



The Absolut Company
Pernod Ricard



SUSTAINABILITY REPORT
FY 19/20

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ABOUT THE ABSOLUT COMPANY

The Absolut Company (TAC) is one of six brand companies that are part of the Pernod Ricard group, the world's second largest wine and spirits producer. Working with supplier partners based in Sweden, The Absolut Company purchases goods and services at a value of 1.5 billion SEK (€150 million) per year. We have 500 employees and our brands are present in more than 140 markets around the world. Our TAC head office is located in Stockholm with around 200 employees and production of Absolut Vodka takes place in Åhus, Sweden, employing 344 employees. We also have 23 people working on the Malibu and Kahlúa teams based across Canada, the USA, Scotland and Spain.

TAC has the worldwide responsibility for the production and marketing of Absolut Vodka, a Swedish vodka with a protected Geographical Indication (GI) and the sixth largest spirits brand globally. We are very proud of our heritage, producing the vodka in the Skåne region in Sweden, a region with 500 years of vodka-making tradition. Every bottle of Absolut Vodka comes from one source in Skåne, Åhus, with 100 million litres produced every year, equating to a staggering average of 500,000 bottles per workday. 'One Source, One Community' is our production philosophy, meaning that every aspect of the production journey takes place in and around the small village of Åhus. Every drop of water and every seed of wheat comes from one water source, one village and one community.

The production generates more than 2,000 jobs in Sweden, from farmers to glass workers and truck drivers.

TAC has the global responsibility for Malibu, the number one rum-based coconut spirit in the world, and Kahlúa coffee liqueur, the world leader in its category. Just over 35 million litres of Malibu and almost 14 million litres of Kahlúa were produced in FY 19/20. We are also responsible for the other brands in our portfolio: Absolut Elyx, Our/Vodka, Absolut Art and Åhus Akvavit.

ABOUT THIS REPORT

This report applies to the fiscal year 19/20 and covers the largest brands in the TAC portfolio: Absolut Vodka, Absolut Elyx, Malibu and Kahlúa. The quantity of facts and data varies between our brands as we own and control the production sites for Absolut Vodka and Absolut Elyx and are therefore able to report more information for those brands. Both of these brands are reported under the shared name Absolut Vodka throughout this report. Additionally, data for Åhus Akvavit is included in Absolut Vodka's data throughout this report. Malibu and Kahlúa are produced in plants that are owned and controlled by other entities within the Pernod Ricard group, as well as third party solutions. We also collect some data from those production units and report basic information on energy, water and waste.

In addition to this, we report relevant data from our own business, including emissions from transport, business trips and energy in our own facilities, as well as HR statistics.

Pernod Ricard has a risk management system in place to identify and manage risks. As part of the Group's decentralised structure, each function and each affiliate contributes on an ongoing basis to the smooth running and improvement of this system. For details on the identified relevant risks and their management, please refer to the Pernod Ricard Group Integrated Annual Report.



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A WORD FROM OUR CEO

The past 12 months have presented unprecedented challenges for our industry, and the world at large. First and foremost, the coronavirus pandemic has changed our business in ways we just couldn't have imagined a year ago, disrupting our supply chains and the way we work. Aside from the pandemic, there are the ongoing challenges of climate change, such as biodiversity loss and changing weather patterns, impacting our farmers and communities.

Thanks to our close relationships with our suppliers and co-workers, we've been able to respond quickly to some of these challenges. When hospitals in Sweden were facing a desperate shortage of life-saving PPE and hand sanitiser due to COVID-19 earlier this year, we saw an opportunity to help, rapidly switching production in our Åhus distillery to manufacturing ethanol. On the 20th March, just a week after our initial contact with the Swedish authorities, our first fully loaded truck of ethanol left our distillery for use by medical staff around the country. This was the result of an incredible team effort across TAC, involving everyone from legal and logistics to production. It was an amazing achievement, and I'd like to personally thank our whole team for making it happen.

We always take a circular approach to the resources we use – what we like to call being a regenerative business. Many of our achievements during the year highlight our Circular Making approach and our collaborative mindset; working with others to jointly solve problems. For example, our Paper Bottle project, developed as part of TAC's Future of Packaging programme. Working with the start-up Paboco (Paper Bottle Company) and part of a pioneering community, we've created a prototype of a new type of paper bottle that could revolutionise drinks packaging.

Our 'One Source, One Community' philosophy sets a high standard for the way we act. We are nothing without our communities – all products in TAC's portfolio originate from a local community. The wheat in Absolut Vodka is grown and harvested in Åhus. The sugar in Malibu and Kahlúa comes from tropical sugar cane fields and the coffee from Mexico. The coconuts are increasingly sourced from the Philippines. For each of these key ingredients, we work closely

with our farmers, supporting them any way we can – this year Malibu launched A Coconut Commitment in the Philippines, a programme that improves economic resilience and living conditions among 500 coconut growers.

We also know that nothing we do would be possible without our people. So, to nurture our next generation of leaders, we've launched our L.O. Smith digital leadership programme. The programme is designed to future proof our workforce by fostering a learning culture within TAC.

Last year we introduced Pernod Ricard's 'Good Times from a Good Place' Sustainability and Responsibility (S&R) strategy. Since then, we've been working out which areas to prioritise at TAC and setting ambitions around them. Challenging times invoke our bold thinking and culture of collaboration. It's only by breaking convention, going above and beyond what's expected, and bringing people and communities together that we can overcome the challenges we face. To build a successful future. We call this our 'passion for progression' – and it's the cornerstone of our sustainability strategy.

From our work with coconut farmers in the Philippines, to our response to COVID-19, I couldn't be more proud to have led such a dedicated group of co-workers. I wish all my colleagues and Stéphanie Durroux, my successor, all the best on the continued journey.

Anna Malmhake
Chairman and CEO at The Absolut Company
Pernod Ricard

HIGHLIGHTS FROM FY 19/20

HAND SANITISER

When the full force of the COVID-19 pandemic hit Sweden earlier this year, our health care system was faced with a challenge unlike anything in its recent history. Life-saving PPE and disinfectant needed by our front-line doctors and nurses were suddenly in desperately short supply. TAC saw an opportunity to help, rapidly switching production in our Åhus distillery to manufacturing ethanol to be used in hand sanitisers for Swedish hospitals. To date, around 3.4 million litres of our ethanol has been delivered to hand sanitiser producers domestically, for use by medical staff.

3.4m

Our Åhus distillery has produced 3.4 million litres of ethanol to make medical hand sanitisers since the COVID-19 outbreak.

L.O. SMITH DIGITAL UPSKILLING PROJECT – NEVER STOP LEARNING

'Passion for progression' is a guiding principle at TAC that connects us to our progressive founder L.O. Smith, who always pushed for change as a way to improve. To be progressive, one must always be open to new ideas and create a culture that fosters an innovative mindset. That's why we've launched the L.O. Smith digital training programme – an initiative with the purpose of futureproofing the workforce through participation in two modules: 'Digital leadership' and 'Digital mindsets'.

CARBON ROADMAP FOR ABSOLUT VODKA

Distillation is an energy-intensive activity. This has put energy-efficiency among our top priorities throughout the years, and today, our distillery is one of the most energy-efficient distilleries in the world. Due to achieving this level of energy efficiency and through our use of EPD certified electricity as a main source of energy, there are very limited Scope 1 & 2 carbon emissions remaining. Thus we offset the remaining emissions, in a Plan Vivo certified afforestation and deforestation prevention project.

Our ambition for Absolut Vodka is to produce a carbon neutral product by 2030, so for us this means achieving reductions in our Scope 1, 2 and 3 emissions categories. Scope 1 and 2 includes our energy and production and Scope 3 includes wheat cultivation, packaging production and transportation of the final products. We've set interim targets to 2025 such as achieving 100% fossil free production and reducing the carbon impact from wheat cultivation by 10%. These are stepping stones towards achieving our 2030 ambition.

FOSSIL FUEL FREE PRODUCTION BY 2025

We have not yet fully eliminated the use of fossil fuels in our distillation process. Our target is to replace all fossil fuels at our facilities by 2025, as part of our carbon roadmap to 2030.

CARBON NEUTRAL PRODUCT BY 2030

We will continue our efforts to reduce the CO₂ emissions both from our own facilities and throughout our value chain to achieve our 2030 ambition.

MALIBU PET-BOTTLE, 30% RECYCLED MATERIAL

Malibu usually comes in glass bottles. In the US-market, as plastic bottles are seen as convenient and safe, there are also large volumes of PET bottles. We're working hard to increase the recycled plastic content in them. We've signed up to the Ellen MacArthur Foundation (EMF) commitment to increase the recycled content in our packaging to an average of 25% recycled plastic by 2025 and this July we achieved 30%. Our long-term goal is to reach 50 to 60% recycled plastic content in our bottles. Our other related goal is to make the white, outer plastic sleeve on our Malibu glass bottles 10% thinner and we've trialled a version of this in Europe this year.

#SEXRESPONSIBLY

As a brand that has always championed important topics, Absolut Vodka launched the bold #SexResponsibly campaign last year to help spark a conversation around responsibility, alcohol use and abuse in the US. We partnered with RAINN (Rape, Abuse & Incest National Network) and Ann Mukherjee, CEO of Pernod Ricard North America, really took ownership of the campaign. The thread throughout both this campaign and our sustainability strategy is around responsibility – it ties into our values as a brand; how we make the product, how it's consumed. One of our commitments under the Responsible Hosting pillar is to fight alcohol misuse and promote responsible drinking, and this campaign reflects that ambition.

"I hope it'll have a human impact. That it creates conversation. That it creates change."

Ann Mukherjee
Chairman & CEO Pernod Ricard North America

30%

RECYCLED MATERIAL

We have achieved the Ellen MacArthur Foundation (EMF) goals, five years ahead of the EMF target.

FUTURE OF PACKAGING: PABOCO PAPER BOTTLE

The Future of Packaging programme aims to minimise waste at every step by re-imagining how we produce and distribute our products. Last year TAC joined a progressive group of leaders, brought together by Paboco® (The Paper Bottle Company) to pioneer the next phase of packaging liquids across multiple industries. The Paper Bottle project aims to produce bottles with lower impact on the planet by using paper as the key material. We've worked alongside the Coca-Cola Company, Carlsberg and L'Oréal Europe as part of a 'Pioneer Community' brought together by the mutual belief in the power of collaboration and knowledge sharing, and our aim is to advance long-term progress, and drive sustainable change.

2,000

BOTTLES

We've developed a first-generation prototype of the paper bottle and the first production run of 2,000 bottles is scheduled for 2020.

OPEN TO CHANGES

AN EXCEPTIONAL YEAR BRINGS AN EXCEPTIONAL RESPONSE:

Even though the COVID-19 pandemic is still very much upon us, there are already lots of learnings to be drawn. For The Absolut Company, one very real conclusion is that seemingly unlikely collaborations can help aid local authorities in matters of life and death. Moving into the health care sector by manufacturing ethanol to be used in hand sanitisers is one of those stories about how the business world and civil society can join forces to help make a real difference. Here's a recap on how the events unfolded:

When COVID-19 hit Sweden in full force, the health care system experienced a strain on their supply chain unparalleled to almost anything in recent history. Face masks, protective clothing and all types of disinfectants were suddenly scarce and had to be rationed to help keep supplying them to those at the forefront of the pandemic. Doctors, nurses and hospital workers had to deal with the situation in the best way they could, while authorities tried to come up with solutions to the problem.

In the midst of the somewhat chaotic situation, Paula Eriksson, VP Corporate Affairs & Communications at The Absolut Company, tweeted that Absolut Vodka were willing to assist in any way they could.

3.4m

Our Åhus distillery has produced 3.4 million litres of ethanol to make medical hand sanitisers since the COVID-19 outbreak

We had made hand sanitiser for our own use previously, in connection with Swine flu (H1N1). When we found out that Swedish hospitals were suffering from a shortage of hand sanitisers in connection with the COVID-19 pandemic, we realised that we could scale up our production and help, Paula Eriksson explains.



WAS IT AN EASY THING TO CHANGE PRODUCTION?

Both yes and no. Normally we make spirit for Absolut Vodka in our distillery on the basis of a very specific taste and aroma profile, however, the type of alcohol needed for hand sanitisers should be as neutral as possible. Secondly, we needed to quickly pull off an incredible feat of teamwork involving everyone from production, legal, logistics and other departments, to enable us to move from word to deed as quickly as required.

But to have a tank full of 96% proof ethanol is one thing. To put it to use at hospitals is a whole other challenge:

It was a huge challenge to enter a different supply chain than we are used to. We're experts in producing drinkable spirits, not hand sanitisers. Therefore, we contacted a number of authorities to clarify how to go about this as efficiently as possible, given the market is so regulated. We then obtained access to the lists of companies that are legitimate providers of health care that we could offer our spirits to. It is important that the producers we work with have the right prerequisites in place, Anna Schreil, VP Operations says.

The Absolut Company has always been all about innovation and the hand sanitiser ethanol production was one of these occasions when the ability to act fast and be agile was crucial. For us, one of the key learnings from this whole venture was that we now know we have the ability to pivot our production in an instant and that we can really help make a difference. If there's a problem, we'll solve it – we have a greater confidence in this within the organisation now. This was really a team effort where everyone in the company went above and beyond,

working together with our partners to make this happen. I mean, we managed to have the first fully loaded truck leave us within a week of our first contact with the authorities. All in all, a hundred trucks have now delivered our ethanol to hand sanitiser producers. That's some 3.4 million litres that has helped make a difference. In addition to that, the production of ethanol for hand sanitisers generated 6.6 m SEK for charity from our partners Kiilto Clean and Clemondo, producers of hand sanitiser. In line with our spirit of helping the health care system, they joined us in not making any profit from the pandemic. Given that we sold at symbolic cost, and in some cases donated ethanol, our partners could in turn donate their raw material savings to charity, for example, to Radiohjälpen, the national public radio charity foundation's initiative to support victims of COVID-1, Anna Schreil explains.

WOULD YOU DO THIS AGAIN IF ASKED?

Yes, for sure. If there's another crisis, we're of course ready to help.

6.6 mSEK

(€636,000 / US \$754,000)

Donated to charity in lieu of profits



MANAGING OUR RISKS AND IMPACTS

We continuously assess our business to identify our environmental and societal risks and impacts along our value chain. We have identified environmental risks along our value chain, from the production of raw materials to transportation and waste management. The social risks have largely been identified at the cultivation and production stages of our key ingredients in developing countries, and we have also identified health risks at the consumption stage of our final products. As part of the Pernod Ricard group, our sustainability and responsibility (S&R) strategy is aligned with the 2030 roadmap, 'Good Times from a Good Place.' This strategy maps out how we are addressing our risks and impacts in these areas and is set out in the next section.

PROGRESS ON OUR STRATEGY, ONE YEAR ON

As part of the Pernod Ricard group, our sustainability and responsibility (S&R) strategy is aligned with the 2030 roadmap, *Good Times from a Good Place*, which we introduced in last year's report.

The essence of this S&R strategy captures an idea that sits at the heart of our company – a simple commitment to do the right thing and to take the sustainable path, for our consumers, our business, society and the environment.

Pernod Ricard has a risk management system in place to identify and manage risks and this informs our strategy. As part of the Group's decentralised structure, each function and each affiliate contributes on an ongoing basis to the smooth running and improvement of this system. For details on the identified relevant risks and their management, please refer to the Pernod Ricard Group Integrated Annual Report.

The *Good Times from a Good Place* strategy covers a wide range of topics that TAC has a role in contributing to, with the flexibility to select specific areas to prioritise and define our level of ambitions around these areas. The strategy is comprised of four strategic ambitions or 'pillars', connecting us to the global sustainability agenda and the UN SDGs. These are Nurturing Terroir, Valuing People, Circular Making and Responsible Hosting, and they are underpinned by a wide range of topics within each focus area. Each pillar is accompanied by an ambition statement and a set of commitments with associated targets and KPIs.

At TAC, we have been working hard over the past year agreeing our priority areas, goals and establishing the key commitments that we will contribute to that Pernod Ricard have set under each of these four pillars. We've established a

number of action groups at brand level and a cross-functional group to develop a roadmap to deliver on our commitments and ensure that our S&R strategy is future-fit for 2030.

We are now in the finishing stages of finalising our actions against the commitments which will set out a clear and ambitious future direction for S&R at The Absolut Company. As a result of COVID-19 and other important factors, Pernod Ricard have worked with experts across the four pillars, to revise and adjust the plan. In some cases this means an acceleration of targets, an extension of targets and/or a re-prioritisation of targets. This is in addition to the targets that have already been collectively achieved across Pernod Ricard in the past 15 months. These revisions are reflected in our actions and we've highlighted a summary of our progress so far in Table 1:



TABLE 1: COMMITMENTS AND OUR PROGRESS AGAINST THEM:

PILLAR	COMMITMENTS	TARGET	OUR PROGRESS TO DATE
NURTURING TERROIR	Terroirs mapping: Identify and map origins and sustainability risks in supply chains (social, environmental) to contribute to the positive transformation of our supply chains by 2022	100% of agricultural raw materials mapped and risk-assessed by 2022	Absolut Vodka: Completed Malibu and Kahlúa: Key ingredients mapped including coffee, rum, sugar and coconut flavour.
	CO₂ from agriculture: As part of our science-based targets engagement (SBTs), we aim to decrease the carbon footprint of our agricultural raw materials by 2030	50% reduction of the intensity of our Scope 3 carbon footprint (CO ₂ per unit) by 2030	Absolut Vodka: By 2030 our overall ambition is to produce a carbon neutral product, of which wheat production is one element. We have calculated the emission factor for our purchased wheat, against a base year of 2018. As an interim step, we're working to reduce the carbon impact from wheat production by 10% by 2025. Malibu and Kahlúa: We are in discussions with our suppliers to evaluate what is feasible.
	Certification (sourcing): Key agricultural raw materials sourced according to selected sustainability standards	100% certification of key raw materials by 2030	Absolut Vodka: We are currently modifying our wheat cultivation concept to achieve this as part of our 2030 ambition Malibu and Kahlúa: Process has started through our work with Bonsucro, a non-profit that sets sustainability standards and certifies sugar cane products.
	Promote sustainable agriculture: Promote sustainable agricultural production systems and implement resilient agricultural practices by taking action on the most pressing agricultural sustainability issues identified in the risk mapping stage	100% of key raw materials covered by projects addressing pressing sustainability issues by 2030	Absolut Vodka: We engage continuously with educational institutions and our farmers to improve resilience in the agricultural systems, biodiversity, climate impact. Malibu: Launched 'A Coconut Commitment' project in 2020 for sustainable coconut farming and improvement of livelihoods in the Philippines Kahlúa: This is ongoing work with Coffee for Good, on target to source 100% coffee from sustainable communities by 2022.
Enhance biodiversity: Engage in conservation initiatives to preserve natural ecosystems	All affiliates engaged in a strategic biodiversity project by 2030	Absolut Vodka: We are currently modifying our wheat cultivation concept to have a stronger focus on biodiversity as part of our 2030 ambition. We are involved in financing the project "Hela Skåne blommar" with 250 farmers participating in the project, planting flowers around and in fields in Skåne in 2020, an area amounting to 300 ha in total. Malibu: This is part of 'A Coconut Commitment'. Kahlúa: In progress through our 'Coffee for Good' programme.	

**THE ABSOLUT COMPANY
SUSTAINABILITY & RESPONSIBILITY STRATEGY IN BRIEF**

PILLAR	COMMITMENTS	TARGET	OUR PROGRESS TO DATE
VALUING PEOPLE	Responsible procurement: Have a precise knowledge of the sustainability impacts and risks of our supply chains and engage our key suppliers through collaboration to reduce impacts and accelerate improvements. Adopt well recognised standards and fully integrate into the whole supply chain management	No high or moderate risks for our direct suppliers by 2025	TAC: We have achieved this with all our suppliers signing our Supplier CSR Commitment.
	Respect for everyone in brand communications: To ensure our brands' communication is non-biased, responsible and respectful of everyone	All strategic brands to explore creative routes to break stereotypes by 2023	TAC: We are on track and work to ensure this throughout our organisation.
	Human Rights: Develop and roll-out a systematic company-wide human rights management system and report performance annually in line with the United Nations Guiding Principles (UNGPs)	Complete by 2025	TAC: We will achieve this through developing and rolling-out a systematic company-wide human rights management system by 2025 and reporting our performance annually by 2022, in line with the UNGP.
	Reimagining tomorrow's world: Future-fit employees: Develop our employees to maintain, adapt and improve their employability for the future, giving them security in relation to an evolving marketplace	All employees engage in future-ready training every 3 years, by 2030	TAC: Our recently launched L.O. Smith digital programme is actively upskilling our employees to be future-fit.
	Reimagining tomorrow's world: Resilient farmers: To engage our agricultural partners and other farmers on resilient and sustainable agriculture. We will collaborate to take action on the most pressing agricultural sustainability issues where they cultivate our raw materials	Achieve by 2030	Absolut Vodka: We engage continuously with educational institutions and our farmers to improve resilience in the agricultural systems, biodiversity, climate impact. Malibu: Launched 'A Coconut Commitment' project in 2020 for sustainable coconut farming and improvement of livelihoods in the Philippines. Kahlúa: This is ongoing work with Coffee for Good, on target to source 100% coffee from sustainable communities by 2022.
Reimagining tomorrow's world: Bartenders: Our ambition is to change the way the industry operates for the better through sustainable practices	Train 10,000 bartenders in sustainable practices across Pernod Ricard, by 2030	TAC: Sustainable cocktail making methods are integrated into our training programme, 'Absolut Akademi'. In addition, Pernod Ricard HQ developed an online training tool for bartenders during Spring 2020.	

**THE ABSOLUT COMPANY
SUSTAINABILITY & RESPONSIBILITY STRATEGY IN BRIEF**

PILLAR	COMMITMENTS	TARGET	OUR PROGRESS TO DATE
CIRCULAR MAKING	Future leaders: Gender balanced management teams, with a strong pipeline of future female leaders and equalise pay in our workforce	<ul style="list-style-type: none"> No pay gap by 2022 35% of women in managerial levels and above by 2030 	TAC: We conduct a pay gap analysis every year, mandatory by Swedish law. We have achieved the 2030 target across TAC and continue to work on maintaining this.
	CO₂ from production reductions: Set and implement carbon emissions reduction targets in line with SBTs: <ul style="list-style-type: none"> Renewable electricity Reduction of carbon emissions (Scope 1 & 2) Reduction of Scope 3 carbon footprint 	100% renewable electricity by 2025 30% reduction of the carbon emissions of our production sites (Scope 1 & 2) versus FY18 baseline by 2030 50% reduction of the intensity of our Scope 3 carbon footprint (CO ₂ per unit) by 2030	Absolut Vodka: We achieved our FY20 CO ₂ target in production. We have achieved 100% renewable energy (hydropower). Scope 1 & 2 target is achievable and we are working hard on achieving our Scope 3 ambition. Malibu and Kahlúa: We have no direct control over Scope 1 & 2 emissions, however we are working closely with these production units to progress this.
	Circular design: Adopt eco-design principles & mindset achieving reduction according to Life Cycle Assessment (LCA)	50% of new projects by 2021 100% of new projects by 2022	TAC: Circular design principles are in development at Pernod Ricard HQ, which will be implemented at TAC when finalised.
	Circular packaging: Take action to reduce the environmental impact of packaging: <ul style="list-style-type: none"> Ensure all primary packaging is 100% recyclable, compostable, reusable, bio-sourced (according to EMF criteria) Introduce % recycled content in our glass (50%) and plastic (25%) 100% of cardboard packaging certified from sustainably managed forests standards (FSC PEFC SFI) 	We have 3 targets for this commitment: <ul style="list-style-type: none"> 100% recyclable/compostable/reusable/biobased packaging by 2025 100% certified cardboard by 2025 50% recycled content of glass by 2025 	Absolut Vodka: We have committed to reducing our carbon footprint by 50% by 2030 which includes packaging innovation. Our target for 2025 is to increase the recycled glass from the current 47% to 50%. Paboco Paper Bottle project developed over the last year – a first-generation prototype of a paper bottle which will reduce the need for polymers. Malibu PET: We signed the Ellen MacArthur Foundation target to increase the recycled content in our packaging to an average of 25% by 2025. We achieved and surpassed this goal in July this year and reached 30% recycled rPET content in our Malibu bottles. Our long-term goal is to reach 50%-60% rPET. We are introducing recycled content to Malibu sleeves and reducing thickness / weight of PET, by 2021. Kahlúa: Proposal to change from coloured PET to clear being reviewed. 30% recycled content introduced to our bottles in 2020.
	Point of sale: Eliminate single-use plastic	<ul style="list-style-type: none"> 0% single use plastic POS 2021 100% reusable, recyclable or compostable by 2030 	TAC: Our new POS guidelines released this year begin with a stated objective to 'adopt a circular mindset' by 2020, eliminate all single-use plastic POS by 2021 and ensure that all our remaining POS is reusable, recyclable or compostable by 2030. Absolut Vodka and Malibu: No single-use plastic POS in use. Kahlúa: No global POS in use.

PILLAR	COMMITMENTS	TARGET	OUR PROGRESS TO DATE
	<p>Water use: Define water use 'excellence' targets per activity based on best available technologies</p>	20% reduction in water use by 2030	<p>Absolut Vodka: We reduced water use per litre of vodka by almost 10% from 2018 to 2020 through our 'Water Hunting' project. Our target to 2025 is to reduce water use by 20% compared to 2018 levels; we will achieve this, for example, through increased internal water recycling to reduce need of groundwater in mash and upgrading water treatment equipment to reduce water use. Our overall ambition is to achieve water-neutral production by 2030.</p> <p>Malibu and Kahlúa: We do not own the production sites so this is beyond our control.</p>
RESPONSIBLE HOSTING	<p>Employee engagement: Raise awareness of all our employees and consumer facing staff about harmful use of alcohol and PR commitment to fight alcohol abuse, through a new specifically designed e-learning.</p> <p>Better equip our senior level employees to talk in public about alcohol and our commitment to fight alcohol abuse, by making the training "Let's talk about alcohol" compulsory</p>	<ul style="list-style-type: none"> • 100% of employees and consumer facing employees to follow e-learning by 2021 • 100% of senior level specified employees to undertake 'Let's talk about alcohol' training by 2021 	<p>TAC: We have launched training and are on track with achieving these targets.</p>
	<p>Prevent alcohol misuse: In the spirit of the 5 Producers' Commitments (IARD), in partnership with the industry, civil society and local authorities.</p>	<ul style="list-style-type: none"> • One programme per market, at scale, in partnership and evaluated by 2030 	<p>TAC: Aligns with wider PR group policies and programmes to curb excessive and inappropriate alcohol consumption. The company has a strong focus on delaying first use, preventing minors from drinking alcohol, educating employees to be ambassadors and partnering with programmes in Sweden in particular.</p> <p>We continue to support PoA (Prata om Alkohol), school programme. We are also committed supporters of Fryshuset, a long-term partnership to prevent underage drinking.</p>

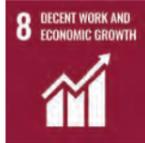




**UN SUSTAINABLE
DEVELOPMENT GOALS**

For sustainability efforts to be relevant and successful, they should be anchored in international guidelines, agreements and goals. The most important agreements and guidelines for our business are the UN Sustainable Development Goals (SDGs), the Paris Agreement, the ILO Conventions and the UN Guiding Principles on Business and Human Rights (UNGP).

In particular, the SDGs have taken on a central role in sustainability work all over the world. They are a blueprint to achieve a better and more sustainable future for all and seek to address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. At TAC, we have identified eight SDGs that are particularly relevant to our activities. We are focusing on supporting these because it's within these areas that we believe we can make the most impact and can make the most tangible progress towards them.

 <p>Ensuring healthy lives and promote wellbeing for all ages</p> <p>We are contributing to this goal through our Responsible Hosting pillar</p>	 <p>Achieve gender equality and empower all women and girls</p> <p>We are contributing to this goal through our Valuing People pillar</p>	 <p>Promote inclusive and sustainable economic growth, employment and decent work for all</p> <p>We are contributing to this goal through our Valuing People pillar</p>	 <p>Ensure sustainable consumption and production patterns</p> <p>We are contributing to this goal through our Circular Making pillar</p>
 <p>Take urgent action to combat climate change and its impacts</p> <p>We are addressing our climate impacts through our Nurturing Terroir pillar</p>	 <p>Conserve and sustainably use the oceans, seas and marine resources</p> <p>Our Circular Making pillar is working towards this goal</p>	 <p>Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss</p> <p>We are contributing to this goal through our Nurturing Terroir pillar</p>	 <p>Revitalise the global partnership for sustainable development</p> <p>We are contributing to this goal through our Responsible Hosting pillar</p>

NURTURING TERROIR

We rely on the farming community and the rich agricultural ingredients they provide. As such, we have a strong interest as well as duty of care to be stewards to the land, water and biodiversity upon which we rely – ensuring sustainable use and long-term protection. We are working hard to address sustainability topics in regions where our natural ingredients come from and are constantly seeking ways to develop our communities and engage our partners.

By mapping and understanding the origins of all our agricultural raw materials we are able to identify and effectively manage the sustainability impacts associated with our sourcing of ingredients. We work hard to source all our key raw materials and in particular wheat, sugar, coffee and coconuts in accordance with recognised best-practice standards. We work in cooperation with our suppliers and communities in key locations, evolving and developing farming concepts, tools and incentives to help them address their most pressing sustainability challenges. Key drivers for us in this pillar are ensuring the long-term resilience of our supply, supporting our communities and strengthening relationships with our farmers.

This pillar focuses on four of our key ingredients, the biodiversity of the areas they come from and ensuring that they are sourced sustainably – our wheat, sugar, coffee and coconuts.

We will nurture every terroir and its biodiversity and respond to the challenges of climate change to ensure quality ingredients now and for generations to come.



WHEAT

INTERVIEW WITH TINA ROBERTSSON, DIRECTOR SUSTAINABLE PERFORMANCE, ABSOLUT VODKA

“Absolut Vodka is made from 100% Swedish winter wheat and we source it as locally as possible to give back to the region in which we operate, buying at least 10% of the available wheat harvested in the Skåne region, where our distillery is based,” says Tina Robertsson, Director Sustainable Performance at Absolut Vodka. Over 100,000 tonnes of wheat is purchased every year from three main suppliers who in turn buy the winter wheat from 400 Swedish farmers. *“Our farmers share our values of quality and sustainability and we are committed to working in partnership with them to promote sustainable agriculture, in line with our production philosophy of ‘One source, one community,’”* says Tina.



A wheat cultivation concept has been developed for Absolut Vodka, which sets out the goals, requirements and guidelines for techniques such as plant protection, nitrogen efficiency and biodiversity for our farmers. Training and monitoring are provided to ensure that farmers are supported to implement these guidelines. *“Crop rotation is an important practice for our partnering farmers, meaning that they rotate the crops between – for example – rapeseed, wheat, and peas on a yearly basis. This keeps the soil healthy, minimising the need and use for fertilisers and pesticides,”* says Tina.

The cultivation concept is continuously evolving, for example, through undertaking field trials in collaboration with a local agricultural advisory organisation and engaging in research with SLU, Swedish University of Agricultural Sciences. *“Over the past years, we’ve been evolving our cultivation concept in collaboration with our farmers and a local agricultural advisor organisation, to have a stronger focus on climate and biodiversity. We are aiming to implement the updated concept in 2022,”* says Tina. Our ambition to 2030 is that all wheat purchased should be covered by a sustainability certification.

Another one of our overall ambitions at Absolut Vodka is to produce a carbon neutral product by 2030, of which wheat production is one element. This year we’ve calculated a specific emission factor for the wheat in order to be able to set our roadmap for emission reductions to meet this. *“As an interim step, we’re working to reduce the climate impact from wheat production by 10% by 2025. We’ve set requirements for our wheat farmers regarding the use of Best Available*

100,000

tonnes of locally sourced Swedish winter wheat



“Our farmers share our values of quality and sustainability and we are committed to working in partnership with them to promote sustainable agriculture.”

Tina Robertsson,
Director Sustainable Performance, Absolut Vodka

Technology ‘BAT’ fertilisers, climate-smart fertilisers that have a significantly reduced carbon footprint. Almost 80% of our wheat purchased in 2018 was produced using fertilisers that were BAT-produced and we aim to increase this to 100% by 2025,” explains Tina.

POSITION GREEN

Absolut Vodka transitioned to a digital data collection system, making it easier to analyse data, monitor trends and provide feedback to the farmers, both on their performance and potential improvements. *“Last year was the first year that all our farmers reported data in our Position Green digital data collection, although we have been collecting data for many years before that! Overall, it provides us with a baseline to evaluate our progress over time against our ambitions. We are focusing on the practical implementation of the tool this year and identifying ways to further refine the system,”* says Tina.



FIELD TRIALS AND SUSTAINABLE AGRICULTURE

Pioneering experiments have been conducted for the last decades to further strengthen and develop our wheat cultivation concept and the whole system of cultivation in our region. These have been conducted in collaboration with the Swedish University of Agricultural Sciences (SLU) and together with suppliers, wheat variety specialists and an independent advisory organisation. Initially the experiments have focused on the management of fertiliser use and the reduction of nitrogen leakage – to reduce its negative environmental impact. The results were clear and showed that the optimal fertiliser use was lower than what was usually applied. These trials supported the development of an optimal fertilisation strategy. Recently trials have also focused on other topics, such as biodiversity and cover crops. We spoke to Mattias Hammarstedt, an independent agricultural advisor working on these trials, to find out more:

WHAT WAS THE AIM OF THE FIELD TRIALS?

I was involved in research to examine how to produce wheat for vodka in a more efficient way, specifically looking at reducing the use of pesticides and herbicides. Before Absolut Vodka started this work, all wheat in Sweden was grown primarily for baking which requires high protein wheat, whereas for Absolut Vodka to produce vodka, high starch levels are required that react with the yeast during the alcohol production. The research found that using less nitrogen will create starchier wheat – the decreased use of nitrogen makes the crop more sustainable. Two trials undertaken ten years ago turned into seven trials each year in Sweden. The results of the experimental activities are of great interest and are presented at national conferences for advisors and researchers.

“I’ve been working with Absolut Vodka for over 18 years and it is very much a partnership, we continuously learn from each other. Many of the Swedish innovations around wheat stem from the work Absolut Vodka have done and have since been scaled up to a national reach, demonstrating their commitment to knowledge sharing.”

Mattias Hammarstedt,
Independent agricultural advisor



WHAT’S YOUR RELATIONSHIP WITH ABSOLUT VODKA LIKE?

I’ve been working with Absolut Vodka for almost 18 years now as an independent advisor. The work varies between developing research concepts, undertaking analysis of results and creating guidelines for the wheat farmers that supply Absolut Vodka. It’s really a partnership – constantly learning from each other.

ARE THERE OPPORTUNITIES FOR SHARING THE RESULTS OF THE TRIALS EXTERNALLY?

Absolut Vodka are always seeking to progress their sustainability goals and share their knowledge widely. Many of the Swedish innovations around wheat, stem from the work Absolut Vodka have done and have since been scaled up to a national reach, demonstrating their commitment to knowledge sharing.



SUGAR



BONSUCRO, INTERVIEW WITH BILLY KING, DIRECTOR, TECHNICAL AND SUSTAINABLE PERFORMANCE AT MALIBU KAHLÚA GLOBAL OPERATIONS

Malibu and Kahlúa use about 500,000 tonnes of sugar from sugar cane each year, by far the largest agricultural ingredient for both drinks. It is used both in the production of alcohol and as a flavouring. The cane comes from a variety of locations and almost 10,000 acres of land is used for cultivation, an area nearly as large as two Manhattans.

Malibu and Kahlúa have analysed the sustainability risks in their value chains and sugar cane cultivations are considered to have high risks for both the environment and human rights.

10,000

10,000 acres of land is needed to cultivate the sugar cane we source.

“When we did our initial risk analysis focusing on human rights, we saw immediately that sugar cane was one of the ingredients we need to focus on in our sustainability work. We realised that this was an area that is difficult to influence on our own and that’s when we decided to join Bonsucro,” says Billy King, Director, Technical and Sustainable Performance at Malibu Kahlúa Global Operations.

The membership in Bonsucro ultimately included the entire Pernod Ricard group and from his position representing Pernod Ricard on the Bonsucro Members’

Council, Billy is working with other key end users, such as Coca-Cola, PepsiCo and Nestlé, to influence the sugar industry to move in a more sustainable direction.

“We are convinced that this is the right way for us to go. By teaming up with other big players and working through Bonsucro, we can help to drive the change needed to ensure sustainable development in this sector. By buying locally and collaborating with suppliers and growers, we can rest assured that there are good conditions in our value chain,” says Billy.

With the specialist knowledge gained from the engagement with Bonsucro, there followed an analysis of the environmental impact in the sugar cane value chain and, once again, it appeared as an ingredient that carries great risks in terms of climate, biodiversity and other environmental aspects.

“The ideal scenario for Malibu and Kahlúa is to buy sugar which originates locally to our main production locations, from growers in Barbados and Mexico. In this way, we can reduce transport, but above all get a closer relationship with growers and producers and more transparency in the production,” says Billy.

Kahlúa’s suppliers already come from Veracruz, Mexico where they have encouraged growers to join Bonsucro and start working to meet the criteria set for sustainable production. The sugar cane used in Malibu comes in a variety of ways from a variety of locations. Discussions have already begun, to look for opportunities to support local growers in Barbados and thus also support the country’s sugar industry which has been in decline in recent years.

The sugar industry can have a major environmental impact, with deforestation, climate impact, loss of biodiversity and soil degradation. The working conditions on the farms are often difficult with low wages and heavy and dangerous work. Only a fraction of the sugar currently

grown is certified, but Bonsucro has seen good advances in recent years. The harvest of certified sugar has increased from 66 million tonnes to 72 million tonnes per year. Data shows that Bonsucro-certified crops often have higher yields than conventional ones, the workers earn an average of 20% more than from other crops and, on average, a certified farm has a 5.5% lower environmental impact than a conventional one.

Pernod Ricard’s and The Absolut Company’s sustainability strategy puts emphasis on sourcing raw materials according to sustainability standards, produced by resilient agricultural systems and on reducing the CO₂ footprint along the value chain (Scope 3).

“So far none of the sugar we use is certified and this is a situation that is complex with many hurdles to overcome, but we are on a journey to ensure that everything will be certified within the next few years. We have started to use Bonsucro’s calculator to monitor changes in climate emissions from cultivation, fertilisation, land use and energy use. In this way, we can track the improvements in our value chains over time, meet the goals of the Pernod Ricard S&R strategy and ensure a sustainable future for our key ingredients and the terroirs that provide them,” says Billy.

“By teaming up with other big players and working through Bonsucro, we can help to drive the change needed to ensure sustainable development in this sector.”

Billy King,
Director, Technical and Sustainable Performance at Malibu Kahlúa Global Operations

COFFEE



KAHLÚA – COFFEE FOR GOOD

Together with a non-profit organisation (Fondo para La Paz) in Mexico, Kahlúa have developed a project involving four coffee communities in Veracruz, Mexico. The project addresses issues in three key areas: social, economic and environmental. The overall aim is to help improve livelihoods by providing people with sustainable methods of farming, thereby increasing yields through the use of improved farming techniques, replacing old coffee plants with more climate change resistant varieties and as a result, increasing the farmers' income.

"Coffee is the key ingredient in Kahlúa so it is really important for us to make sure we source from sustainable sources. We also identified it as an ingredient associated with higher risk related to working conditions and environmental factors," says Lynne Millar, Director of Purchasing, Malibu and Kahlúa Global Operations at The Absolut Company (TAC).

The project started with one village and after two years it expanded to include three more in Veracruz. These villages interact with other villages, thereby sharing their newly gained knowledge. Last year the villages and Fondo para La Paz carried out a large event, a farmers' day, inviting specialists and researchers to showcase sustainable farming methods. The aim of the event was to increase the coffee farmers' knowledge and understanding of more sustainable methods even further. A similar event was planned for May of this year but was cancelled due to the pandemic. Ultimately, our goal is to buy all our coffee for Kahlúa from these four villages.

"The first year, we were only able to source a couple of kilos from the village. Last year we grew to 15 tonnes. For this year the target was 60 tonnes, which we managed to achieve despite the impact of COVID-19; it just took us a little longer than planned. We're on track to meet our goal of buying all our coffee (300 tonnes) by 2022," says Kim Lipcsey, Global Marketing Manager, Kahlúa.

300

By 2022, we're aiming to source 300 tonnes of coffee, per year, from villages supported by our sustainable farming project.

"We've seen good results from the project. Biodiversity has improved and soil quality has improved as a result of new and more sustainable farming methods. Through this project, we are working towards achieving the commitments and ambitions of the Nurturing Terroir pillar in TAC's sustainability strategy to source our raw materials sustainably and contribute to the UN SDGs. Besides that, female empowerment is very evident with the women taking on leadership roles in the villages," says Lynne Millar, Director of Purchasing, Malibu and Kahlúa Global Operations at TAC.

The participating farmers have learned a lot from the cooperation with Fondo para La Paz, gaining knowledge about soil and water management to improve crop yields. The coffee is farmed on mountain slopes and they have started to build terraces to stop erosion and soil loss from rainfall. The farmers are affected by climate change, with new rainfall patterns and higher temperatures, and this project is helping them learn how to adapt to these new conditions. The farmers have also started to work more with intercropping, planting different trees, and other crops together providing needed shade. This is a way to diversify their production and secure income. They sell their products at a local market or keep it for their families.



"One of our farmers, Francisco, is very happy about the results from the project. Before we started, he wasn't sure if he could continue to make a living from coffee. Now, after four years, he cannot only make a living – he has also built a farm that he can pass on to his children and future generations."

Lynne Millar
Director of Purchasing, Malibu and Kahlúa Global Operations at TAC

COCONUTS



A COCONUT COMMITMENT, INTERVIEW WITH LYNNE MILLAR, DIRECTOR OF PURCHASING FOR MALIBU AND KAHLÚA OPERATIONS:

Coconut is an iconic flavour for Malibu. We use around 150,000 coconuts per year, that's 120 tonnes of coconuts or 20 tonnes of coconut flakes, and from those, we produce the coconut extract which is used in our unique flavour compound. Sustainable sourcing of ingredients is a key pillar of our sustainability & responsibility roadmap and it felt natural to start with our coconuts. *"For us it's important to have a holistic view on sustainability and we are looking at the*

150,000

We use around 150,000 coconuts per year

environmental as well as the socio-economic situation for the farmers," says Lynne Millar from Malibu.

Most of the coconuts that go into Malibu come from the Philippines, ranking as the world's second largest producer and exporter of coconuts. The supply chain for coconuts is complex and labour intensive with many resources required to grow, farm and process the coconuts. *"Many people are directly or indirectly dependent on the coconut sector for their livelihoods,"* says Lynne.

In 2018, a team from Malibu went to the Philippines to explore the possibilities of developing a project similar to the Coffee for Good project, where Kahlúa work together with an NGO and small-scale farmers to empower the farmers and help them adopt more sustainable farming practices. As this coconut project is a project with multiple partners, it has taken some time to launch the project.

"We saw real poverty in the coconut farming communities during this trip, but we also saw the potential for big impact with our investments and planned actions," says Lynne.

Together with coconut processor Franklin Baker Company of the Philippines, flavour producer Symrise and GIZ, a global service provider in the field of international cooperation for sustainable development and international education work, Malibu has initiated a project which will provide ongoing agricultural education and training that will directly benefit 500 coconut farmers and their families. The project will run for four years and our goals by 2024 are that we will have helped increase coconut farmers' income by 15% (on average), increase annual farm yield by 20% (on average), and also helped up to 75% of farmers adapt their practices, guided by the Farm Sustainability Assessment (FSA) tool developed by the Sustainable Agriculture Initiative (SAI) Platform.

"In the beginning, the focus will be on basic needs such as access to safety equipment, sanitation and clean water. But long term we will also focus on empowerment of youth and women, something that is very close to my heart," says Lynne.

The partners are equal and take decisions about the project together. GIZ's role is more active and hands-on. They are co-funding the project along with all the other partners, and as the only partner that have people on the ground in the Philippines, they were in a position to perform a baseline study and get the work started.

They will develop a model for intercropping for the farmers, so that they can diversify their farms and produce food for their families.

"We see this project being an important part of our sustainability commitment for Malibu. We are just at the beginning of this journey, but look forward to seeing the positive change this will deliver," says Lynne.



500

We are supporting 500 small-scale coconut farmers in the Philippines through this project.



VALUING PEOPLE

People have always been at the heart of everything we do at TAC, from promoting diversity and inclusion throughout our business to working with our suppliers and business partners to create shared value across the value chain. We aim to integrate sustainability into everything we do, but we operate in a broad ecosystem of employees, suppliers, business partners, and the many communities touched by our products and activities. That's why this pillar focuses on giving people across the value chain the opportunity, competence and capability to be future-ready and to ensuring that we are at the forefront when it comes to a healthy and diverse work environment.

Our approach starts at home, building on our long heritage as a caring employer. We invest our learning & development efforts into helping our employees build the skills they'll need to prosper in tomorrow's workplace. We continue to work towards clear diversity, wellbeing and health and safety goals, always seeking to contribute to SDG 5: Gender Equality and SDG 8: Decent Work and Economic Growth.

However, our work extends further out, seeking to empower and protect our partners up and down the value chain and supporting wider communities by challenging damaging social norms, and applying our brand beliefs to create marketing campaigns that show respect for people, regardless of gender, sexual orientation or ethnicity.

We will increase diversity and fairness for all our people and empower people across our supply chain.



DIVERSITY



A diverse business is a more effective business. If we can bring together a broad range of backgrounds and experiences and ensure that different voices are heard, we will be more dynamic and innovative, and more in tune with our diverse customers across the world. Through our Better Balance strategy, we're committed to fostering diverse teams, and we have a plan of action in place to combat harassment and discrimination in any form. We strive to be a fair employer that provides its employees with equal rights and opportunities. We do not tolerate any form of discrimination based on gender, age, ethnicity, religion, sexual orientation, trade union membership or political affiliation.

We've set a number of targets to increase diversity throughout our business around nationality, gender and age. For international diversity, our target is for the nationality of 30% of our employees to be different from the location of their daily place of work (up from 25% last year). We have achieved this target.

Our gender target is to achieve an even gender balance across our entire workforce and we have reached that goal with a split of 47% women and 53% men across all employees. We have set a target to achieve a 50:50 gender balance at senior management level; this has been achieved in our Operations Leadership Team in Åhus and we are continuing to reduce the difference amongst other senior management.

TABLE 2: COMBINED RESULTS FOR STOCKHOLM AND ÅHUS

	TAC SENIOR LEADERSHIP TEAM %	COMBINED SENIOR LEADERSHIP TEAM %	PEOPLE MANAGERS %	ALL EMPLOYEES %
Women	67	58	45	47
Men	33	42	55	53

TABLE 3: PERSONNEL IN ÅHUS

	OPERATIONS LEADERSHIP TEAM %	PEOPLE MANAGERS %	ALL EMPLOYEES %
Women	50	36	37
Men	50	64	63

TABLE 4: PERSONNEL IN STOCKHOLM

		PEOPLE MANAGERS %	ALL EMPLOYEES %
Women	N/A	53	63
Men	N/A	47	37



TAC VOICES COCKTAIL HOUR

"The idea for Cocktail Hour came out of a hackathon we did with our sister company Irish Distillers in 2019. It's a diversity board game that can be played at a team level. The game helps players understand the subconscious biases and other attitudes that might influence the way we relate to each other, including our recruitment and training decisions. We're in the final phase of the design, and we're hoping to be ready to launch it once we're able to meet and socialise again."

Daniel Engström, HR Business Partner

HEALTH AND WELLBEING

We are dedicated to the health and wellbeing of all our employees and support our office and production employees in ways that are appropriate to their context. For example, for our production employees, ensuring their health and safety in a physical working environment is fundamental. For our office employees, we aim to be flexible to ensure they can work from home when needed.

We are mindful that our employees are constantly surrounded by alcohol and have a service agreement with a company that specialises in training and addiction therapy, for any employee that is struggling with addictions around alcohol, gambling or drugs. We work closely with our line managers to equip them with the training and support required for their role. We also have a focus on stress management training for all employees.



KEEPING OUR PEOPLE SAFE AND WELL DURING THE COVID-19 PANDEMIC:

The health and safety of our employees in the workplace is always our first priority. COVID-19 poses a unique set of challenges for the health and wellbeing of employees. When the pandemic hit Sweden, we took unprecedented steps to protect all our colleagues and look after their physical and mental health. As a first step, we launched new guidelines for our people, clearly describing both the steps the company was taking to protect employees and their families, and the measures all employees must take in the future. These covered working in our production sites, office-based working and commuting.

Alongside the guidelines, we launched a series of online events and webinars to support the health and wellbeing of our employees working at home and help

them feel connected with colleagues. These include Digital Afterwork socials, such as live cocktail making classes from TAC bartenders, mindfulness sessions and other webinars to support health and wellbeing. We also hold a regular Digital Live Quiz, hosted by a beloved retired colleague who is making a regular appearance to keep up our spirits. We translate Swedish news into English on a daily basis to keep our non-Swedish speaking colleagues included and informed. Åhus employees were treated to gift cards for local restaurants in Åhus, to show our appreciation and support.

To support employees working from home in Stockholm, we delivered desks to people who needed them, and our canteen re-opened for takeaways. The canteen also shared recipes to help inspire our employees to eat healthily while at home. We put together

“Challenging times for all of us, I feel that TAC is doing its utmost to pull through these uncertain times while taking care of all employees!”

Employee quote from Temperature Check, an internal survey to gauge whether employees felt they were getting the right level of support from TAC.

‘Committed to Care’ packs with hand cream, chocolates, hand sanitiser and disposable face masks for all employees both on-site and in Stockholm, and in addition, free COVID-19 antibody tests are available for all employees.

A dedicated COVID-19 project group has continuously worked on preventive actions for the operation sites for Absolut Vodka in Åhus and Nöbbelöv, such as information about appropriate social distancing, wearing face masks and the correct disposal of them, use of hand sanitiser and extended cleaning routines for the operations sites. Signs and TV screens are used to remind employees of the precautions. Other steps include encouraging digital meetings wherever possible and dedicated time slots and other measures in the canteen to maintain social distancing requirements.

Visitors to the Operations sites have been restricted and all external visits and meetings are discouraged unless business critical. We have measures in place in the event of anyone showing symptoms while on site and we increased our sick leave payment from 80% to 100% to support our employees to self-isolate if symptomatic or unwell.

Table 5 sets out our absences due to illnesses over the last year.

60-160

On average, up to 60 Stockholm employees join our Digital Afterwork cocktail classes every week and up to 160 employees attend our regular information meetings with our Leadership Team.

TABLE 5: ABSENCE DUE TO ILLNESS, 19/20

	ABSENCE DUE TO ILLNESS (HOURS)	ABSENCE DUE TO ILLNESS (%)
STOCKHOLM	6,573	1.9
ÅHUS	33,542	5.5

TRAINING

THE L.O. SMITH DIGITAL UPSKILLING PROGRAMME – NEVER STOP LEARNING

‘Passion for progression’ is a guiding principle at TAC, connecting the life and deeds of our founder L.O. Smith with the zeitgeist of our current day and age. But to be progressive, one must also be open to new ideas and create a culture that fosters an innovative mindset. That’s why we’ve launched the L.O. Smith programme – an initiative with the purpose of futureproofing the workforce. We had a talk with Johan Radojewski, VP Marketing, who is heading up the initiative.

WHAT IS THE L.O. SMITH PROGRAMME?

We’ve always been agile and driven by innovation; to remain at the forefront, we need to nourish and foster a learning culture within the organisation. We’ve initiated the L.O. Smith programme to futureproof our workforce. We want all employees to keep asking themselves how new technologies can help us develop further and what new possibilities I, as an employee, can bring to the table? We’re trying to equip ourselves with a set of tools that help connect the dots.

WHY HAVE YOU INITIATED THIS?

We’re all about Passion for progression. So, if you say that you want to encourage constant learning, you need to offer new ways of learning. Constantly. For us, the L.O. Smith programme is a way of accelerating internal learning and knowledge-sharing in a way that the entire organisation can benefit from. The main objective of the programme is to raise the general curiosity and knowledge of the workforce. The programme has been developed together with Stellar Capacity, who reviewed our organisation before they proposed a suitable set-up: What did we excel in? What are our weak

points? Where could we find room for improvement? The ambition is to create an organisation that can lead change, rather than react to change.

HOW IS THE PROGRAMME RUN?

This is a company-wide initiative, that consists of two parts. The first one is the Digital Leadership programme that 34 people have been admitted to. (80 people applied.) The second one is the Digital Mindset programme which is open to all employees at TAC and is our way of ensuring that the whole organisation is up to date on the latest digitalisation and tech development.

The Digital Leadership programme runs for two years and contains six modules. There are three main parts to the programme:

1. **Information spearheads** We want to share knowledge and build internal know-how on the latest developments within tech and research.
2. **In-depth knowledge** A deep-dive into subjects that influence and matter to us as a company, such as future leadership, product development, organisational structures and insights.

TABLE 6: TRAINING HOURS

	TRAINING HOURS, TOTAL	HOURS PER EMPLOYEE
STOCKHOLM	4,966	25
ÅHUS	4,252	12.4

3. **Broadening the horizons for the entire entity** All participants must act as ambassadors, sharing their new-found knowledge across the company, to ensure everyone benefits from a general upskilling.

WHY IS THE PROGRAMME NAMED AFTER ABSOLUT’S FOUNDER?

L.O. Smith was all about curiosity and learning new things. He was a progressive man who always pushed for change as a way to improve – whether it was in politics, spirits manufacturing or changing the conditions for his workers for the better. For us, it was only natural to connect a programme aimed at nurturing curiosity to the most curious man in our history – our founder. I think it creates a beautiful link to our past.

WILL THIS BE AN ON-GOING INITIATIVE, OR IS IT A ONE-OFF?

Our ambition is that the programme is a long-lasting investment, but the shape and form of it might be tweaked to match new circumstances. The key is that the 34 people admitted to this first round will transition into ambassadors and help the entire company to elevate. So, this isn’t a one-off, but it might be something different in the future.

ENVIRONMENTAL TRAINING

Every five years at Absolut Vodka we run environmental training for all employees. Due to COVID-19, bottling ran at reduced speed in May and June 2020, so we took the opportunity to expand the training into a full day session for our Åhus employees. The training covered a range of topics including Absolut Vodka’s work on Circular Making and Nurturing Terroir; general environmental issues in food production such as GHG emissions, biodiversity loss and eutrophication; and the circular economy, and also explored ways to reduce our personal impact through practical, lifestyle measures like taking steps to reduce our food waste. Finally, we ended the training with a visit to the on-site waste handling facility at Åhus where we discussed ways to achieve our new 2025 target to improve material recycling: reducing waste sent to energy recycling by 50%, by 2025. Our overall ambition is to become material resource neutral, incorporating circular resourcing throughout the entire value chain, including end of life, with offsets as needed.

This extended environmental training was also in place of our annual Responsibility Day for 2020 as we couldn’t physically get together.

ONLINE BARTENDER TRAINING MODULES – SUPPORTING BARTENDERS EVERYWHERE

This year in response to COVID-19 and to support bartenders through this difficult period, Pernod Ricard launched an online training course for bartenders. This free course is accessible to all legal-drinking-aged adults, through the EdApp mobile learning platform, as part of the EducateAll initiative in collaboration with UNITAR (United Nations Institute for Training and Research).

Knowing that the COVID-19 crisis has hit the hospitality industry hard and as members of the global community, Pernod Ricard views solidarity as paramount. The training aims to support bartenders and bar owners go back to business ready to face the ‘new normal’ when the time comes. The course is available worldwide and targets both bartenders and bar owners to educate them on sustainable and responsible practices for the greener, more responsible and more inclusive bar world of tomorrow.

The training modules were developed with Pernod Ricard in partnership with our global sustainability ambassadors Trash Tiki and the Sustainable Restaurant Association. The course covers all aspects of sustainability and responsibility – from fresh ingredient use to responsible serving of alcoholic beverages to waste management – directly aligned with the Sustainable Development Goals (SDGs).

It is based on four pillars (ingredients, service, bar and staff) and assesses each through the 5Rs model: Rethink, Reduce, Reuse, Recycle and Respect.

Mihoko Kumamoto, Director for Division for Prosperity, UNITAR, comments, “The pandemic has affected everyone around the world physically, emotionally and psychologically. The only way to overcome this challenge and build back stronger is for all of us to work together in solidarity. We are excited to collaborate with EdApp and Pernod Ricard to promote sustainable and responsible practices in the hospitality industry, accelerating the achievement of the Sustainable Development Goals, which aims to create an inclusive and sustainable world.”

“The pandemic has affected everyone around the world physically, emotionally and psychologically. The only way to overcome this challenge and build back stronger is for all of us to work in solidarity.”

Mihoko Kumamoto
Director for Division for Prosperity, UNITAR



TAC VOICES

THE EVOLUTION OF THE GREEN HUSTLE

INTERVIEW WITH RICARDO DYNAN, GLOBAL BRAND AMBASSADOR AT TAC

Being sustainable doesn't only apply to production factors, for us, it's very much embedded in everything we do. “The Green Hustle” was launched as an Absolut Vodka bartender initiative, with the ambition to change the way the industry operates for the better through sustainable practices. For a brand like Absolut Vodka, nothing could be more hands-on than making cocktails. Ricardo Dynan, Global Brand Ambassador, gives his view on sustainable cocktail making and the evolution of The Green Hustle.

YOU USED TO RUN AN INITIATIVE CALLED THE GREEN HUSTLE. IS IT STILL RUNNING?

Our commitment to sustainability is integrated into everything we do. It's in our spirit. The Green Hustle programme was launched to put extra focus on a more sustainable way of making cocktails. There was a huge movement going on in the bartending industry, with drinks being made from “trash” and so on and we wanted to support that movement. Given that we have the proper authority to speak about sustainability we wanted to tap into the movement but also ensure we put a green lens on everything we do. Since then, we've broadened our focus even more and instituted an eco-lens that takes into consideration how everything we do is done in a sustainable way. This is something we have fully integrated into our training programme, ‘Absolut Akademi’, going forward.

TALENT AND DEVELOPMENT STRATEGY

At Pernod Ricard HQ level, we have developed a refreshed talent and development strategy with the purpose of building a common language of ‘Talent Management’ across the Group to identify leadership and build the right capabilities to achieve our business objectives. The three-year Strategic Plan puts Pernod Ricard on track to become the ‘unassailable’ leader of the industry and will be rolled out across TAC. By putting the employee experience at the centre, we aim to boost individual and collective performance through balanced teams and ensure we create and maintain a culture of empowerment and accountability. We've produced a ‘Let's Talk Talent’ Toolkit for our managers and a leadership model handbook, coupled with a Talent & Development Framework which helps all our employees build a robust and differentiated development plan.



TAC VOICES

GREEN OFFICE

GREEN OFFICE, INTERVIEW WITH CONNY JOHANSSON, HEAD CHEF AT THE ABSOLUT COMPANY AND BJÖRN LORENZ, TEAM LEADER OFFICE SERVICES AT TAC

At TAC, sustainability is ingrained in everything we do including our offices. That was the idea behind the Green Office project – an initiative set up three years ago to improve the sustainability performance of our head offices in Sweden.

“Many of our employees are already very committed to sustainability, asking questions and suggesting environmental measures for us to improve as a company,” says Björn Lorenz.

A group that included Conny and Björn, and a few other employees, began to come up with ideas for how to improve

the sustainability performance of our head office in Stockholm. They calculated the carbon impact of internal operations and mapped out the routines and systems in the office. This resulted in recommendations for measures that we could implement to reduce our environmental impact and motivate our employees to make sustainable choices.

“We have improved waste management in the office and have food waste collection on all floors,” says Björn. The number of charging stations for electric cars has been increased and there is room for more when needed.

In the restaurant we’ve introduced “Veggie Wednesday” when we only serv vegetarian food. The other days we always have plant-based options. We’ve also reduced the portions of meat and fish and instead increased the amount of greens and cereals on the plates. *“It is a fairly simple way to reduce the environmental impact of food. In addition, it is healthier,” says Conny.*

We’ve also removed all plastic and replaced it with either disposable or more durable materials, such as compostable mugs and napkins and wooden cutlery. The raw materials are mainly purchased from local producers, to reduce transport routes, build a closer relationship with the producers and to support them. During the spring, we also expanded and renewed the rooftop garden. *“Now we grow herbs and berries that attract pollinators and some plants that we use in the restaurant, such as cabbage, peas and spices. A group of employees planned out, planted and manage the garden,” says Conny.*

SUPPLY CHAIN MANAGEMENT



We work in line with the Pernod Ricard Blue Source, a seven-step process that offers solutions to include CSR in our activities, especially in the procurement processes and to help us work with the best suppliers. The main objective of Blue Source is to reduce our CSR risks. This objective will be reached by:

- Identifying the potential CSR risks that our suppliers could represent.
- Reducing our CSR risks by and/or implementing solutions to help suppliers reducing their own risks and/or selecting our suppliers.

We work together with CSR experts EcoVadis to support us in this process.

All suppliers working with TAC comply with our Supplier CSR commitment. It is based on Amfori BSCI’s code of conduct, an initiative of the Foreign Trade Association that supports companies to trade with purpose by improving social performance in their supply chain. The code of conduct contains requirements that are in line with the ILO Conventions, the UN Universal Declaration of Human Rights, the UN Conventions on the Rights of the Child and on the Elimination of All Forms of Discrimination Against Women, the UN Global Compact and the OECD Guidelines for Multinational Enterprises. We continue to have some smaller suppliers that have not yet signed the code, but the larger suppliers, which have a significant impact on our business, have accepted and signed the code.

We know that a large proportion of our impact on the environment and society derives from our supply chain, from the farmers who supply us with our raw materials through to our products’ end of life. Our S&R strategy focuses on minimising any negative impacts throughout every stage of the sourcing, production, transportation and consumption of our products. The primary responsibility for this work lies with TAC HQ, but the operational work is carried out at the brand level. Where possible, we work with locally based suppliers for our packaging and raw materials. We have a very close collaboration with all our suppliers and sustainability is always part of our business reviews with them. We have for many years encouraged them to improve their performance within sustainability.

CIRCULAR MAKING

We share a world of finite resources that are under increasingly intense pressure. The Pernod Ricard S&R strategy sets out ambitious commitments for our Circular Making pillar. We understand the huge pressure our world of finite resources is under and intend to do our part in decreasing this pressure through a circular mindset. Minimising waste at every step while imagining new production ways that optimise and help preserve natural resources. Traditionally, society has been based on a linear model of consumption – we buy, use and then dispose – this single-use consumption has had a devastating impact on our planet; the plastics problem alone has wreaked havoc on our oceans. Circular models focus on reusing, reducing and recycling to minimise the waste and ultimately the impact on the environment.

At TAC we are focusing on driving progress to achieve our vision of a fully circular system by taking action and reducing our carbon emissions through energy use, transportation, packaging and we continue to improve our water resource efficiency. Through all our actions and operations, we are working to constantly improve and innovate towards designing out waste in our products, keeping materials in use and re-use wherever possible and regenerating the natural systems we draw from, to achieve this vision.

This pillar is linked with SDG 12: Responsible Consumption and Production and SDG 14: Life Below Water; our goal is to move towards more circular models throughout our business, from the packaging we use, to the promotional items we produce and the way we distribute our products so that we minimise our carbon footprint and preserve water.

We will minimise waste at every step by imagining, producing and distributing our products in ways that optimise and help preserve natural resources.



LOCAL ENVIRONMENTAL IMPACT

We have full control over the production of Absolut Vodka and Absolut Elyx which gives us the opportunity to drive improvements across the value chain for these brands. As Malibu and Kahlúa are produced in plants that we do not own or

control, we work closely with our suppliers to make improvements where possible. Our overall ambition is to make all our brands as circular as possible.

LOCAL ENVIRONMENTAL PERFORMANCE

	FY 18/19	FY 19/20
ABSOLUT VODKA, ABSOLUT ELYX		
Energy efficiency kWh/litre of vodka	0.67	0.66*
Water l/litre of vodka	5.9	5.6*
Climate impact g CO ₂ e/litre of vodka	6.00	8.00

	FY 18/19	FY 19/20
WASTE, ABSOLUT VODKA (TONNES)		
Recycled waste	2,537	985
Waste for incineration	190	271

	FY 18/19	FY 19/20
CLIMATE IMPACT AND WATER USE IN PRODUCTION: MALIBU AND KAHLÚA		
Climate impact Scope 1 & 2, tonnes of CO ₂ e	34,886	31,597
Climate impact, g CO ₂ e/litre	742	672
Water consumption, m ³	501,197	492,893
Water efficiency, l/litre	11	10

	FY 18/19	FY 19/20
WASTE FROM PRODUCTION, TONNES: MALIBU AND KAHLÚA		
Recycled waste	1,210	1,134
Waste for incineration	38	95**
Waste to landfill	16	7

* Energy and water efficiency were not as good this year as we include the energy and water used in producing ethanol for hand sanitiser, which was not bottled. Otherwise, our energy efficiency for FY 19/20 would have been 0.62 kWh/litre of vodka and the water efficiency would have been 5.3 l/litre of vodka.

** Our volume of waste for incineration was higher this year. This is partly due to some of our packaging which we are incinerating as an interim measure, until we identify a permanent recycling solution.

CLIMATE



We have always had ambitious targets and strong ambitions around our climate impact and this continues to be an area of focus for us. Energy-efficiency has always been one of our top priorities due to the nature of distillation as an energy-intensive activity. We are proud to say that our distillery in Åhus is one of the world's most climate and energy-efficient distilleries. As we reported last year, the energy consumption per litre of alcohol distilled at our distillery is 60% less than the average amongst distilleries worldwide, according to a benchmarking study by BIER (Beverage Industries Environmental Roundtable) based on data from 2017. One of the main reasons for this is that we installed energy-efficient equipment in 2004 that radically reduced our energy consumption. The energy consumption per litre of vodka produced has dropped by 45% since then.

Our Scope 1 & 2 CO₂ emissions per litre of alcohol distilled at our distillery are 98% less than the average distillery, based on

the BIER benchmarking study mentioned above. We have achieved this through our energy-efficiency of the distillery and through sourcing more than 85% of our energy from renewable sources and 100% of our electricity is generated by hydropower – a renewable source.

We have not yet eliminated all use of fossil fuels in the distillation process and our total Scope 1 & 2 carbon emissions generated in FY 19/20 were 847 tonnes of CO₂e. Scope 1 refers to the direct emissions generated from our production activities and Scope 2 are the indirect emissions generated, for example, from electricity purchased externally. Since 2013, we offset the very limited remaining Scope 1 & 2 emissions by investing in the climate project Scolelte, a reforestation and forest management project in Mexico, certified by Plan Vivo¹. Our emission figures are part of the annual reporting to Pernod Ricard, and audited by a third party.

¹ <http://www.planvivo.org/project-network/scolelte-mexico/>

Our ambition for 2030 is to create a carbon neutral product, which includes achieving carbon neutrality for our Scope 3 emissions – all the indirect emissions (not included in Scope 2) that occur along our value chain. We have identified our main Scope 3 categories as occurring in our packaging production, wheat cultivation and distribution to markets around the world. This is one of the reasons that our owner Pernod Ricard in 2019 dared to set a Science-based target to reduce the Scope 3 CO₂ emissions by 50% to 2030, which of course applies to The Absolut Company as well. We have already made progress on our 2030 ambition and by our internal calculations, have reduced our carbon impact per bottle to 1kg CO₂.

We are seeking third party verification of this and hope to report this formally during FY 21.

Our efforts to reduce the CO₂ emissions both from our own facilities and throughout our value chain continue. In 2018 we started using waste spirits as a fuel at the distillery as part of our plan to eliminate the fossil fuel LPG. This is a small proportion of the total energy used but it is significant when compared to the overall amounts of fossil fuel we use. It also meant reducing our overall waste, a double benefit, and we now use all our waste spirits this way. Our target is to replace all fossil fuels at our facilities to 2025. We also work tirelessly to improve the energy efficiency, for example, switching to LED lighting, optimising pumps and phasing out fossil fuel reliant cars from our car pool. These are just a few of the actions we have taken so far.

By 2025 we are aiming to reduce our energy use in the production of vodka by 15%, compared to 2018 levels. We want to completely phase out the use of fossil fuels in our production and also reduce our burden on the public electricity grid, since the transformation to using renewable energy in society means an increased need for electricity. Possible measures may include generation of electricity and also storage of energy so that we can use it at times when the pressure on the public grid is high and generation is low (as renewable energy generation fluctuates). By 2025 we are also aiming to reduce the climate impact from wheat production by 10%.



TRANSPORTATION

As a global brand, we export 99% of our products to 140 markets around the world. We generate significant carbon emissions from transporting both our products and from business related travel. 70% of our products are shipped from Swedish ports with our annual shipment totalling half a container ship. Decarbonising our transport is challenging as it involves multiple steps and a variety of stakeholders: local transportation, shipping and transportation from the port on the other side. We are a small player in a big system but we are determined to play our part. So far we have focused on reducing our carbon footprint on the parts of the transport chain that we have more control over. We have worked hard since 2010 to reduce the CO₂-emissions from the inbound and inter-site logistics, including the delivery of our by-product wet stillage which is used to feed cows and pigs. Like everything we do at TAC, we work closely with our partners to co-create sustainable solutions. Today at least 70% of our transport of wheat, glass, spirits, stillage, cardboard and caps run on renewable fuels. Our target for 2025 is to increase this to 90%. We have had an HVO filling station for stillage trucks at the distillery since 2014. HVO fuel (Hydrotreated Vegetable Oil) is a form of renewable diesel that has been produced from renewable and sustainably sourced vegetable fats and oils. HVO fuel is a relatively clean-burning, renewable diesel alternative. The transportation from Åhus to customers in Sweden also runs on biodiesel.

We are constantly working to optimise the fill rates in containers transporting our products to the markets. Since 2008 we have reduced the number of

containers per year by 1,000 for approximately the same volume – we went from 22 pallets per container to 28. In 2019 we had a test hybrid truck (electricity and biodiesel) from Scania on site running as a shuttle transporting finished goods to the harbour. We are now evaluating the results to decide whether or not to make this a permanent solution.

Our carbon emissions generated from transportation of Absolut Vodka in FY 19/20 are significantly less than FY 18/19. This is largely due to reduced exports during the COVID-19 pandemic.

We capture climate impact data for the part of freight transportation that we own. Thus, in the table below, the data presents the carbon emissions of the total transportation of our final product via road, sea and air from our Absolut Vodka facilities. Please note that the transportation via truck only captures the transport from the warehouse in Åhus to the destination warehouse; transportation by sea only captures the transport from the warehouse to the destination country port; and air freight only captures the transport from the warehouse to the destination country airport.

Another carbon emissions generator is business travel and as a global brand, some of our employees travel extensively. We began offsetting our business travel in 19/20. However, the COVID-19 pandemic has shifted our ways of working and we've had a complete travel ban since March 2020. We will endeavour to continue to use technology to reduce our business travel in the future.

CLIMATE IMPACT (TONNES OF CO₂e)

	FY 18/19	FY 19/20
Transportation from Absolut Vodka facilities	12,025	7,751
Business travel (TAC)	2,002	844



TAC VOICES SUSTAINABILITY THROUGH PARTNERSHIP

Åhus Åkeri is a Swedish transport company that has been providing Absolut Vodka with logistics services since 1974. Andreas Jönsson, owner of Åhus Åkeri, talks about the company's close partnership with TAC, and how the relationship has helped to drive a sustainable approach to logistics for both companies.

HOW WOULD YOU DESCRIBE THE WORKING RELATIONSHIP BETWEEN ÅHUS ÅKERI AND TAC?

We see it as more than a partnership – we're very much a part of TAC. To be a supplier to TAC is like being at university – we learn from them every day. And hopefully they learn from us too.

HOW HAS WORKING WITH TAC HELPED YOU IMPROVE SUSTAINABILITY?

Based on TAC's standards, we've made a number of investments in sustainability. These include everything from solar panels to increasing our use of renewable energy to lighter trailers that use less steel and help us cut down on fuel consumption. One of the biggest steps we've taken is to switch to biofuels. When combined with Euro 6 engines, they can reduce carbon emissions by up to 90%.

HOW DO YOU VIEW TAC'S APPROACH TO SUSTAINABILITY?

For TAC, sustainability isn't a nice-to-have – it's a core value. It's clear that it's ingrained into their way of thinking and how they do business, and that includes their relationships with suppliers. Working with TAC has pushed us to take our approach to sustainability to a new level, and to think about where we can take our business in future.

WATER



We are lucky that one of the largest aquifers in Northern Europe is present in Åhus and we are committed to managing it responsibly. Since 2004 we have reduced our water consumption by approximately 25%. We spoke to Fredrik Åfeldt, Manager Strategic Development at Absolut Vodka to find out more about how water is managed at Absolut Vodka.

"Our goals to 2020 as part of our 'Water hunting' project, were to increase our re-use and recycling of water in production and to be able to produce 1 litre of vodka using only 5.4 litres of water. Through hard work and by implementing a series of innovative measures, we would have achieved this if it were not for the production of spirits for hand

sanitiser.² We have also managed to reduce the quantity of waste water produced," says Fredrik.

"Our new ambition is to achieve water-neutral production by 2030. We have set an interim 2025 target to achieving this ambition. We are working hard to reduce our water consumption by a further 20% to 4.95 l/l vodka by 2025, compared with our usage of 6.2 l/l vodka in 2018. We also want to reduce the volume of water per litre of vodka that is sent to waste water treatment. This is dependent on finding efficient ways of re-using water whilst maintaining quality. Nearly half of the water we use is returned to our farms through stillage, the animal feed we create as a by-product of the distillation process," says Fredrik.

WATER CONSUMPTION ABSOLUT VODKA AND ABSOLUT ELYX

	2018/2019	2019/2020
Total m ³	597,540	546,460
Efficiency, l/litre vodka	5.9	5.6

² Water efficiency figure includes the water used in producing ethanol for hand sanitiser, which was not bottled. Otherwise, our water efficiency for FY 19/20 would have been 5.3 l/litre of vodka.

CIRCULAR SYSTEM

Our approach to circularity is evidenced through our production – we send almost zero waste to landfill and recycle or re-use everything we can. Nothing demonstrates our circular approach better than, for example, the fact that our main by-product of the distillation process is stillage, a protein-rich feed that is an excellent fodder for animals. We sell this as wet stillage to 250 Swedish farmers and transport it in a sustainable way. In many distilleries, the stillage is dried instead, using fossil fuels and loss of water. By leaving it wet, our stillage is a climate-smart nutritious feed for pigs all year round and for cows during the majority of the year, apart from when they are grazing outside during the Summer. The stillage left over from the fermentation of wheat is used to feed a quarter of a million pigs and cows, on the days that the distillery is operational. These pigs and cows are reared on farms that are around the same farms where the wheat for Absolut Vodka is originally grown. An important benefit of stillage is that it is a sustainable, local alternative to importing soy fodder which has a large environmental impact.

PACKAGING

Packaging is another key focus for us as we work towards achieving our ambition of producing a carbon neutral product by 2030. We have a number of actions that are underway to work towards reducing the environmental impact of packaging by 2025 and meet the Ellen MacArthur Foundation target of ensuring that all primary packaging is 100% recyclable, compostable, reusable and/or bio-sourced.

Project Swan started in 2016 with the aim of increasing the amount of recycled glass even more in our Absolut Vodka bottles and reduce its environmental impact further. Recycling and using recycled materials is part of our philosophy of being circular, whilst

at the same time reducing the use of finite raw materials. The challenge we found was maintaining sufficient clarity in the bottle. We work together with our glass supplier, Ardagh Glass, to reduce the CO₂ emissions from the glass production, which is one of the largest parts of our carbon footprint. By weight reductions, increased use of recycled glass and other measures, we have reduced the total emissions by 10% since 2015. We now use 47% recycled glass in our bottle, which is almost one third of all clear glass recycled in Sweden and world class when it comes to clear glass. Our target for 2025 is to produce a bottle using 50% recycled glass.

ABSOLUT COMEBACK

With Absolut Comeback, our 2019 limited edition bottle, we wanted to shine a spotlight on the importance of circularity and recycling. Designed to look like pieces of broken glass, Absolut Comeback is our tribute to those who recycle glass and helped to create the bottle, and a global call to arms to join our #RecyclingHero movement. The idea of the bottle was to create a vehicle to talk about recycling and we did that in a very literal way, by crushing Absolut Vodka bottles and putting them back together. Glass is a sustainable material because it can be recycled and reused, again and again. A vodka bottle can become a jar, and a jar can become a vodka bottle and so on. Absolut Comeback was launched in October 2019 and about two million bottles were available to be sold across 80 countries worldwide. We spoke to Magnus Hammar skjöld, Global Marketing Manager at Absolut Vodka, to find out more about the inspiring campaign:



“Ardagh Glass are our long-standing partners and part of the Absolut Vodka family – this Absolut Comeback project would not have been possible without our collaboration with them, working together to push the boundaries on what is achievable.”

Magnus Hammar skjöld
Global Marketing Manager at Absolut Vodka

WHAT INSPIRED THE ABSOLUT COMEBACK CAMPAIGN?

To creatively communicate around the topic of sustainability, we used the idea of making a 'Comeback' from the world of music as our metaphor to convey the idea of recycling. The creative parallel highlights how something can come back in a new and refreshed form.

Every bottle of Absolut Vodka around the world now contains more than 47% of recycled clear glass and we are continuously striving to increase this percentage – 1% at a time. These limited edition bottles are no exception – they were made with a minimum of 41% recycled glass – at the time, the maximum we could achieve. Over the past year, we have now increased the percentage in our standard Absolut Vodka bottles through working closely with our supplier, Ardagh Glass, to tackle the challenge of impurities in recycled glass. These impurities can cause the glass to have a greenish tint so this was a challenge we had to overcome together.

WHO DID YOU COLLABORATE WITH TO CREATE THIS STRIKING BOTTLE?

Ardagh Glass are our long-standing partners and part of the Absolut family – this Absolut Comeback project would not have been possible without our collaboration with them, working together to push the boundaries on what is achievable; for example, the Absolut Comeback glass was produced with biogas, and, as far as we are aware, this is unique within the glass industry. By using biogas rather than fossil fuel energy sources, we reduced the carbon dioxide emissions by approximately

300 tonnes. The bottle itself, but also the design and the development of it, celebrates collaboration, partnership, innovation, recycling as well as our vision to become 100% circular.

Finally, to support the launch of Absolut Comeback and to inspire recycling around the world, we released an inspirational guide to circular living, a collection of small steps everyone can take to lead a more circular lifestyle.

NEW SUSTAINABLE PACKAGING GUIDELINES RELEASED

In November 2019, Pernod Ricard launched our new Sustainable Packaging Guidelines, as part of the Circular Making pillar of our S&R strategy Good Times from a Good Place. These new guidelines lay the groundwork for what we need to do as a business to reach our target for all our packaging to be 100% recyclable, compostable, reusable or bio-based packaging and no single-use plastics at Point of Sale by 2025. It contains detailed and exact information on what materials we can use, which ones to replace and what we can replace them with and applies to all our brands.



MALIBU PET-BOTTLE, 30% RECYCLED MATERIAL

Circularity is particularly important when it comes to plastics. To avert the plastic pollution crisis, it's vital to reduce our use of plastic – and where we have to use plastic, to increase our use of recycled content as much as we can. The use of plastic has increased at a much higher rate than the systems for recycling and circular business models. Circular Making is one of the four pillars in our sustainability strategy and we are putting a lot of emphasis on creating circular packaging.

Malibu usually comes in glass bottles. In the US market, there are also large volumes of PET bottles, as plastic bottles are seen as convenient and safe. We spoke to Lynne Millar, Director of Purchasing, Malibu and Kahlúa Operations to find out a bit more about how Malibu is working hard to increase the recycled plastic content in the bottles:

"It's hard to change consumers' choices; it will take time. In order to demonstrate our commitment to reducing our use of virgin plastics, in 2018 Pernod Ricard became signatories of the New Plastics Economy

Global Commitment, led by the Ellen MacArthur Foundation (EMF). The commitment is to increase the recycled content in our packaging to an average of 25% recycled plastic by 2025," says Lynne.

At Malibu our long-term goal is to reach 50 to 60% recycled plastic content in our bottles, currently the upper limit for our particular bottle, according to plastic bottle producers. Incorporating a higher content of recycled material could potentially make the bottle unstable, and not meet the required quality standards for beverage bottles as a result. *"Due to COVID-19 we were a bit delayed in this project versus our ambitious plan – we reached 30% recycled content in July instead of April of this year. But we are very proud to be one of the first brand companies in the Group to achieve the EMF goals, five years ahead of the EMF target," says Lynne.*

It's a challenge to find enough recycled plastic. For our US bottles, we have to source the recycled material from Asia, since there is not enough domestic supply in the USA due to poor recycling habits and limited recycling infrastructure. *"We are working hard to try to find solutions, to set up infrastructure and systems to secure a more local supply for our bottler. We need to work in parallel – to find sources and develop infrastructure at the same time," says Lynne.*

Our other related goal is to make the white, outer plastic sleeve on our Malibu glass bottles 10% thinner. *"We've trialed this in Europe. We need to make sure that a thinner sleeve is not damaged more easily or changes the aesthetic of the bottle. We will have a clear view on that at the end of this year," says Lynne.*

**FUTURE OF PACKAGING:
PABOCO PAPER BOTTLE**

The Future of Packaging programme aims to minimise waste at every step by re-imagining, producing and distributing our products in ways that optimise and help preserve natural resources. A key stream of the Future of Packaging programme focuses on finding new and sustainable packaging solutions which have the potential to reduce our carbon impact and, ultimately, become more circular.

The Paper Bottle project is doing just that, aiming to produce bottles with lower impact on the planet by using paper as the key material. In October 2019, TAC joined a progressive group of leaders, brought together by Paboco® (The Paper Bottle Company) to pioneer the next phase of packaging liquids across multiple industries.

Alongside the Coca-Cola Company, Carlsberg and L'Oréal Europe, TAC has worked as part of a 'Pioneer Community', together sharing challenges faced in developing bio-based paper packaging, an unlikely material for containing liquid goods and beauty products. The community,

brought together by the mutual belief in the power of collaboration and knowledge sharing, aims to advance long-term progress, and drive sustainable change.

In the initial stages of the project, TAC developed a first-generation prototype of the paper bottle. The bottle consists of biodegradable FSC-certified paper with a barrier of recycled plastic, which can easily be separated from the outer casing and recycled separately, where facilities are available. The first



“100% of our packaging will be recyclable, compostable, reusable or bio-based by 2025. In addition to which, by 2030 we aim to pilot five new circular ways of distributing spirits and help increase recycling rates in our top ten largest markets with low recycling rates.”

Niclas Appelquist
Director Future of Packaging, The Absolut Company

production run of 2,000 bottles is scheduled for August 2020 and testing will follow that.

“This is such an exciting innovation, we will minimise waste at every step by imagining, producing and distributing our products in ways that optimise and help preserve natural resources,” says Niclas Appelquist, Director Future of Packaging at TAC. “Improving the sustainability of our packaging is very important to us as a consumer-centric business that embraces the call for increased transparency and provenance. We’re allowing ourselves to truly think outside the box, not only when it comes to design but also on what using 100% bio-based packaging could mean for our industry as a whole.”

POINT OF SALE

A big event over the last year was the launch of the new Pernod Ricard Point of Sale (POS) Sustainable Guidelines. POS guidelines are used to market products. The POS Guidelines, implementable at the brand level, are integral to achieving our Circular Making ambitions around minimising waste

and preserving our natural resources by reusing, recycling and reducing wherever possible. The new guidelines begin with a stated objective to ‘adopt a circular mindset’ by 2020, eliminate all single-use plastic POS by 2021 and ensure that all our remaining POS is reusable, recyclable or compostable by 2030.

In line with last year, three of our suppliers have reached Gold-level in EcoVadis evaluation. All of our POS suppliers have signed the PR Supplier Standard and all new developments include a food test certificate, checks that our products are not harmful and can contain alcohol.

“The TAC POS team had already been working hard on incorporating sustainability, but the guidelines will help us push for more sustainable materials and how to work for more sustainable POS towards our stakeholders and markets.”

Martin Castenfors
Senior manager/Head of pos procurement & logistics

PURCHASED PACKAGING MATERIAL

	FY 18/19	FY 19/20
ABSOLUT VODKA (TONNES)		
Glass	68,727	65,536
Cardboard	4,565	4,447
<hr/>		
	FY 18/19	FY 19/20
MALIBU/KAHLUA (TONNES)		
Glass	24,743	27,140
Cardboard	3,285	3,392



RESPONSIBLE HOSTING

Our products bring people together and serve a valuable role in society. We share the vision of Pernod Ricard – to be creators of conviviality, or *Créateurs de Convivialité*. This vision includes shared moments of happiness and joy together with friends, family and relatives. However, we acknowledge that alcohol can be misused, and that inappropriate consumption of alcohol can cause serious problems to individuals and communities. We fight alcohol misuse in society by taking action on harmful drinking – engaging with our stakeholders for real change and by continuously strengthening and expanding our responsible marketing practices. We believe that we have a role to play to support SDG 3 Health and Wellbeing and to prevent and reduce harmful use of alcohol.

We know that addressing alcohol misuse cannot be done alone, and partnerships with other industry members, governments and local communities are necessary for success. This is why we have linked this pillar with SDG 17 Partnerships for the Goals. We also view all our employees as ambassadors and role models for responsible and moderate drinking and we put a lot of effort into educating all employees on how to behave with and around alcohol. Our central message is to always act responsibly around alcohol – promoting responsible drinking is our number one priority.

We promote responsible drinking in society by evolving our business and our marketing, taking action on harmful drinking and engaging with our stakeholders for real change.





**#SEXRESPONSIBLY:
TAKING A STAND**

Last year, Absolut Vodka decided to tackle the taboo issue of sexual consent and alcohol with the bold #SexResponsibly campaign. We spoke with Tad Greenough, Global Marketing Director at TAC about the campaign:

**HOW DID THE #SEXRESPONSIBLY
CAMPAIGN COME ABOUT?**

Responsibility, alcohol use and abuse unfortunately continues to be an inflammatory topic in the US, but it is usually confined to drinking. As a brand that has always championed important topics, we wanted to take things a step further and include consent in the responsibility debate – even if it meant we’d have to take a business hit. It’s one thing to stand for something, another

to take action, and take a risk because you’re doing the right thing for the consumer. That’s why we chose to partner with RAINN (Rape, Abuse & Incest National Network) – to show that this isn’t just a campaign or purpose washing – it’s an authentic engagement, with action at its core. Ann Mukherjee, CEO of Pernod Ricard North America, has had some personal experience of the negative impact misuse of alcohol might have domestically, so she really took ownership of the campaign.

**WHY IS THIS SUBJECT SO
IMPORTANT AND RELEVANT
FOR A BRAND LIKE ABSOLUT
VODKA?**

Not shying away from controversial issues is one of the great things that Absolut Vodka has always stood for. It’s embedded in the DNA of the company. In this instance, yes, we know that people drink. Yes, we know that people have sex. Yes, we know that consent isn’t always the case. And yes, unfortunately, we know that we’re sometimes a part of this. So, #SexResponsibly is one way for us to show that responsible drinking – and responsible behaviour – is what we stand for. And the two should always go hand in hand.

**HOW WELL DID THE
CAMPAIGN PERFORM?**

Even better than we had ever imagined. The media results, influencer engagement and consumer response were tremendous. But what was most important was the new partnership we created with RAINN, the brand and consumer donations that signalled we were moving beyond a campaign alone. Additionally, it stoked brand love and pride within our organisation.



“Not shying away from controversial issues is one of the great things that Absolut Vodka has always stood for. It’s embedded in the DNA of the company.”

Tad Greenough
Global Marketing Director at TAC

**IN WHICH WAYS DOES THIS
CAMPAIGN CONNECT TO THE
PERNOD RICARD SUSTAINABILITY
STRATEGY?**

The thread throughout this campaign and our sustainability strategy is around responsibility – it ties into our other values as a brand; how we make the product, how it’s consumed. One of our commitments under the Responsible Hosting pillar is to fight alcohol misuse and promote responsible drinking and this campaign reflects this ambition.

**WHY DID YOU CHOOSE TO
PARTNER WITH RAINN?**

To make sure we were doing something for real. RAINN has such high credibility, so partnering with them was the best way to make a real change, as we are a brand that stands for meaningful action and change.



FRYSHUSET/FRYSBOX, INTERVIEW WITH PERNILLA JOHANSSON, OPERATIONS MANAGER, FRYSHUSET

TAC has been supporting Fryshuset for many years, a Swedish non-profit organisation that promotes the empowerment and social inclusion of youth through their schools and after school activities. The support from TAC goes into prevention programmes aimed at delaying young people’s introduction to alcohol.

For the past two years, TAC has focused its support on the Fryshuset project, run by Pernilla Johansson – a former police officer and world champion in martial arts. Fryshuset is a project for young people between the ages of 13 and 19 and is run by Fryshuset in collaboration with local boxing or martial arts clubs. The groups are held in Stockholm, as well as three other cities in Sweden. Each session consists of two hours; first they practise martial arts and then they engage in dialogue. We spoke to Pernilla to find out more about Fryshuset.

WHO IS FRYSHUSET AIMED AT?

We are open to everyone, but in particular we want to reach those who have not found their path in life yet. We would also like to engage girls who are otherwise not engaged in sports.

WHAT INSPIRED YOU TO START FRYSHUSET?

I started the group while working as a victim support officer. Through my work, I met young boys and girls who had been negatively affected by various forms of crime. At the same time, I was competing in martial arts and saw that it could play an important role for young adults, building their health and self-esteem.

WHAT HAVE BEEN THE RESULTS SO FAR?

We’ve seen good results from the programme. It helps young people to find healthier habits, since it is difficult to combine intensive exercise with smoking and drinking alcohol. Above all, we’ve noticed that many of the young people who participate in the project have improved their self-esteem. At first we only talked about law and the justice system, but now we address everything to do with young people’s lives from diet, health, self-esteem, values, social media, alcohol and drugs, peer pressure and how to find the courage to say no.

We make a difference and Fryshuset means a lot to those who attend our sessions. We’ve seen several examples of people going from being insecure and on a tricky path to confident, strong individuals determined to stay healthy and safe.

PRATA OM ALKOHOL (TALK ABOUT ALCOHOL), FREDRIK BORELIUS, DIRECTOR OF PUBLIC AFFAIRS & GOVERNMENT RELATIONS AT TAC SPOKE TO US ABOUT THE PROGRAMME:

The Prata Om Alkohol (POA) programme (Talk about alcohol) is a programme that was initiated and funded by the Swedish Spirit & Wine Suppliers Association (SVL) and the Brewers of Sweden. It provides schools with educational material around responsible alcohol consumption. The intent is to create a healthy attitude towards alcohol amongst students, to delay the onset of alcohol consumption and to provide tools for teachers to teach, discuss and create a deeper debate and understanding of alcohol amongst 13-17 year-olds.

Since 2006, 75% of Sweden’s schools have ordered teaching materials from POA and approximately 450,000 students have participated in the programme. A three-year study evaluating the effectiveness of the programme commenced in 2017. The results of the study, conducted in collaboration with researchers at Karolinska Institutet (KI), are positive, revealing that the programme reduces the tendency for risky behaviour amongst students in connection with alcohol. Compared to 2006, Swedish young people’s alcohol consumption is at historically low levels. Alcohol consumption among students in grade nine has dropped from 69% in 2006 to 39% in 2018. The results also indicate that the programme is influencing students to delay the introduction to alcohol consumption. Today, only 13% of Sweden’s ninth graders have tried alcohol before the age of 14, compared with 32% when Prata Om Alkohol was started in 2006.



“Compared to 2006, Swedish young people’s alcohol consumption is at historically low levels. The results also indicate that the programme is influencing students to delay the introduction to alcohol consumption.”

Fredrik Borelius
Director of Public Affairs & Government Relations at TAC



**“TOMORROW’S TRÄDGÅRD”
IN ALMEDALEN, JULY 2019**

The Absolut Company (TAC) has been present at Almedalen for the past two years. Almedalen is a major event that takes place on the island of Gotland, the first week of July every year. Swedish politicians, entrepreneurs, NGOs and companies gather to network and exchange ideas.

TAC’s activation was called “Tomorrow’s Trädgård” (Tomorrow’s Garden) and the main theme was ‘Levande Landsbygd’ – which loosely translates to “a living and active countryside”. Our focus was on the values our industry brings to keep the countryside alive. We spoke to Ulrika Lövdahl, Senior Manager Corporate Communications at TAC and responsible for managing TAC’s activation for Almedalen.

“It was exciting to see how we got so many interesting people to contribute to the programme,” she tells us. “We were fortunate to listen to experts in the areas of future of packaging and food, blockchain, regenerative business and much more.”

The programme ran for two full days, kicking off with a breakfast seminar on “Living La Vida Local”, about people who leave the bigger cities to build a life in the countryside.

Since hospitality is very important to us, Svenska Kocklandslaget (The Swedish National Culinary Team) was asked to cook for our guests. *“Our brief to the hospitality team was to only bring their toothbrushes from Stockholm, everything else had to be sourced locally on the island and the majority of what was served should be vegetarian,”* says Ulrika. This is important to us at TAC; we want to walk the talk and explore what our industry friends have to offer. Luckily Fredrik Andersson, team leader of “Svenska Kocklandslaget,” loves that kind of challenge and the team did an amazing job. Amazing enough to be awarded “Almedalen’s most sustainable food activation” (Almedalens klimatsmartaste mat). @ smartklimatmat



**EMPLOYEES AS
AMBASSADORS**

All our employees are our ambassadors and are therefore role models for responsible and moderate drinking. We train all our employees in how to behave when it comes to alcohol in a business context, and we have drawn up guidelines which all our employees familiarise themselves with and are expected to follow. In brief, they involve responsible and moderate consumption, no drinking and driving and to always offer alcohol-free alternatives at events and representations.

RESPONSIBLE MARKETING

We reach people around the world through our marketing. We have developed rules for responsible marketing for all our products, which comply with the international guidelines applied by most companies in the industry. All advertisements and marketing communications are reviewed by senior management to make sure the rules are being followed.

One of the cornerstones of the guidelines is that advertisements can only be placed in media where at least 70% of consumers are over the legal drinking age. Also, all models used in our advertisements must be at least 25 years old to avoid encouraging young people to drink. There are also rules on advertisements not linking alcohol use to risky activities, social or sexual success or performance.



CORPORATE GOVERNANCE AND MANAGEMENT APPROACH

SUSTAINABILITY GOVERNANCE STRUCTURE AT TAC

Sustainability and responsibility (S&R) at TAC is integrated into how we work. This is driven through our commitment to continuous improvement, underpinned by S&R policies, guidelines and management systems. Last year we reported that we had established a steering group for S&R topics that consisted of people from senior management and experts from Operations. Since then S&R topics are now a regular agenda item at the TAC Corporate S&R level, demonstrating our deep commitment to this topic.

SUSTAINABILITY GOVERNANCE AT ABSOLUT VODKA

Sustainability has been part of Absolut Vodka's mission for many years. We are striving for a more circular world in which resources are reused again and again to benefit local economies, communities and ecosystems. To be able to achieve our ambitions for 2030 we saw the need to step up even more regarding governance. The 'Sustainable Performance' department was created in 2019 with the responsibility to oversee all our work on sustainability. Its first task was to formalise new action groups to take responsibility for the development of the various focus areas through the value chain and give us the expertise, structure and engagement to succeed as well as developing goals, targets and action plans to achieve our sustainability ambitions.

These groups were formalised in late summer 2019 and are comprised of representatives drawn from cross-functional teams, on a long-term basis.

The groups bring together expertise and the representatives perform an ambassador role throughout Absolut Vodka, covering areas such as sustainable agriculture, responsible procurement, sustainable packaging and local transportation.

ANTI-CORRUPTION

An important part of our sustainability work is taking action against corruption, bribery and unethical business practices. As our customers are primarily sales companies within the Pernod Ricard group, our biggest risks lie not in sales but rather in procurement and contacts with governments and public authorities. To manage our work here, we follow the Pernod Ricard Code of Business Conduct (the "Code") and related policies such as the Pernod Ricard group Anti-Bribery Policy. The Code proscribes how we as a company and our employees and partners shall act and includes rules and procedures around anti-corruption, competition law and insider trading. All employees are required to be aware of and comply with the Code and related policies to enable them to make informed decisions. To ensure awareness, Pernod Ricard has designed a comprehensive online training on the Code, including sections on anti-corruption, competition law and insider trading. The training includes facts and examples as well as a set of test questions. All employees are required to complete the online training and it is part of the on-boarding programme for new employees.

As per last year, we have no reported incidents of corruption or bribery. This continues to be a key focus for us.

POLICIES

We have a range of policies that govern our work:

- **PR Code of Business Conduct:** Group wide policy covering matters related to anti-corruption, data protection, competition law, insider trade, etc.
- **PR Group Human Rights Policy:** Group wide policy covering rules and expectations regarding human rights aspects, applicable to suppliers and employees.
- **PR Code for Commercial Communications:** Group wide policy to ensure compliance with industry commitments on responsible marketing of alcohol.
- **PR Supplier Standards:** In October 2019 Pernod Ricard launched new Group Supplier Standards, the first point of entry of the Group Responsible Procurement process, 'Blue Source'. It aims to encourage our suppliers to improve their direct impact on people and the environment, driving them to be more sustainable. It includes 28 standards grouped under five themes: Labour & Human Rights, Health & Safety, Environmental Impact, Integrity & Fair business practices, and Responsible Drinking.
- **PR Environmental Policy:** Group wide policy updated this year as part of the S&R 2030 roadmap. The policy outlines the commitments, procedures and actions that apply to all of the brands and is an important part of our commitment to respond to the challenges of climate change and help to preserve natural resources.
- **TAC Policy for Equal Opportunities and Diversity:** Local TAC policy covering matters related to workplace diversity, including action plans in case of harassment or discrimination.

- **TAC Proactive Drug Management – Alcohol and Drug Policy:** Local TAC policy covering internal guidelines on responsible consumption of alcohol.

RESPONSE TO INTERNATIONAL GUIDELINES AND AGREEMENTS

Paris Agreement

The Paris Agreement is the first-ever universal, legally binding global climate change agreement and was adopted at the Paris climate conference (COP21) in 2015. The Paris Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C. It also aims to strengthen countries' ability to deal with the impacts of climate change and support them in their efforts.

To date, 189 parties have ratified this agreement. We work in line with this Agreement and continue to strengthen our current targets, setting new goals that are in line with scientific recommendations, as well as identifying actions to continue to reduce our emissions.

ILO Conventions

The International Labour Organization (ILO) draws up conventions that are ratified by states and often referenced in corporate policies. The ILO identifies eight conventions as being particularly fundamental for ensuring that human rights are not violated in the workplace, and the ILO programme Decent Work for All describes how to implement the core conventions. Some parts of our supply chain are located in countries and industries with a risk of poor working conditions. Our suppliers sign our Supplier

GOVERNANCE

CSR policy and we conduct due diligence along our supply chain to secure that our stringent standards are being met.

Swedish legislation on Sustainability Reporting 'Hållbarhetsredovisning'

All organisations that meet two of three specific criteria are obliged to report under the Swedish Government's legislation on Sustainability Reporting. This is as a result of the EU Directive on Non-Financial Reporting. The purpose is to offer greater insight and transparency of an organisation's impact on the environment and society and how they manage those impacts.

Information on matters related to the environment; social conditions; personnel; respect for human rights; anti-corruption and diversity policy must be disclosed. Additionally, the business model, policies, identified risks, performance indicators and where appropriate, references to and additional explanations of figures reported in the financial statements.

This can bring benefits such as strengthening competitiveness, employer branding, innovation internally and minimising supply chain risks.

United Nations Guiding Principles (UNGP)

In 2011, the UN Guiding Principles on Business and Human Rights were drawn up to clarify the human rights responsibilities of states and businesses. A fundamental element of this framework is that businesses need to produce risk analyses on human rights all along their value chains and to formulate policies and strategies to handle the risks that are identified.

We have analysed parts of our value chain with a focus on social issues and human rights, and we have identified the areas where the risks are highest. Those areas are subject to change and constant monitoring is needed, but there are still risks of violations in parts of the value chain. We deal with this, and reduce the risks, by establishing open and long-term relationships with our producers and suppliers. One of our commitments under the Valuing People pillar focuses on human rights; we aim to shape a more strategic approach to human rights based on relevant risks and opportunities and comply with minimum requirements. We will achieve this through developing and rolling-out a systematic company-wide human rights management system by 2025 and reporting our performance annually by 2022, in line with the UNGP.



The Absolut Company
Pernod Ricard