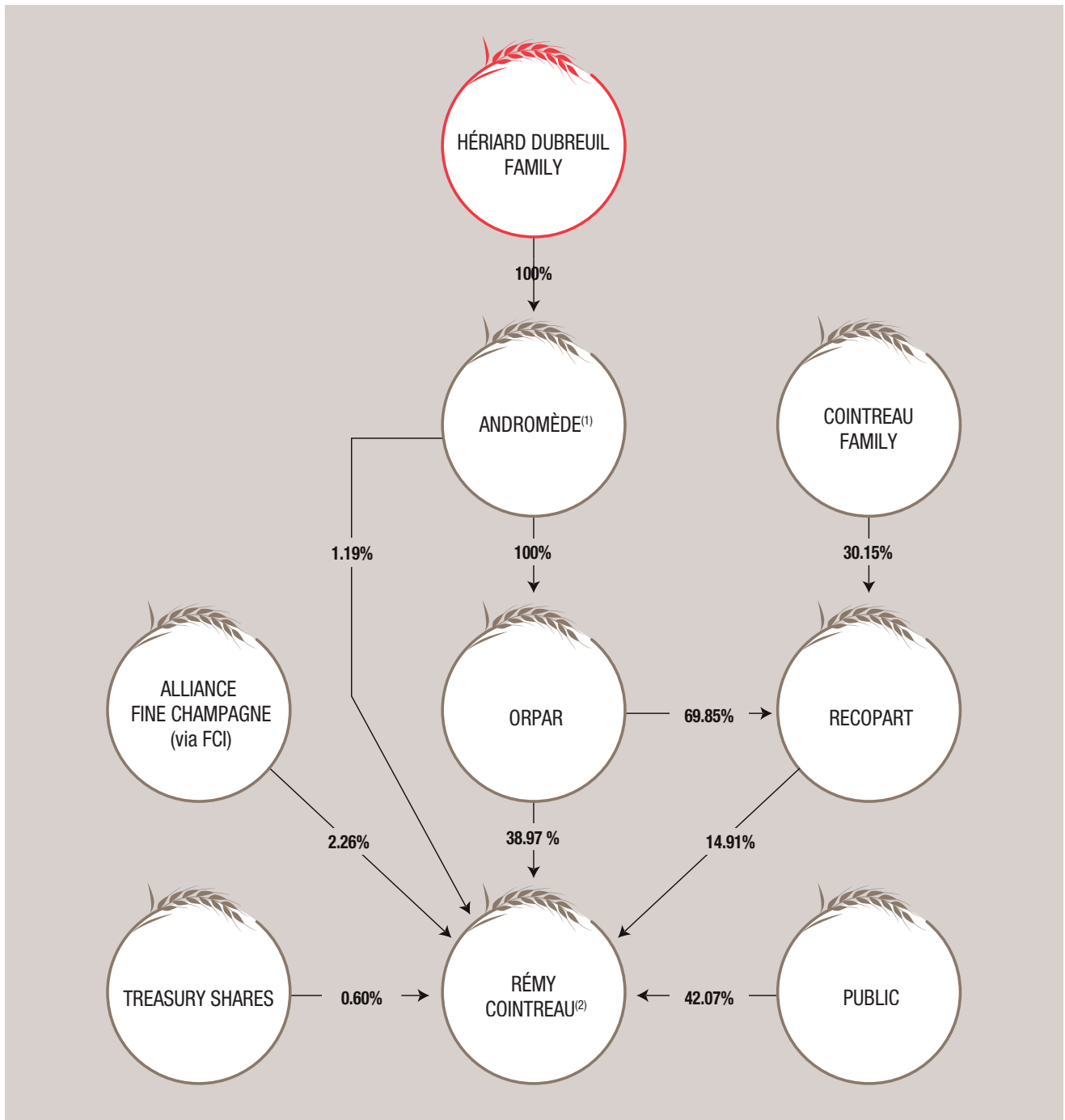
The main risk factors to which the Group is exposed given its business model are presented in this table (more details can be found in chapter 2 of this document).



COMPANY OWNERSHIP

— SHAREHOLDING STRUCTURE

AT 31 MARCH 2020
(% 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

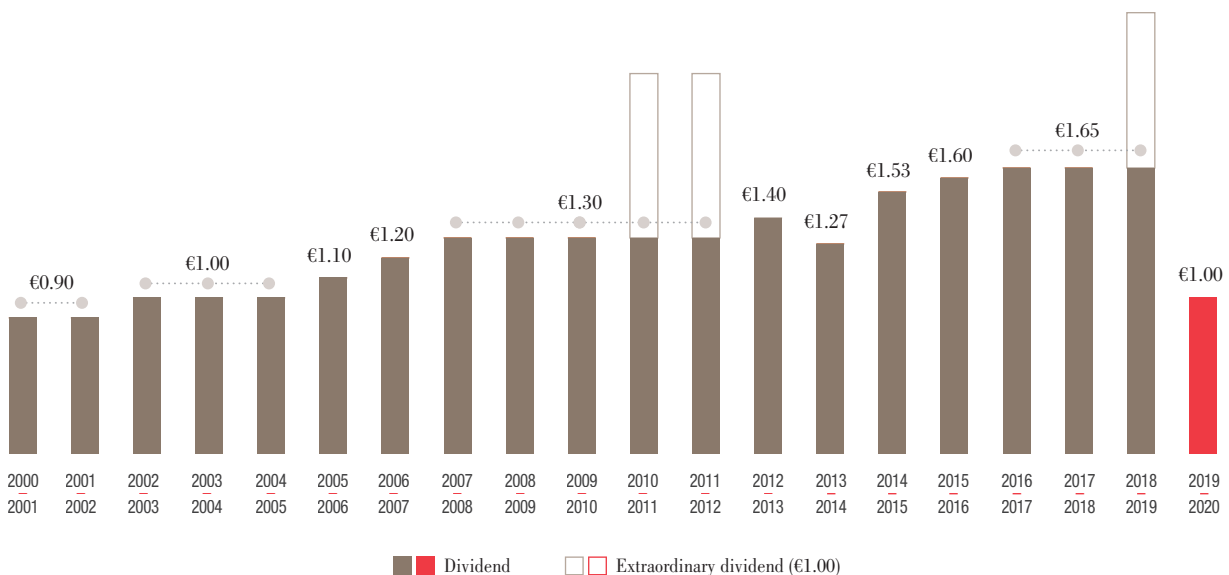
THE GROUP'S STRATEGY HAS BOOSTED THE SHARE PRICE OVER THE PAST FIVE YEARS

Rémy Cointreau shares have risen by 45% over the past five years, reflected in an increase of nearly €2 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	34	1.5	NOTE ON METHODOLOGY FOR REPORTING INDICATORS	74
1.2	IDENTIFICATION OF RISKS AND INDICATORS ASSOCIATED WITH THE CHALLENGES	36	1.5.1	Reporting protocol	74
1.3	MANAGING THE RISKS AND CHALLENGES: POLICY, ACTION PLANS AND INDICATORS	41	1.5.2	Scope	74
1.3.1	Employee-related risks	41	1.5.3	Selected indicators	76
1.3.2	Environmental risks	46	1.5.4	Relevance of indicators	76
1.3.3	Societal risks	65	1.6	CROSS-REFERENCE TABLES	77
1.3.4	Ethical risks	70	1.7	REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT INCLUDED IN THE MANAGEMENT REPORT	80
1.4	TABLE OF INDICATORS	72		Appendix: List of the information we considered most important	82

1.1 MAIN CHALLENGES

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

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

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

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

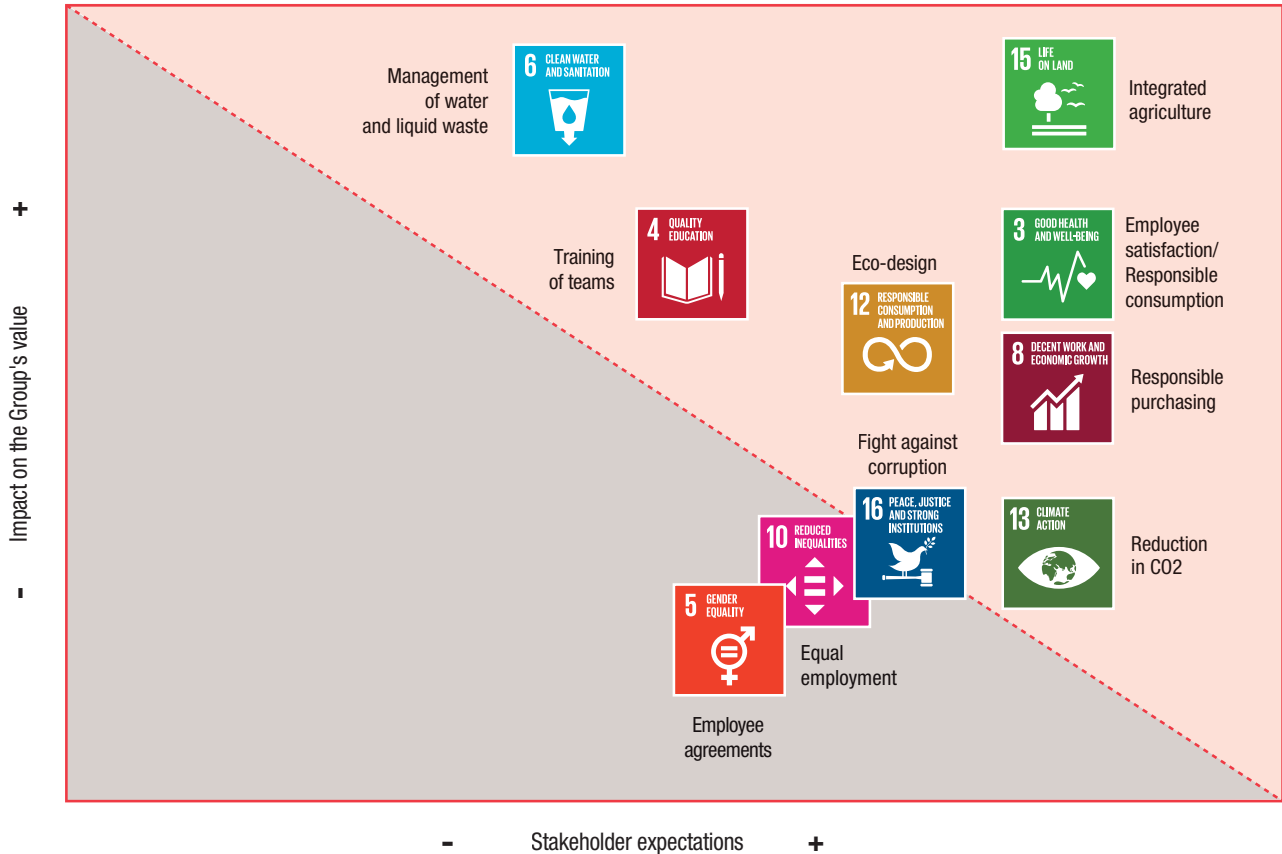
The secret of Rémy Cointreau's excellence is based on the quality of its products, and the values rooted in the Group's DNA. While Rémy Cointreau has always been committed to corporate social responsibility, the international context in recent years has only served to confirm – and strengthen – its resolve.

"*Terroirs, people and time*"; by adopting this emblematic motto five years ago, 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. 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 (external)
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	In-house training 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 (specific case of the Barbados site)
	Decent work and economic growth/Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employee well-being Responsible purchasing Local impact (sustainable development of the <i>terroirs</i>)
	Reduce inequality within and among countries	Internal societal balance Internal social balance and global consistency
	Take action to combat climate change and its impacts	Circular economy and reduction of raw material consumption Customer information (labelling, nutrition)
	Take action to combat climate change and its impacts	Contribution to the global effort (2°C limit) and sustainability of the company Sustainability of the Company
	Sustainable land management/Protect, restore and promote sustainable use of land ecosystems/Sustainably manage forests/Preserve biodiversity	Sustainable agriculture Biodiversity conservation
	Peace and justice: build effective and accountable institutions	Business ethics Governance

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

During the year, 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 Management of these risks are managed throughinvolves specific various actions associated with quantified targets and progress or monitoring indicators, which provide the a strong framework for our ambitious newthe “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 new 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.

The major challenges of this 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.

From an environmental view point, the plan's priorities are in line with the international strategy for keeping global warming within a limit of 1.5°C. Rémy Cointreau has joined the global 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 plan to reduce the Group's GHG emissions and carbon footprint was developed this year with the aim of achieving a reduction in carbon emissions across all the Group's businesses (Scopes 1, 2 and 3 of the carbon footprint assessment). As in the 2020 CSR plan, the major initiatives include agricultural practices, the eco-design of packaging and optimized product transportation. The emphasis is also on water management, another key focus area for the Group.

The 2025 CSR Plan confirms the ties established between Rémy Cointreau and its local partners. 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.






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.

Some of the quantified targets of the 2025 CSR plan requiring a longer term vision were have been set with a horizon of 2028 (certification of the Alliance Fine Champagne de Cognac wine cooperative) and 2030 (reduction of carbon emissions).

Risk management is also supplemented from time to time by examination of monitoring indicators. These are used to, which enable test the effectiveness and continuation proper implementation of the actions implementedto be measured, without significant progress being expected targeted on the subject concerned.




Other Lastly, management indicators will complete the risk management framework.


2025 CSR PLAN - THE SUSTAINABLE EXCEPTION

SDGs	Rény 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		
	Quality education	Internal training/skills development	Loss or deterioration of certain know-how/ Lack of staff training in some countries	Percentage of employees completing at least one training course per year, in % ⁽²⁾	Production sites World/Subsidiaries World (>20 employees)	80		
				Hours of training ⁽²⁾	Production sites World/Subsidiaries World (>20 employees)	Annual monitoring		
	Gender equality	Non-discrimination and internal societal balance	Lack of appeal and reputation of the Company	Percentage of men/women in management, in % ⁽¹⁾	Production sites World/Subsidiaries World (>20 employees)	50		
				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, m ³⁽¹⁾	Production sites World	Annual monitoring		
				Water consumption reduction rate, in % ⁽¹⁾	Production sites World	To be defined in 2020/2021		
				Pollution from liquid waste discharges	Rate of vinasse recovery, in % ⁽¹⁾	Production sites World	80	
	Decent work and economic growth	Employee well-being	Turnover/ Absenteeism/ Workplace accidents/ Activity-related consumption of alcohol	Activity-related consumption of alcohol	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, 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 CSR approved suppliers based on SEDEX rating, 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		
			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		
			EPI reduction rate, in % ⁽¹⁾	All brands	To be defined in 2020/2021		
			EPI/Reduction of plastics in packaging, in % ⁽¹⁾	All brands	100		
			Volume of solid waste recovered ⁽²⁾	Production sites World	99		
			Customer information (nutritional labelling)	Company's reputation among customers	Qualitative information	Europe	Qualitative information

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		

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
 Life on land	Sustainable agriculture	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	To be defined in 2020/2021		
 Peace, justice and strong institutions	Business ethics	Binding regulatory and fiscal framework (prohibition)	Percentage of the workforce trained in the code of ethics, in % ⁽¹⁾	World	100		
			Number of alerts ⁽²⁾	World	Annual monitoring		
	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	100	

(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 finalised its internal review of 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 27 companies which provide all their employee-related, environmental and societal information (see section 1.5 "Note on methodology for reporting indicators"). The reporting is verified by an independent external expert (see section 1.7 "Report of the independent third-party body on the consolidated employee-related, environmental and societal information contained in the management report").

— 1.3 MANAGING THE RISKS AND CHALLENGES: POLICY, ACTION PLANS AND INDICATORS

1.3.1 EMPLOYEE-RELATED RISKS

1.3.1.1 EMPLOYEE WELL-BEING

Challenge

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

Policy

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

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

Rémy Cointreau ensures that all its businesses comply with the laws and regulations in force in all the countries in which it operates. The Group makes investments to continuously improve working conditions by taking into account the issues specific to each business line. While health and safety are subject to a global commitment, our entities throughout the world are each responsible for implementing the initiatives aimed at offering the best possible working conditions. In some cases, this translates into the implementation of Health and Environment Quality policies at a local scale and communications to newly-hired employees as part of their onboarding process. In addition, training courses are organised on a regular basis at our French industrial sites to keep up with changes in standards, law and regulations.

Action plans

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

Over the course of the 2019/2020 financial year, Rémy Cointreau repeated a worldwide satisfaction survey to measure its employees' commitment. This type of survey will be conducted every two years to measure progress. 83% of the Group's employees responded to the survey. As in previous years, its results will be presented at each site during the 2020/2021 financial year. Subsequently, meetings with groups of employees will enable to establish action plans which take account of the opinions and feedback collected during these meetings as part of the continuous improvement process.

Since 2016, to promote organisation methods aimed at improving the quality of life at work, the Rémy Cointreau Group implemented remote working, thereby enabling employees who so wish, to better manage their work and personal life. In France, a Code of Remote Working provides a framework for this subject so that everyone knows what is expected of them. In order to address a requirement following the latest satisfaction survey and improve the flexibility of this type of work, our sites have given employees the possibility to work remotely on an occasional basis since July 2019 if their jobs enable it.

During the financial year, in our US subsidiary, the Human Resources Department created and developed a pilot programme for an employee development plan. Based on the need to create specific action plans to help employees to acquire new skills, the interim interviews were cancelled. These have been replaced by development plans which are now in place for each employee and coordinated by their line manager throughout the year. In addition, the subsidiary has completed the implementation of a new employee health and well-being programme, based on promoting healthy living (nutrition, sport and mental well-being) as well as weight loss or quitting tobacco habits and the acquisition of fitness equipment. In France, at the Cognac site, the Human Resources Department organised a support programme for people wishing to quit smoking which involved 20 employees who had clearly expressed their desire to quit smoking in the workplace.

In Angers as in Cognac, major investments were made to improve working conditions. Accordingly, in Cognac, to relieve the congestion at the goods-in area, a software programme for scheduling the delivery times of our transporters was set up. The purpose of this collaborative platform is to enable transporters to schedule their deliveries within the available time slots in order to ensure smooth inbound flows. This investment enables to significantly reduce lead-times (planning and transport). Launched in February 2020, this system brought peace of mind among the logistics staff thanks to better regulated inbound and outbound logistics flows throughout the day. This provides our warehousemen with a clear picture of the daily activity which they can now better manage.

The Cognac site also inaugurated new work premises in February 2020 for all the employees of the Merpins product design centre. These new premises, both spacious and functional provide the employees with a fully-equipped modern laboratory and sensory analysis room and a new tasting room for the cellar master and his team. This ultra-modern building, with the highest energy-efficiency standards, is designed around a passageway 100 metres long, a light-flooded avenue leading to a total surface area of 2,800 m² (compared to the previous building which had a floor area of 700 m²). Open space work islands were created for each team to encourage communication and informal discussions both within a given team and with the other teams. In these islands, each employee now has an individual area of 12 m² in addition to useful facilities (corridors, storage furniture, landings, etc.). This major project also enabled all the employees of the product-design centre to be brought together under the same roof.

Moreover, the Group closely monitors the Group employee turnover rate to analyse any possible deterioration if necessary. In the 2019/2020 financial year, the Group recruited 231 people, mainly in the sales teams (22.1%), marketing (16%), production roles (14.7%) and finance (10.4%). Some 66.2% of recruitment was for permanent contracts.

At the same time and within the same scope, there were 295 departures, of which 47.2% were resignations, 11.5% were mutually agreed, 18.8% were as a result of fixed-term contracts coming to an end and 11% were retirements. The termination of our operations at RC CZECH and RC SLOVAKIA resulted in the departure of 77 people, who are included in the total number of departures but not included in the percentages given.

The turnover rate was 13.8% of employees (GRI Standard 401-1). Given the difficult employment conditions in certain markets in which the Group operates, the Company's target is to make sure that this rate does not exceed 17%.

The Group also continues to monitor changes in the workforce as a vigilance indicator. Thus, at 31 March 2020, the Group's total workforce stood at 1,853 employees on permanent and fixed-term contracts (including work-study contracts).

To raise the awareness of employees about workplace accident risk prevention, the workplace accident frequency rate at French industrial sites is included in the profit-sharing criteria established under the collective agreement with trade unions and employee representatives.

WORKFORCE BY GEOGRAPHIC AREA (GRI STANDARD 401-1)

	March 2020	%	March 2019	%	March 2018	%
France	725	39.1	719	37.7	704	37.8
Europe (outside France) – Africa	323	17.4	375	19.7	384	20.6
Americas	366	19.8	380	19.9	377	20.3
Asia	429	23.7	434	22.7	396	21.3
TOTAL	1,853	100	1,908	100	1,861	100

WORKFORCE BY ACTIVITY (GRI STANDARD 401-1)

	March 2020	%	March 2019	%	March 2018	%
Group brands	751	40.5	750	39.6	736	39.5
Distribution	967	52.2	1,077	56.4	1,050	56.4
Holding	82	4.3	81	4.0	75	4.0
TOTAL	1,853	100	1,908	100	1,861	100

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

WORKFORCE BY FUNCTION AND OCCUPATION

	March 2020	%	March 2019	%	March 2018	%
Sales	538	29.0	539	28.2	537	28.9
Marketing	262	14.1	309	16.2	274	14.7
Production and purchasing	352	19	355	18.6	352	18.9
Supply Chain	137	7.4	139	7.3	157	8.4
Ageing	157	8.5	156	8.2	158	8.5
Finance & legal	213	11.5	217	11.4	207	11.1
Information systems	61	3.3	57	3.0	51	2.7
Human resources	63	3.4	60	3.1	53	2.9
General services	25	1.3	29	1.5	28	1.5
Senior management	45	2.4	47	2.5	44	2.4
TOTAL	1,853	100	1,908	100	1,861	100

The breakdown of the workforce by gender remained stable; men accounted for 55.5% of the workforce and women 44.5%, with different figures according to occupation and country (GRI Standard 401-1).

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

The average age of Rémy Cointreau's workforce is 40.9 years, although in France it is slightly higher (42.2 years).

The average length of service of the Group's workforce is 8 years, with an average in France of 10.3 years.

The Group also monitors the absenteeism rate for France, Barbados and Islay. In the coming five years, the Group is looking to include the Domaine des Hautes Glaces and Westland entities. For the financial year ended, the absenteeism rate, measured in hours of absence per theoretical hours worked, stood at 2.33%, stable compared to the previous financial year. This rate does not include sick leave periods of more than 90 days (GRI Standard 403-2).

In addition, the workplace accident frequency rate at the production sites in France (excl. DHG), Barbados and Islay for 2019/2020 was 11.21, expressed as the number of workplace accidents with workdays lost per million actual hours worked (GRI Standard 403-2). In the coming five years, the Group is looking to include the Domaine des Hautes Glaces and Westland entities.

The severity rate, expressed as the number of days lost to workplace accidents per thousand actual hours worked (GRI Standard 403-2), was 0.53. In order to remedy the causes of each accident, the members of the Health and Safety Committee systematically carry out a root cause analysis and report their findings and recommendations to the committee.

1.3.1.2 NON-DISCRIMINATION AND INTERNAL SOCIAL BALANCE

Challenge

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

Policy

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

In terms of career development, Rémy Cointreau endeavours not to discriminate when it comes to salary increases. For example the employee guide circulated to the employees of our site in Switzerland, stipulates that the "Prohibition of any type of discrimination applies to the hiring process, task distribution, working condition arrangements, remuneration, professional training and upskilling, promotion and the termination of employment".

Accordingly, through the documentation provided to employees upon their arrival in one of our entities, we remind them of the applicable legal provisions and agreements in respect of non-discrimination and also reiterate the applicable procedures in the event an employee were to be involved in such situation.

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

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

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

Action plans

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

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

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

To further distil the Group's multicultural identity and foster diversity, the Group is actively committed to encouraging the professional inclusion of recently graduated students, with a Bac +3 or higher degree, who are aged under 30 and come from a modest social environment or priority economic areas. In particular, the partnership with Nos Quartiers ont du Talent, initiated at Rémy Martin in 2014, continued its support to encourage the professional inclusion of young graduates from disadvantaged backgrounds. In this major social and solidarity initiative, the sponsors of the Company play a key role with all these young people who lack confidence and are concerned about their future, by providing precious advice to enable them to succeed at their job interviews and by sharing their professional network. Since 2014, this initiative has contributed to the recruitment of 44 young people, hired on permanent or fixed-term contracts.

Since 2017, our Paris site has been a partner of the initiatives of Sport dans la ville, a major non-profit organisation for inclusion through sports, which supports young people from social priority neighbourhoods as they undergo training and find jobs. Once again this year, the Paris employees were invited to contribute to CV writing workshops and job interview simulations intended for the long-term unemployed. In Angers, the Group continued to opt to pay its traineeship taxes to organisations, schools or entities that promote the employment of disabled people.

In 2019, the percentage of workers with a disability at the Rémy Martin Cognac site continued to comply with the legal requirement of 6%, despite a strong increase in temporary workers who were incorporated into the figures. Rémy Martin has successfully continued its efforts to integrate disabled people in both permanent and temporary roles, or through the Cognac work-based support centres.

Rémy Cointreau offers traineeships to train the talents of tomorrow. On the three French sites, young trainees (from vocational Baccalauréat to Masters level) learn a trade, with a view to quickly developing the meticulousness, creativity and professionalism required by the professional world. The Rémy Cointreau Group thus continued its proactive work-linked training policy, with the renewal of all work-linked training contracts where necessary and additional recruitment in new positions. These contracts accounted for 3.86% of the workforce in France at the end of March 2020.

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

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

The Group monitors the Women managers/Men managers ratio, which stood at 45.5% for the 2019/2020 financial year at Group level and which increased compared with the previous financial year (44%). In France, we also monitor the indicator for the weighted difference in the rate of promotion between women and men per calendar year. In 2020, it was 1.39%, which reflects a promotion percentage (proportion of employees promoted in terms of socio-economic category) of 2.3% for women vs. 2.5% for men. This indicator is included in the calculation of the women/men equality index, as established by the implementing Decree and published in the French Official Journal of Legal Announcements of 9 January 2019. Please note that the more negative the weighted difference, the higher the proportion of women promoted. The Group will also publish the women/men equality index during the 2020/2021 financial year, in accordance with legal provisions.

Moreover, the Group makes sure that female and male employees have an equal access to training. In the 2019/2020 financial year, the ratio of Women/Men that benefited from at least one training course stood at 44.8%, in line with the proportion of Women/Men in the Group (44.5%) and with the ratio for the previous year (44%).

1.3.1.3 IN-HOUSE TRAINING AND SKILLS DEVELOPMENT

Challenge

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

Policy

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

Rémy Cointreau supports the development of its employees by giving them the possibility to expand their professional experience through geographical and professional mobility opportunities.

Action plans

Rémy Cointreau has continued to use its international tools to encourage the development of its employees' skills. The processes for assessing performance, succession plans, training and international mobility policies, which are each coordinated by a dedicated person at headquarters, are key assets for the implementation of collective or individual action plans aimed at supporting the career development paths of Group employees, promoting skills development and fostering employee performance.

Due to the international dimension of its business, as of 31 March 2020, 60.8% of Rémy Cointreau's workforce was located outside France. The Group believes that its multicultural dimension represents a significant asset in its international development. International mobility, both on a professional and geographic level, contributes to spreading the Group's values extensively throughout its organisation. To this end, Rémy Cointreau has formalised an international mobility policy whose purpose, through unified and standardised practices (shared global standards), is to encourage international mobility to better address the Group's needs such as employee career development or offering expatriate job opportunities to employees who so request.

The Group's commitment to diversity is also demonstrated by its willingness to favour building teams that include men and women of different ages, and with different training backgrounds and professional experience.

In particular, a process to identify key positions, shared with the Executive Committee, ensures that the Group can draw on the skills necessary for its development and/or guide human resources decisions in order to guarantee the Company's ability to operate in the long term.

Training is focused on sharing experiences in all countries where the Group operates. Rémy Cointreau encourages its employees to play an active role in their mobility and career development. Hand in hand with the Human Resources Department, managers actively take part in the skills development plans and the management of their teams' career paths.

For the 2019/2020 financial year, the Group set up an indicator expressed as a percentage of employees who have benefited from at least one training course a year. In this financial year, this indicator was 73.6% of employees for the scope covered (excluding Europe and Domaines des Hautes Glaces). The Group's ambition is to extend this indicator to production sites worldwide and sales subsidiaries of more than 20 people and keep this percentage above 50%.

In addition, the number of training hours declared in 2019/2020 for the entire Group scope, including both outside Europe and France, for employees on permanent contracts, was 31,677 hours, of which 15,539 were for women and 16,138 for men (GRI Standard 404-1). The aim is to be able to extend this indicator to production sites worldwide and sales subsidiaries with more than 20 people.

For example, at the Rémy Cointreau Cognac site, to support the implementation of open-space offices, which may potentially raise concern among the employees of the new product design centre and, shortly, at the headquarters of this company, a specific training programme was launched in September 2019. It was important to introduce training well in advance in order to drive this significant change and make employees comfortable with the project. To date, 63 employees attended this three-day module. This training provides the tools to understand this way of working, tools which are key to better communication and improved working in an open-space environment, where taking others into consideration as well as people's own needs is essential in building and maintaining smooth day-to-day working relationships.

In-depth understanding of the corporate culture is key to performance. Rémy Cointreau ensures support is provided to its newly-hired employees when they take on their positions through an onboarding programme, providing the opportunity to learn more about the values and history of our houses, as well as the management culture, which is very specific to Rémy Cointreau. In France in particular, the mentoring process forms an integral part of the onboarding programme. The aim is to give new employees the keys to facilitate their integration by rapidly understanding the Company's corporate culture. All new employees hired on permanent contracts at Rémy Cointreau are assigned a mentor. He/she shares all aspects of his/her experience of life at work and is a main point of contact who helps the employee find his/her way around the Company when he/she arrives and during the 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

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

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

At the Cognac site, the excellence of Rémy Martin’s cognac *eaux-de-vie* is down to its grapes. To make the most of them, Rémy Martin relies on a trusted partner, the Alliance Fine Champagne (AFC) agricultural cooperative, from which it has sourced its supplies since 1966. This cooperative structure accompanies its growth. This partnership 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 raw materials and the ambition that all the land used benefit from a responsible and sustainable agricultural standard or label.

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:

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

- vineyards for Rémy Martin and LOUIS XIII cognacs and 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, just over 15,000 hectares of agricultural land and vineyards are used by Rémy Cointreau in total.

As a result of the actions carried out mainly by the Cognac, Angers and Westland sites, 58% of the land is sustainably farmed. This percentage has been increasing steadily for the past two years (36% in 2017/2018, 52% in 2018/2019).

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 view of this target, a three-day meeting was held on the Isle of Islay in September (Creators’ Conference). 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.

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 235 hectares of vineyards owned by Domaines Rémy Martin, 32 hectares are set aside for wine-growing, agronomic and environmental experiments. The aim of these experiments is to address various challenges, such as reducing pesticide use, producing quality *eaux-de-vie* while factoring in climate change and developing new technologies.

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

Several tools have been tested this year, 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.

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 aim is 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*.

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;

- selecting resistant grape varieties:

The study is focusing on new alternatives for combating mildew and powdery mildew with the assistance of new grape varieties selected by the Bureau National Interprofessionnel du Cognac (BNIC) (the national body representing growers in Cognac) and the Institut national de la recherche agronomique (INRA) (the French institute for agricultural research). 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;

- Decision support tools (DST):

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.

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. In addition to rewarding action to preserve biodiversity and reduce

pesticides, this is also a recognition of the efforts made and a guideline for daily activity.

This certification was renewed again in 2018 for a further three years. 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.

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

This year, some of the Group’s work focused on implementing the objectives of the 2025 CSR plan:

- HVE certification of cooperative farms;
- fight against global warming;
- management of water and liquid waste.

Under the 2020 CSR plan, the objectives were as follows:

- 100% of cooperative members involved in the environmental approach by 2020;
- 50% of winegrowers certified HVE level 3 by 2022 (by area under vine).

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.

This year, 123 winegrowers followed the two-day AHVE level 1 training course which includes the local Sustainable Winemaking guidelines. For five years therefore, all winegrowers have been following the environmental approach, representing 100% of the cooperative’s vineyards.

The first target of the 2020 CSR plan has thus been achieved. The second target has been exceeded by a wide margin, with 41 winegrowers obtaining HVE level 3 certification this year, the highest level of engagement with this certification. There are now 224 certified winegrowers, equivalent to 50% of the cooperative’s vineyards. The initial target under the 2020 CSR plan was thus achieved two years earlier than expected.

By meeting these HVE targets, the AFC also meets those set by the BNIC, which is committed to an environmental certification approach thanks to new local “sustainable winemaking” guidelines.

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 224 winemakers represent 83% of the total level 3 production 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 62 winegrowers in recognition of their efforts and commitment to environmental excellence in 2019.

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 *rémysphère.com* website, also provides regular information to winegrowers on the Group's results, brand updates and news on the economic climate as well as technical developments. The website also features a special section with a regular CSR update and provides information on the progress of the AHVE project.

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 this year 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.

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. These plots of land will also be used to test different varieties of barley.

In late 2018, 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. 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. To that end, rye cultivation tests are being carried out on the island. This could be an alternative to intensive barley cultivation.

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

Lastly, in May 2020, the Bruichladdich Distillery was certified "B Corporation" (B-Corp).

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 80 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. Over the next few years, Bruichladdich will also adopt an ambitious sustainability programme linked to the 15 hectares of land reserved for research and development on responsible agriculture.

This certification confirms the relevance of the mission that Bruichladdich set itself in 2011 to act transparently, sustainably and in the community interest.

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 year-on-year increase in the percentage of farmland cultivated according to a responsible agriculture model by our orange suppliers, reaching almost 50% 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;
- the agricultural practices implemented;
- carbon emissions associated with *eaux-de-vie* production.

Following this meeting, a questionnaire was sent out to the main wine cooperatives to gather environmental information on their winemaking practices. The responses will be used to map the cultivation methods of winegrowing areas in France where we source our supplies. This will enable us 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).

Another newsletter is also being 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

In Barbados, Rémy Cointreau incorporates the protection of natural resources in all of its activities. Mount Gay is contributing to the renewal of traditional expertise in sugar cane cultivation. While organising improved management of the raw material, the Group’s work to rediscover the local specifics relating to sugar cane is behind the development of a shared awareness.

Following the purchase of the Mount Gay distillery, in 2018 the Group acquired 134 hectares of sugar cane plantations. It is continuing to experiment with new organic growing and permaculture techniques, with advice from the world’s leading experts in soil cultivation. 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.

As part of the Group’s “Sustainable and Responsible Agriculture” project, actions were launched this year to ensure the responsible sourcing of Mount Gay’s agricultural raw materials.

Domaine des Hautes Glaces and local development

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

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

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. This year, one of the distillery’s products was sold in a bottle made using hand-blown glass by a local glassmaker, before being placed in a wooden box made from local materials.

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

Westland and crop rotation

Westland, based in Seattle in the United States, joined the Group in early 2017. It produces single-malt whiskey exclusively from local barley.

In line with the 2025 CSR plan, Westland is committed to sustainable and responsible agriculture. To that end, farmland has been acquired to study crop rotation and agricultural practices that protect the environment and promote biodiversity.

To support this action, since 2015 Westland has established several research partnerships with local universities to study a more sustainable agricultural system. 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. In one year, the percentage of farmland cultivated under a responsible farming model for barley supplies has risen to almost 30%.

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.

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. Rémy Cointreau has chosen six major commitments, ranging from employee engagement to agricultural practices, HVE certification in France and the protection of *terroirs*, forests and bees.

Action plans

Cognac site

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

- **2010/2012:** funding for a scheme to plant 115,000 oak trees on around 40 hectares in the Senonches national forest in Eure-et-Loir, France.

The aim was to replace existing tree species on this site (Sitka fir and Douglas fir) with sessile oak, and thus encourage biodiversity through improved compatibility with the region's climate, terrain and soil;

- **2013/2014:** funding for the restoration of the Parc François 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, a special effort will be made to grow pedunculate oak, characteristic of the production of Rémy Martin cognac.

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 new beekeeper producing organic honey. Ten hives were 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.

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

This year, a forest survey was carried out on the plot. The results are extremely satisfactory and indicate 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.

This year, in association with the ONF, Domaines Rémy Martin invested in a new initiative 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 at the end of 2019.

Islay site

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

Bruichladdich also shares its commitments to biodiversity conservation with its barley-growing partners. The aim is to involve them over the long term with Bruichladdich’s plans to test different varieties of barley and rye on Islay.

Westland

Various efforts are being made by Westland to conserve biodiversity.

The first project concerns the preservation of an unusual variety of oak, *Quercus garryana*, used to age its whiskeys. These are obtained solely from local forests and Westland is careful to source wood only from trees that have fallen, either naturally or as a result of storms.

A partnership has been set up with a local company to restore the natural habitat of these oaks in a nature reserve. The aim is to plant trees and to re-establish local fauna found in *Quercus garryana* oak forests. For example, work has been carried out to reintroduce a species of bird that usually lives in this type of forest.

Over the past two years, 600 *Quercus garryana* have been planted, with the goal of reintroducing an additional 2,000 over the next five years.

The emphasis is also on research into barley obtained from responsible farming practices that promote biodiversity. For example, Westland’s main source of supply is local, from the Skagit Valley. Nearly 80 different varieties of barley are grown in this valley.

Cointreau

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

This year, Cointreau worked with the San-Giuliano research site in Corsica, which houses a unique collection of 800 varieties of citrus fruit. Cointreau helped to replant 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. The results of these studies are expected in 2022.

Mount Gay

The Mount Gay distillery is a pioneer in maintaining the biodiversity of its *terroir* and of Barbados as a whole.

Mount Gay has planted numerous species of trees such as banana, mango, carambola and avocado on its property. Forgotten plant varieties have also been reintroduced.

Furthermore, since 2018, Mount Gay has been involved in the We Plantin national tree replanting scheme launched by the Barbados government. This year, more than 600 trees and ornamental or perennial plants have been planted at several sites. On the Mount Gay property, land that cannot be planted with sugar cane is used to grow trees (coconut, banana).

Near the distillery, a bee garden has been created in front of the residence. It includes an apiary and numerous varieties of plants suitable for bees are grown there (basil, bay, palm, etc.). A grove of 25 mahogany trees was also planted by Mount Gay staff and is home to another apiary. Ten more trees will be added in the coming months.

Lastly, a nursery has been established to develop the different varieties of sugar cane that can be planted on Barbados. The studies focus on the physical and physicochemical properties of the plants, as well as their adaptability and resistance to sugar cane pests and diseases.

The Barbados site has long-standing ties with the world of sailing and the sea. With this in mind, Mount Gay has decided to support the efforts of Oceana, the world’s largest organisation for ocean protection and conservation. The partnership covers initiatives to abolish single-use plastics.

1.3.2.3 CLIMATE CHANGE

Challenge

Mindful of the impact of its operations, Rémy Cointreau has an obligation to contribute to the global effort to reduce global warming to 2°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 whiskey from Washington State.

Rémy Cointreau’s new motto, “*Terroirs*, people and time”, underscores the importance of nature for its business.

The main consequences in terms of risks would be:

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

Policy

As regards environmental issues, the Group has made long-standing and strong commitments, as it shares the concerns expressed during the 2015 COP21 conference held in Paris. The conference brought together countries from around the world to discuss these issues. The 21st Conference of the Parties reached an agreement to limit the temperature rise to less than 2°C, or even 1.5°C, by 2100. These targets are consistent with those set internally by Rémy Cointreau 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 this year to the “French Business Climate Pledge” for the period 2020/2023.

The plan to reduce the Group’s GHG emissions and carbon footprint was developed this year 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). Progress indicators have been defined and have already been shared with employees.

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 two 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).

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.

This year, scopes 1, 2 and 3 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 Standard 305-3).

The upstream and downstream impacts of transport are also monitored worldwide. This year, a new tool for measuring the impacts of the “downstream” distribution of products was introduced. This will ensure that carbon emissions associated with this activity are measured reliably from the next financial year.

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 both 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.

It is being conducted in partnership with the BNIC and CVC, the organisation responsible for vineyard conservation in the Charente region.

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);

- 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*;

- 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.

A Croft Summit, which included representatives from Domaine des Hautes Glaces and Westland, was held on Islay in late 2018 to examine different ways of cultivating the new plots. A large-scale project was also developed, in which several varieties of barley will be planted on test plots to find the most suitable varieties for the island's *terroir* and those most resilient to global warming.

The aim is to improve knowledge of local growing conditions and to adapt farming practices to preserve the *terroir* and ensure its sustainability.

WESTLAND SITE

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

This natural diversity will make it easier to adapt to extreme weather events such as drought or cold, which are caused by rapid climate change.

The trials carried out led to an initial production batch being obtained this year. The results are encouraging, with a complexity of flavour guaranteeing a high-quality end product.

Apart from these initial findings, the aim is to ensure the sustainability of production from the local *terroir*.

MOUNT GAY SITE

On the island of Barbados, which lies in a water-stressed region, global warming could have an impact on water quality and availability.

To address this risk, Mount Gay has embarked on several initiatives:

- construction of two greenhouses fitted with irrigation systems and equipment allowing the study of different varieties of sugar cane and the preparation of food crops;
- the creation of a pond for the capture and storage of rainfall to be used in crop irrigation;
- the planting of drought-tolerant plants as part of a crop rotation system (e.g. cassava).

The expected results will thus 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 180,449 Teq CO₂. This breaks down as follows (GRI Standard 305-3):

- Cognac site: 79,735 Teq CO₂;
- Angers site: 51,405 Teq CO₂;
- Barbados site: 29,183 Teq CO₂;
- Islay site: 16,883 Teq CO₂;
- Domaine des Hautes Glaces site: 389 Teq CO₂;
- Westland site: 1,474 Teq CO₂;
- Domaines Rémy Martin site: 1,380 Teq CO₂.

For the first time, carbon emissions associated with promotional items were included in the carbon footprint (scope 3).

These are negligible and account for less than 0.3% of the Group's total emissions.

Compared with the previous year, the rise in total CO₂ emissions (+5.1%) was primarily due to the increase in scope 3 emissions, which was mainly due to the greater scope covered: the information included in 2018/2019 was only partial for the Barbados, Westland and Islay sites. This year, these three sites provided all the data necessary to calculate a complete scope 3. As a result, the categories "Capital goods" (construction of new buildings at the Cognac and Islay sites) and "Upstream transportation" (mainly due to the upstream supply of glass bottles at the Barbados site) rose significantly.

At comparable scope, total carbon emissions fell by 6.7% to 160,118 TCO₂eq. The "scope" effect then represents an increase of 20,331 TCO₂eq, i.e. a rise of 11.8% in total carbon emissions.

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

- product packaging: 73,329 Teq CO₂ (40.6% of total emissions);
- agricultural raw materials: 23,469 Teq CO₂ (13.0% of total emissions);
- downstream product transportation: 22,004 Teq CO₂ (12.2% of total emissions).

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

This year, the 2025 CSR plan includes a plan to reduce CO₂ emissions based on the global SBT (Science-Based Targets) initiative. This plan reflects Rémy Cointreau's commitment to developing a strategy in which carbon neutrality and the fight against global warming are key.

The SBT method was rolled out across the Group's businesses and enabled the following carbon emissions reduction targets to be set, based on the 2018/2019 carbon footprint assessment:

	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

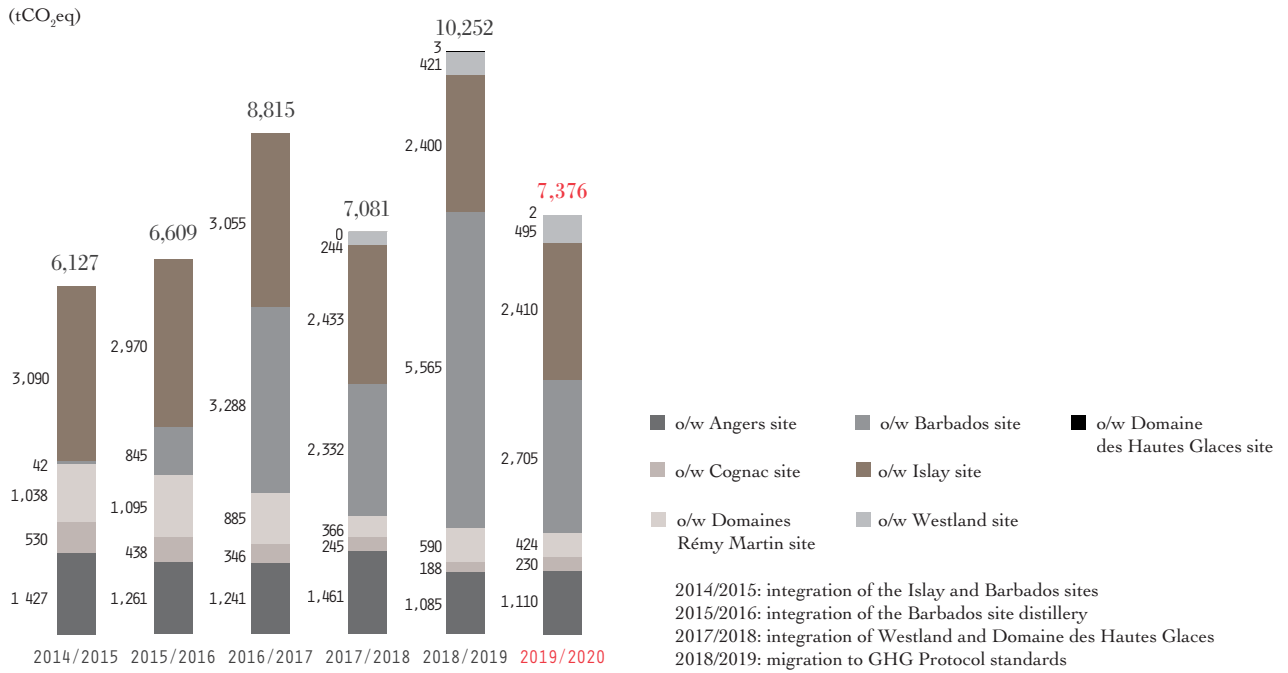
Over the coming months, several working groups within Rémy Cointreau will have the task of transforming these targets into actions. The end goal is to achieve the Net Zero defined by the SBT initiative.

This year, Rémy Cointreau reiterated its commitment to the "French Business Climate Pledge" for the period 2020/2023, which is directly linked to these targets. The Group is thus one of 55 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 reducing the effects of climate change by lowering greenhouse gas emissions.

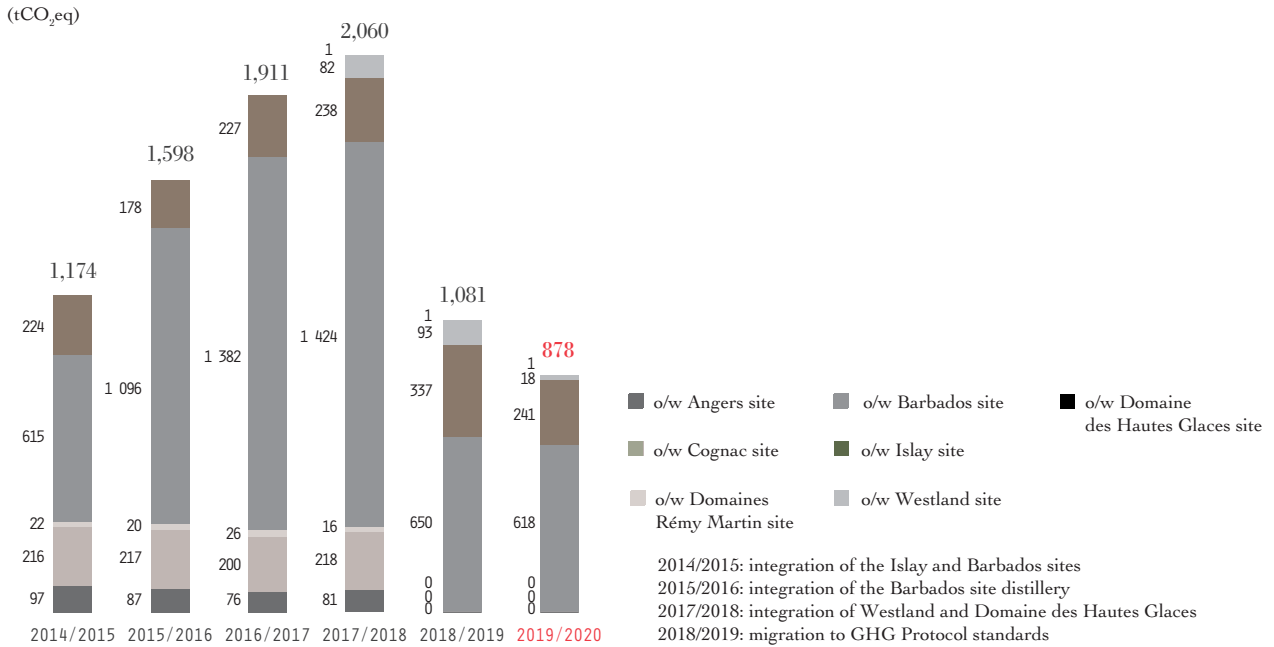
CO₂ emissions under scopes 1 and 2 have fallen by 27% to 8,254 Teq CO₂ (scope 1: 7,376 Teq CO₂/scope 2: 878 Teq CO₂ – GRI Standards 305-1 and 305-2). The reasons for this change are mainly due to the 28% fall in scope 1 carbon emissions as a result

of the change in the types of fuels used for distillation at the Barbados site (priority given this year to the use of kerosene instead of diesel) and the reduction in electricity consumption at the Islay site.

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

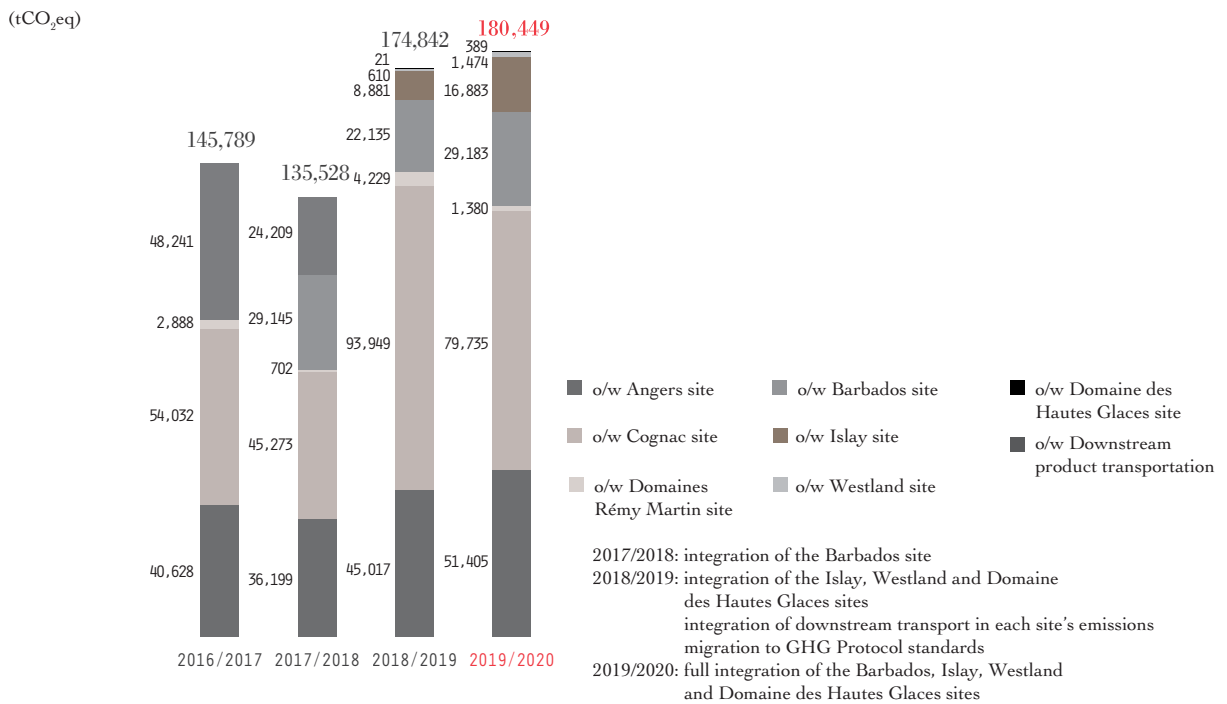


GHG emissions/scope 2 (GRI Standard 305-2)



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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 is pursuing its efforts to reduce emissions linked to business travel. This year, it achieved 222 Teq CO₂ in avoided emissions (GRI Standard 305-5).

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

It measures the replacement of short-haul flights by train travel, which emits less CO₂ (scope: France and neighbouring European countries, train journeys of three hours or less).

The substitution rate serves to illustrate this initiative. An initial assessment of business journeys gave a value of 88% in 2016/2017 and 92% in 2017/2018. It rose again in 2018/2019 (98%). This year’s figure (97%) reflects the commitment of Group employees who choose to travel by train for short journeys.

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. For that purpose, electric vehicle charging points have been installed in the car park at the Paris site. The percentage of “clean” vehicles (electric or hybrid vehicles or those with CO₂ emissions of less than 100g/km) continued to increase this year to 71%, compared with 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 84 gCO₂/km. These are therefore continuing to fall: they totalled 85 gCO₂/km in 2018/2019, 92 gCO₂/km in 2017/2018 and 124 gCO₂/km in 2016/2017, *i.e.* a fall of 32% in three years.

In 2019/2020, nine vehicles were acquired, including five petrol hybrid vehicles and 1 electric vehicle, replacing nine vehicles (including seven diesel vehicles). The average emissions level for new vehicles is 88 gCO₂/km, compared with 116 previously for the vehicles replaced, representing a 25% drop in emissions.

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

This year, the 2019/2020 action plan continued to be implemented, with 23 employees trained in eco-driving.

The Group is also continuing its efforts to use communication technologies such as Skype, to encourage videoconferencing and thus avoid CO₂ emissions linked to business travel.

Another major step was taken this year with the launch of an “IT Green Week”. Rémy Cointreau’s teams were kept regularly informed on how to reduce the carbon footprint associated with each team’s IT activities, by deleting unnecessary emails, files and folders that do not need to be archived.

The first “IT Green Week” was held at the end of 2019 to limit the impact of data storage on the environment. The individual actions of each employee have reduced mailbox storage by almost 50%.

As part of its effort to cut carbon emissions, the Group is also switching to paperless processes. Two years ago, new systems were set up 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.

Product transportation

As part of the 2020 CSR plan, a “CO₂ Transport Emissions” project was launched in 2017. For the past three years, CSR reporting has included CO₂ emissions from the transportation of products in the USA and Asia (China, Taiwan, Vietnam and Malaysia) and Australia.

This year saw the introduction of a tool covering the whole of the Group’s logistics operations (transportation between shipping platforms, deliveries to subsidiaries and customers).

From April 2020, the use of this new tool will enable the carbon emissions associated with the transportation of our products to be calculated more reliably, for example with an average per case transported to each country of shipment.

Transport providers will 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.

Total scope 3 CO₂ emissions associated with downstream product transportation amounted to 22,004 Teq CO₂ (GRI Standard 305-3). This is one of the significant CO₂ emission generators for Rémy Cointreau. These emissions are down by almost 13% on the previous year, mainly due to the lower quantities shipped using maritime transport.

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 Europe;
- product transportation in the USA and in Asia (China, Taiwan, Malaysia and Vietnam);
- product transportation in Australia.

This year, action has been taken 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 shows that rail transport reduces carbon emissions by a factor of more than 30 compared with air transport.

The Group therefore took the decision to try out this option. Nearly 40 shipments were made, with carbon emissions of 84 Teq CO₂. We estimate that this mode of transport by rail has resulted in avoided emissions of almost 2,600 Teq CO₂.

Under the 2025 CSR plan, the continuation of this action will be examined in more detail by the "Logistics" working group set up to launch the carbon reduction plan according to the SBT method.

Energy consumption

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

This year, the initiatives carried out correspond to reductions in energy consumption of almost 600 MWh, or around 70% of the 2020 targets. The main actions consisted of replacing lighting, optimising boilers and replacing gas heaters with air to air rooftop units.

The remaining action needed to reach 900 MWh (introduction of a centralised energy monitoring system at the Angers site) is being implemented and will be finalised over the next financial year.

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.

An awareness-raising campaign on saving electricity was also carried out for staff at the Paris site. It covered lighting management and IT systems in meeting rooms.

This year, the Barbados site increased its use of energy-saving light bulbs.

The same applied for the Islay site, which installed LED lighting with motion sensors in its workshops and offices.

On-site studies are continuing in order to assess the potential for the integration of renewable energy. In Scotland, the projects under way are expected to result in the use of renewable electricity for some consumption on the Islay site in the coming year.

On the Barbados site, the installation of solar panels generated close to 100 MWh in renewable energy this year. These solar panels are connected to the Barbados national power grid. The aim is to be generating around 500 MWh a year within five years, or almost 30% of the site's annual 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, 90% of the electricity used by Westland is from renewable energy sources.

Since 2016, all energy consumption on the Group's French sites (except for Domaine des Hautes Glaces) comes from renewable sources (energy from hydraulic production).

This year, 99.8% of the Group's electricity consumption in France was from renewable sources. The figure is 95% for Europe and 82% worldwide.

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

In 2019/2020, the Group's total energy consumption amounted to 39,261 MWh, up 2% on the previous year. This is due to the increase in the amount of fuel used by the Mount Gay distillery, mainly because it switched from using diesel to kerosene (GRI Standard 302-1).

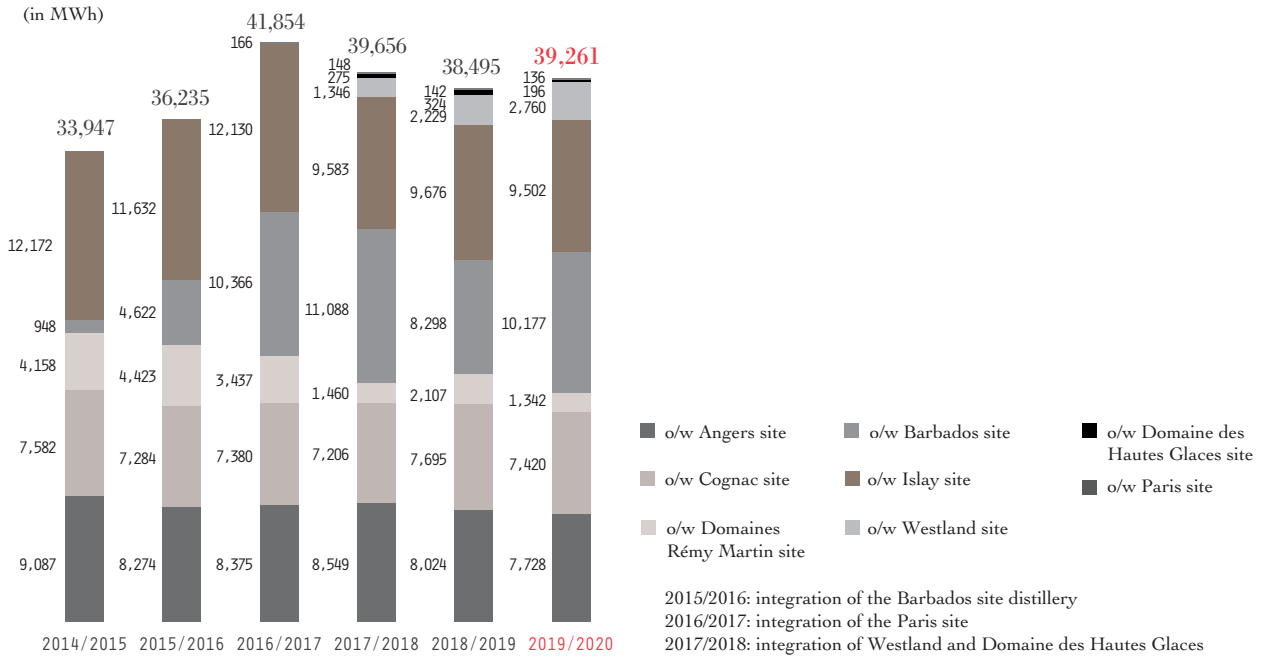
This had a direct impact on its direct energy consumption (gas, fuel oil and diesel), which rose 4.5% from 26,335 MWh to 27,510 MWh.

This year, the Angers site recorded a fall of almost 5% in natural gas consumption, following the introduction last year of a new boiler management process.

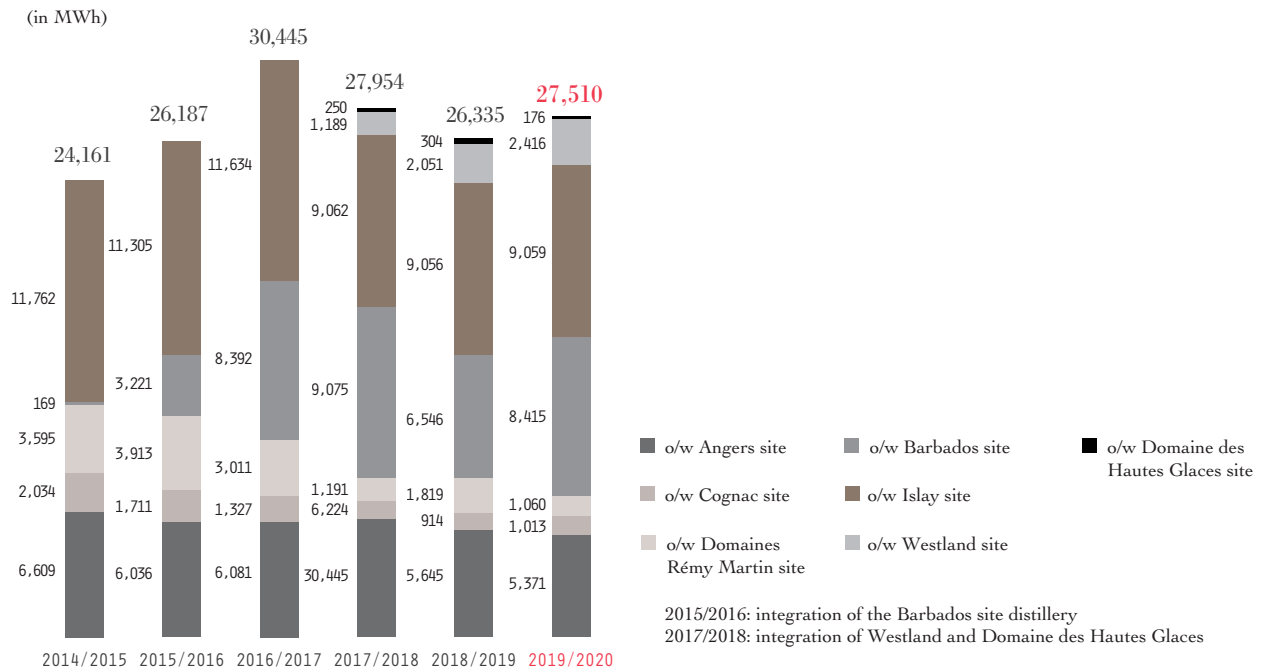
There was also a sharp fall in gas consumption for Domaines Rémy Martin (-40%). This was due to a decline in distillation activities, the harvest being significantly smaller due to the climatic conditions.

Conversely, production at the Westland site rose sharply, resulting in an increase in gas consumption of almost 18%.

Total energy consumption (GRI Standard 302-1)



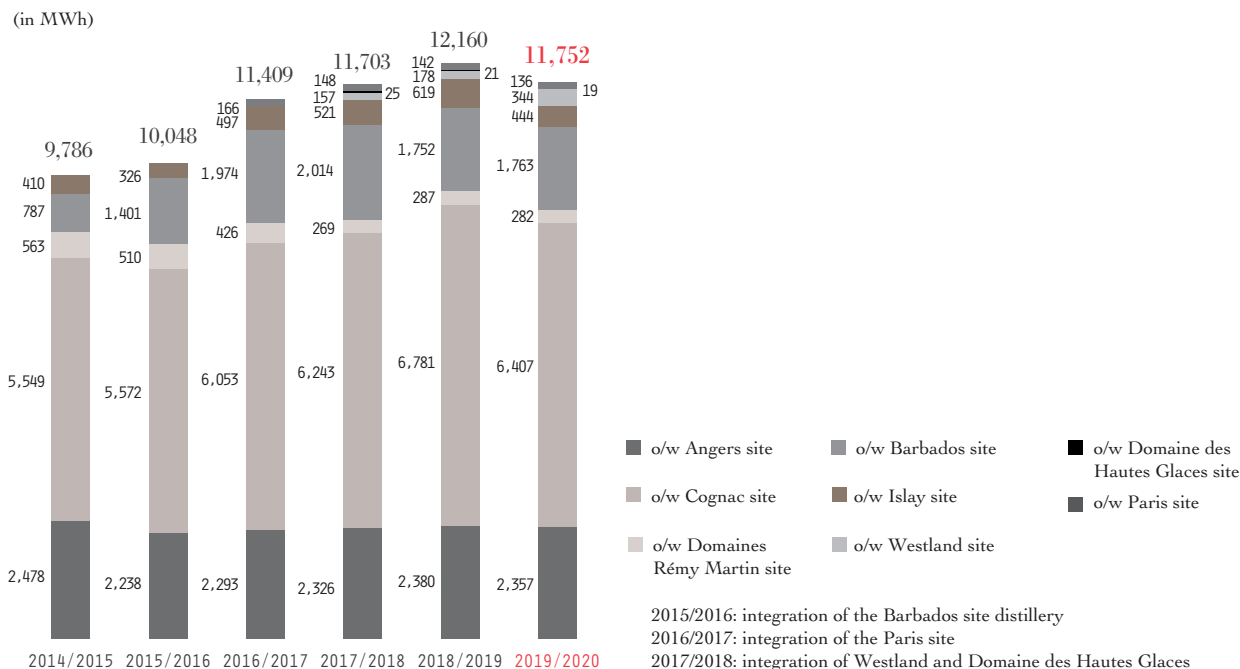
Direct energy consumption (gas, fuel oil, diesel) (GRI Standard 302-1)



With regard to indirect energy, electricity consumption (11,752 MWh) was down 3.4% for all the Group's production sites in general, excluding the Westland site. For the Westland site, electricity consumption almost doubled following the increase in the

site's activity. There was a significant decrease in the electricity consumption of the Islay site (-28%), mainly due to the fact that in 2018/2019, some of the site's electricity consumption had been estimated.

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, Domaines Rémy Martin and Domaine des Hautes Glaces sites, and its quality for the production of the Group’s products.

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

Policy

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

For the last four years, Rémy Cointreau has met CDP Water reporting requirements. In line with this reporting, the Group has improved its water resource protection targets.

The first step 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. As of next year, the focus will be on validating the targets for reducing and optimising water consumption under the 2025 CSR plan.

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

Under the 2025 CSR plan, special attention will continue to be 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. Some of the vinasse is spread at the Mount Gay property and other agricultural holdings in Barbados, contributing to the natural fertilisation and irrigation of the soil. This initiative is carried out in partnership with local environmental bodies.
- at the Islay site, and in accordance with local regulations, the vinasse is sent to a reprocessing plant shared with other distilleries on the island. The vinasse is diluted then discharged to sea by pipeline to a point far from the coast in order to ensure that the discharge has no environmental impacts.
- all of the Domaines Rémy Martin vinasse is entrusted to a local vinasse methane conversion and green energy production plant, on whose Board Rémy Martin sits (Revico site in Cognac).

- Domaine des Hautes Glaces spreads all of its vinasse on agricultural land in accordance with spreading specifications that comply with local regulations. This enables a reduction in the amount of chemical fertilisers used for future crops.
- all liquid waste from the Westland site is treated by a local liquid waste processing plant.

Action plans

Water availability and quality

Total water consumption (189,287m³) was down 3% on the previous year (GRI Standard 303-1). This is mainly due to an adjustment to the method of calculating water consumption at the Cognac site, which had been overestimating actual consumption values.

The decrease is also significant this year for Domaine des Hautes Glaces (-58%), due to the fall in production at the site and the detection and repair of a water leak which had resulted in over-consumption in 2018/2019.

On the Barbados site, which lies in a water-stressed region, efforts are continuing in a bid to conserve water:

- installation of a harvesting system to collect rainwater from the distillery roofs;
- construction of two greenhouses fitted with irrigation systems and equipment allowing the study of different varieties of sugar cane;

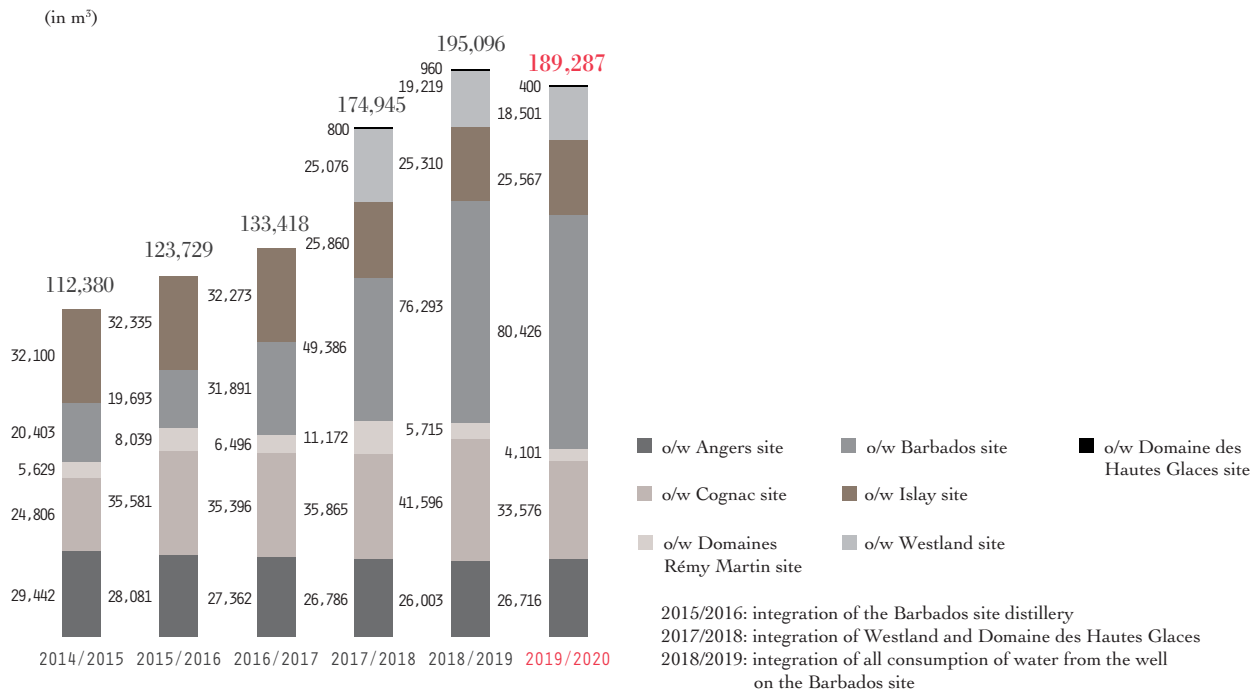
- creation of a pond for the capture and storage of rainfall to be used in crop irrigation;
- planting of drought-tolerant plants as part of a crop rotation system (e.g. cassava).

The Angers site was used this year as a pilot site to map water consumption and calculate how much water is actually drawn from the natural resource and not discharged by the site. From the “incoming” water on the site (26,716 m³), 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.

The results showed that the total volume of water discharged was 14,879m³. This liquid waste is returned to the natural environment after treatment by the treatment plants, if necessary. We can conclude therefore 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 – is 11,837m³, or 44% of the “incoming” water on 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.

Water consumption (GRI Standard 303-1)

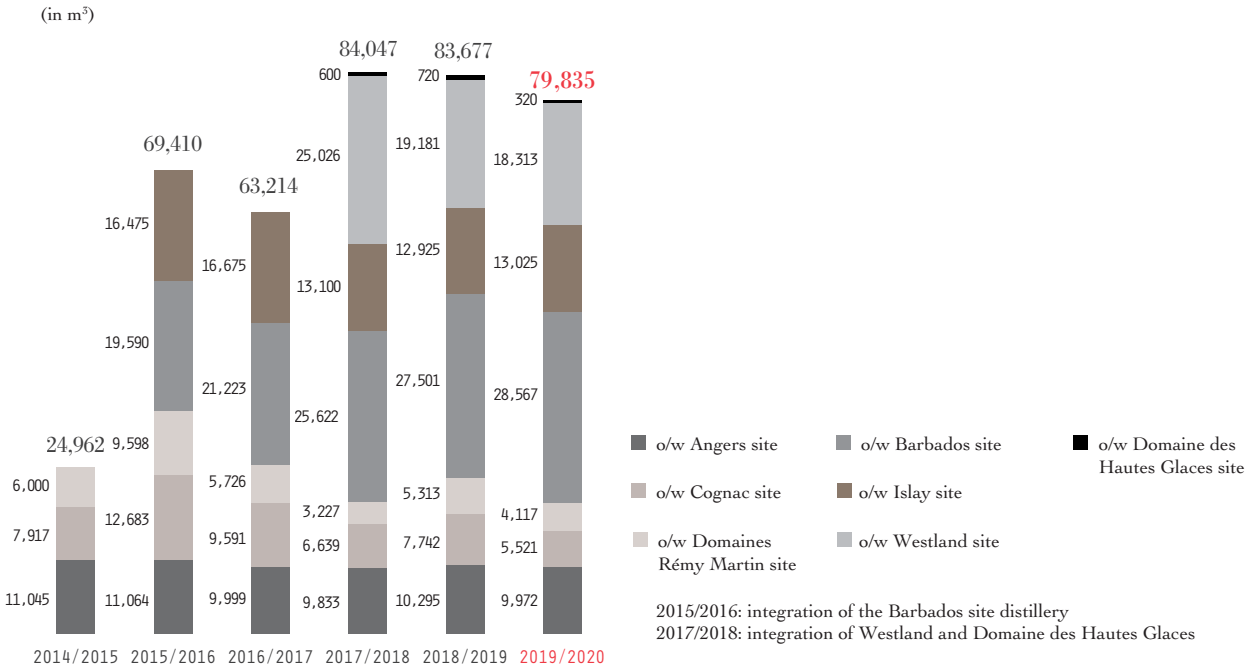


Liquid waste discharges

Liquid waste discharges (79,835m³) are down 4.6% on the previous year (GRI Standard 306-1).

This is mainly due to the reduction in discharges from Cognac sites (reduced operation of an osmosis unit) and Domaines Rémy Martin (decrease in distillation following weather events that impacted vineyard production).

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 fell compared with the previous year, with 0.8 tonnes of BOD (Biochemical Oxygen Demand – 0.9 tonnes in 2018/2019) and 3.2 tonnes of COD (Chemical Oxygen Demand – 3.6 tonnes in 2018/2019). This decrease is mainly due to the reduction in the winemaking and distillation operations of Domaines Rémy Martin, following weather events that impacted the production of the vineyard this year.

The Westland site introduced BOD analysis of its liquid waste for the first time this year. On that basis, total liquid waste pollution discharged from the Barbados, Islay, Domaine des Hautes Glaces and Westland sites was 1,307 tonnes of BOD and 2,885 tonnes of COD. BOD and COD values are increasing (1,264 tonnes of BOD and 2,041 tonnes of COD in 2018/2019). These annual changes are due to the variability of effluent composition. It should be noted, however, that on a like-for-like basis (excluding the Westland site), the BOD value would have decreased (1,161 tonnes).

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. In this first year, the figure was 41%. The aim is for this to reach 80% within five years (i.e. by the end of the 2025 CSR plan).

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

In parallel with the implementation of the 2020 CSR plan, an “Eco-design” project was launched in 2017. A CSR eco-design Steering Committee, composed of representatives from the Product Development, Liqueurs & Spirits and CSR departments, was set up with a project to train the Purchasing, Marketing and Product Development teams in eco-design and oversee the operational launch of the “packaging environmental performance index” (EPI) project. The aim is to install internal software to measure the environmental impacts of Rémy Cointreau’s product packaging. Particular attention will be paid to CO₂ emissions and water consumption (GRI Standards 303-1 and 305-3).

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

Action plans

Eco-design of products

The first step in the Eco-design project was to launch an eco-design training plan for the Purchasing, Marketing and Product Development teams in 2017. The aim was to raise awareness on reducing the environmental impact of packaging by analysing and improving the product life cycle, 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 in 2017:

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

The training was repeated in 2018/2019, geared in particular towards the Marketing and Purchasing departments.

This year, additional training was given to the Development department on the Angers site. This focused on the technical aspects of sustainable packaging. In line with the Group’s objectives, special emphasis was placed on plastics and their alternatives.

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

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

In 2018, efforts focused on developing the environmental performance index (EPI). The objective was achieved, allowing the first map to be produced of the environmental impact of packaging

for all Rémy Martin brand products and the flagship products of other brands (Cointreau, St-Rémy and Metaxa).

The scores obtained vary depending on the product; the higher the score, the greater the environmental impact. Last year, this enabled 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. Other initiatives could also be examined, depending on the processes used by suppliers. Contact has already been made with suppliers to involve them in the Group’s circular economy targets.

All the initial improvements identified in 2018/2019 were translated into practical measures this year. A comprehensive action plan and priority areas have been defined: lighter packaging is key, as is the use of new-generation materials to replace traditional materials.

In the context of supplier relations, a key process for bottle surface treatments was examined. A full life cycle assessment of the process was carried out, enabling the actual associated carbon emission factor to be validated. In addition to these specific studies, a regular exchange of information has been set up with numerous suppliers so that their carbon emission factors can be entered in the EPI software. In future, this will also enable the software to be updated promptly with the measures taken by suppliers to reduce their carbon emissions.

The development of the EPI software is also essential so that it can include information from suppliers. To that end, a workshop was held this year with the software designer and the Development departments at the Cognac and Angers sites. This met with the teams’ expectations and enabled the software to be developed according to the situation on the ground. An important new feature is the ability to extract EPI data for direct use in annual carbon footprint assessments carried out at production sites. This ensures that the impacts concerning the raw materials used and their transportation between the supplier and the production site are as accurate as possible.

The first practical measures have been taken to reduce the environmental impact of our packaging. We have phased out some presentation boxes and designed new, more environmentally friendly cases. New materials have been chosen partly to eliminate non-recyclable plastic from packaging.

The Group is confirming 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.

A new progress indicator has been created in this respect under the 2025 CSR plan to measure the rate of reduction of plastics in packaging.

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. This will enable the reduction of the environmental impacts of the Group’s products to be incorporated into this process.

All packaging used at the Cognac and Angers sites now has an EPI rating. From now on, action plans will be drawn up for each one, based on the following assumptions for future packaging:

- reduction in the weight of materials;
- use of recycled materials;
- potential recyclability.

The use of glass is of particular concern. Two of the previous commitments apply 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).

The aim of the 2025 CSR plan is to introduce the EPI measurement at all Group production sites by 2025. An internal review is under way to set a progress target aimed at reducing the current EPI values.

In addition to product packaging, this approach will be extended to the design of all 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.

All production sites seek to sort and recycle their waste. For the first time this year, the tonnage of solid waste at the Westland site is being reported. This tonnage is not measured but is estimated from the average density of mixed waste of the same type (glass, cardboard and other waste).

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. For the past year, plastic stoppers have been collected at the Paris site, in partnership with the charity *Les bouchons d'amour*. By recycling the stoppers collected, the charity can purchase special equipment for disabled athletes and help improve the lives of people with disabilities.

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 Cognac, Paris and Angers sites, plastic cups have been replaced by paper cups in drinks machines. Aluminium water bottles have been issued to employees and water fountains have been installed. The Westland site has 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.

In Barbados, Mount Gay introduced a new waste treatment process two years ago – mainly for glass, cardboard and plastic. The recycling rate measured for this site jumped to 61.3% this year, from 35.2% last year.

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

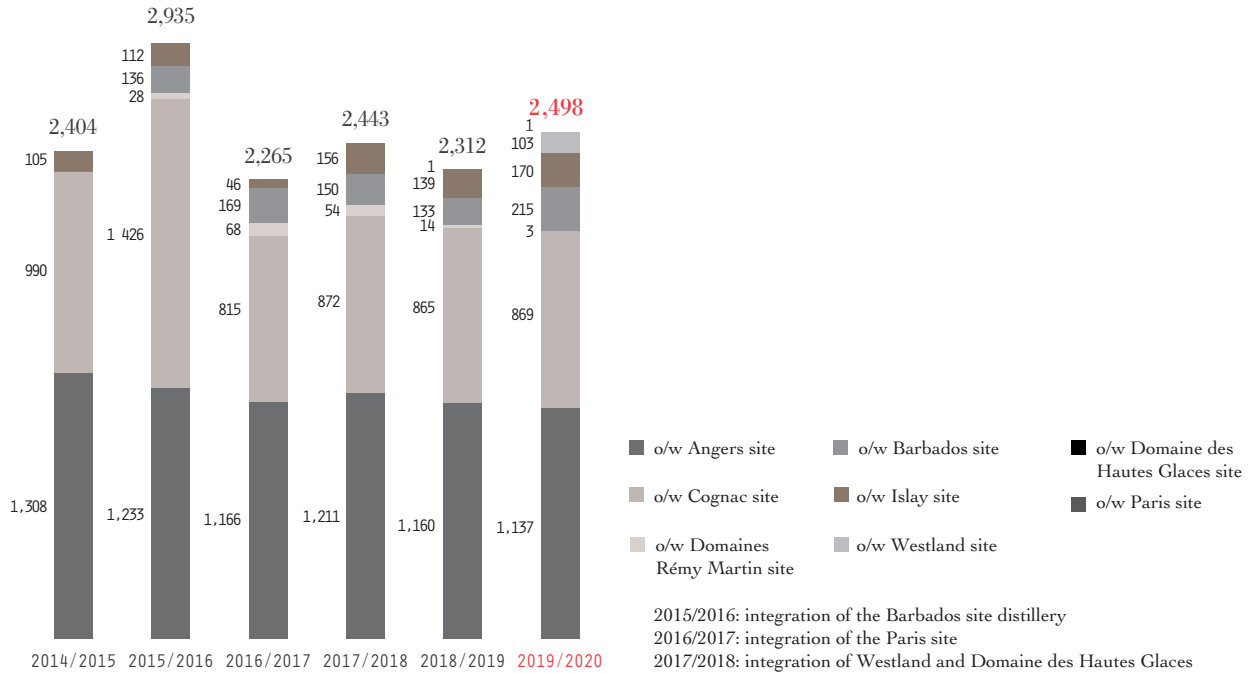
Total solid waste (2,470 tonnes – GRI Standard 306-2) was up 8%, mainly due to the inclusion of waste from the Westland site. More accurate waste monitoring was introduced at the Islay and Barbados sites, which also contributed to this year's increase in total solid waste.

The rate of materials recycling and energy recovery are broadly unchanged from the previous year, measured at 86% and 7%, respectively. Solid waste recovery thus reached 93% this year.

The Angers and Cognac sites continued their excellent performance with total recovery rates of 100% and 98%, respectively.

Quantity of waste (GRI Standard 306-2)

(in tonnes)



1.3.2.6 CUSTOMER INFORMATION

Challenge

Civil society and our customers pay special attention to natural resources and how they are managed. 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.

This year, 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. 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. Areas for improvement are then systematically examined and shared to assess the satisfaction level of all retailer customers. The health crisis at year-end prevented the usual March survey from being carried out. 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 the United States, Taiwan, Sweden and Greece.

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 six years, the site has been inducted 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.

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. The certification has been renewed for five years.

The Angers site also holds the same certification, together with the *Qualité Tourisme* trademark.

At Cognac and Angers, the visitor circuit guides are trained each year in the CSR policy so that they can explain and promote the Group's best practices to visitors. This year at Cognac, the "2020 Essentials" guide training pack included a section on the Group's CSR strategy.

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

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

This year, the Group improved and was ranked 1st out of 230 companies making up the Gaïa index (3rd in 2018/2019 and 4th in 2017/2018). The overall rating has risen steadily and now stands at 90/100 (85 in 2018/2019 and 79 in 2017/2018). The Group also maintained the maximum score of 100 with regard to relations with external stakeholders (relations with suppliers, customers and civil society) and scored 99/100 for its environmental commitments (97/100 in 2018/2019).

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

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

This year, information was also given to various investment funds interested in Rémy Cointreau's CSR strategy.

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).

1.3.3 SOCIETAL RISKS

1.3.3.1 RESPONSIBLE CONSUMPTION OF OUR PRODUCTS

Challenge

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

Policy

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

- promoting responsible consumption;
- promoting responsible advertising.

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

Action plans

The key role of representative organisations

Rémy Cointreau is active in the following major organisations:

- in France: the FFS (Fédération française des spiritueux, or French federation of spirits producers), 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: spirits EUROPE (the European Spirits Industry Federation);
- in the United States: DISCUS (Distilled Spirits Council of the United States);
- in Barbados: BAIA (Barbados Alcohol Industry Association);
- in Asia: 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.

This year, these initiatives were supplemented by:

- the co-signing by Rémy Cointreau of the European nutrition labelling MoU.

This year, 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. Eventually, this will have to apply to all products. This objective will be monitored by the European Commission;

- Mount Gay's renewed commitment as part of the Barbadian non-profit organisation BAIA, which is continuing to run awareness campaigns to promote responsible drinking and specifically to remind people of the dangers of drink-driving;
- maintaining the partnership with the Substance Abuse Foundation (SAF) in Barbados, which fights all forms of addiction, including excessive alcohol consumption.

An awareness-raising session on responsible drinking was organised for high school students. This initiative is part of the broader support programme which continued this year;

- supporting the commitments of the West Indies Rum & Spirits Producers Association (WIRSPA), led by Mount Gay in Barbados.

A decision was taken this 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.

Producers also announced the adoption of a new code of practice for responsible advertising and marketing, including on social media.

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 suppliers. As part of this effort to improve transparency and ethics in its business practices, Rémy Cointreau now specifically asks its suppliers to join SEDEX (Supplier Ethical Data Exchange), an international organisation that seeks to foster ethical and responsible business practices in global supply chains.

Action plans

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

In 2018/2019, among strategic suppliers, 92% were SEDEX members (excluding sub-contractors, since sub-contracting is very limited and mainly concerns activities performed in France) (GRI Standards 308-1 and 414-1). This year, it was 85%. This slight decrease is due to the arrival of new suppliers who are in the process of joining SEDEX.

For two years, strategic suppliers have been asked to ensure that their Tier 2 suppliers are also SEDEX members. This year, 91.2% of tier 2 suppliers are members of SEDEX.

The current approach based on SEDEX membership allows us to identify 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. The first audit was carried out this year at a packaging supplier to test this new approach. The results obtained met with expectations regarding a detailed and overall rating of the supplier's CSR commitments. Based on a series of scores out of 10, it was possible to rapidly spot the strengths of the audited company and the weaknesses requiring progress.

Accordingly, in addition to the target of 100% of suppliers being SEDEX members, the 2025 CSR plan includes a new requirement – namely, the accreditation of each supplier based on a SEDEX rating. The standards are being drawn up and will in part be based on audits carried out by an external company.

The aim is to make this accreditation systematic for all Rémy Cointreau suppliers by 2025 (Suppliers with the highest net sales of raw materials, packaging, promotional items, suppliers of food contact materials and suppliers in regions with a CSR risk).

To achieve this goal, Rémy Cointreau is conscious that it will need to encourage its suppliers to adopt this approach, which is sometimes seen as an additional burden.

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

SEDEX has entered into an agreement with the CDP Carbon Disclosure Project, a non-profit organisation focused on studying the impact of the major listed companies globally on climate change. Since 2006, Rémy Cointreau has regularly completed CDP surveys (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 freight (see section 1.3.2.3 “Climate change”).

This year, 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.

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

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

Three years earlier, 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 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 will be 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 network of “Sustainable Development” correspondents of the Colbert Committee, which upholds the values of the French luxury industry, Rémy Cointreau contributes to the pooling of CSR best practices, in particular through the dissemination of fact sheets on the topic.

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

Action plans

Engaging with local stakeholders

The Group works alongside schools, universities and organisations dedicated to economic development. Its commitment is also reflected in its support for regional associations that work to promote sustainable development. For example, the Group supports the business association Altère in Poitou-Charentes, which facilitates discussions on CSR topics among local economic actors. Of the recent workshops organised by this association, two focused on eco-social product design and how to involve CSR companies in the region. These two subjects fully chimed with Rémy Cointreau’s main CSR commitments.

This year, Rémy Cointreau also supported a highly innovative local initiative in Cognac spearheaded by the Greater Cognac Development Council. In early 2020, the Council organised a Climate Collage workshop 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.

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 2019 Circular Economy conference, organised in Paris by the company DII. The presentation covered sustainable consumption and production, specifically addressing how Rémy Cointreau has incorporated the United Nations SDG 12 into its CSR strategy.

The Group was also present at the “Cognac 2025” round table event organised by the BNIC, the national body for the Cognac industry. The presentation focused on sustainable viticulture and the actions taken by the Group in this respect.

Also in association with the BNIC, Rémy Cointreau is part of the regional initiative to develop a CSR strategy for the Cognac industry. The Group is a member of the BNIC CSR Steering Committee and has participated in several collaborative workshops held for the various stakeholders with a view to drawing up future action plans.

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.

Rémy Cointreau is keen to promote a positive corporate responsibility culture in training syllabuses. In France, for example, it has given 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 also maintains close links with local schools. In 2018, agricultural students from Barbados Community College added to their training on the Mount Gay estate. This exemplary collaboration gave them an opportunity to directly apply what they had learned, with a specific focus on organic and permaculture cultivation methods.

This year, Mount Gay welcomed students from the Samuel Jackman Prescod Institute of Technology (SJPIT). Some of the courses taken by these students covered tree cultivation, which dovetails with Mount Gay’s efforts to preserve the local *terroir* and biodiversity. Students were able to have a genuine field experience and apply their knowledge to orchard design, composting, fruit tree planting, pruning, fertilisation and mulching. 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.

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.

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

This year, 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, 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 with #rcwecareday. This annual worldwide event is also an opportunity to strengthen ties between local communities and the Group’s employees.

Other local initiatives are regularly launched by Rémy Cointreau employees.

On the Cognac site, Rémy Martin employees rallied behind the charity *Les lettres au service des Maux*, which supports families of children with multiple disabilities or severe behavioural disorders. The money raised was used to pay for two years of equine therapy for a 12-year-old child suffering from attention deficit disorder (ADD).

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. In addition to providing funding, resources are made available for the representative of the local Cognac branch.

In a completely different area, the House of Rémy Martin has renewed its partnership with The Film Foundation, which saves and restores old films. As one of the regular sponsors, this year Rémy Martin funded the restoration of an entire film made in 1919 entitled *The Broken Butterfly*.

Echoing its environmental commitments, this year Rémy Martin also 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 is also closely involved in local community life, for example by sponsoring local community gardens.

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

An in-depth study of the overall societal impact of the Group’s activities in Barbados was carried out in 2018. The aim of the study was to measure the societal footprint of Mount Gay within the region in three key areas: environmental viability, economic viability and social viability. The results were used to assess the impact in terms of direct employment (Mount Gay employees), indirect employment (jobs supported in the supply chain) and induced employment (jobs supported by wages and taxes). It is also possible to identify the socio-economic impacts of Mount Gay’s activities on the local economy in Barbados and globally.

The results of the study showed that in 2017, Mount Gay supported 475 jobs in Barbados (for every job at Mount Gay, another 2.3 jobs are supported on the rest of the island). Apart from supporting local employment, Mount Gay also creates wealth in the Barbadian economy totalling 47 million Barbadian dollars.

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

The same applies to the social and societal importance of Bruichladdich on the Isle of Islay. Eighteen of the island’s inhabitants work at the Bruichladdich site and around 85 others collaborate with the brand. Although the company is one of the smallest producers, it is the largest local employer.

Also closely involved with local communities, the Rémy Cointreau Foundation continues to work with a strong focus on transferring and perpetuating exceptional know-how, with four main areas of funding: investment in tools or any other element necessary to carry out the trade; support for learning and training; participation in trade fairs in France and abroad to raise awareness of the importance of knowledge transfer; and skills-based volunteering to foster engagement with the Foundation’s initiatives among the Group’s employees.

To date, the Foundation has chosen eleven craftspeople: a sculptor-ceramics artist, a bookbinder, a master glassmaker and stained-glass artist, a bow maker, a decorative sculptor, an artisan cutler, a wrought-iron artist, a draper-upholsterer, a custom shoemaker, a cardboard lace-maker and a goldsmith/coppersmith. It provides them with continued support and guidance, helping them to set up permanent workshops and to transfer their exceptional know-how, which is an important part of French cultural heritage.

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 late January 2020, Rémy Cointreau donated one million yuan to the Shanghai Song Ching Ling Foundation, which provides aid to children and people in need. A further 200,000 yuan was also raised, consisting of donations from our Chinese employees which were topped up by an equivalent contribution from the Group. In early February, Rémy Cointreau’s French sites sent masks and hydroalcoholic solutions to China.

In the United States, Rémy Cointreau donated \$100,000 to the US Bartenders’ Guild National Charity Foundation. The purpose of this foundation is to provide financial support to bartenders whose establishments are currently closed because of the epidemic, and who are therefore deprived of an income. This donation was matched by \$100,000 from the Cointreau brand, which is particularly close to the bartender community.

In Seattle, Westland produced hydroalcoholic gel for the Low Income Housing Institute of Seattle and various social care and medical facilities in Washington State, one of the regions most affected by the virus in the United States.

In Barbados, the Mount Gay Distillery supplied alcohol to the pharmacy that manufactures hydroalcoholic gel for the island’s hospital.

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 donated 8,000 surgical and FFP2 masks to hospitals in Cognac and Saintes.

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.

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 within 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 main SDGs selected (essentially SDG 6, 8, 12, 13 and 15). Each Executive Committee member will become an ambassador for a CSR indicator and its improvement for all Group employees worldwide.

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

The ISO 9001, ISO 14001, ISO 22001, 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:

- 2018/2019 CSR reporting review in relation to the new EU regulation on the non-financial performance statement;
- French Pacte law: work on the *raison d'être*;
- "Sustainability 2025" CSR plan;
- "Net Zero 2050" target;
- rollout of B-Corp certification;
- CSR risk mapping and prioritisation;
- work of the Rémy Cointreau Foundation.

In line with the decisions of the CSR Committee, the Group's Executive Committee met for two days in July to define the main strands of the future 2025 CSR plan. The meeting also enabled the Executive Committee to extend their work on the future *raison d'être* of Rémy Cointreau.

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

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

In July 2019, for the sixth 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: "Duty of care: taking stock two years after the introduction of the law"; "Artificial intelligence: what role can ethics play?"; "Climate change and youth engagement: a generational crisis?".

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

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

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

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 around 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 was the case this year at the Cognac site, when stands were set up for two days to promote a safety and environment culture for the site's employees. All employees have attended awareness-raising workshops on occupational health, road safety and the environment.

CSR training/information programmes for our employees are also being developed using e-learning tools. This year, 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.

The Westland site has taken steps this year to ensure that CSR is at the heart of its corporate culture. In this respect, an individual CSR bonus was introduced as part of the employee compensation scheme.

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.

For several years, the companies Cointreau and Rémy Martin have held Quality, Environment and Food Safety certification (ISO 9001, ISO 14001 and ISO 22001). Cointreau is also OHSAS 18001

certified. Bruichladdich is ISO 9001 certified and Mount Gay is ISO 9001 and ISO 22001 certified. Domaines Rémy Martin is AHVE (high environmental value farming) certified.

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 team engagement and the site's "Exception and Sustainability" strategy as strengths.

At the Angers site, Cointreau has renewed its four certifications (ISO 9001, ISO 22001, ISO 14001 and OHSAS 18001). The auditors identified numerous strengths, such as the introduction of software to monitor the environmental impact of packaging, the development of participatory and collaborative management, and QSE regulatory and health monitoring.

A renewal audit for ISO 9001 certification was also carried out at the Islay site this year. The positive findings of this audit confirmed the renewal of this certification for Bruichladdich.

The Barbados site was also audited this year. As with other Group sites, the audit results were extremely positive and ISO 9001 and ISO 22001 certification was confirmed for Mount Gay.

This year's major breakthrough for site certification was the Bruichladdich distillery, which obtained "B Corporation" (B-Corp) certification.

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).




This year's actions include the publication and global distribution of the following documents:

- the Whistleblower's Charter;
- the IT security policy;
- the conflict of interest policy;
- the user guide for the application used by Rémy Cointreau as part of its due diligence procedure.

1.4 TABLE OF INDICATORS

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

		2015/2016	2016/2017	2017/2018	2018/2019	2019/2020		
Employee related risks	 Employee well-being	Turnover, in % (2) – GRI Standard 401-1			14.8	13.2	13.8	
		Absenteeism, in % (2) – GRI Standard 403-2	4.6	3.0	2.3	2.0	2.3	
		Workplace accident frequency rate, in % (2) – GRI Standard 403-2	8.90	13.31	9.13	8.51	11.21	
		Workplace accident severity rate, in % (2) – GRI Standard 403-2	0.07	0.13	0.38	0.59	0.53	
		Average age, in years(2)	41	41	41	40	41	
	 Non-discrimination and internal social balance	Seniority, in years(2)	9.4	9.1	8.4	7.9	8.0	
		Ratio of male/female managers, in % (1) – GRI Standard 401-1			43	44	45	
		Gender Equality Index, scored out of 100 (1)					83 ^(e)	
		Ratio of male/female training, in % (1) – GRI Standard 404-1		43	43	46	45	
		 Internal training/skills development	Percentage of employees completing at least one training course per year, in % (2)				79	74
Hours of training (2) – GRI Standard 404-1	15,954		18,463	24,243	26,615	31,677		
Environmental risks	 Sustainable agriculture	Percentage of agricultural land managed sustainably, in % (1)			36	52	58	
		Percentage HVE certification of vineyards in the Cognac wine-growing cooperative (AFC), in % (1)			23	42	50	
	 Climate change	CO ₂ emissions (total scopes 1, 2 & 3), in tCO ₂ eq (2) – GRI Standard 305-3		145,789	135,528	174,842 ^(a)	180,449 ^(b)	
		Percentage of significant CO ₂ emissions – product packaging, in % (2)				37.0	46.5 ^(a)	40.6
		Percentage of significant CO ₂ emissions –downstream product transportation, in % (2)				22.7	19.3 ^(a)	12.2
		Percentage of significant CO ₂ emissions – raw materials, in % (2)				30.6	14.7 ^(a)	13.0
 Water and wastewater management	Total energy consumption, in MWh (2) – GRI Standard 302-1	36,235	41,854	39,656	38,495	39,261		
	Renewable electricity consumption, (world) in % (1)		78	76.8	79	82		
	Water consumption, in m ³ (2) – GRI Standard 303-1	123,729	133,418	174,945 ^(b)	195,096 ^(c)	189,287		
	Volume of liquid waste recovered from distillation, in % (2) – GRI Standard 306-1					41 ^(e)		

			2015/2016	2016/2017	2017/2018	2018/2019	2019/2020		
Societal risks		Circular economy/ customer information	Volume of solid waste recovered, in % (2) – GRI Standard 306-2		91	89	92	94	93
		Responsible purchasing	Percentage of suppliers who are Sedex members, in % (1) – GRI Standards 308-1 and 414-1		54	83	89	92	85
		Business ethics	Percentage of the workforce trained in the code of ethics, in % (1)				80	^(d)	86
		Governance	Number of alerts (2)					6	5
			Number of B-Corp certified production sites (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).

— 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 2019/2020 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 2019/2020 of the various CSR indicators resulting from the non-financial performance statement.

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

Christian LAFAGE

Head of Corporate Social Responsibility

20, rue de la Société-Vinicole

CS 40210

16111 Cognac CEDEX

christian.lafage@remy-cointreau.com

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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 (27 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) 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 27 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 2020. For all companies, only training courses lasting for at least one hour are listed.

3. Other indicators

Only the production sites at Angers, Cognac, Barbados and Islay, as well as the Paris site, are included in the indicators relating to employee relations, absenteeism and workplace accidents.

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 not available, the frequency rate may be calculated using the number of theoretical hours worked.

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

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

1.5.3 SELECTED INDICATORS

All indicators included in 2019/2020 reporting are listed below.

They are also presented in the 2019/2020 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 consumptions.
- 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.

Sustainable agriculture

- 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 – CO₂ emissions (scopes 1 and 2).
- CO₂ audit – CO₂ emissions (scope 3).
- CO₂ audit – Significant CO₂ 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 registered with SEDEX.

1.5.4 RELEVANCE OF INDICATORS

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

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

— 1.6 CROSS-REFERENCE TABLES

Cross-reference table – Non-financial performance statement	Pages
Employee-related consequences of the business	
Collective agreements and their impacts	41-45
Tackling discrimination	43-44
Promoting diversity	43-44
Societal commitments	65-69
Commitments to disability	44
Environmental consequences of the business	
Climate change	51-59
Circular economy	61-64
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, 41-45, 66-67
Impact of the business on the fight against corruption and tax evasion	71, 108-111

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	34-40
	Quantitative measurement indicators	42-43, 72
	Assessment by a credible third party of the accuracy and scope of the information	80-82
	Use of high standards of transparency and disclosure such as the GRI (Global Reporting Initiative) guidelines	79
	Integration of Sustainable Development Goals (SDGs)	2-3, 34-40
	Actions to advance Sustainable Development Goals (SDGs)	34-40
GC Advanced criteria: implementing the ten principles into Strategies & Operations	Criterion 1: description of mainstreaming into corporate functions and business units	2-3, 34-40, 65-66, 70-71
	Criterion 2: description of value chain implementation	46-49, 66-67
	Criterion 3: description of robust commitments, strategies or policies in the area of human rights	41-45, 66-67
	Criterion 4: description of effective management systems to integrate human rights principles	2-3, 41-45, 66-67
	Criterion 5: description of effective monitoring and evaluation mechanisms of human rights integration	2-3, 41-45, 66-67
	Criterion 6: formulation of robust commitments, strategies or policies in the area of labour standards	41-45, 66-67
	Criterion 7: description of effective management systems to integrate the labour principles	41-45, 66-67, 71, 108-111
	Criterion 8: description of effective monitoring and evaluation mechanisms of labour principles integration	41-45, 47-48, 66-67, 70-71
	Criterion 9: formulation of robust commitments, strategies or policies in the area of environmental stewardship	2-3, 34-49, 66-67
	Criterion 10: description of effective management systems to integrate the environmental principles	2-3, 34-40, 46-49, 62-63, 70-73, 108-111
	Criterion 11: description of monitoring and evaluation mechanisms for environmental stewardship	2-3, 34-40, 46-67, 72-73
	Criterion 12: formulation of robust commitments, strategies or policies in the area of anti-corruption	2-3, 71, 73, 108-111
	Criterion 13: description of effective management systems to integrate anti-corruption principles	71, 73, 108-111
	Criterion 14: description of monitoring and evaluation mechanisms for the integration of the anti-corruption principles	71, 73, 108-111
GC Advanced criteria: taking action in support of broader UN goals and issues	Criterion 15: description of core business contributions to broader UN goals and issues	2-3, 34-40, 67-71
	Criterion 16: description of strategic social investments and philanthropy	2-3, 25, 49-51, 67-69
	Criterion 17: description of advocacy and public policy engagement	46-59, 65-66
GC Advanced criteria: CSR governance and leadership	Criterion 18: description of partnerships and collective actions	47-51, 66-69
	Criterion 19: description of CEO commitment and leadership	2-3, 34-40
	Criterion 20: description of Board adoption and oversight	2-3, 34-40
	Criterion 21: description of stakeholder engagement	34-49, 65-67, 70-71, 108-111

Cross-reference table of CSR/Global Reporting Initiative (GRI) Indicators – GRI Standard Version	Pages	
Strategy & analysis	102-15	36
Ethics and integrity	102-16	71
	102-17	71
Governance	102-27	70
Stakeholder engagement	102-43	64
	102-44	64
Recycled raw materials	301-2	63
Energy consumption	302-1	57-59, 72
Reduction of energy consumption	302-4	57
Water consumption	303-1	60, 62, 72
Protected or restored habitats	304-3	50
Scope 1 GHG emissions	305-1	54
Scope 2 GHG emissions	305-2	54-55
Scope 3 GHG emissions	305-3	52-53,
		55-56, 62, 72
Reduction in GHG emissions	305-5	56
Liquid waste	306-1	59, 61, 72
Tonnage of solid waste	306-2	63-64, 73
Supplier CSR assessment (environmental criteria)	308-1	66, 73
Employee turnover rate	401-1	42, 72
Work-related accidents and absenteeism	403-2	43, 72
Hours of training	404-1	45, 47, 72
Supplier CSR assessment (HR criteria)	414-1	66, 73
Product information (responsible consumption)	417-1	65-66

— 1.7 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT INCLUDED IN THE MANAGEMENT REPORT

For the year ended March 31st 2020

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

To the annual general meeting,

In our capacity as Statutory Auditor of the company Rémy Cointreau (hereinafter the "entity"), appointed as an independent third party and accredited by COFRAC under number 3-1060 rév.2 (whose scope is available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the year ended March 31st 2020 (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

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

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

INDEPENDENCE AND QUALITY CONTROL

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

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

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

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

However, it is not our responsibility to comment on:

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

NATURE AND SCOPE OF OUR WORK

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

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

- we obtained an understanding of the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes⁽¹⁾ that we considered to be the most important, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, namely Cointreau SA (France) and E. Rémy Martin & Cie (France). The selection covers between 28% and 80% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important and whose list is presented in appendix;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

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

MEANS AND RESOURCES

Our work was carried out by a team of 5 people between March and June 2020 and took a total of 13 weeks.

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

CONCLUSION

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

Neuilly-sur-Seine, 29 June 2020

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Olivier Auberty
Partner

Sylvain Lambert
Partner in charge of the Sustainability Department

(1)

APPENDIX: LIST OF THE INFORMATION WE CONSIDERED MOST IMPORTANT

Selection of qualitative and quantitative information, associated to the policies, actions and results relating to the 15 main risks identified for Rémy Cointreau activities, presented in the following sections of the management report:

Main risks (Rémy Cointreau Challenges)	Sections of the management report presenting the associated policies, actions and results reviewed in the context of our work
Responsible consumption (external)	<ul style="list-style-type: none"> • Section 1.3.3.1
In-house training Skills development	<ul style="list-style-type: none"> • Section 1.3.1.3 <i>Including the KPIs: « % Percentage of employees completing at least one training course per year » and « Hours of training »</i>
Non-discrimination and internal societal balance	<ul style="list-style-type: none"> • Section 1.3.1.2 <i>Including the KPIs: « Women managers/Men managers ratio », « Ratio of Women/Men that benefited from at least one training course » and « Gender Equality Index »</i>
Water management	<ul style="list-style-type: none"> • Section 1.3.2.4 <i>Including the KPIs: « Water consumption », « Water consumed », « Water consumption reduction rate » and « Rate of vinasse recovery »</i> • Section 1.3.1.1 <i>Including the KPIs: « Turnover », « Absenteeism rate », « Workplace accident frequency and severity rate », « Average age », « Seniority », « Workforce by geographic area, activity, function and occupation »</i>
Responsible purchasing	<ul style="list-style-type: none"> • Section 1.3.3.2 <i>Including the KPI: « % of suppliers who are Sedex members »</i> • Section 1.3.3.3
Internal societal and social balance Global consistency	<ul style="list-style-type: none"> • Section 1.3.1.2 <i>Including the KPIs: « Employment rate of people with disabilities » and « % of work-study contracts »</i> • Section 1.3.2.5 <i>Including the KPI: « Volume of solid waste recovered »</i>
Contribution to the global effort (2°C limit) Sustainability of the company	<ul style="list-style-type: none"> • Section 1.3.2.3 <i>Including the KPIs: « CO₂ emissions – Scopes 1 & 2 », « CO₂ emissions reduction rate (in intensity and in absolute terms) », « Total energy consumption » and « % of renewable electricity consumption »</i> • Section 1.3.2.1 <i>Including the KPIs: « % of agricultural land managed sustainably » and « Percentage of Cognac wine cooperative (AFC) vineyards with HVE (level 3) certification »</i>
Biodiversity conservation	<ul style="list-style-type: none"> • Section 1.3.2.2
Business ethics	<ul style="list-style-type: none"> • Section 1.3.4.2 and Chapitre 2.4 <i>Including the KPIs: « % of the workforce trained in the code of ethics » and « number of alerts »</i>
Governance	<ul style="list-style-type: none"> • Section 1.3.4.1 <i>Including the KPI: « Number of B Corp certified production sites »</i>



2

GROUP RISKS

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— 2.1 RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

This section on risk management and internal control was drafted and prepared on the basis of the risk management and internal control framework of the French Financial Markets Authority (Autorité des marchés financiers, AMF).

GENERAL PRINCIPLES OF RISK MANAGEMENT

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

DEFINITION AND OBJECTIVES OF RISK MANAGEMENT

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

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

COMPONENTS OF RISK MANAGEMENT

RISK MANAGEMENT ORGANISATION

Ground rules on the definition of key risks, setting standards such as the assessment of their importance and tolerance limits, and procedures for collection of information, have been clearly defined through the formalisation of risk mapping in April 2008, most recently updated in 2019.

The key players are the members of the Group Executive Committee, divisional 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, in terms of either reputation or the Company's accounts. 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 and the sharing of best practice within the Group by the principal players in terms of both action plans and methodology. The result of this process is risk mapping that is regularly updated. It is aimed at identifying the major risks at a particular time, so that these can be reported to the Audit Committee for inclusion in annual internal audit programmes, and at ensuring that insurance policies are relevant, with adequate cover for the risks identified.

PERMANENT MONITORING OF RISK MANAGEMENT

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

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 controlled to ensure its correct functioning.

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

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, but on many other factors, including the uncertainty of the outside world, the exercise of powers of judgment or malfunctions that may occur due to technical or human failure.

COMPONENTS OF INTERNAL CONTROL

The major principles of Internal Control are:

A system of **delegation of power** that aims to reflect the Group's genuine decision-making centres, consistent with the size and complexity of Group structures and the various levels of responsibility of each person, has been 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** reiterate the common core of internal control principles and rules applicable to all of the Group's subsidiaries for each of the 10 main operational cycles identified.

The **14 self-assessment questionnaires**, updated each year, address different principles of Rémy Cointreau: governance, operating activities, IT support, and compliance. They are submitted to the Group's subsidiaries and used to assess the appropriateness and effectiveness of their internal control. The responses are analysed and then used in (i) an overview of each subsidiary and (ii) a full report to the Executive Committee.

The Group Audit department has an **Internal Audit Charter** for all Group employees. This charter 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 practice 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, knowledge and the aspirations of the men and women comprising the Group. The Group is committed to a recruitment policy that improves the professionalism of its staff and attracts talent, as well as a policy that develops skills that will maintain a high degree of expertise in its workforce.

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

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

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 data warehouses, 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. It is described above in the section entitled “General principles of risk management”.

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 an ethical contract that makes reference to the UN Global Compact. It provides assurance to the Group that its suppliers adhere to the same values of respect for human rights, the environment and fundamental social principles. In addition, the code of conduct for purchasing ensures that best practices are adopted by all Rémy Cointreau purchasers, avoiding, wherever possible, any infraction that may be detrimental to the Group’s interests;
- safety and quality: all production standards and rules issued by operations management are held in a single database. Their application is regularly reviewed as part of the ISO 9001, 14001 and 22000 certifications, as well as HACCP accreditations, thereby guaranteeing consumers a high level of quality and safety as well as respect for the production site environment. This is rounded out by a Quality/Safety/Environment Charter defining the Group’s three priorities, namely product excellence, employee and consumer safety and protection of the environment;
- IT systems: in terms of IT security, the Head of Group IT Security supervises all of the procedures of Group entities and subsidiaries, including those located abroad. It coordinates the implementation of security policies and their associated procedures. In addition, production continuity plans including back up sites have been successfully established for most of the Group’s sites and in compliance with the specifications setting out the relevant performance objectives. These are tested on a periodic basis to guarantee their efficiency, as well as to improve the extent of their coverage and performance;
- central management of funding and cash: the Foreign Exchange Charter sets out the principles that must be followed to ensure greater security in this area. This document is supplemented by a summary of the risks of the principal processes managed by

the Group’s Treasury department. The Treasury department is responsible for laying down a policy and reporting procedures for managing credit;

- consolidation of financial statements and reporting: Rémy Cointreau has a set of principles and standards enabling the production of reliable financial information. The comparability of data is guaranteed by the existence of a single set of definitions and principles for valuation purposes and the processing of accounting and financial data for the three processes of budgeting, updating the budget and monthly closings. The calendar for the financial and accounting processes detailing the reporting dates for information and its distribution enables senior management to manage their priorities. The availability of these rules on the Group intranet is aimed at guaranteeing that it is consistently updated and ensuring that all financial personnel are in possession of the same information. In addition, the Chief Executive Officers and Chief Financial Officers of the subsidiaries must send a letter of representation to the Group Chief Executive Officer and Chief Financial Officer, in which they assume responsibility for the fairness of the financial statements and the implementation of an internal control process to detect and prevent fraud and errors.

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

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 findings of this work form the basis of a report, a summary of which is sent to site managers.

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

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

SCOPE OF RISK MANAGEMENT AND INTERNAL CONTROL

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

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. In respect of the process of preparing accounting and financial information, the Board ensures that the management and control process that has been established guarantees the reliability of accounting and financial information.

AUDIT COMMITTEE

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

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

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

INTERNAL AUDIT

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 prevailing economic environment and specific requests from the management of the Group's various

entities. They are subsequently classified according to priority, based on several criteria and included in the annual schedule.

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

Once a year, the Internal Audit officer presents 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 management and insurance policy management come under the remit of Internal Audit, to ensure that the Group's insurance policies are appropriate to the risks identified.

FINANCE DEPARTMENT

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

OPERATIONS DEPARTMENT

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

LEGAL DEPARTMENT

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

COMPANY OR DIVISION MANAGEMENT COMMITTEES

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

THE INTERNAL CONTROL SYSTEM AS IT RELATES TO THE PREPARATION OF ACCOUNTING AND FINANCIAL INFORMATION

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

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

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

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

ACCOUNTING AND FINANCIAL ORGANISATION GUIDANCE PROCEDURE

Organisation

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

Financial and accounting procedures

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

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

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

IT systems organisation and safety

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

In respect of data retention and protection, access to accounting and financial data is secured by individually granted rights that are non-transferable, and password protected. All data 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. This procedure also applies to IT programmes developed by the Group.

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

The Statutory Auditors

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

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

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

PROCESSES CONTRIBUTING THE PREPARATION OF ACCOUNTING AND FINANCIAL INFORMATION

Operating processes for preparing the financial statements

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

Closing process and preparation of the consolidated financial statements

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

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

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

Financial communication procedure

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 (workforce or volume). The Legal department ensures compliance with the prevailing laws and regulations in respect of both the nature of the information and the mandatory deadlines, and with the principle of providing the same disclosures to all shareholders.

— 2.2 RISK FACTORS

The main risk factors to which the Group is exposed are presented below in five main categories. These risks, specific to the Rémy Cointreau Group, were identified in the Group risk mapping conducted in 2019 and ranked according to their potential impact and likelihood.

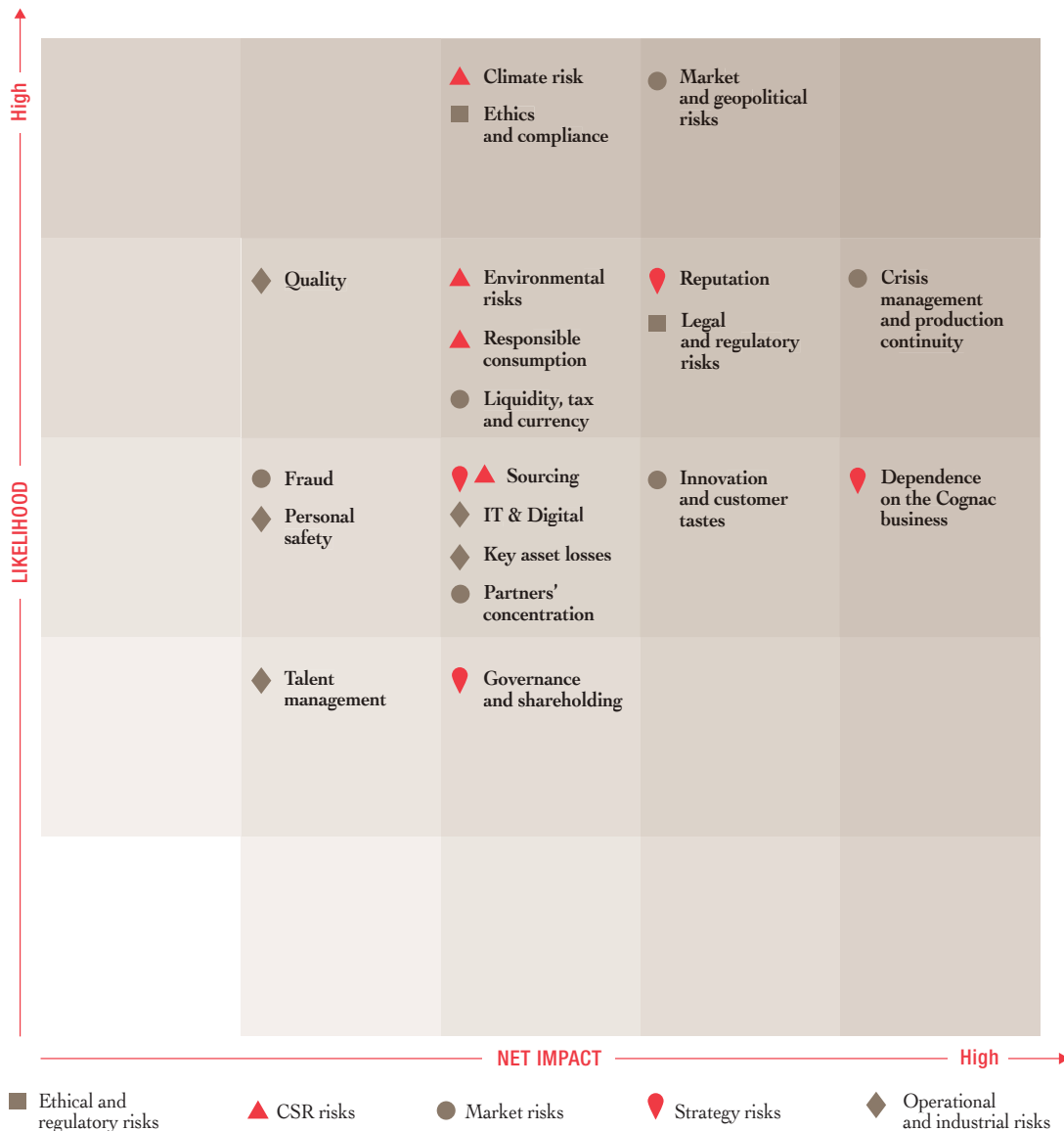
The risk mapping below represents the Rémy Cointreau Group's exposure, after considering the risk-control measures implemented to limit their likelihood and impact.

The Audit and Risk Committee was involved in defining this matrix.

The risk factors appear in a limited number of categories according to their type. In each category, the most material risks appear first.

The Group has set up a system to anticipate and manage its risks. This system is updated periodically to take into account any regulatory, legislative, economic, societal, geopolitical and competitive changes. Each year, the main risks to which the Rémy Cointreau Group is exposed undergo a reassessment involving all stakeholders.

This chapter includes a detailed description of the system for managing these risks.



• 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
	2.2.2.5	Talent management
	2.2.2.6	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
	2.2.5.1	* Environmental risks
	2.2.5.2	* Risks associated with responsible consumption

* An asterisk before a risk 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 a strong work ethic. 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, and are part of the reason why consumers have such a positive image of them.

The reputation and image of the Group and its brands could be significantly undermined at any time by an incident at one of the production or distribution sites, by the inappropriate behaviour of one of its employees, by a quality defect, or by negative communication on social networks or in traditional media. Similarly, and in another area, counterfeit goods sold by third parties could mislead the Group's clients, having a lasting and significant impact on the Group's image and affecting the Group's results.

Potential impact on the Group

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

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

This image is one of the brands' key strengths, bolstering consumer confidence in the Group's products.

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

- since 2009, the Group has shared its Ethics Charter and its code of business conduct with all employees. These documents are updated regularly, with the latest update being in 2019. The Ethics Charter's purpose is to promote the values of the Rémy Cointreau Group. The purpose of the code of conduct is to ensure the proper application of laws and regulations applicable to the Rémy Cointreau Group. It also serves to raise all Group employees' awareness of the various risks they may face.

In 2018, this code of conduct was supplemented by the Anti-Corruption code of conduct;

- the Group has expanded its digital marketing teams and set up an effective media monitoring strategy, enabling it to respond quickly and effectively to potential rumours;
- a crisis-management plan has also been developed and rolled out to all Group subsidiaries so that they can take appropriate action as soon as possible;
- as part of its CSR policy, Rémy Cointreau educates its employees to act, at all times, in accordance with the Group's Ethics Charter;
- finally, Rémy Cointreau works closely with the authorities in each country to crack down on counterfeiting, and takes part in consumer awareness initiatives on the dangers of counterfeit products. This is discussed in more detail in the section "Brands and intellectual property".

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 Rémy Cointreau Group;
- to ensure that its partners apply the same environmental principles: respect for the environment; responsible production that is faithful to its *terroir*; and a target of zero plastics within a few years.

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 be likely to compromise 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*, so it is natural that the Rémy Cointreau Group favours producers who belong to these *terroirs*, and forges long-term partnerships.

Operationally, supplier risk is managed by the Purchasing department for indirect purchasing, and jointly with the Product Development teams for direct purchasing. 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 Rémy Cointreau Group enters into special partnerships with its suppliers based on ethics, trust, long-term commitment, and shared values, specifically "We believe that *Terroir* matters." Thus, 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 also detailed in Chapter 1.3.3.2, "Responsible Purchasing".

2.2.1.3 DEPENDENCE ON THE COGNAC BUSINESS RISK

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 **eaux-de-vies**, with a limited, highly sought-after output of Grande and Petite Champagne, dependent on a specific *terroir*;
- in the consumption of its products in its principal markets, where a severe decline would have a significant impact on the Group's earnings;
- in 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 be harmful to the Rémy Cointreau Group. Given the importance of our Cognac to our overall success, 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 our financial results. Furthermore, if we do not succeed in our efforts to maintain or enhance the relevance of the Rémy Martin and LOUIS XIII brands with our current and future customers, 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 Cointreau, owns Petite and Grande Champagne vines and has a policy of actively acquiring land for vines. Additionally, its active policy of long-term commitment with wine growers and distillers secures its sourcing for the years to come;
- diversification of supply across markets, and 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, be it through:

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

Potential impact on the Group

The Group's strategy is based on a long-term development outlook, as indicated by its values (*Terroir*, People, and Time). Any change in shareholding could alter the long-term strategy or the product portfolio.

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

Management and measures implemented

The Hériard-Dubreuil family, a historic shareholder in the Rémy Cointreau Group, reasserts and demonstrates its attachment to the Group and its involvement over the long term. These brands serve to reinforce the permanence of the strategy as defined and established by the Group, and ensure stable shareholding.

Additionally, 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. This agreement was approved for an open-ended term from 1 April 2015.

2.2.2 OPERATIONAL AND INDUSTRIAL RISKS

2.2.2.1 IT & DIGITAL RISKS

Risk presentation

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

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.

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

To guard against these risks, a data protection and backup plan and business continuity plan have been implemented in each company, allowing the Group to continue operating in all circumstances.

Lastly, Rémy Cointreau uses the latest technology designed to protect its network and servers, manage access to the different systems, and prevent hacking. Training is provided internally to raise the awareness of all Rémy Cointreau employees to these different threats.

2.2.2.2 RISK OF LOSS OF KEY ASSETS

Risk presentation

Our brands, our employees, our sites, and our inventories comprise our main assets. All our brands are distilled, aged and bottled in unique sites that are specific to each.

The Rémy Cointreau Group is particularly sensitive to any event that could threaten one of our brands, jeopardise the health of our employees, or result in the loss of our assets, be they our buildings or our 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 different 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 the products in question for a period of time. Furthermore, any insurance claim might not be sufficient to cover the replacement value of our 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 be a factor 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 established a set of measures, carried out jointly by the Operations department and the Insurance department.

Preventive measures have been defined and put in place. They undergo regular external audits, specifically by our brokers' and insurers' prevention engineers. These preventive 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, Rémy Cointreau 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.

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2.2.2.3 PRODUCT QUALITY RISK

Risk presentation

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

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

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

The Group has also put in place a training programme to identify and respond appropriately to the needs of each member of staff. As a result, each Group employee has the necessary expertise and know-how to achieve the level of excellence required by the Group. Finally, because its products are traceable, the Group is able to immediately withdraw from the distribution network any bottles that could be affected by a quality issue.

2.2.2.4 TALENT MANAGEMENT RISKS

Risk presentation

The reputation and success of Rémy Cointreau are built on the know-how of its cellar masters and 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 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

As part of managing this risk, the Rémy Cointreau Group and its Human Resources department have set up several measures:

- a training plan offers employees various programs in products (Brand Academy), support functions (finance or marketing), and guidance of employees' personal and professional development;
- in addition, the Talent department has the sensitive missions of attracting new talent but also identifying and fostering talent within the Group;
- internal and external mobility is promoted, giving employees the option of developing in another function, so as to retain them;
- as part of its well-being at work policy, teleworking (both regular and occasional) has been set up and is widely promoted;
- as a family-owned group, Rémy Cointreau wants to retain its employees and involve them in the Company over the long term. For this reason the Group has established various measures: incentives, profit-sharing and supplementary pension schemes.

2.2.2.5 PERSONAL SAFETY RISKS

Risk presentation

The Rémy Cointreau Group is intent on respecting personal safety regulations, but also vigilant about respecting human rights, fundamental freedoms, and the safety and health of people – both its employees and its customers.

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.

Potential impact on the Group

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

- reputational, related to the fallout from an accident;
- loss of employee motivation; or
- legal, due to litigation having substantial financial consequences.

Management and measures implemented

Rémy Cointreau has always been committed to safety procedures for its employees and to reducing the number of workplace accidents.

All of the Group's sites, both production and distribution, undergo independent audits resulting in action plans that are reviewed each year. Likewise, 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.

Employees are routinely instructed on the importance of responsible consumption, through training programmes, seminars, and strict rules for our employees in contact with points of sale.

2.2.3 MARKET RISKS

2.2.3.1 CRISIS MANAGEMENT AND BUSINESS CONTINUITY

Risk presentation

The Rémy Cointreau Group, through its presence on numerous markets and the inventories related to its production process, is exposed to risks of various kinds (health, natural disasters, industrial disasters, economic, etc.) that may impact the Group's business and its ability to recover.

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, an economic crisis, such as a closure of all borders impacting global activity, or any other event disrupting the activity could have impacts on the sales of the group. In addition, poor preparation of the group would delay its ability to resume activity quickly and efficiently.

For example, the Covid-19 global pandemic has resulted in a total shutdown of the Rémy Cointreau Group's business – both at the production sites, which have been closed for several weeks, and in sales, because on-trade and off-trade points of sale have been closed for several months depending on the various markets.

Management and measures implemented

The Rémy Cointreau Group has a long-term vision, as indicated by its value "Time".

As such, the safety of all of the Group's assets: human, tangible, intangible, and know-how, is one of the top priorities.

The Group has created a Crisis Management Handbook, which is distributed to all entities. This manual sets out clearly how to manage a crisis, regardless of its type.

In addition, business continuity plans have been defined for each site. These plans are shared with the local authorities when necessary (like the Cognac site, a SEVESO II-classified zone) and with our insurance partners.

Following each event, the Group conducts a feedback exercise to identify what might have been managed more effectively and include those lessons in the Crisis Management Handbook. In this way, the Rémy Cointreau Group will carry out this feedback exercise following the Covid-19 crisis.

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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 the US-China trade war; and popular uprisings in France and Hong Kong alike, are all events creating a degree of instability.

Potential impact on the Group

The impacts of these developments and trade tensions may include:

- restricted access to certain markets for some of our products;
- a significant increase in customs duties.
- a fall in sales

Management and measures implemented

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

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

2.2.3.3 LIQUIDITY, TAX, AND CURRENCY RISK

Risk presentation

The Rémy Cointreau Group'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, the Rémy Cointreau Group 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 increase in the Group's financing structure might negatively 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 the Group's 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

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

Likewise, any inability of the Group to innovate by presenting products that meet customers' new expectations would be liable to generate this risk.

Potential impact on the Group

Rémy Cointreau's brand portfolio includes 12 prestigious brands of spirits, cognac, and whisky, the main one being Rémy Martin. A change in consumer tastes and a decline in the popularity of cognac or other alcohols 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.

Through development, both in terms of markets and product lines, for Metaxa, Mount Gay rum (renewal of the product line, notably XO and Black Barrel), The Botanist gin, and the whisky family (not only Bruichladdich, Port Charlotte, and Octomore, but also Domaine des Hautes Glaces and Westland), the Group is responding to changes in consumer tastes and staying at the forefront of new trends in consumption.

Strategic monitoring and product innovation are key elements of the growth strategy, as a means of responding to customers' demand for new products.

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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, Rémy Cointreau is a prime target for numerous fraud attempts. These attempts target either Rémy Cointreau in France or its foreign subsidiaries.

Attempted fraud can come in many forms:

- external fraud, in various forms, 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, through the costs of managing the fraud (consulting fees and legal fees).

Or the theft of confidential information or personal data.

In addition to the financial aspect, 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 teams 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 counts on the professionalism and strong feeling of belonging of its employees within the Group to limit the said risk. Nevertheless, to better control this risk, Rémy Cointreau is also working to improve the principles of the separation of tasks and validation as well as regularly making its employees aware of its Ethics Charter. Specific training has been organised on these different topics.

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

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, creating a situation of dependency that could be harmful to Rémy Cointreau. It may also create pressure on Rémy Cointreau's prices and thus its margins.

Potential impact on the Group

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

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

Management and measures implemented

To protect itself from these risks, the Rémy Cointreau Group is continuing to develop its upmarket strategy. This gives it a unique position within the spirits sector and a presence among leading retailers. In addition, the launch of special projects in partnership with celebrated mixologists strengthens the link between Rémy Cointreau, its brands and big-name establishments.

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 Group 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, Rémy Cointreau continues to invest in and develop its own distribution network, guaranteeing its independence and ability to be present in all of its markets. Lastly, as part of its development strategy, Rémy Cointreau is strengthening its ties to its customers with an ambitious CRM strategy, the opening of propriety stores and the organisation of dedicated events.

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 (FCPA in the USA, UKBA in the United Kingdom, Sapin II Act, etc.) and data protection (GDPR, CCPA in California, etc.), as well as the principles enshrined in the Global Compact.

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 Ethics and Anti-Corruption Charter and in doing so exposes the Group 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 has distributed an Ethics and Anti-Corruption Charter to all its employees. It has also provided appropriate training modules, and set up a whistleblowing hotline available to all employees and individuals outside the Group. To date, five whistleblowing reports have been received and dealt with. The Group has also introduced a due diligence process for third parties.

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

Moreover, 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 (e.g. a prohibition policy or regulated distribution like the US Three-Tier System) 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 property rights. The Group could then encounter difficulties in maintaining the presence of its brands in certain countries or reassuring consumers who might be misled into thinking that they are buying the Group's products;
- 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, organised by brand groups but operating in a cross-group partnership, permanently manages the Group's legal affairs. It carries out preventative checks on all the legal risks, both internal and external, that may adversely affect the achievement of the Group's objectives. If necessary, the team can request the assistance of international lawyers recognised for their expertise in specific areas of business law.

The Legal department strives to only initiate litigation if all possibilities of reaching out-of-court settlements have proved unsuccessful. Thus to defend its interests, Rémy Cointreau takes a position on these risk factors, in particular:

- advertising, by committing to responsible campaigns that do not target "young and at-risk" customers, and working to make sure sensible advertising of spirits is always a reality;
- labelling: Rémy Cointreau creates education and awareness actions for its customers on the dangers of excessive consumption and works with the different authorities to design 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;
- counterfeiting: Rémy Cointreau takes every action necessary to tackle both counterfeiting, particularly in Asia and Eastern Europe, and unfair competition, whenever it considers that a trademark application infringes its property rights. Since 2006, Rémy Cointreau has significantly developed its internal resources in the fight against counterfeiting, notably with the appointment of a co-coordinator who works closely with the various lawyers responsible for the Group's brands. The co-coordinator in the fight against counterfeiting firstly ensures the follow up of the report on any counterfeiting of the Group's brands, together with professional bodies, distributors, Sales departments, customs authorities, government expert agencies. He/she then reports this information, having verified its reliability, shares the best anti-counterfeiting practices with other major wines and spirits groups and ensures the consistency of the steps to be taken by the lawyers and other internal players concerned.
- 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 defense and provision, 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 for production. Whether a sharp drop in yield or greatly diminished harvest quality, these would inevitably have an impact on net sales for the financial year;
- 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, impacting 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 Group is committed to an active environmental conservation and protection policy in order to minimize its impact. Moreover, Rémy Cointreau Group operates a dynamic management of its supplies, enabling it to minimise the climatic hazards on its harvests. The financial impact of risks related to climatic hazards are detailed in Chapter 1.

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

Lastly, as part of its insurance policy, as described in Chapter 2.3 "Insurance", the Rémy Cointreau Group has subscribed adequate insurances to cover the impact of climatic hazards, both for the production of raw materials (multi-risk climate insurance) and buildings (property damage and natural disaster insurance).

2.2.5.2 ENVIRONMENTAL RISKS

Risk presentation

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

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.

This risk is also covered in Chapter 1.

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 premiumisation 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 detailed in the section on responsible consumption in the CSR report, Chapter 1.

— 2.3 INSURANCE

Within the framework of the risk control policy, and in particular those presented in the preceding paragraphs 2.2.1 "Strategic risks", 2.2.2 "Operational and industrial risks", 2.2.3 "Market risks", 2.2.4 "Ethical and regulatory risks" and 2.2.5 "CSR risks", the Rémy Cointreau group has set up a dynamic policy of insurance coverage of its risks through a coordinated and centralized global approach to insurance programs. This is based in particular on:

— insurable risk identification procedures.

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

— the implementation of relevant, adapted insurance policies.

The Rémy Cointreau Group has opted for the financial transfer of its risks to the insurance market based on its prevention policy;

— prevention and protection audits for people and industrial assets.

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

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

2

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 principal contractual claim limit of €700 M 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 M.</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 M per policy year.</p>
General liability – Environmental damage	<p>Coverage of €10 M per policy year.</p>
Transport	<p>Coverage of €10 M per claim.</p>
General liability – corporate officers	<p>Coverage of €50 M per policy year.</p>
Fraud and cyber	<p>Coverage of €15 M 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 on Human Rights;
- the International Labour Organisation's Charter of Fundamental Rights, which covers in particular the freedom of association, forced labour, child labour and discrimination;
- sustainable development goals as established by the United Nations;
- the Ten Principles of the Global Compact to which Rémy Cointreau has subscribed since 2003;
- the European Union Charter of Fundamental Rights;
- the principles established by the GRI;
- the OECD's guiding principles;
- the OECD's Convention on Combating Bribery of Public Officials.

The Rémy Cointreau Group and its 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 covered in the Group's code of business ethics and the Ethics and Anti-corruption code of conduct, which are available on the Group intranet and are circulated to all employees.

CODE OF BUSINESS ETHICS

The Group's values are formally set out in a code of business ethics, which is signed by the Chairman of the Board of Directors and the Chief Executive Officer and circulated to all employees, as well as to new employees 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. No employee may obtain a personal benefit, whether directly or indirectly, from their job, a sale, a purchase or any other Company activity. Employees must avoid any situation of a conflict, or situation that may be perceived as a conflict, between their duties towards Rémy Cointreau and their personal interests;
- **rejection of corruption**, Rémy Cointreau condemns corruption in all its forms, particularly extortion and bribery. The Rémy Cointreau Group believes that such behaviours are to the detriment of the countries in which it operates. The women and men of the Houses must demonstrate their integrity, particularly by refusing any gift which might contravene the Group's ethics.

Values and responsibilities towards others

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

- **a commitment to responsible consumption**: the Rémy Cointreau Group wants to promote, both internally and externally, the responsible consumption of its products;
- **respect for the environment**: the Rémy Cointreau Group is committed to serving its 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

Presentation

All employees receive the Anti-Corruption Charter, which consists of almost 40 pages and is available in four languages. It sets out the Group's guiding principles on a number of operating issues. It provides for a whistleblowing system: the "Rémy Cointreau Ethic Line". The charter is circulated to all employees as soon as they join the Group; it is signed by the Chairman of the Board of Directors

and the Chief Executive Officer. In addition, this charter is supplemented by an Anti-Corruption code of conduct which summarises the main guidelines and is available for all Group employees and included in the internal regulations.

The purpose of this Anti-Corruption Charter is to raise employees' awareness about certain risks and provide them with guidelines to follow, together with a whistleblowing system. It consists of chapters setting out the rules and positions to be adopted when confronted by certain situations. This Anti-Corruption Charter may be supplemented on a local basis by other procedures. In the event of a conflict with local regulations, the latter must be followed as a matter of priority if they are more restrictive.

The charter sets out the whistleblowing mechanisms. If employees are confronted by situations that raise ethical issues, or they identify behaviours that provoke questions, the charter establishes the principle that they must raise any questions, concerns or issues. This whistleblowing process has several stages:

- the first stage of discussion is with the relevant employee's administrative or functional line management. The management's duty is to listen and to seek to resolve the issue in an objective and transparent manner;
- next, the employee has the option of contacting either, locally, the Human Resources or Finance departments or, at Rémy Cointreau's head office, the Human Resources, Legal or Audit and Compliance departments. These contacts are, of course, made with due regard to confidentiality and the applicable legal framework;
- lastly, it is possible for each employee to issue a whistleblowing alert, which may or may not be done anonymously, directly to the Group Compliance department.

This alert system is also open to Rémy Cointreau Group's partners.

Issues covered

The Anti-Corruption Charter covers the following subjects:

Corruption

Corruption and combating corruption is one of the first subjects addressed in the Anti-Corruption Charter. It clearly and explicitly states that corrupt practices are contrary to the Rémy Cointreau Group's values. It sets out the broad principles that the Group's employees must follow in conducting business, their relations with third parties, the principal regulations in relation to the issue and the potential impacts for the Group and for employees. It details a number of examples and underlines the principle of zero tolerance in the event of infringements in these areas.

Employees' non-work related activities

Employees' non-work-related activities must take place outside of the context of the Group. They cannot take advantage of belonging to the Rémy Cointreau Group and must not compete with the Group's business activities.

Benefits and gifts

The Anti-Corruption Charter sets out the rules and principles regarding gifts offered or received by the Group's employees. Although these are not prohibited, they must however be made in compliance with local regulations, the Group's ethics and procedures and in a completely transparent manner.

Money laundering and tax evasion

The Anti-Corruption Charter raises employees' awareness about the risks related to the practices of money laundering and tax evasion and explains how to react to requests that may originate from certain commercial partners. It refers to the Group's mandatory procedures on the subject and, in particular, the due diligence to be carried out in order to ensure that a commercial partner, whether current or prospective, does not involve the Group in transactions that may promote these practices or which are located in the countries that appear on the lists of France, the European Union or the United States.

Confidentiality

The Anti-Corruption Charter explains the concept of confidential information and gives examples regarding data security, good communication and specific prohibitions. Among other things, it addresses the subjects of social networks, financial information and customer data.

Conflicts of interest

The Anti-Corruption Charter describes the concept of a conflict of interest and, in particular, provides a list of conduct to avoid. It emphasises the duty of transparency and loyalty. Group employees are invited to refer to the Audit, Insurance and Compliance or Legal departments if they are confronted to a situation that may put them at risk of a conflict of interest.

Insider trading

The Anti-Corruption Charter sets out the challenges, risks and conducts to avoid in this area, in accordance with French law and rules on the subject. In particular it refers to the Rémy Cointreau Group's Stock Market Ethics Charter.

Harassment (psychological or sexual)

By reaffirming the principle of zero tolerance on the subject, the Anti-Corruption Charter sets out the features that enable identification of such issues, the Group's notification procedure (*via* the Rémy Cointreau Ethic Line), and the rules for managing cases in this area.

Use of the Group's resources

The Anti-Corruption Charter emphasises the objective of protecting the Group's resources and of using them for business purposes. It lists a number of prohibited activities (particularly those arising from the Group's IT Charter).

Echoing the code of ethics, the Anti-Corruption Charter explains in its introduction that the men and women who work for Rémy Cointreau share the Group's defining values. Their actions also take place in strict compliance with the laws and regulations that apply in the countries where the Group operates, as well as within the framework of fundamental principles such as the Universal Declaration on Human rights, ILO rules and the OECD's guiding principles.

2.4.2 ORGANISATION

COMPLIANCE DEPARTMENT

The Compliance department, which reports to the Audit and Insurance department, which has been the Audit, Insurance and Compliance department since 1 September 2017, 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, Insurance and Compliance Director reports to the Chairman of the Board of Directors and to the Audit Committee and works in close cooperation with the Group Chief Executive Officer and the Executive Committee.

ETHICS COMMITTEE

An Ethics Committee has been created and its members are as follows:

- Audit, Insurance and Compliance Director;
- Group Compliance manager;
- Group Legal Director;
- Public Affairs Director;
- Group Human Resources Director.

The Ethics Committee meets regularly. Its particular responsibility is to define compliance frameworks and design and implement initiatives for preventing and monitoring in the areas of supplier oversight, fraud and combating corruption in all Group entities in France and abroad, in particular through carrying out awareness-raising campaigns and providing training to the most exposed employees.

In general terms, the Ethics Committee must:

- provide expertise through the analysis of regulatory and legal requirements;
- disseminate a compliance culture;
- ensure coordination and consistency;
- develop Group policies in this area.

SENSITIVE DATA COMMITTEE

A Sensitive Data Committee has been created comprising the following managers, together with the Data Protection Officer:

- Audit, Insurance and Compliance department;
- Group Compliance manager;
- Group Legal Director;
- IT Systems department.

The mission of the Sensitive Data Committee is to supervise the actions taken by the Audit, Insurance and Compliance department, in fulfilment of the requirements of 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 is part of the Audit, Insurance and Compliance department.

2.4.3 IMPLEMENTATION

CORRUPTION

Rémy Cointreau Group's values do not tolerate corruption. All Rémy Cointreau Group's employees are committed to fight against it. The Rémy Cointreau Group has a dual requirement: zero tolerance towards infringements of integrity and probity, on the one hand, and a commitment to support an ethical culture, on the other hand.

To achieve this, Rémy Cointreau is committed to comply with all of the relevant laws and principles, particularly those of the countries in which the Group produces and distributes its products. Rémy Cointreau will continue to implement a firm policy to combat any unlawful conduct. In order to comply with the requirements of law no.2016-1691 of December 9th, 2016 on transparency, combating corruption and modernising the economy, the Rémy Cointreau Group has made the Audit, Insurance and Compliance department responsible for the fight against corruption and for implementing action plans to reinforce the strict procedures that are already in place, in accordance with the requirements of the so-called Sapin II law.

PERSONAL DATA AND RESPECT FOR PRIVACY

In order to fulfil the requirements of the European regulation No.2016/679 of 27 April 2016, the General Data Protection Regulation, the Audit, Insurance and Compliance department was designated to conduct an assessment and prepare a compliance plan in accordance with the following issues:

- governance: roles and responsibilities involved in data protection;
- respect for people's rights: consent, information from the people concerned, exercise of their rights;
- compliant processing: processing records, identification and classification of processing activities, data retention periods, contract management;
- data security: procedures and controls, management of security breaches, impact assessments and privacy-by-design mechanisms;
- continuous improvement: monitoring, internal control, certifications.

2.4.4 CONTROL

WHISTLEBLOWING HOTLINE

The Group has set up a Group whistleblowing system to anticipate and manage its risks, known as the "Rémy Cointreau Ethic Line". It

is described in the Whistleblowing Code. This system is updated to take into account any regulatory, legislative, economic, societal, geopolitical and competitive changes.

Local whistleblowing systems are also in place within the main subsidiaries, for example, in the United States and China.

SYSTEM OF SANCTIONS INTRODUCED

The system of sanctions introduced for the compliance programmes corresponds to the system of sanctions described in the internal regulations. Any infringement of ethics and integrity is contrary to the Group's intrinsic values and to the internal rules in this area.

MONITORING THE IMPLEMENTATION OF ETHICAL VALUES

Internal and external audits of the Group's companies and of the Group's main suppliers and partners are conducted on a regular basis, focussing on the implementation of the Group's procedures. These audits primarily cover the following issues: combating corruption, protection of personal data, respect for the environment, respect for human rights and fundamental freedoms.

ETHICS ISSUES TRAINING PROGRAMME

An Ethics, Integrity and Anti-Corruption training module designed for all employees of the Rémy Cointreau Group was rolled out during the 2017/2018 financial year, particularly for the most exposed employees (sales teams liaising with intermediaries, and subsidiaries operating in countries seen as being "at risk" according to the classification established by Transparency International). Other, more targeted modules were added to this module during the financial year and will be rolled out next year.

A Data Protection training module designed to raise awareness among all Group employees and train the most exposed employees in issues connected to the various regulations on data protection issues has been developed and issued to "sensitive" employees. This module is due to be shared with all of the Group's employees over the coming financial year.

NETWORK OF COMPLIANCE OFFICERS IN THE GROUP

The legal and compliance teams located abroad, in particular in the United States, China and Switzerland, make up the network of "compliance" and "personal data protection" correspondents, working closely with the Audit, Insurance and Compliance department and the Data Protection Officer, in order to roll out, organise and coordinate compliance programmes within the Group.

Specific procedures are also incorporated in audit programmes and procedures in this area



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