



The Absolut Company
Pernod Ricard

SUSTAINABILITY REPORT FY20/21

Good Times from a Good Place



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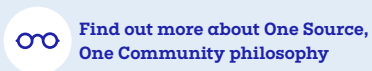
Proactive steps to foster ethical conduct, robust risk management and transparent governance

BUSINESS

WHO WE ARE AND WHAT WE STAND FOR

Rooted in a century of fine spirit-making heritage, today we are part of Pernod Ricard; the second largest wine and spirits group in the world. Our portfolio of brands includes Absolut Vodka, Absolut Elyx, Malibu and Kahlúa. As part of this global family, we are Créateurs de Convivialité with a passion for progression – this openness to change and ideas has defined us since day one.

While we call Sweden our home, our brands span more than 120 markets globally. We employ over 500 people, the majority of whom are based in Sweden between our Stockholm offices and our facilities in Åhus and Nöbbelöv, southern Sweden. Some of our colleagues are located outside of Sweden. Our diverse global teams are united by our three company values: Together, Audacious and Committed.



CONNECT WITH US



This report covers the FY20/21 (1 July 2020 to 30 June 2021) and the brands in The Absolut Company portfolio: Absolut Vodka, Absolut Elyx, Malibu and Kahlúa. Data vary between brands as we own and control the production sites for Absolut Vodka and Absolut Elyx, which are reported under the shared name Absolut Vodka. Data for Åhus Akvavit are also reported under Absolut Vodka. Malibu and Kahlúa are produced in plants that are owned and controlled by other entities within the Pernod Ricard group, as well as third parties. We collect some data from those production units and report high-level information on energy, water and waste. Read detailed data against targets under our transparent disclosures.

ONE SOURCE, ONE COMMUNITY

Absolut Vodka is among the largest international spirits brands in the world. With protected Geographical Indication, every bottle comes from one source in southern Sweden with 500 years of vodka-making tradition. 'One Source, One Community' is our production philosophy, meaning that every aspect of the production journey takes place in and around the small town of Åhus. Here, we play a key role in local economies, generating approximately 1,500 jobs in the region, whilst investing in community development partnerships.

GOOD TIMES FROM A GOOD PLACE

The Pernod Ricard sustainability and responsibility 2030 roadmap, Good Times from a Good Place, is a simple yet powerful promise to do the right thing and take the sustainable path, for our consumers, our business, society and the environment.



A MESSAGE FROM OUR CEO

A very warm welcome to our Sustainability Report.

Over the following pages, we provide a detailed and transparent account of our progress against ambitious commitments.

I am proud of the work that has been achieved in another challenging year for our industry and society at large.



Dear stakeholder,

With the ongoing Covid-19 pandemic bringing continued uncertainty for all of us and the hospitality sector being hit particularly hard, we have continued to deliver strong results – not only financially, but also in terms of wider value created for society. These exceptional months have been an opportunity to double down on our safety and health commitments, whilst driving forward our passion for progression on climate and circular economy action.

For Absolut Vodka, we are still fully committed to our audacious goal to achieve a fully carbon-neutral product by 2030. The last year saw a milestone in establishing a carbon footprint for the entire lifecycle of the product, with granular data from seed to sip. It clearly demonstrates the low contribution the distillery has in the entire lifecycle and that accelerating actions across our supply chains (namely wheat cultivation and glass bottle manufacturing) continues to be a high priority. We have since updated our Sustainable Wheat Programme to further emphasise climate change challenges, which will be launched in the final quarter of 2021. We continue to work closely with Ardagh, our glass manufacturing partner of 40 years, to support pioneering innovations that have enabled us to drive down the carbon footprint of our product while also meeting our recycled glass target four years early. We have also surpassed Good Times from a Good Place targets for plastic (Malibu), water and waste.

At Malibu and Kahlúa, sourcing teams have worked hard to provide extra assistance and assurance to coconut and coffee growers in the Philippines and Mexico where communities have faced particular hardships through Covid-19. We have kept all buying commitments, as well as funding emergency aid via local non-governmental partners. Since 2016, 473 coffee-growing families in Mexico have seen improved livelihood security, while in the Philippines the Coconut Commitment multi-stakeholder partnership pledges to empower 500 small-scale coconut farmers in sustainable cultivation and income diversification by 2025.

None of the achievements made or targets surpassed would have been possible without the unwavering dedication of our people, who have no doubt faced their own challenges during the last year of uncertainty. Whilst our survey showed that the majority (84%) have felt supported by The Absolut Company, we have listened closely

to understand how we can do more, particularly around mental wellbeing and resilience.

Meanwhile, we have continued to uphold our learning and development commitments (delivering 5,295 hours) and to close in on our Better Balance targets for gender (50%) and nationality (30%) diversity, achieving 46% (women) and 28% (non-Swedish) respectively.

As we all look forward to more moments of Convivialité with our loved ones, there is a renewed vigour to enjoy those good times from a good place. Under our final strategic pillar of Responsible Hosting, we delivered some of our boldest responsible marketing campaigns to date, reflecting key cultural moments such as the U.S. election and social distancing. Recognising that this has been a particularly difficult year for young people, we are pleased to say that the school and community organisations and programmes we support have been able to reach young people in Sweden.

The last 12 months have reinforced the fundamental importance of our sustainability and responsibility strategy to business resilience and growth. It only remains for me to thank our people, business partners and, of course, loyal customers, for their support on this important journey. As always, we welcome your thoughts and suggestions on our approach and progress.



Stephanie Durroux / Chief Executive Officer (CEO), The Absolut Company Pernod Ricard

STRATEGY UPDATE

As part of Pernod Ricard, we are committed to bringing Convivialité, or good times. But these good times must come from a good place – good for the people behind our products, good for the environment and good for our business. This is the basis of our sustainability and responsibility strategy.

As we work to be a progressive and responsible leader within the spirits industry, we set ambitious targets across four strategic themes:



A PASSION FOR PROGRESSION

Maintaining momentum across our strategic commitments

Despite a challenging year for our industry, we have maintained momentum across our strategic sustainability commitments, meeting – and even exceeding – many social and environmental targets. Here are a few key facts and figures on our approach and achievements.

Every bottle of Absolut Vodka comes from one source, Åhus in southern Sweden.

Our distillery in Nöbbelöv is one of the most energy efficient in the world.

Production of Absolut Vodka will be fossil free by 2025.

Absolut Vodka will be a carbon neutral product by 2030.

Malibu uses 30% recycled material in PET bottles.

The gender split of the senior management team at The Absolut Company is 50/50.

Through our partnership with a community of global brands we have produced our first paper bottle prototype.

Through our support of Fryshuset we have helped youth unlock self-confidence and make more positive choices.

Kahlua invests in improved livelihood for a number of coffee growing communities in Veracruz, Mexico, with the goal of sourcing sustainable coffee from those villages.

“Whilst sustainability may not yet be the dominating factor in people’s positive purchasing decisions, it is becoming an increasingly cited reason not to buy particular brands. Our research also suggests that the environment is a key concern for many, cited shortly behind money, health and relationships. When we surveyed Malibu consumers for example, there was a clear expectation that brands should be taking a stand on key issues and following up with action. They recognise that many challenges are complex and that change takes time, respecting brands that are transparent about their journey.”



Jason Tagg /
Senior Global Consumer
Insights Manager

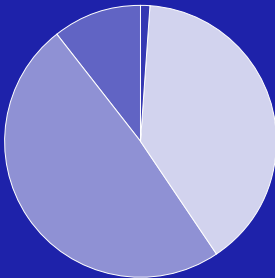


Read our detailed progress against targets

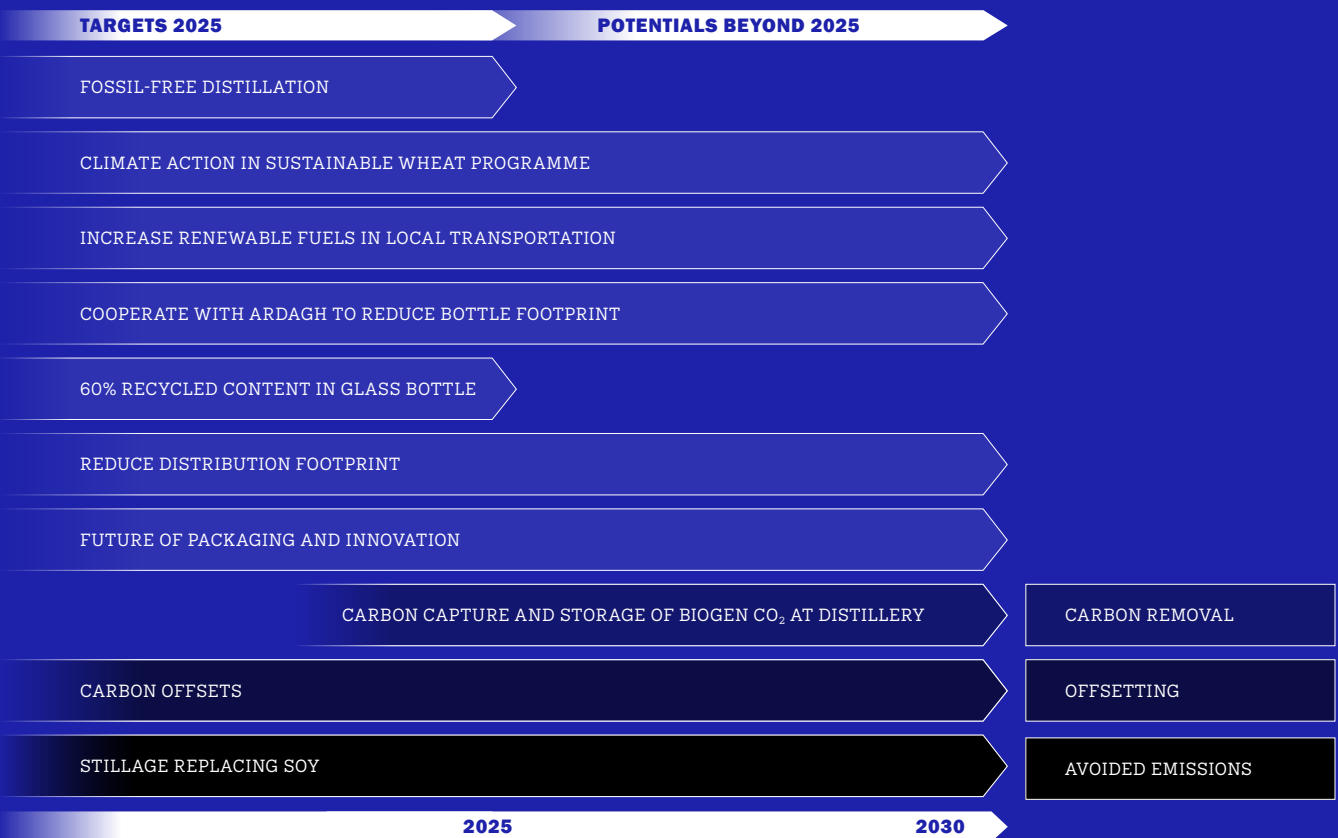
CASE STUDY

ABSOLUT VODKA: ON TRACK FOR CARBON-NEUTRAL

A fundamental part of our sustainability strategy is a commitment to make Absolut Vodka a carbon-neutral product by 2030. Since 2004 we have reduced carbon emissions per litre by 90% thanks to industry-leading energy innovations at our bottling sites and distillery. We are extending climate-smart actions into our wheat and glass supply chains, whilst driving down transport emissions.



Tonnes of CO ₂ e		
○ Scope 1 & 2:		996
● Scope 3 (wheat cultivation):		28,600
● Scope 3 (glass manufacturing):		35,442
● Scope 3 (distribution to markets):		7,675



CASE STUDY

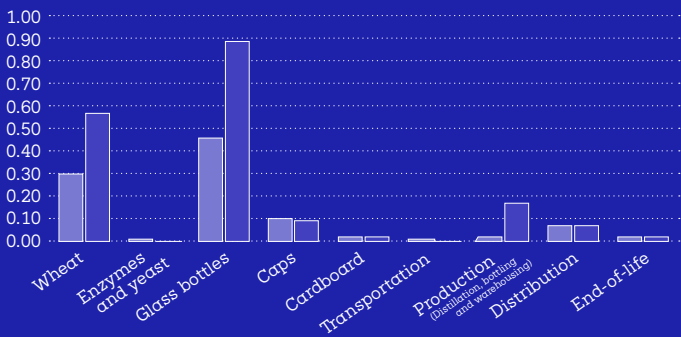
ABSOLUT VODKA:
ON TRACK FOR CARBON-NEUTRAL

MAPPING OUR
SEED TO SIP

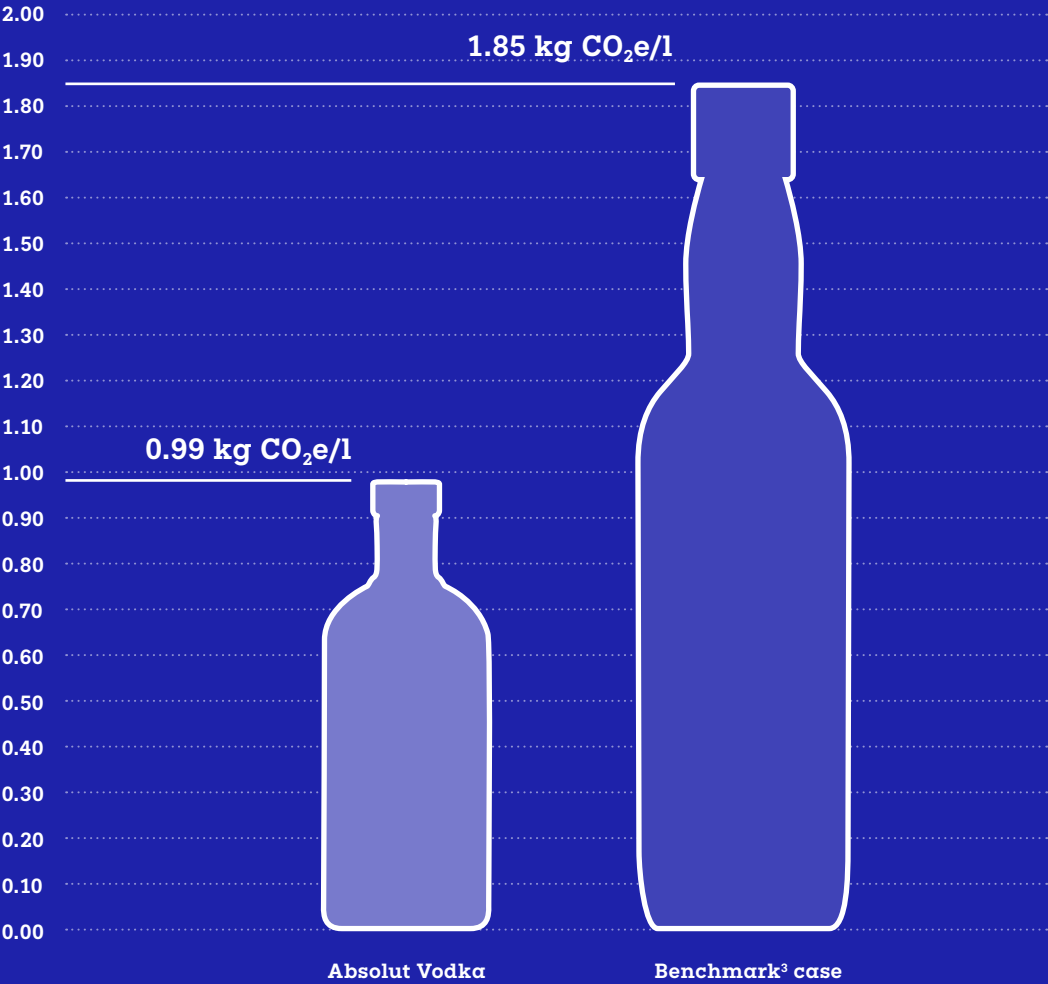
In this last 12 months we have been busy commissioning our most detailed study to date of the full climate impact of Absolut Vodka original. We can now show that a 700/750ml bottle has a carbon footprint of 0,99 kg CO₂/L vodka.¹

We are pleased to see that we remain well below our benchmark³ case. Our Åhus distillery continues to emit around 98% less carbon than the average distillery². However, we recognise there is still work to do in lowering our emissions, particularly within glass production and wheat cultivation.

Absolut Vodka bottle vs benchmark³ case (kg CO₂e/L vodka)



Our bottle footprint is almost half of our benchmark³ case



¹ Verified by third party. ² Beverage Industries Environmental Roundtable (BIER) benchmarking study based on data from 2017. ³ Carbon footprint of benchmark case: 1,845 kg CO₂e/L. Assuming emission factor for wheat sourced from the US (Agri-footprint database), global emission factor for white glass without cullet (from database Ecoinvent) and emissions related to manufacturing equal to our emissions in 2004 (when our emissions were closer to global average for distilleries of today).

CASE STUDY

ABSOLUT VODKA:
ON TRACK FOR CARBON-NEUTRAL

SURPASSING GLASS INNOVATION

With glass bottle production (distillation, bottling and warehousing) representing approximately half of Absolut Vodka original's climate impact, we are working together with our supplier Ardagh, with a common Climate roadmap to reduce its impact, including the pioneering work to further increase the content of recycled glass in each bottle (now at 53% – an industry-leading achievement for clear glass). This has avoided for each % increase approximately 290 tonnes of carbon dioxide equivalent (CO₂e) each year, when compared with blowing new glass⁴. Ardagh Group will be introducing new furnace technology based on developments from the European Container Glass Federation Furnace for the Future project.

“The long-term cooperation between our companies, historically and in the future, is a prerequisite for our joint environmental work. The Absolut Company’s strategy is at the forefront and fits well with Ardagh’s overall objectives.”

Peter Gunnarsson / Sales Manager,
Glass Nordic, Ardagh

 Find out more about glass recycling and Circular Making

CLIMATE-SMART WHEAT CULTIVATION

Reflecting the significant Scope 3 carbon footprint from wheat cultivation, incentivising local farmers in lower-carbon practices was a key focus for us in a major revision of our Sustainable Wheat Programme, preparing a new version which is being launched in autumn 2021. Actions include the use of climate-smart fertilisers (77% deployed in FY20/21)⁵, renewable fuels for tractors and other machinery (e.g. wheat-drying facilities), eco-driving techniques and on-farm wind or solar power generation. Farming data collected under the revised Programme will also improve the precision of our calculations of our Scope 3 carbon footprint from wheat.

 Find out more about our Sustainable Wheat Programme

TRANSPORT INNOVATION

Although lower in FY20/21 due to Covid-19 prompting lower exports, transporting bottles of Absolut Vodka original to 120 global markets is the third largest contributor to the product's carbon footprint, after packaging and wheat. Since we do not own any logistics vehicles, our focus to date has been on optimising packaging so that more bottles can fit into boxes and onto pallets, trucks and ships. Between our sites in Sweden, we have also been working closely with suppliers to increase the use of hybrid vehicles and alternative fuels and we are pleased to report that biofuel is now used in all of the trucks transporting spirits between our facilities and in more than 70% of those bringing raw materials to our distillery and stillage to local farms. Our target is to increase this to 90% by 2025.

Tonnes of CO₂e/year avoided by removing cardboard dividers in shipping boxes⁶

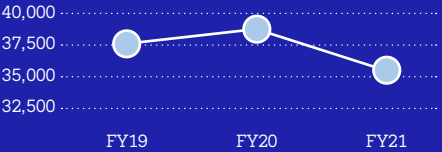
65+

When it comes to the topic of sustainability, Absolut plays in the Champions League. No company I’ve come across in my line of work has made it such a high priority and is as knowledgeable as Absolut.

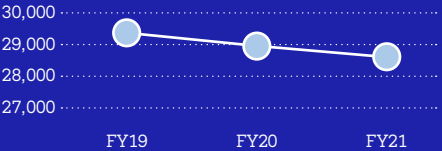


Andreas Jönsson / Owner and CEO,
Åhus Åkeri, our transport partner
of more than 40 years

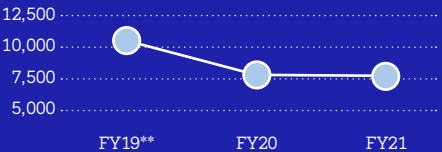
Scope 3 carbon footprint, glass manufacturing (CO₂e tonnes)



Scope 3 carbon footprint, wheat cultivation (CO₂e tonnes)



Scope 3 carbon footprint, transport* (CO₂e tonnes)



*Transportation of final product via road, sea and occasionally air from our Absolut Vodka facility (road: from the warehouse in Åhus to the destination warehouse, sea: warehouse to the destination country port, air: warehouse to the destination country airport). **FY19 figure corrected this year due to a difference in scope.

Climate impact (tonnes of CO₂e)

	FY18/19	FY19/20	FY20/21
Business travel (TAC)	2,002	844	0*

*Negligible travel in FY20/21 due to Covid impacts, all emissions related to travel off-set through Plan Vivo since FY 19/20.

⁴ For every 1% increase in recycled glass, there is a 0.25% reduction in energy consumption, avoiding approximately 70 tonnes of furnace carbon emissions and 220 tonnes of virgin glass production CO₂e. ⁵ Fertiliser production represents almost a third of the emissions from wheat cultivation. Best Available Technology (BAT) fertilisers emit less than four kilogrammes of CO₂e per kilogramme of nitrogen during production. ⁶ Identified via 2-year testing on 6-bottle boxes between Sweden and Spain, with vibration tracking software revealing no bottles were scuffed or scratched.

CASE STUDY

ABSOLUT VODKA:
ON TRACK FOR CARBON-NEUTRAL


FINDING FURTHER OPERATIONAL
EFFICIENCIES

The fact that production (distillation, bottling and warehousing) represents just 1-2% of the product carbon footprint is testament to years of innovation in reducing the energy consumption and maximising renewable energy. Today, the Absolut Vodka distillery remains one of the most energy-efficient in the world. Together with our bottling plants and warehouse, it is powered by 92% renewable energy; 100% of the electricity is hydro-powered and 2% of the total energy used is derived from our own spirit by-product, reducing the need for liquid petroleum gas.

Our target is to phase out all fossil fuels at the distillery by 2025. In the meantime, we expect to see a continued fluctuation in our Scope 1 & 2 emissions.

12,000⁷

Tonnes of CO₂e is avoided from Sweden's beef and pork sector thanks to Absolut Vodka 'stillage' by-product. We sell all of it (350 000 tonnes) as animal feed to local farms, replacing carbon-intensive soy feed. In total, a quarter of a million of the country's cows and pigs are fed every single day with our wheat by-product.

 Find out more about our investments in factories of the future

OFFSETTING RESIDUAL EMISSIONS

We have been offsetting Scope 1 & 2 emissions since 2013 through Plan Vivo certified carbon credits, which fund Scolel'te, a forestry project in Mexico that is the world's longest-running ecosystem services project on the Voluntary Carbon Market certified by Plan Vivo. We will continue to offset residual emissions as we systematically take action across the value chain to achieve a carbon-neutral product by 2030. Our next step is to investigate options to offset our Scope 3 emissions on behalf of key supply chain partners where they cannot yet be avoided through our joint carbon reduction activities.

CARBON OFFSET IMPACT, 2013-2021⁸

Tonnes of CO₂e offset

11,663

Trees planted

18,056

Number of people supported

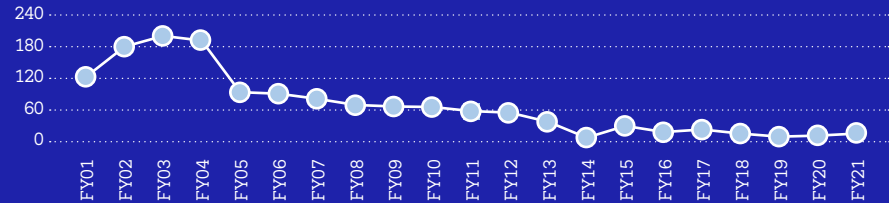
32

smallholders

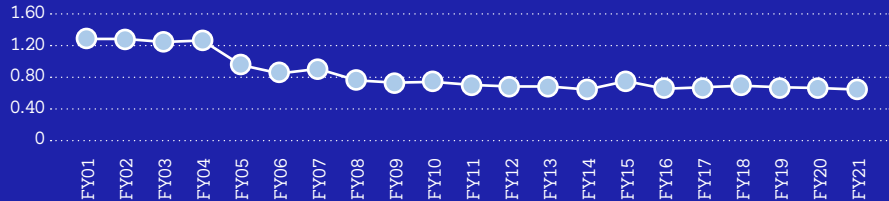
163

family members

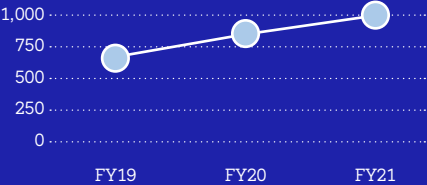
Climate impact in production (g CO₂/l vodka)



Energy efficiency for production (kWh/l vodka)



Scope 1 & 2 emissions (tonnes CO₂e)



⁷ Based on our own calculation with input from agricultural advisors. ⁸ Based on a 2017 study by the Beverage Industries Environmental Roundtable, which benchmarked The Absolut Company energy consumption per litre of alcohol distilled against distilleries worldwide. Our Scope 1 & 2 emissions per litre of alcohol distilled were 98% less than the average, with 60% less energy consumed.

THE BIGGER PICTURE

We have mapped our strategy to eight United Nations’ Sustainable Development Goals (SDGs)⁹ that best reflect our material impacts and potential to support systemic change.



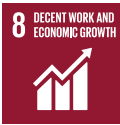
Ensure healthy lives and promote wellbeing for all ages

We are contributing to this goal through our Responsible Hosting pillar



Achieve gender equality and empower all women and girls

We are contributing to this goal through our Valuing People pillar



Promote inclusive and sustainable economic growth, employment and decent work for all

We are contributing to this goal through our Valuing People pillar



Ensure sustainable consumption and production patterns

We are contributing to this goal through our Circular Making pillar



Take urgent action to combat climate change and its impacts

We are addressing our climate impacts through our Nurturing Terroir pillar



Conserve and sustainably use the oceans, seas and marine resources

Our Circular Making pillar is working towards this goal



Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

We are contributing to this goal through our Nurturing Terroir pillar



Revitalise the global partnership for sustainable development

We are contributing to this goal through our Responsible Hosting pillar



Find out more about Responsible Business

⁹ The SDGs are a blueprint to achieve a better and more sustainable future for all. The 17 Goals to 2030 address challenges related to poverty, inequality, climate change, environmental degradation, peace and justice.

Alongside the SDGs, we align with other international principles and agreements including:

The **Paris Agreement** to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. Our targets are aligned with the Agreement and we have new goals that are in line with scientific recommendations, as well as identifying actions to continue to reduce our emissions.

The **International Labour Organization** conventions on human rights Decent Work for All. With parts of our supply chain in higher-risk countries for labour violations, our responsible supply chain management processes ensure that suppliers must align with Group supplier standards and sign our Supplier Corporate Social Responsibility (CSR) policy. We conduct ongoing due diligence to monitor adherence.

The **UN Guiding Principles on Business and Human Rights**: Our risk analysis identifies key risk areas in our value chain and we ensure that we take a robust approach in these areas, alongside producers and suppliers. We are continuing to develop and roll out a systematic company-wide human rights management system by 2025 and report performance annually by 2022, in line with the UNGP.

In our home country of Sweden, we are fully behind the Hållbarhetsredovisning legislation on sustainability reporting to show transparency on our environmental and social impact in line with the **EU Directive on Non-Financial Reporting**.



Read more about how we comply with best practice frameworks

NURTURING TERROIR



As all our products come from nature, Pernod Ricard have made it a priority to combat climate change (SDG 13¹⁰ designated by the UN) and protect life on land (SDG 15). To ensure we maintain healthy and resilient ecosystems that allow us to continue producing quality products for the generations to come, we are committed to nurturing every terroir and its biodiversity.



¹⁰ SDG: Sustainable development goal.

In order to ensure quality ingredients for our iconic brands, we work with our farmers, suppliers and partners to address the challenges of climate change, enhance biodiversity, restore the soil and improve livelihoods throughout the world. As Créateurs de Convivialité, we believe in bringing people together to strengthen what we do collectively for nature.



Vanessa Wright / Chief Sustainability Officer,
Pernod Ricard





WHEAT

Absolut vodka has always been made from 100% Swedish winter wheat. We purchase around 10% of all wheat produced in the region. In line with our production philosophy of One Source, One Community, our Sustainable Wheat Programme is helping to future-proof the agricultural supply chain in southern Sweden.

Our Sustainable Wheat Programme reflects decades of research and development from scientists at the Swedish University of Agricultural Sciences (SLU) and other agronomist institutions. In the last year's harvest, wheat yields from our supply chain farms were 9.3 tonnes per hectare (a 26% increase compared to 2004), with a nitrogen efficiency rate of 81%¹¹ and 77% of fertilisers being climate-smart. We also saw crop-free designated biodiversity areas in 11%¹² of fields, and we know all of this because of our data collection system where we access data regarding every field, straight from the farmers. With wheat cultivation accounting for approximately a third of the carbon footprint of Absolut Vodka original, in FY21 we extended our Sustainable wheat programme further towards climate impact reduction, soil health and biodiversity to be launched fall 2021 (see our Climate Roadmap feature for more information).



[Read more around our Climate Roadmap](#)

¹¹ Defined as the amount of nitrogen removed through the harvest divided by the sum of all applied nitrogen in fertiliser, manure, soil type and pre-crop (the crop planted prior to wheat). ¹² Areas cover at least 15 square metres and are bound by larch squares.

SHARING OUR RESEARCH TO INSPIRE SYSTEMIC CHANGE

Quality vodka depends on wheat with a high starch content (as opposed to high protein content for bread-making). For almost 20 years, we've been refining higher-starch varieties alongside the SLU⁽ⁱⁱ⁾, grain suppliers and specialist advisors. A key finding has been that reducing nitrogen fertiliser creates starchier wheat, whilst also supporting sustainability. We have openly shared this work with the research community and wider industry.

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 has scaled up to a national reach.



Mattias Hammarstedt / Independent
Agricultural Advisor

HOW STAKEHOLDERS SHAPE OUR SUSTAINABLE WHEAT PROGRAMME

"Farming of the future is facing many challenges but Swedish farmers already have a lot of the know-how and solutions needed to face these. Securing profitability and incentivising farmers are key actions for increasing the pace of development."



Claes Johansson / Sustainability
Director at Lantmännen, one of
our main suppliers of wheat



SUPPORTING BIODIVERSITY

Alongside our supplier partnerships for cultivation methods that support healthy ecosystems (such as crop-free wild areas mentioned above), our biodiversity programme includes local initiatives that can be replicated and scaled. Reflecting the One Source, One Community philosophy, our biodiversity programmes recognise that thriving communities depend on thriving ecosystems and we work closely with non-profit organisations and local businesses to ensure people, wildlife and economies benefit.

IN ACTION

A triple-win for farmers and wildlife

Hela Sverige Blommar, or ‘Sweden Blooms’, is an agri-conservation project from the Swedish Society for Economy and Agriculture to make farming ecosystems more biodiverse.

We are backing the project by funding pollinator-friendly wild flower seeds and support for farmers to create meadow areas along field margins and in fallow fields. With more bees and other

pollinators such as butterflies and bumblebees, these wildflower habitats are supporting insects that are a food source for birds and mammals. The fallow zones also form a protected home for micro-organisms that support healthy soils.

For farmers, pollinators and healthy soils mean higher yields, while ground cover improves soil and water retention, future-proofing their land from climate-

related drought and flooding. Hela Sverige Blommar is just one example of initiatives we support that begin locally (in this case in Skåne) and become national projects – supporting natural habitats far beyond The Absolut Company sites.

700

farmers are growing 1500km of flowering field edges

500

hectares of flowering fields





SUGAR

At half a million tonnes a year, cane sugar is the main raw ingredient in Malibu and Kahlúa. However, in many of the countries where we source from, environmental and labour issues have been growing as a result of over-intensive plantation systems.

This is why, from Mexico to Barbados, we are proactively finding solutions to support verified sustainable and responsible production.

When cultivated intensively and at scale, sugarcane cultivation can cause damage to soils and water courses, impacting biodiversity and making land more vulnerable to climate change. Human rights risks range from forced and child labour to endemic poverty¹³. In Veracruz, Mexico, we have been working directly with growers to promote more sustainable and responsible sugarcane cultivation in partnership with suppliers and Bonsucro, a global multi-stakeholder non-profit organisation that exists to promote sustainable sugarcane production, processing and trade around the world.

BONSUCRO

Data show that Bonsucro-certified farmers deliver higher yields with more secure incomes

¹³ WWF research, cited by Bonsucro and supported by our own value chain risk assessments.



A new beginning for the sugarcane sector, Barbados

In Barbados, where we source the majority of our Caribbean rum for Malibu, we are backing proposals to transform the country's sugarcane sector for a more sustainable future.

Together with key stakeholders we are getting behind a 10-year plan spearheaded by the West Indies Rum Distillery.

The plan seeks to turn around decades of over-intensive monocropping and to protect land¹⁴ and biodiversity, whilst also boosting yields and giving farmers greater livelihood security. Having achieved the Bonsucro Chain of Custody standard, the West Indies Rum Distillery is aiming to support industry-wide certification by 2030.

As one of many partners in this multi-stakeholder initiative, we are currently scoping ways in which we can most impactfully contribute to the project's environmental, social and economic KPIs that span landscape and biodiversity protection, carbon emissions and risk management; to supply chain traceability, livelihood support and Bonsucro certification. We look forward to reporting on project progress in 2021/22.

The ideal scenario for Malibu and Kahlúa would be to purchase all sugar from local farms and refineries in close proximity to our main production locations, in Barbados and Mexico respectively. That way, we could both reduce our transporting distances and be able to establish a closer relationship with growers and producers, which would increase the transparency in the production.



Billy King / Director of Technical and Sustainable Performance at Malibu and Kahlúa

¹⁴ When cultivated with care for the land, sugarcane fields help retain the thin layer of volcanic soil from washing away into the sea.



Arabica coffee is a key ingredient in Kahlúa and the majority of it comes from just four remote villages in north-east Mexico.

Here, many families are reliant on this cash crop, making them highly exposed when climate change-related weather events impact harvests. In Veracruz, Mexico, the Kahlúa-supported Coffee for Good programme goes from strength to strength. In the six years since this sustainable coffee partnership began with rural development NGO Fondo para La Paz, the four villages have seen uplifts in crop yield due to improved farming practices and a seedling planting programme, enhancing economic resilience and empowerment to control their livelihoods, particularly among women.

The Coffee for Good sustainable development process is improving people's living conditions through access to water and sanitation services, regional environmental conservation, and agro-organic production of specialty coffee. In such a difficult year for humanity, this project has provided protection, support, and encouragement for the development of more than 2,000 people.




Magali Alejandra Jauregui Montalvo /
Director General, Fondo para La Paz

Coffee farmers in these four communities have been feeling the impacts of climate change, with more frequent flash storms washing soils and crops away. In the five years of this project, the harvest season has moved almost six weeks. Coffee for Good has played a critical role in helping to manage soil erosion, crop diversity and planting weather-resilient varieties. Sharing regenerative agricultural methods across communities has always been a key principle of the project, enabling Coffee for Good to expand from one to four villages since 2016, reaching around 473 families. Women have been particularly active as promoters and community connectors.

Despite Covid-19 limiting access to the villages, we were able to honour our commitment to buy 80 tonnes of coffee beans, as well as providing seedlings and emergency aid to farmers. We also provided protective clothing and sanitiser to all Fondo para La Paz staff and volunteers to help ensure they could continue their vital work in the region.

HOW ARE WE DOING?

With our guaranteed fair prices and Fondo para La Paz’s expertise, for the first time farmers have been able to open bank accounts and save for the future. In addition, by giving farmers the option to sell beans on the open market (and not only to ourselves) and to mix coffee with other crops, villages are seeing greater financial security. In just four years, farming families, including the next generation of growers, have regained optimism in a long, sustainable future in coffee.

 [Read more about our Responsible supply chain management](#)



347
families given access
to local clean water

109
water tanks and 145
dry toilets installed

364
farmers attended at least
1 training on sustainable
cultivation

~60
women have become
village promoters

120,500
new coffee plants grown
in nurseries

Forest cover shadow



Plots farmed with good soil quality



Farms managed using methods
that conserve the environment and
biodiversity of the area





As the iconic flavour for Malibu, we are committed to protecting coconut plantations and the communities that depend on it. With our sourcing rooted in the Philippines, we have pledged to empower 500 small-scale farmers in sustainable cultivation and income diversification by 2025.

In the Philippines, coconuts are behind the livelihoods of around 20% of the population. However, a combination of old, unproductive palm trees and degraded soils has reduced yields significantly. When combined with lower market prices and a dependency on coconut as a single crop, many communities are becoming indebted to local traders or being forced to find work in large cities.

Together with coconut processor Franklin Baker Company, flavour producer Symrise and GIZ, the German international development agency, we are part of an ambitious partnership to transform cultivation and livelihoods in the provinces of Quezon and Camerines Norte. The Coconut Commitment aims to reduce local dependency on coconut sales so that farmers are also growing food for their families or for local trade. With Covid-19 locking down these communities, the project team pivoted their activities to focus on providing emergency food and sanitation supplies. They also focused on the 'demo farm' side of the project, researching and testing optimal crop combinations on small plots, as well as replanting nurseries for improved coconut varieties.

We're privileged to be joined by great partners who share our passion and sense of purpose.



Mark Birch / Sustainability Director, Flavour Division, Symrise

We also completed a baseline study of farmers during the year, with approximately 80% participation rate. Meanwhile, GIZ worked with the Philippine Coconut Authority (PCA) to create training materials for farmers, with field teams from Franklin Baker and PCA beginning to deliver it on the ground. The next step is to support communities in accessing new markets.

The Coconut Commitment's 2024 goals include increasing average farmer incomes by 15% and crop yields by 20%. We also hope to see at least 75% of farmers using the Farm Sustainability Assessment tool, developed by the Sustainable Agriculture Initiative Platform. The goals of the project are aligned with the Philippine Development Plan 2017-2025.



Read more about our approach to responsible supply chain management

The Coconut Commitment aims to reduce local dependency on coconut sales so that farmers are also growing food for their families or for local trade. With Covid-19 locking down these communities, the project team pivoted their activities to focus on providing emergency food and sanitation supplies."



Lynne Millar / Purchasing Director at Malibu and Kahlúa

A photograph of four people, three women and one man, standing in a formal, dimly lit room with ornate columns and warm lighting. They are all smiling and dressed in professional attire. The man is in the center, wearing a dark suit over a light blue shirt. The woman on the far left is wearing a black blazer. The woman next to him has her arms crossed and is wearing a black dress. The woman on the far right is wearing a black lace-sleeved dress and glasses. A large white text overlay is centered over the image.

VALUING PEOPLE

As Créateurs de Convivialité, our purpose is about sharing, warmth, care and respect for people everywhere. We strive to provide decent work and sustained economic growth (SDG 8) along the entirety of our value chain, and we champion gender equality (SDG 5) throughout our business. To create shared value for all our stakeholders, we are continuously reinforcing our commitments to human rights, diversity and inclusion across our leadership and in regard to health and safety. We are also committed to responsible procurement and training.



At the heart of valuing people is ensuring a culture of wellbeing and Covid-19 has reinforced just how critical health and safety protocols and behaviours are. In a second year of pandemic-related uncertainty for employees and their families, our priority has been to listen and respond. We've also pivoted our community giving to emergency aid and local mental and physical health projects.



Kerstin Lindström / VP Human Resources,
The Absolut Company





TAKING CARE OF EACH OTHER

With oversight from our management-level Covid taskforce and regular pulse checks on employee wellbeing, we have continued to gear our wellbeing initiatives towards flexible working arrangements.

At the same time, we have enhanced leadership presence and safety regimes at production sites in Åhus and Nöbbelöv. Listening and responding to employee sentiment has been central to our approach. Our employee survey (November 2020) indicated that 84% of employees felt supported and 88% felt well informed by our leadership team throughout the last year. More than half of the people felt they were as productive at home as in the office. However, many expressed increasing concerns relating to:

- Anxiety (56% felt more anxious or worried than normal because of the coronavirus pandemic)
- Work/life balance (40% struggled to switch off from work and enjoy personal time at the end of the day)
- Social interaction (34% felt they lacked enough social interaction with colleagues)

In response to these findings and qualitative feedback, we have taken a number of decisive actions. These include increasing wellbeing support for colleagues and training for managers, introducing webinars on resilience and stress management, expanding physical exercise

opportunities and expanding the virtual social calendar, including online fikas¹⁵ and weekly check-ins. We have also increased the frequency of Covid taskforce management updates.

HEALTH AND SAFETY ROADMAP

Alongside delivering on our Covid-19 priorities, we have maintained momentum to achieve group level health and safety goals. Examples include:

- appointing an HR Specialist on Health & Safety;
- risk-assessing workplaces and highlight risk areas;
- training managers to help them recognise and nurture safe behaviours;
- further guidance to proactively identify and report risks, near misses and accidents; and
- ensuring monthly Health & Safety reporting in TAC LT as well as Ops LT.

The fact that we have achieved a 58% increase in safety near-misses reported by employees is testament to the work we have invested in a safety culture. In the industry we operate in, employee welfare with regards to alcohol is a fundamental priority. We have a third party service agreement with a specialist organisation to deliver training and addiction therapy for any employee that is struggling with alcohol, gambling or drugs.

ABSENCE DUE TO ILLNESS

	Absence due to illness (hours)	19/20 Absence due to illness (%)	Absence due to illness (hours)	20/21 Absence due to illness (%)
Stockholm	5,232	1.9	4,729	2.06
Åhus	33,542	5.5	33,651	5.87

¹⁵ In Sweden, fika means making time for friends and colleagues to share a cup of coffee or tea and a little something to eat. Fika cannot be experienced at your desk by yourself.

DEVELOPING OUR DIVERSE TALENT

Our workplace thrives on openness and thought-sharing. By accepting differences in who we are, where we’re from and how we choose to live our lives, we build stronger teams and a more successful business.

We are an equal opportunity employer and have firm policies to reflect that. We do not tolerate discrimination based on gender, age, ethnicity, religion, sexual orientation, union membership or political views. We take affirmative action to create balanced teams. It’s been our long-term goal to achieve a 60/40 gender spread at every level – a goal we are close to achieving throughout the organisation. We are also close to meeting our Better Balance targets for nationally diverse teams, with 28% nationality diversity in Stockholm¹⁶ (against our target of 30%).

Swedish law requires us to conduct an annual pay gap analysis based on gender. In this reporting period, we once again showed a slight weighting towards women, at 101.1% (for Sweden employees, it is even more so, at 109.3%)¹⁷. In other words, women are paid, on average, 1.1% more than men across The Absolut Company. This reflects the reality that we now have more women at higher levels of the organisation, when compared to most businesses. This is thanks to our proactive efforts to empower and enable women to succeed into leadership positions.

TALENT AND DEVELOPMENT STRATEGY UPDATE

We believe that the workplace should be like a home – a place for family and a place to grow. Our talent and development strategy mirrors that of Pernod Ricard. Our ‘Let’s Talk Talent’ Toolkit for managers, our Leadership Model Handbook and our Talent & Development Framework are just some of the resources that support employees in their personal development goals.

COMBINED RESULTS FOR STOCKHOLM AND ÅHUS

	TAC SENIOR LEADERSHIP TEAM (%)	PEOPLE MANAGERS (%)	ALL EMPLOYEES (%)
Women	50	45	46
Men	50	55	54

PERSONNEL IN ÅHUS

	PEOPLE MANAGERS (%)	ALL EMPLOYEES (%)
Women	40	35
Men	60	65

PERSONNEL IN STOCKHOLM

	PEOPLE MANAGERS (%)	ALL EMPLOYEES (%)
Women	58	59
Men	42	41

¹⁶ Our operational sites outside of the capital city are generally geared towards employing locally and investing in those economies for the long term.

¹⁷ Based on mean average salaries.

In FY20/21, we delivered 5,295 hours of training for staff. This represents a 29% reduction on the previous year due to the pandemic curtailing face-to-face courses. Where possible, learning programmes switched to e-learning. For example, our L.O. Smith digital leadership programme became fully virtual. This flagship programme reflects our passion for progress by developing our innovators, creatives and strategists. Based on principles of openness and thought-sharing, in the last 12 months all employees took the L.O. Smith Digital Mindset course, while 33 continued and completed the two-year Digital Leadership programme, which explores the latest developments within tech and research; deep-dives into topics such as future leadership, product development, organisational structures and insights; and sharing knowledge across the company as tech ambassadors.

5,295

hours of training
delivered 2020/21

IN ACTION

The Good Challenge 2021

To meet our sustainability targets, we depend on our people. In 2021, Pernod Ricard introduced the 'Good Challenge', inviting all employees to submit their ideas around how we can become an even more sustainable and responsible business.

In total, 40 ideas came from colleagues at The Absolut Company, ranging from reusing office material, to very advanced ideas on carbon capturing. All ideas were judged by a local jury, including Stephanie, our CEO and Anna, Vice-President of Operations, as well as Bo Nilsson, Managing Director of Ardagh, our glass supplier, and Absolut Vodka's Equality Ambassador in Sweden, Fredrik Robertsson and Judith Wolst, renowned Swedish entrepreneur in tech and sustainability.

With each Pernod Ricard affiliate submitting its best ideas to the group finals, The Absolut Company's was shortlisted among the top 5 and finally announced the winner in October 2021.



Read more about
the 'Good Challenge'



Engaging our colleagues with local initiatives

At our bottling plant in Åhus, The Satellit, beehives are increasing pollination in neighbouring wheat fields and wild habitats.

The original idea came from the local Youth Action Council and six beehives were installed by family-owned business Ripa Honung & Bipollen. In its first season alone, there have been three harvests of honey, which we will purchase for a range of uses, including to flavour drinks at Absolut Home, our visitor centre and restaurant.

COMMUNITY PARTNERSHIPS

Alongside our economic investment and the ‘multiplier effect’ our presence has on local supply chains, we work hard to ensure we are a responsible company.

This includes proactively partnering with local community organisations to create wider positive impacts and responding to requests for small grants or sponsorships.

During the last year, hospitals in Stockholm have continued to manage the Covid-19 pandemic under immense pressures. Following our production drive of ethanol for hand sanitiser, we made lunch packs for medics in the intensive care units at Karolinska University Hospital and Södersjukhuset Hospital. Deploying our under-utilised staff canteen, we were able to donate up to 150 packs every week between February and June 2021. And, when India was facing a healthcare crisis in Spring 2021, we supported oxygen concentrator distribution to hospitals in need.

IN ACTION

Absolut Vodka: Giving back in Åhus

We have a very special and long-standing relationship with the small community of Åhus, southern Sweden. Our values-driven approach to business has been driving positive social and economic impacts across the area.

Today, up to a third of the town's residents are involved either directly as employees, or indirectly in our local supply chain.

Our focus is on the local environment and social inclusion. In the last year, we made donations to approximately 20 groups making a difference, from Åhus women's football and exercise for the elderly, to beach clean-ups and handball.

The Absolut Company logo is never proactively made visible in order to ensure that our support is dissociated from any connections with alcohol. This is particularly important when it comes to our youth partnerships or assistance to organisations working with vulnerable people.



“Being a big company in a small village comes with a responsibility to be a good neighbour.”



Maria Béres /
Corporate Affairs
and Communications

CIRCULAR MAKING

The world is made of finite resources that are under huge pressure. By contributing to responsible consumption and production (SDG 12) and protecting life below water (SDG 14), our goal is to help preserve natural resources. In moving towards a more circular business model – from the packaging we use, to the promotional items we produce, to the way we distribute our products and how they are ultimately recycled – we are actively striving to minimise our carbon footprint and protect our natural resources.



By applying a circular mindset and by being prepared to try and test new technologies, we are systematically designing out waste, virgin and single-use materials and carbon emissions.



Anna Schreil / Production Director and VP of Operations, The Absolut Company



CIRCULAR PACKAGING

Our Future of Packaging programme is about closing the loop on glass and plastic waste, while open-sourcing the technologies we've tried and tested to scale progress within and beyond the drinks industry.

ABSOLUT VODKA: SMASHING GLASS TARGETS

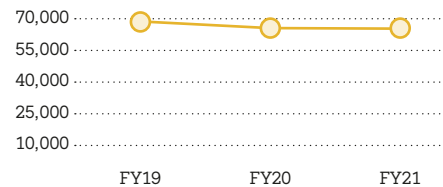
As one of the world's earliest adopters of recycling, Sweden currently produces exceptionally high quality recycled glass. We buy a third of the country's clear recycled glass for our Absolut Vodka bottles, which currently comprise 53% external recycled material. This is industry-leading and we credit Ardagh in helping us increase from 36% to 53% since 2016, exceeding our 2025 target four years early. We're now working with Ardagh to reach 60% by 2025. By increasing recycled content, we not only support a sustainable circular economy in Sweden, but we also reduce carbon emissions.

Glass is an excellent inert material that can be recycled over and over again. However, we must all contribute to increase recycling rates worldwide and understand the positive effect this has not least on the carbon footprint.



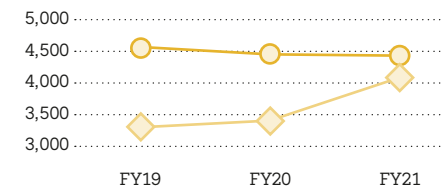
Tina Robertsson /
Director Sustainable Performance, The Absolut Company

Purchased packaging material Glass (tonnes)



Key: ● Absolut Vodka

Purchased packaging material Cardboard (tonnes)



Key: ● Absolut Vodka ◆ Malibu & Kahlúa

IN ACTION

The paper bottle is in sight

We are part of a pioneering community of major brands, including Coca-Cola, Carlsberg, L'Oréal Europe, and Procter and Gamble led by Paboco® (Paper Bottle Company), which in the last year came even closer to realising a collective vision for a sustainably sourced, 100% bio-based wood fibre bottle that is fully recyclable.

With the previous (2019) prototype achieving 57% paper and being fully recyclable, the last 12 months have been focused on refining the strength and stability of the paper structure. The second prototype has a bio-based barrier between the bottle wall and its contents made from Polyethylene Furanoate, or PEF, which derives from plant sugars and is 100% recyclable. This achievement is a landmark for our industry and was regarded by consumers surveyed as being an exciting and aesthetically appealing development. PEF is currently in very short supply in the global market so we are collectively exploring scalability issues.



We recently reached a very important milestone. We have managed to integrate the barrier – the coating that separates the fluid from the paper – into the paper itself. With an integrated barrier we can use much less barrier material and start testing different bio-based solutions.



Louise Werner /
Packaging Director, The Absolut Company

70%

Approximate global recycling rate of paper – the world's most widely recyclable material

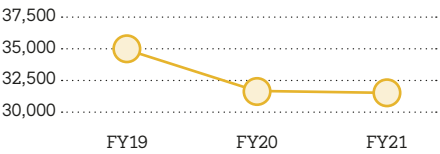
Three years in, the paper bottle initiative is becoming a flagship example of non-competitive collaboration, with each brand contributing different skills and insight. As we finalise lab-based analysis of shelf life, alongside closing out consumer trials, the next year will involve scaling production technologies to bring the paper bottle to shelves as soon as possible.



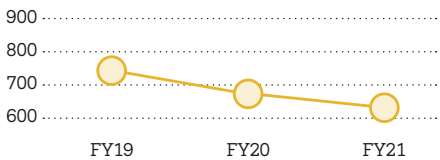
**MALIBU AND KAHLÚA:
INSPIRING CIRCULAR ECONOMIES**

Whilst glass remains the optimal bottling material today¹⁸, plastic is a key component in caps, labels and bottle coatings. It is also the preferred material for Malibu bottles by customers in our U.S. markets. Each year, we see more positive progress in the markets where we operate as societies slowly embrace circular systems of production and consumption and as alternative materials to plastic come online. Due to the complexities of increasing recycled content whilst maintaining recyclability, combined with different infrastructure maturities and consumer behaviours in different countries, the pace of change has lagged behind our own pace of innovation. Therefore, in the meantime we are scaling our own research and development of alternative and optimised packaging materials, as well as leveraging our influence as part of Pernod Ricard to catalyse systemic change in recycling infrastructure and scaling post-consumer recycled (PCR) supply chains for both plastic and glass. This is in line with Pernod Ricard’s commitment to support increased recycling rates in 10 of its largest markets by 2030.

Scope 1 & 2 for Malibu & Kahlúa (tonnes)



Climate impact in production for Malibu Kahlúa (gCO₂e/L)



IN ACTION

Malibu: closing the loop on plastic

As signatories to the New Plastics Economy, an initiative of the Ellen MacArthur Foundation, we have pledged to achieve at least 25% recycled plastic in our packaging by 2025.

Malibu has met this target four years early, achieving 30% globally in 2021. We continue to try and test ways of increasing recycled content, whilst ensuring bottles can be recycled by typical national infrastructure. An ongoing limitation, in the U.S. most notably, has been sourcing sufficient quantities of PCR material due to the immaturity of supply and demand. We continue to work with industry stakeholders to create a more consistent supply. Meanwhile, we have been conducting trials to make sleeves 10% lighter, while partnering with suppliers to make the iconic white plastic more widely recyclable.

At the consumer end of the value chain, we are acutely aware of the global plastics ocean pollution problem. It is why we are active in the Philippines (where the majority of Malibu’s coconuts are grown) and have recently become partners of Plastic Bank, a market for discarded plastic bottles. Our initial goal is to bring five million bottles back into circulation, closing the loop on plastic production and consumption, preventing marine pollution and supporting our Coconut Commitment to diversify livelihoods in the country.



Read more about our Coconut Commitment



¹⁸ This is due to its inert properties that do not affect the taste of its contents. It is also widely and efficiently recycled around the world.

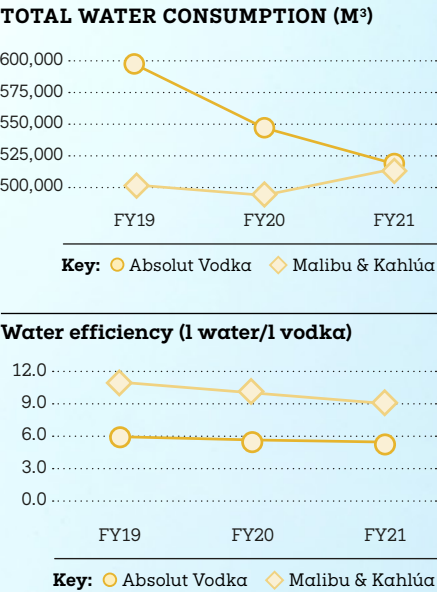
WATER EFFICIENCY

The Absolut Vodka distillery rests on one the largest aquifers in Northern Europe and we have always been committed to responsible stewardship of this precious resource. For every litre of vodka produced, we require 5,4l of water and we have been reducing this water footprint year-on-year since 2004.

We have reduced water consumption per litre of vodka by 13% since FY18. Reductions have been achieved primarily through recycling of cleaning water, sealing water from pumps and agitators and cooling water. In addition to process water recycling, we have also reduced our water use by introducing new water treatment equipment with higher efficiency.

Whilst minimising water use, our 2030 ambition is to achieve water neutral production, whereby all water withdrawn from the ground is used again or returned back to the environment as clean, fresh water. Currently, almost half of the water we use is sent to nearby farms as part of stillage animal feed.

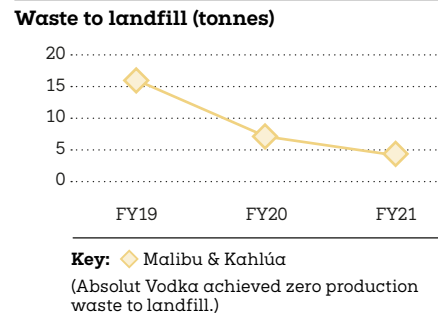
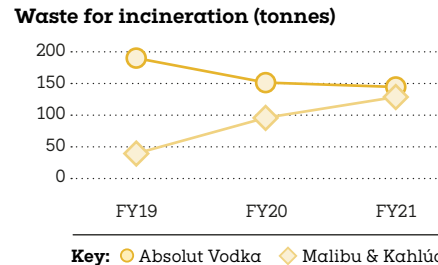
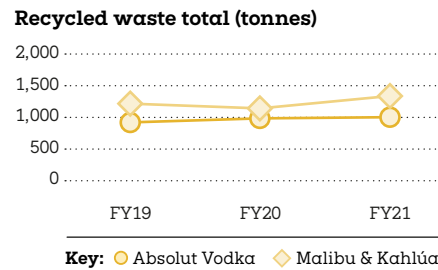
For Malibu and Kahlúa in North America, we do not own the production or bottling plants. However, we engage with suppliers (including other companies within Pernod Ricard) to support water-saving innovations and recycling. For example, over the last year the Malibu bottling plant in Walkerville, Canada, has reduced the need for washing between blends, whilst employing ethanol as a cleaning agent instead of water where possible.



ELIMINATING WASTE

We have steadily been reducing waste to landfill and incineration through more efficient resource management and increased recycling. In the last reporting year, we achieved zero production waste to landfill.

Our overall ambition is to reduce the amount of waste in total. Since 2018 Absolut Vodka have been reducing the amount of waste we send to incineration through a variety of projects that increase recycling instead, like the reuse of wooden pallets. The goal is to reduce waste for incineration by 50% by 2025 (baseline FY18).



IN ACTION

Factories of the future

On the Absolut Vodka production line, there is always room for improvement. Even with hyper-efficient, automated processes, bottles are occasionally rejected – and we are finding out why.

In the last year, we have built a digital picture of the factory line to eliminate these 'undefined losses'. We are now training operatives in this data model, with a view to deploying big data analytics to test artificial intelligence (AI) and machine learning technologies. Our ultimate vision is to apply the approach across our Circular Making activities, for example bridging with data from agriculture, to distribution, sales and consumer behaviour.



The journey to become a 'one button shop' can be summarised in three words: see, know, act. First we need to see and understand what is happening; then we need to apply analytics; and finally, we need to roll out AI and robotics that eliminate waste.



Emil Svärth / Senior Automation Engineer,
The Absolut Company

A close-up photograph of a hand garnishing a pink cocktail. The drink is in a clear glass, filled with a pink liquid and crushed ice. Two blackberries are being placed on top of the ice. The background is blurred, showing a blue and white patterned object.

RESPONSIBLE HOSTING

We want to ensure that our brands are enjoyed responsibly. Creating conviviality requires us to help adult consumers make responsible choices about whether and when to drink alcohol, and if they do so, in quantities that respect levels of moderate consumption. We have an important role to play in combating the harmful use of alcohol and supporting health and wellbeing (SDG 3). To this end, we develop responsible drinking campaigns and programmes, on our own and in partnership with others (SDG 17), to inform consumers and our employees about the risks of excessive drinking. We have committed each of our brands to respecting responsible marketing practices.



At The Absolut Company, we take very seriously our role as ambassadors for responsible drinking. Our view is that targeted preventive actions are an effective way of fighting the harmful use of alcohol. We focus on in-house trainings and culture, as well as communication campaigns and evidence-based prevention programmes.



Paula Eriksson / VP Corporate Affairs and Communications, The Absolut Company





MARKETING WITH INSIGHT AND CARE

At The Absolut Company, we adhere to the highest standards of responsible marketing¹⁹. At the same time, where we see an opportunity to back consumers in positive social action, we are proud to play our part.

Under our Drink Responsibly creative platform, in 20/21 we rolled out more bold campaigns reflecting key cultural moments. #LoveResponsibly in the U.S. was a highly successful follow-up to our earlier #SexResponsibly campaign, to encourage people to reflect on how the pandemic confinement may be impacting their relationships and the risk that irresponsible drinking may cause to our connections. This was followed by #VoteResponsibly and #MixResponsibly campaigns reflecting the U.S. election and ongoing Covid-19 social distancing respectively.

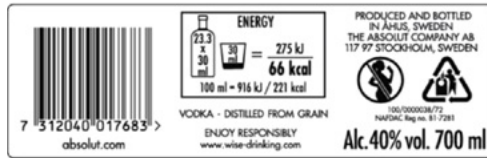
We have a responsibility of reminding people about moderation, especially when it comes to the younger generation. Absolut has never been afraid of pushing boundaries to stand up for what is right. And now, more than ever, this is something expected by our consumers. With more than 60% of people wanting brands to take a stand around important topics, this is simply the right thing to do for us.



Gaia Gilardini /
Brand and Creative, The Absolut Company

¹⁹ These include only advertising in media where at least 70% of the readership is over the legal drinking age and all models used in our advertisements are over 25. We also have strict parameters around never linking alcohol use to risky activities, social or sexual success or performance.

PRODUCT LABELLING



An important aspect of responsible marketing is the messages we send out to consumers on our products. Pernod Ricard has been pioneering in this area, with pregnancy warning labels since 2007 and today we provide clear advisory notices and logos on a number of risk areas, specific to the markets where we operate. For example, we are in the process of implementing SpiritsEUROPE and the International Alliance for Responsible Drinking's guidelines to show warnings on pregnancy, underage drinking and driving (depending on market).

In the last two years, we have also added calorie information as a signatory to the spiritsEUROPE 2019 Memorandum of Understanding on the provision of nutrition information. When consumers access the ENJOY RESPONSIBLY link, it directs them to country-specific information depending on their location. We are now working alongside our industry and spiritsEUROPE to pilot QR codes on bottles so that consumers can read the full list of ingredients, including additives, flavours, sugar and herbs.

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Fredrik Borelius /
Director Public Affairs & Government Relations

IN ACTION

'Drink Responsibly' campaign

#VoteResponsibly

In the past four decades, only 50-60% of eligible voters in America have cast their vote.

At Absolut, we never take for granted the privilege of democracy and we see voting as not only a right, but a responsibility. So, during the U.S. elections in 2020, we created a campaign that encouraged Americans to vote first and save their drinks for after they cast their ballots.

The campaign prompted 82 media articles and 142 million digital and social impressions, with 95.5% of coverage positive or neutral in sentiment. And, with six million people reached via Facebook and Instagram, Drink Responsibly. #VoteResponsibly has raised awareness around using our freedom to vote.



#MixResponsibly

Our #MixResponsibly campaign, first in the Netherlands and Belgium and then expanding to the U.S., was all about reminding people about the importance of social distancing, especially when it came to drinking.

By respecting others' space we would also be respecting ourselves, enabling societies to get back to a safer 'normal' faster. Through a YouTube hero video and social content, the campaign received more than 2,600 Facebook and Insta reactions, plus 110,000-plus shares of the Absolut Garlic Snapchat filter²⁰.

When the campaign repeated at scale in the U.S. it reflected that, even by summer 2021, we were still not free from harm when mixing with others. The campaign saw close to 167 million media (including social, print and TV) impressions.



VOTE FIRST, DRINK SECOND.

LET'S COME TOGETHER AND VOTE FOR OUR FUTURE.

²⁰ Snapchat filters are layovers that you can add to your photos and videos for effect.

PARTNERSHIPS TO TACKLE UNDERAGE DRINKING

Data suggest that underage drinking is declining in many European countries and the United States. Where it remains prevalent is in economically marginalised communities²¹.

Our community partnerships seek to reach youth who may be at risk of future dependencies, intervening at an early stage via schools or social clubs to prevent harmful habits developing.

IN ACTION

Talking about alcohol in schools

Through our collaboration with the Swedish Spirit & Wine Suppliers Association and the Swedish Brewers Association, we help to fund its Prata Om Alkohol (PoA), Talk About Alcohol, programme.

This schools outreach initiative seeks to create a healthy attitude towards alcohol among 13-17 year-olds. It works by engaging students and their teachers through free webinars, engaging materials and social media. Since 2006, PoA has reached 700,000 students in 75% of all primary and secondary schools in Sweden and 99% of teachers recommend the programme. During this time, alcohol consumption among ninth graders has fallen from 69-39%²². In fact, according to the Swedish Council for Information on Alcohol and Other Drugs, drinking among ninth-graders is at its lowest since 1971.

The root causes of alcohol misuse and dependency include social isolation and feelings of a lack of purpose or connection. These issues were magnified during Covid-19, with young people particularly exposed as schools and social activities shut down. In lieu of face-to-face conversations on alcohol, PoA took the opportunity to conduct two national surveys on young people and their teachers.



Among the findings were that:

- 8 out of 10 young people (aged 15-24) found it difficult to talk about sex, alcohol and depression;
- 65% prefer to talk to friends about such topics than parents; and
- they would like to see more opportunities to talk to psychologists and mentors at school on these topics.

Based on what PoA heard, it has created lesson plans for teachers on the 'Teenage Brain'. The 80-120 minute lesson is designed to give students the science and psychology behind how they're feeling, enabling them to understand and question their decisions and pressure from peers on drinking and sex, for example. As well as rolling out Teenage Brain workplans, PoA and the Swedish Brewers Association are looking at priorities for the next two years and we look forward to further expanding the breadth and depth of this successful initiative.

²¹ International Alliance for Responsible Drinking Trends Report Underage Drinking, 2019. ²² This cannot be attributed directly to POA but, given POA's reach, it is likely to have contributed.

Under-age prevention programme alongside Fryshuset

Our continued support to Fryshuset, a school and social inclusion non-profit organisation, has been even more critical during the last year.

With educational and social lockdowns having a disproportionate impact on young people, staff and volunteers worked tirelessly to maintain continuity of community programmes for youth exposed to risks of destructive lifestyles, including alcohol dependency. This included weekly Frysbox martial arts and dialogue sessions for 13-19 year-olds.

The basis of Frysbox is to unlock self-confidence so that young people can make positive choices, avoid destructive behaviours and realise their potential. Each session includes an hour of physical activity and an hour of coaching from adult role models like Pernilla Johansson, martial arts world champion and former police officer.

Within social distancing and safety parameters, Frysbox reached 353 people across Stockholm, Malmö and Karlstad, including an average of 75% girls. In addition, four Frysbox alumni started as coaches to inspire the next generation of Frysboxers. Feedback from the participant survey (May 2021) showed that most noticed improvements in their health, self-esteem and self-confidence.

353
participants joined
221 sessions



I really believe that sports, with the right leader there to show the way, can affect young people's life choices and which contexts they choose to develop within.



Pernilla Johansson /
Frysbox Founder, Trainer,
and National Coordinator



IN ACTION

Making space for meaningful connections in a locked-down world

Gen Z are more connected than any previous generation, but paradoxically they have also become the most lonely.

This trend was magnified during Covid-19 when schools and social activities for young people shut down in many parts of the world. We launched It's in our spirit, a global consumer engagement campaign that celebrates the importance of meaningful connections, inspiring consumers to look forward to those moments where we'll all be together again in real life.

We believe that the most amazing things happen when you meet in real life. Our lives are very much enhanced when we meet people from different horizons and these moments create better understanding, inclusion and collaborations. Absolut would not be the brand it is today without the very diverse people it collaborated with over the years.

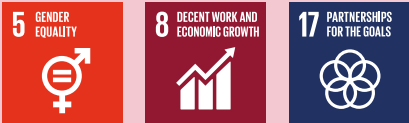


Charl Bassil/
Vice President, Marketing

A photograph of two tall, etched glasses filled with a vibrant red raspberry cocktail. Each glass is topped with a large ice cube and fresh raspberries. The glasses are set on a dark, reflective surface. In the background, a vase with pink flowers and a small warm-toned light are visible, creating a sophisticated and inviting atmosphere.

RESPONSIBLE BUSINESS

Driving positive, sustainable outcomes across the value chain requires integrity, transparency and ethical conduct within our business.



Being a large corporation comes with important responsibilities – it is critical to our business that we behave with integrity in everything we do including production, marketing, as well as how we treat people, both within and outside of our company.

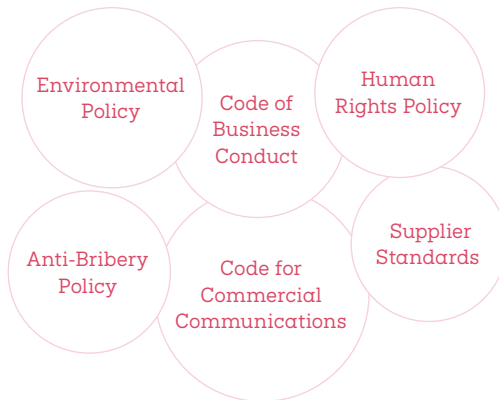


Lars Ljungholm/
VP Legal Affairs and General Counsel,
The Absolut Company



ETHICAL CONDUCT

Pernod Ricard is transparent around its positions on key issues, with policies available for all to access on its website. They include:



All employees are required to comply with the Pernod Code of Business Conduct and related policies to enable them to make informed decisions. Training in the Code is mandatory to the on-boarding process and includes facts, examples and test questions.

We support a culture of speaking up without fear of retaliation against those who report actual or suspected breaches of any rules related to business conduct, compliance or ethics matters contained within the Code or provided by any legal, accounting or regulatory requirements, policies and standards. Employees, contractors, suppliers or any other stakeholder can flag any concerns in the Pernod Ricard secure Speak Up system. Managed by an independent service provider, this tool can be used anonymously (where permitted by law) and is available in relevant languages via telephone or through the internet-based message interface, 24 hours a day, 7 days a week. Pernod Ricard will investigate any concern raised in good faith.

IN ACTION

Anti-corruption

An important part of our approach to ethical conduct is taking action against corruption, bribery and unethical business practices. The Code of Business Conduct and related policies, such as the Group Anti-Bribery Policy, outline our procedures around anti-corruption, competition law and insider trading.

As per last year, we have had **no reported incidents** of corruption or bribery.



RISK MANAGEMENT

Identifying and managing environmental and social risks across our value chain is critical to our Sustainability & Responsibility strategy.

We follow Pernod Ricard's robust risk management system, while also applying our own processes to assess risks specific to our company, 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.

To further help suppliers reduce their own risks and/or in selecting suppliers, we partner with EcoVadis.



Find out more in the Pernod Ricard Integrated Annual Report



SUSTAINABILITY AND RESPONSIBILITY GOVERNANCE

Sustainability and responsibility at Pernod Ricard group level is overseen by the Board of Directors and its dedicated committee. It spans all central functions of the business, with taskforces dedicated to issues of material significance.

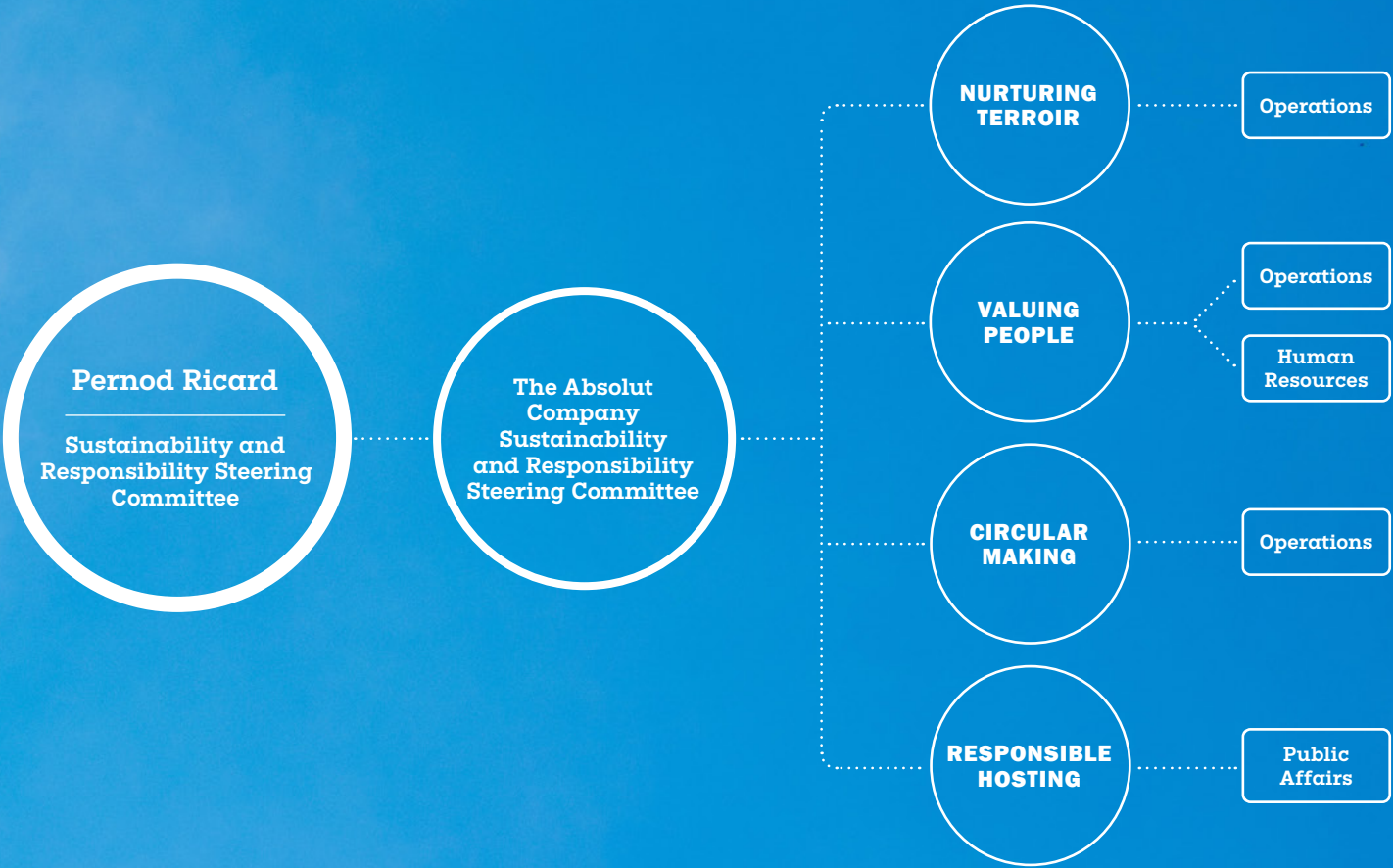
At The Absolut Company, sustainability and responsibility has the oversight of senior management, supported by operational experts. In FY20/21, we reinstated the sustainability and responsibility steering committee comprising our CEO, Chief Finance Officer and VPs of Operations, Legal Affairs, Corporate Affairs and Communications and Human Resources, as well as Heads of Marketing and experts from across our operations and communications functions.

We ensure that we have the right expertise, structures and engagement in place to drive progress against targets and action plans. The team is supported by cross-functional action groups on key topics.



Meet our Senior Management Team

STRUCTURE OVERVIEW



RESPONSIBLE SUPPLY CHAIN

Our suppliers play a vital role in ensuring we have a positive impact on the planet, the people and communities we work with and depend upon.

By working together, we can create stronger business relationships. Recognising that there are differences in laws, customs and economic conditions that affect business practices around the world, we apply the Pernod Ricard Supplier Standards to all direct suppliers. The Standards cover Labour & Human Rights, Health & Safety, Environmental Impact, Integrity & Fair business practices, and Responsible Drinking. In turn, our suppliers must also ensure that the standards are observed by subcontractors.

In addition, all Pernod Ricard suppliers must comply with a Supplier CSR commitment. It is based on the Amfori Business Social Compliance Initiative 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 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.



TRANSPARENT DISCLOSURE

Key: ● Achieved ● On plan ● Off plan ● Not applicable

Pillar: Nurturing Terroir

Code	Commitments	Target	Progress in 2020/21	
TER-01	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:	● Achieved
			Malibu and Kahlúa:	● On plan
TER-02	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:	● On plan
			Malibu and Kahlúa:	● On plan*
TER-03	Certification (sourcing): Key agricultural raw materials sourced according to selected sustainability standards	100% certification of key raw materials by 2030	Absolut Vodka:	● On plan
			Malibu and Kahlúa:	● On plan
TER-04	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:	● On plan
			Malibu and Kahlúa:	● On plan
TER-05	Enhance biodiversity: Engage in conservation initiatives to preserve natural ecosystems	All affiliates engaged in a strategic biodiversity project by 2030	Absolut Vodka:	● On plan
			Malibu and Kahlúa:	● On plan

* In collaboration with relevant Pernod Ricard affiliates

TRANSPARENT DISCLOSURE

Key: ● Achieved ● On plan ● Off plan ● Not applicable

Pillar: Valuing People

Code	Commitments	Target	Progress in 2020/21	
PEO-01	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:	● On plan
PEO-02	Health and Safety: Become the 'best in class' in the Wines & Spirits industry tending towards zero Lost Time Accidents, thanks to 3 strategic priorities on Culture, Leadership and Performance by 2025	0 Severity rate; 0 General Accident frequency rate; 0% near miss mitigated by action plan	TAC:	● On plan
PEO-03	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:	● On plan
PEO-04	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:	● On plan
PEO-04	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	TAC:	● On plan
PEO-05	Diverse leaders: Gender balanced management teams, with a strong pipeline of future female leaders and equalise pay in our workforce	No pay gap by 2022 35% of women in managerial levels and above by 2030	TAC:	● On plan

TRANSPARENT DISCLOSURE

Key: ● Achieved ● On plan ● Off plan ● Not applicable

Pillar: Circular Making

Code	Commitments	Target	Progress in 2020/21	
MAK-01	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:	● On plan
			Malibu and Kahlúa:	● On plan*
MAK-02	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	Absolut Vodka:	● On plan
			Malibu and Kahlúa:	● On plan
MAK-03	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:	● On plan
			Malibu and Kahlúa:	● On plan
MAK-04	Recycling in markets: Create/actively participate in recycling programmes in key markets with poor recycling levels and engage consumers to recycle	1st KPI: 10 Markets by 2030 2nd KPI: 100% by 2030	TAC:	● On plan
MAK-05	Point of sale: Eliminate single-use plastic	0% single-use plastic POS 2021 100% reusable, recyclable or compostable by 2030	Absolut Vodka:	● On plan
			Malibu and Kahlúa:	● On plan
MAK-07	Water use: Define water use 'excellence' targets per activity based on best available technologies	20% reduction in water use by 2030	Absolut Vodka:	● On plan
			Malibu and Kahlúa:	● On plan*

* In collaboration with relevant Pernod Ricard affiliates

TRANSPARENT DISCLOSURE

Key: ● Achieved ● On plan ● Off plan ● Not applicable

Pillar: Responsible Hosting

Code	Commitments	Target	Progress in 2020/21
HOS-01	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. 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	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	TAC: ● Achieved
HOS-02	Consumer information: Provide our consumers with nutritional and ingredient information about our products, on and off label, together with responsible consumption information	100% compliance	TAC: ● On plan
HOS-03	Responsible marketing: All our brands will communicate externally with a due sense of ethics and social responsibility, through non-biased, respectful and responsible campaigns which respect everyone and do not target unwanted audiences	95% compliance with IARD Digital Guiding Principles	TAC: ● On plan
HOS-04	Responsible experience: Our name and our brands should always be associated with responsible drinking. All our direct interactions with our consumers will follow our guiding principle that there is no conviviality without responsibility	100%	TAC: ● On plan
HOS-05	Prevent alcohol misuse: In the spirit of the 5 Producers' Commitments (IARD), in partnership with the industry, civil society and local authorities	One programme per market, at scale, in partnership and evaluated by 2030	TAC: ● On plan



The Absolut Company
Pernod Ricard