2017

RÉMY COINTREAU

REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

2016/2017

CONTENTS

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REGISTRATION DOCUMENT 2016/2017

AND ANNUAL FINANCIAL REPORT

The Rémy Cointreau Group is one of the major operators in the global Wines and Spirits market, with a portfolio of exceptional brands that includes the Rémy Martin and Louis XIII cognacs and Cointreau liqueur. The brands are mainly distributed via a network of subsidiaries located in the Group's various strategic markets.

Rémy Cointreau is listed on Euronext Paris. The free float comprises approximately 44% of the share capital. The majority of the Rémy Cointreau Group is held by a family holding company, Andromède.

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This registration document was filed with the French Financial Markets Authority (AMF) on 23 June 2017, in accordance with Article 212-13 of its General Regulation. It may be used in support of a financial transaction if accompanied by a memorandum approved by the AMF. It was prepared by the issuer under the responsibility of its signatories.

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OVERVIEW OF THE GROUP

1.1 Key figures

Data in € millions, for the period 1 April to 31 March	2017	2016
Net sales	1,094.9	1,050.7
Operating profit current	226.1	178.4
Current operating margin	20.7%	17.0%
Net profit – Group share	190.3	102.4
Net profit excluding non-recurring items	135.0	110.4
Capital expenditure and administrative investments	36.9	30.8
Equity – Group share	1,302.5	1,111.9
Net financial debt	390.1	458.2
Dividends paid during the financial year (per share in €):	1.60	1.53
Earnings per share (basic, in €):		
On net profit excluding non-recurring items – attributable to the owners of the parent	2.75	2.27
On net profit – Group share	3.87	2.11

NET SALES BY CATEGORY

	2017	2016
The House of Rémy Martin	707.5	647.8
Liqueurs & Spirits	276.3	273.7
Sub-total Group brands	**983.8**	**921.5**
Partner Brands	111.0	129.2
TOTAL	**1,094.9**	**1,050.7**

OPERATING PROFIT CURRENT

	2017	2016
The House of Rémy Martin	185.2	139.7
Liqueurs & Spirits	57.5	48.1
Sub-total Group brands	**242.7**	**187.8**
Partner Brands	2.0	6.0
Holding	(18.6)	(15.4)
TOTAL	**226.1**	**178.4**

NET SALES BY GEOGRAPHIC AREA

	% total	2017	2016
Europe-Middle/East-Africa	31.5%	345.3	359.6
Americas	39.7%	434.2	394.6
Asia-Pacific	28.8%	315.4	296.5
TOTAL	**100.0%**	**1,094.9**	**1,050.7**

NET SALES BY CURRENCY

	% total	2017	2016
Euro	22.8%	249.1	264.2
US dollar, HK dollar, Chinese yuan, Barbadian dollar	60.8%	665.9	607.5
Other currencies	16.4%	179.8	179.0
TOTAL	**100.0%**	**1,094.9**	**1,050.7**

1.2 HISTORY

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

KEY DATES AND EVENTS

1703 Creation of Mount Gay Rum in Barbados

1724 Establishment of The House of Rémy Martin Cognac

1849 Creation of Cointreau & Cie by the Cointreau brothers

1881 Creation of the Bruichladdich Distillery in Islay

1888 Creation of the Metaxa brand

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

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

1966 Creation of Rémy Martin's international distribution network

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

1985 Acquisition by the Rémy Martin Group of Charles Heidsieck Champagne

1986 Creation of the Passoã brand

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

1989 Acquisition by the Rémy Martin Group of Mount Gay Rum

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

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

1998 Dominique Hériard Dubreuil becomes Chairman of Rémy Cointreau

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

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

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

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

Disposal of Bols' Polish operations to CEDC

Maxxium reinforced by taking over the distribution of a number of Allied Domecq brands acquired by Fortune Brands

2006 Disposal of the Dutch and Italian Liqueurs & Spirits operations

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

2008 Transition year in view of the Maxxium exit

Creation of a proprietary distribution structure

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

1 April: Rémy Cointreau controls 80% of its distribution

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

Rémy Cointreau continues as the sole distributor of Piper-Heidsieck and Charles Heidsieck, as well as Piper Sonoma (the US sparkling wine brand)

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

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

18 December: acquisition of the cognac company Larsen

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

2015 27 October: disposal of Izarra to Spirited Brands

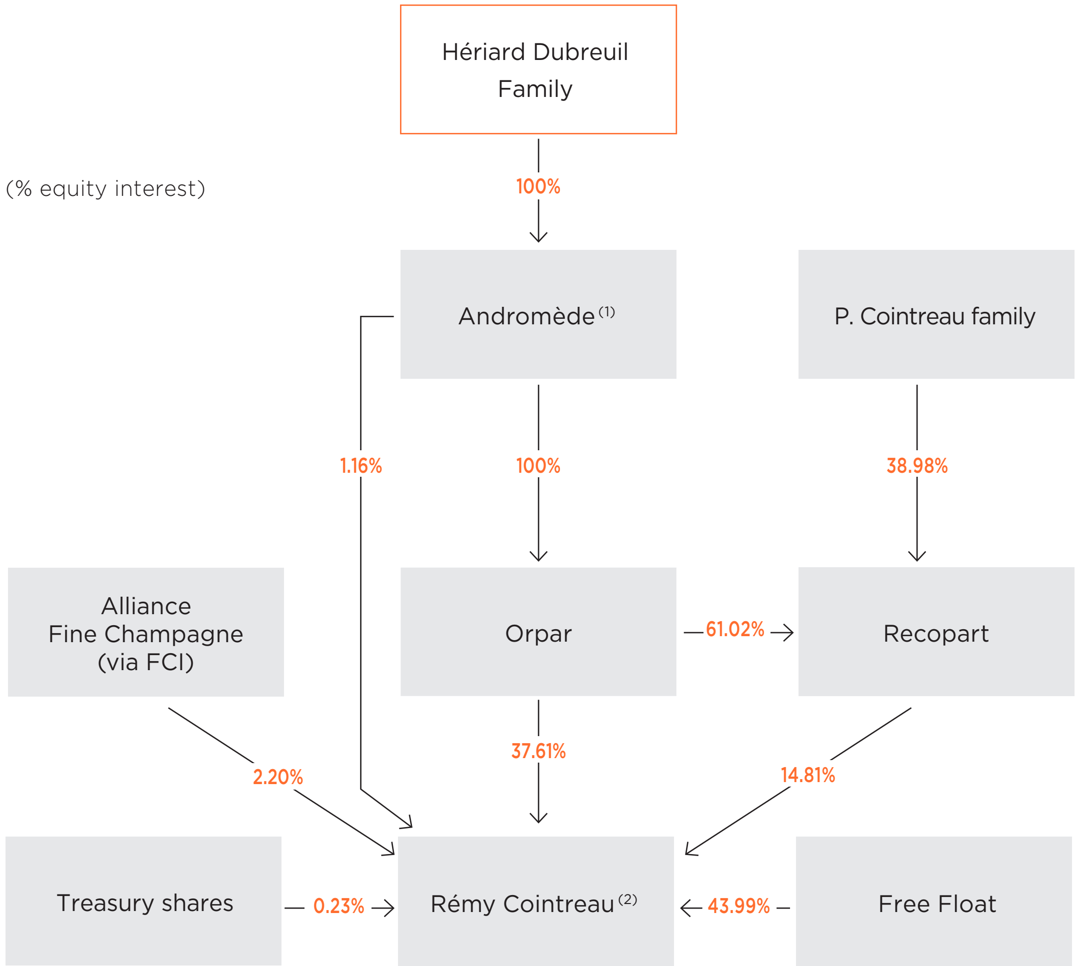
2016 1st December: set-up of a joint-venture for the activities of Passoã

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

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

1.3 SHAREHOLDING STRUCTURE

AT 31 MARCH 2017



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

1.4 The Group's activities

The French family-controlled Rémy Cointreau Group is one of the leading players in the global Spirits industry with a portfolio of 12 exceptional world-renowned brands: Rémy Martin and LOUIS XIII cognacs, Cointreau liqueur, Greek Metaxa spirit, Mount Gay rum, St-Rémy brandy, The Botanist gin, and single malt whiskies Bruichladdich, Port Charlotte, Octomore, Westland and Domaine des Hautes Glaces.

The Spirits market features an extensive number of co-existing local and international brands in a particularly competitive environment. Against this background, Rémy Cointreau has, for many years, implemented a value creation strategy aimed at developing its upmarket brands in the high-end segments of the global markets, which offer high growth and earnings potential. The Group's long-term ambition is to become the global leader in exceptional spirits.

The implementation of this strategy has led the Group, over the past few years, to dispose of brands and other assets deemed less suited to its value creation strategy and to resume full control of its distribution in its key markets (exit from Maxxium in March 2009). With its own distribution network in Asia, the US and in some European countries, Rémy Cointreau controls around 85% of its net sales. The Group is therefore able to implement a pricing and distribution strategy consistent with its high-end positioning.

Thanks to its distribution operations, which are strong, highly responsive and very close to clients, and its robust financial health, the Group seeks to develop its upmarket and well-known brands. Most of the Group's brands have existed for more than a century, but they are totally contemporary and bear CSR values.

1.4.1 Brands

The Rémy Cointreau Group organisation spans brand divisions and market divisions, which manage the distribution network. All of these divisions benefit from the support of the holding company.

Depending on their product category, production process and geographic sales distribution, the Group's brands are allocated to one of the following two divisions: "The House of Rémy Martin" and "Liqueurs & Spirits".

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

THE HOUSE OF RÉMY MARTIN

The House of Rémy Martin produces a range of cognacs under the Rémy Martin and LOUIS XIII brands.

The House of Rémy Martin cognacs are made exclusively from *eaux-de-vie* sourced in Grande Champagne and Petite Champagne, the two leading crus of the Cognac appellation, which offer the greatest ageing potential.

The House of Rémy Martin is thus positioned primarily in the high-end segment, witness its three flagship products, VSOP Fine Champagne, XO Excellence Fine Champagne and LOUIS XIII Grande Champagne.

In 2016/2017, the House of Rémy Martin accounted for 65% of the Group's total net sales and 99% of its international sales.

KEY FIGURES

(in € millions or %)	2017	2016
Net sales	**707.5**	**647.8**
Breakdown by geographic area:		
Europe-Middle/East-Africa	16.5%	18.0%
Americas	44.2%	42.2%
Asia-Pacific	39.3%	39.8%
TOTAL	**100%**	**100%**
Operating profit current	188.2	139.7
Current operating margin	26.2%	21.6%

Description of *appellation d'origine contrôlée* Cognac

Cognac is a brandy (*eaux-de-vie* distilled from grapes) with the *appellation d'origine contrôlée* of the Cognac region of France. The appellation covers six crus: Grande Champagne, Petite Champagne, Borderies, Fins Bois, Bons Bois and Bois Ordinaires. Rémy Martin selects its *eaux-de-vie* from the first two crus, whose quality is best suited to the production of its superior quality cognacs.

"Fine Champagne" designates a cognac made exclusively from the first two crus, Grande Champagne (at least 50%) and Petite Champagne.

There are a number of quality levels classified in accordance with legal standards (BNIC) in respect of the average age of the *eaux-de-vie:*

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

Competitive positioning

Four cognac brands account for nearly 90% of the global market (source: IWSR): Rémy Martin (Rémy Cointreau), Hennessy (LVMH), Martell (Pernod Ricard) and Courvoisier (Suntory). Rémy Martin's market share of cognac shipments for all qualities combined is 13.0% (source: BNIC March 2017). Rémy Martin makes 99% of its shipments in the QS *(Qualité Supérieure)* segment, which accounts for 50% of the total cognac market (source: BNIC March 2017).

Supply of *eaux-de-vie*

Since 1966, the creation of cognac *eaux-de-vie* stocks has relied on partnership contracts concluded exclusively with Grande and Petite Champagne producers. This policy has enabled the Group to manage its long-term supplies and to meet the standards of quality required by the House of Rémy Martin.

The partnership mainly consists of a co-operative, Alliance Fine Champagne (AFC), whose members operate 59% of Grande and Petite Champagne Cognac vineyards, *via* two types of contract:

- collective contracts which specify the volume of the new crush to be delivered to the co-operative as part of its inventory. These inventories become the property of the co-operative and are financed partly by instalments paid by E. Rémy Martin & C° and partly through bank financing or the co-operative's own funds. E. Rémy Martin & C° is irrevocably committed to the acquisition in time of these stocks when the *eaux-de-vie* has been accepted as suitable for the brand and added to the AFC stock. The price is contractually agreed at the time it is accepted as part of the stock and is then increased by the actual storage and finance costs incurred by the co-operative;
- individual contracts which manage supplies by age and whose storage is assured and financed by the distillers. These contracts are between E. Rémy Martin & C°, AFC and the members concerned. Since April 2005, E. Rémy Martin & C° has transferred purchase commitments and the management of three-year contracts with the distillers to AFC.

Rémy Cointreau consolidates as a special-purpose entity the inventories of the AFC co-operative as well as the contractual commitments related to the Rémy Martin brand. Based on the analysis of procedures laid down for managing these contracts and the pricing formula applicable upon delivery, it is deemed that the risks and rewards pertaining to *eaux-de-vie* inventories held by distillers are transferred to AFC (and as such to the Rémy Cointreau Group) when the *eaux-de-vie* have passed quality tests conducted by E. Rémy Martin & Cie and the distiller has purchased shares of the co-operative in proportion to its commitments taken into stock.

The balance of contractual commitments not yet produced is disclosed in off-balance sheet commitments.

LIQUEURS & SPIRITS BRANDS

In 2016/2017, the Liqueurs & Spirits division accounted for 25% of the Group's total net sales.

The Liqueurs & Spirits division houses brands that operate in a high-volume market featuring a large number of contributors in terms of product categories (liqueurs, vodkas, gins, whiskies, rums, brandy and local specialities) and many brands with international reach coexisting with local brands.

The division's main brands are:

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

All of these brands are produced in their country of origin.

KEY FIGURES

(in € millions or %)	2017	2016
Net sales	**276.3**	**273.9**
Breakdown by geographic area:		
Europe-Middle/East-Africa	49.8%	51.0%
Americas	39.8%	38.9%
Asia-Pacific	10.4%	10.1%
TOTAL	**100%**	**100%**
Operating profit current	57.5	48.0
Current operating margin	20.8%	17.5%

Competitive positioning

The Liqueurs & Spirits industry is highly fragmented owing to the wide range of products. A large number of new products are launched every year. The leading producers and distributors are Diageo, Pernod Ricard, Campari, Brown-Forman, Beam-Suntory and Bacardi. Group brands compete with both local and international brands.

Sourcing and sub-contracting

The Group's Liqueurs & Spirits brands do not have significant sourcing or production constraints.

The Rémy Cointreau Group sub-contracts part of its bottling operations to other companies located abroad, in particular Greece for the production of Metaxa, for all markets.

Sub-contracting represents 16% of the total volume of Group brands.

PARTNER BRANDS

In 2016/2017, Partner Brands accounted for 10% of the Group's total net sales.

This category comprises brands belonging to other operators in the Wines & Spirits sector, distributed by Rémy Cointreau either *via* worldwide agreements or *via* agreements limited to one country or region.

It also includes some of the Group's minor brands, insofar as they are not significant and their distribution is limited to one or two markets.

The most significant partnerships concern the Passoã liqueur, Russian Standard vodkas, and certain spirits of the William Grant & Sons Group.

1.4.2 The Group's principal entities

PRODUCTION

The fact that the Group is established in specific regions is a key factor for the brands owned by the Group, which has four production sites specific to its brands.

Cognac (France)

All House of Rémy Martin production takes place in Cognac and Merpins (a town on the outskirts of Cognac), on a site that includes ageing and fermentation cellars, laboratories, a packaging complex, offices and a visitor and reception centre and covers a total surface area of 332,000 sq. m.

The "Domaines Rémy Martin" entity manages the wine estates of the House of Rémy Martin (270 hectares of vines eligible for the Cognac appellation), as well as the Touzac distillery linked to it.

Angers (France)

The production of the Cointreau and Passoã liqueurs and the St-Rémy brandy range is located in St-Barthélémy d'Anjou (on the outskirts of Angers). This site also carries out bottling operations for other Group brands. It comprises distilling facilities, fermentation cellars, laboratories, a packaging complex, offices and a visitor and reception centre over a total surface area of 100,000 sq. m.

Brandons and St Lucy (Barbados)

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

Isle of Islay (Scotland)

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

The production operation (distilling, ageing, bottling) is carried out on the island, on a historic site created in 1881 that covers a surface area of 30,000 sq. m. In July 2016, a whisky storage cellar was put into operation. The 2,000 sq. m building represents the first part of the Coultorsay storage unit located next to the distillery. The total surface area of the zone set aside for future storage cellars is around 90,000 sq. m. It should be noted that part of the administrative services are located in Glasgow.

RECENT ACQUISITIONS

In January 2017, the Group acquired two single malt whisky distilleries:

- Westland Distillery (US), located in South Downtown Seattle in the state of Washington, gets its malt from local producers;
- The Domaine des Hautes Glaces (France), located in the heart of the Trièves region of the Alps, is a mountain farm/distillery which combines French know-how (distilling with traditional Charente stills) and ingredients from local producers. The supplies of barley, rye and spelt (organically grown) come exclusively from Trièves growers.

DISTRIBUTION AND ADMINISTRATION

Generally speaking, all products awaiting sale are stored in third-party logistics centres, irrespective of the market.

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

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

1.4.3 PURCHASE OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

CAPITAL EXPENDITURE AND ADMINISTRATIVE INVESTMENTS

The Group considers that the level of investment required to develop, maintain and environmentally optimise the production and administrative units is approximately €35-40 million per annum.

The sum total of disbursements relating to property, plant and equipment and intangible assets, excluding brands and goodwill, was €36.9 million for the 2016/2017 financial year.

The main capital expenditure items concerned

- the storage of ageing inventories in Cognac, Islay and Barbados (barrel and cask purchases, construction, expansion and fitting out of storage cellars);
- the replacement of industrial equipment as part of the ongoing safety and environmental improvements;
- IT systems;
- the fitting out of a LOUIS XIII branded store in Beijing.

The amounts spent on intangible assets, property, plant and equipment over the last three financial years are as follows:

(in € millions)	**2017**	**2016**	**2015**
	36.9	30.8	36.8

RESEARCH AND DEVELOPMENT

The production facilities have Research and Development departments that work on both content and packaging.

The laboratories are well-equipped and work in regular contact with private external research centres and universities.

Multi-disciplinary teams comprising technicians, wine experts, engineers and scientific doctorate-holders are responsible for in-house activities. Their task is to ensure that the business adopts the advances and innovations that enable sustainable improvements to the various operations in growing methods and the creation of drinks as well as industrial processes.

Rémy Cointreau's ongoing determination to achieve excellence in the preparation and production of its products and to maintain irreproachable quality, which has been recognised for decades, relies on this deep involvement in research and development.

Research and development expenditure are expensed as incurred by each of the companies concerned.

1.5 RELATED-PARTY TRANSACTIONS AND MATERIAL CONTRACTS

See the Statutory Auditors' special report for the year ended 31 March 2017 for regulated agreements entered into in previous years and which remained in force during the year under review.

No regulated agreements were entered into during the 2016/2017 financial year.

At its meeting on 28 March 2017, the Board of Directors also conducted a review of the regulated agreements entered into and authorised in prior years and whose performance continued in 2016/2017, in accordance with the provisions of decree No. 2014-863 of 31 July 2014.

These agreements are as follows:

- **Service provision agreement with Andromède SAS**

  Andromède and Rémy Cointreau signed a service provision agreement on 31 March 2011. According to this agreement, Andromède provides Rémy Cointreau SA with services in the field of management, strategy and finance, institutional and commercial relations, development and external growth, and organisation and management of senior executives. The annual fees for these services are determined on the cost borne, plus a 5% margin. This agreement was authorised by the Board of Directors at its meetings on 22 March 2011 and 24 March 2015. The Board meeting of 24 March 2015 authorised an addendum to this agreement, changing as of 1 April 2015 its duration to open-ended, with the option for both parties to waive it by sending a letter by registered post with proof of receipt with three months' notice at any time, with no compensation being owed by either party. The Combined Shareholders' Meeting of 29 July 2015 approved this addendum.

- **Cash management agreement between Rémy Cointreau SA and Orpar SA**

  Rémy Cointreau and Orpar entered into an open-ended cash management agreement on 14 December 2004, under which they agreed the terms for management of their cash surpluses. An addendum made on 4 July 2007, approved by the Board of Directors on 5 June of the same year, also sets out the conditions for review of the fee, calculated based on the EURIBOR plus a fixed margin according to the syndicated loan terms applicable to Rémy Cointreau.

- **Current account agreement between Rémy Cointreau SA and Orpar SA**

  On 31 March 2015, Rémy Cointreau SA and Orpar entered into a current account agreement in which Orpar would provide €60 million for a period of three years from the payment. The agreement came into force on 1 April 2015. This advance bears interest at 1.25% *per annum*. It is refundable in fine, or at any time at the request of Orpar with a notice of three months. This agreement was authorised by the Board of Directors, which met on 24 March 2015 and was approved by the Combined Shareholders' Meeting of 29 July 2015.

- **Severance and non-compete clause indemnities for the Chief Executive Officer**

  The Board of Directors, meeting on 25 September 2014, authorised indemnities payable to Ms Valérie Chapoulaud-Floquet, in the event of the termination of her position. These indemnities include:

  - a severance payment of a maximum of twenty-four months of gross fixed and variable earnings submitted to performance conditions,
  - a compensation payable under the non-compete clause, corresponding to twelve months of gross fixed and variable earnings.

  The total amount of severance and non-compete clause indemnities is limited to twenty-four months of earnings, in accordance with the AFEP/MEDEF Code.

  These indemnities were authorised by the Board meetings of 16 and 25 September 2014 when Ms Valérie Chapoulaud-Floquet was appointed Deputy Chief Executive Officer and again by the Board of Directors at its meeting on 27 January 2015 when she was appointed Chief Executive Officer. The Combined Shareholders' Meeting of 29 July 2015 approved these indemnities. These indemnities were not changed during the 2016/2017 financial year.

- **Commitment to a retirement with defined services**

  In compliance with Article L. 225-42-1 of the French Commercial Code, as amended by the law of 21 August 2007, defined-benefit pension obligations assumed towards Chairmen, Chief Executive Officers or Deputy Chief Executive Officers by a listed company or any company controlled by or that controls a listed company are subject to the rules on regulated agreements.

  As a reminder, Mr Marc Hériard Dubreuil, a Board member, benefits from this commitment, which was entered into prior to the law coming into effect. This obligation was approved by the Board of Directors on 4 June 2009 and was ratified by the Shareholders' Meeting of 28 July 2009. It is financed by Andromède.

  The Board of Directors, meeting on 27 January 2015, authorised Rémy Cointreau to grant a pension commitment with defined services in favour of the Chief Executive Officer, Ms Valérie Chapoulaud-Floquet. This plan provides for payment of a pension from 8 to 15% of the average gross annual remuneration of the last two years of activity depending on seniority, and is paid with a condition concerning presence at the time of retirement. It is capped so that all replacement income received does not exceed 50% of the remuneration of activity. This commitment to a pension with defined services was approved by the Combined Shareholders' Meeting of 29 July 2015.

At its meeting on 28 March 2017, the Board of Directors found that the first three of the aforementioned agreements were technical agreements, mainly financial or involving assistance in various strategic or operational areas, and that they were indispensable to the internal operation of the Group formed of Rémy Cointreau SA and its subsidiaries, particularly in view of their expansion into extremely competitive markets requiring a high level of expertise. It also noted that the indemnities and commitments granted to the Chief Executive Officer were granted in accordance with the law and the AFEP/MEDEF Code, that they related to remuneration components negotiated with Ms Valérie Chapoulaud-Floquet prior to her arriving at the Company, that they were of a normal nature as regards their principles and their amount and that the actions of the Chief Executive Officer were fully beneficial to the Group's growth. The Board therefore found that these agreements continued to meet the criteria it had applied when it originally authorised them. Accordingly, the Board of Directors elected to maintain its previous analysis of these agreements.

No transactions other than ordinary transactions conducted under normal conditions were entered into with shareholders holding voting rights in excess of 10%, other than those mentioned in the special report.

The Board of Directors' meeting of 7 June 2017 authorised commitments of a similar nature to the collective welfare and pension schemes referred to in Article L. 242-1 of the French Social Security Code in favour of Ms Valérie Chapoulaud-Floquet from 16 September 2014. These commitments will be proposed to the Shareholders' Meeting of 25 July 2017 for ratification, in application of Articles L. 225-38, L. 225-42 and L. 225-42-1, paragraph 6 of the French Commercial Code, as stated in section 8 of this document.

1.6 Risk factors and insurance policy

1.6.1 Strategic risks

PRINCIPAL CONTRACTS AND CUSTOMERS

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

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

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

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

In general, contracts concluded by Group companies form part the ordinary course of business and the commitments therein are in line with international business practices.

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

The Group's top ten customers represent 34% of consolidated net sales.

Similarly, as far as suppliers are concerned, there is no dependence on a single key supplier, since the Group's top ten suppliers represent roughly 57% of raw material supplies, excluding cognac *eaux-de-vie*. More specifically, supplies of cognac *eau-de-vie* are the subject of long-term commitments, thereby reducing the supply risks.

RISKS RELATING TO COMPETITION, INDUSTRY CONCENTRATION AND RETAILERS IN GENERAL

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

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

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

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

CHANGING TASTES AND CONSUMER PREFERENCES

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

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

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

By developing different markets and products for Metaxa (Metaxa Honey Shot and Metaxa 12 stars), Mount Gay rum (launch of Black Barrel in 2013), The Botanist gin and Bruichladdich whisky (Bruichladdich, Port Charlotte, Octomore), the Group can respond to changes in consumer tastes and be at the forefront of new trends in consumption.

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

1.6.2 Brand and product-related risks

RISKS ASSOCIATED WITH BRAND PROTECTION

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

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

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

In January 2010, the Brands Office of the People's Republic of China acknowledged the three ideograms "REN TOU MA", by which the Rémy Martin brand is known by Chinese consumers, as a recognised brand. This recognition is a powerful addition to the process of combating counterfeit goods which the Group has implemented in China. Furthermore, administrative and judicial decisions in 2015, 2016 and 2017 recognised "LOUIS XIII" as a respected brand in several Asian countries, enabling it, in these countries, to significantly boost its protection and facilitate its defence in the event of counterfeit of all types of products or services.

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

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

REPUTATIONAL RISK

Reputational risk is any event that could negatively impact on the image and reputation of the Group or its brands in any or all of its markets.

The Rémy Cointreau Group has a strong work ethic. Its teams are renowned for their professionalism and its products are recognised as being high-end quality. Together these factors underpin the success of the Group's brands, and are part of the reason why consumers have such a positive image of them. This image is one of the brands' key strengths, bolstering consumer confidence in the Group's products.

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

To address these risks and their consequences, the Group has expanded its digital marketing teams and set up an effective media monitoring strategy, enabling it to respond quickly and effectively to potential rumours.

A crisis management plan has also been developed and rolled out to all Group subsidiaries so that they can take appropriate action as soon as possible.

As part of its CSR policy, Rémy Cointreau educates its employees on the issue of responsible drinking and the importance of acting at all times in accordance with the Group's Ethical Charter.

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

RISKS LINKED TO THE QUALITY OF RÉMY COINTREAU PRODUCTS

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

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

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

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

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

1.6.3 Financial, legal and IT risks

CURRENCY RISK

Rémy Cointreau's results are sensitive to movements in exchange rates as the Group realises around 77% of its net sales in currencies other than the euro, whereas most of the production is within the euro zone.

The Group's exchange rate exposure is mainly in respect of sales in currencies other than the euro, by production companies to the various components of the distribution network. The principal currencies involved are the US dollar (USD), Hong Kong dollar (HKD), Australian dollar (AUD), Canadian dollar (CAD), yen (JPY) and pound sterling (GBP).

During the financial year, the Group added the renmimbi (CNY) to the list of hedged currencies.

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

In particular, the Group aims to cover its net budgeted commercial position on a moving horizon of 15-18 months. This is carried out using forward or options contracts.

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

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

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

The USD position represents around 75% of hedged flows (this position includes HKD flows which are systematically converted into USD).

Hedging of exchange rate exposure is addressed in note **14.5** to the consolidated financial statements.

LIQUIDITY, INTEREST RATE AND MARKET RISK

The majority of the Group's activities are characterised by high levels of capital employed, particularly inventories undergoing ageing. Rémy Cointreau continuously monitors the balance of its financial structure, prioritises long-term resources and combines fixed-rate and variable-rate resources. Refinancing is systematically prepared for those resources reaching maturity. The Group obtains its financing from leading financial institutions.

At 31 March 2017, net financial debt represented only 53% of confirmed resources. 65% of resources were at fixed interest rates. 92% of resources had a maturity of more than one year.

The availability of some financing is contingent upon the level of the so-called A ratio (Average net debt/EBITDA), which is calculated twice per year and must be below 3.50.

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

The A ratio was 1.78 at 31 March 2017. The Group is confident in its ability to maintain this ratio below 3.50 in the short, medium and long-term, and in its ability to renew financing that is due to reach maturity in the coming years.

At 31 March 2017, the Group's rating by specialist agencies was as follows: Standard & Poor's: "BB+, outlook stable"; Moody's: "Baa3, outlook stable".

With regard to interest rate risk, variable rate debt may be hedged *via* derivative financial instruments.

Detailed information on borrowings and potential hedging is available in notes **11** and **14.4** to the consolidated financial statements.

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

LEGAL RISKS

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

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

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

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

The definition and presentation of spirits are subject to the provisions of the following consolidated regulations: EEC regulation No. 110/2008, EU regulation No. 716/2013, EU regulation No. 1169/2011, as well as specific national regulations including French decree no. 2016-757. Their definitions, raw materials, authorised processes, sales denominations, minimum alcohol content, labelling rules, the conditions for obtaining protected geographical indications status and related age claims are also precisely defined.

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

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

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

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

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

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

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

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

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

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

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

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

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

Ongoing litigation as of the date of this report is mentioned in section 4.1.7.

The Group's insurance coverage policy is specified in section 1.6.5 of this report.

IT RISKS

IT risks consist of data loss (both commercial and financial), the inability to operate effectively due to a technical fault, and system intrusion or hacking.

The Rémy Cointreau Group's processes are based on the extensive use of IT systems. As such, they are exposed to the risk of failure of the Group's IT systems and the network infrastructure used. The processes concerned could be significantly interrupted or sensitive data could be lost or corrupted if these systems were to become totally or partially unavailable. Finally, hacking could result in the theft of confidential data.

To guard against these risks, a data protection and backup plan and business continuity plan have been implemented in each company, allowing the Group to continue operating in all circumstances. Finally, Rémy Cointreau uses the latest technologies to protect its network and servers and to prevent hacking.

1.6.4 External risks

SEASONALITY OF THE BUSINESS

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

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

INDUSTRIAL AND ENVIRONMENTAL RISKS

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

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

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

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

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

Due to the Group's activities, its main production sites in France are subject to local authority licensing. The Cognac site is classified as Seveso high threshold on account of the quantities of *eaux-de-vie* stored there. The site is subject to a comprehensive Safety Management System (SMS).

The Cognac and Angers sites are ISO 14001 certified. This certification is validated by annual follow-up audits. These audits did not reveal any anomalies. Indicators used by ISO 14001 certification have also been rolled out to other Group sites.

The Mount Gay Distillery bottling site is ISO 9000 certified.

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

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

RISK OF FRAUD

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

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

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

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

1.6.5 Insurance

The Rémy Cointreau Group has always been committed to a pro-active risk management policy, which implements:

- risk identification procedures;
- a co-ordinated, centralised, global approach to insurance programmes;
- prevention and protection audits for people and industrial assets.

In order to increase its responsiveness to a major incident, in 1997 the Rémy Cointreau Group drew up a crisis management plan to deal from the outset with all damage of any kind suffered by the Group.

In this context, the Group has opted to transfer its risks on the insurance market to companies with acknowledged solid financial bases and works in close cooperation with the world leader in risk management consulting and insurance brokerage.

The contractual limits of the insurance programs have been determined according to the Group's operations, the findings of studies calculating the Maximum Possible Loss and the capacities available on the insurance market.

The main insurance policies are integrated under international insurance programmes covering strategic risks such as general civil liability, withdrawal of delivered products, damage to property and consequent operating losses and transport of goods.

Deductibles levels were optimised depending on the coverage of each risk and the cost of overall coverage. Total insurance premiums, excluding employee-related collective insurance contracts, for the 2016/2017 financial year did not exceed 0.23% of consolidated net sales.

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

INSURANCE FOR MATERIAL DAMAGE AND OPERATING LOSS

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

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

Damage related to contamination or pollution is covered under this policy.

These guarantees are provided in accordance with the declared value and the financial losses cover the gross profit of the Group's companies over a coverage period of 24 months.

A facility of €250 million per claim has been negotiated for combined property damage and operating losses. This limit was determined following a Maximum Loss survey.

An additional insurance line of €250 million has been taken out for the company E. Rémy Martin & C°.

GENERAL CIVIL LIABILITY INSURANCE

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

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

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

INSURANCE FOR TRANSPORTED GOODS

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

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

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

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

OTHER INSURANCE

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

2

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Introduction: Chairman's Commitment

(GRI indicator: G4-1)

Rémy Cointreau's new signature, "Terroirs, people and time", unequivocally conveys the values that have defined the Group since its creation. By invoking these three fundamental pillars, it echoes our CSR ambitions, which in turn are aligned with the Sustainable Development Goals (SDGs) set by the United Nations.

These provide an effective framework for corporate governance commensurate with Rémy Cointreau's requirements. By performing a materiality analysis, we were able to create a priority matrix for selecting SDGs on the basis of their impact on the Group's growth, sustainability and value creation, mirroring our stakeholders' expectations. Of the 17 UN Sustainable Development Goals, Rémy Cointreau has selected ten, mainly linked to sustainable agriculture, climate change and human rights.

For nearly 15 years, Rémy Cointreau has undertaken on a daily basis to uphold and promote the ten principles of the Global Compact, which it joined in 2003. The 2016/2017 financial year once again saw the Group receive the GC Advanced qualification for its annual CSR report – the highest level of distinction under the Global Compact and a testament to the strength of the Group's commitments. Rémy Cointreau also took over the presidency this year of the GC Advanced France club, which shares CSR best practice with other members on issues such as climate change and biodiversity.

Our CSR report covers 23 companies which disclose their employment, environmental and societal data in accordance with Decree No. 2012-557 and Article 225 of France's "Grenelle II" Act of 12 July 2010. The report is audited by a third party. The indicators it contains also refer to the G4 Guidelines of the GRI (Global Reporting Initiative).

Mindful of the environmental impact of its activities, Rémy Cointreau measures its carbon emissions in considerable detail. A listed company, the Group meets the requirements of Article 173-IV-A of the French law on energy transition and green growth. As a result, scope 3 of the carbon footprint assessment now covers 90% of the business.

The Group's CSR policy could not be implemented without the strict observance of ethical principles which underscore its credibility and consistency and ensure that it attains its targets. With this in mind, Rémy Cointreau has joined the Supplier Ethical Data Exchange (SEDEX), an international organisation set up to foster responsible and ethical business practices in global supply chains.

We are especially keen to involve all our employees so that the CSR policy can be a cornerstone of our corporate culture. Our employees were involved in priority actions during the first year of the CSR 2020 plan. These included our scope 3 carbon footprint assessment, the utilisation of energy performance diagnostics, environmentally responsible packaging design and product transportation. To support the Group's objectives, an international volunteer position was created in Barbados, thereby reinforcing employee involvement worldwide.

In terms of governance from 2017 onwards, the Group's senior executives will see part of their variable remuneration linked to CSR targets, in line with the ten SDGs selected. The CSR Committee, recently set up within the Board of Directors, will ensure compliance with these commitments.

Rémy Cointreau applies ISO standards to ensure quality, food safety and respect for consumers and their health. This year, Bruichladdich was awarded ISO 9001 certification, while E. Rémy Martin and Cointreau renewed their ISO 9001, ISO 14001 and ISO 22000 certifications. Mount Gay also holds ISO 9001 quality certification. Domaines Rémy Martin renewed their level 3 environmentally responsible farming (AHVE) certification, attesting to the Group's environmental commitments. Lastly, to better communicate its values to its stakeholders, the Group has designed a website showcasing its new corporate identity. Relaunched this year, remy-cointreau.com provides extensive information about our CSR activities.

While Rémy Cointreau has always been committed to corporate social responsibility, the current international context has only served to confirm – and strengthen – its resolve. More than ever, our CSR policy is at the heart of our strategic ambition. It must fully contribute to the creation of value for the Group, while continuing to support the Group's annual commitment under the Global Compact.

François Hériard Dubreuil
Chairman of the Board of Directors

2.1 The Group's policy and commitments

2.1.1 2016-2020 CSR Plan: new ambitions for the Group

To understand the secret of Rémy Cointreau's excellence, you need to look at what generates it. The quality of its products, of course, and also the values anchored in the Group's DNA. The first year of the 2020 CSR plan has just ended with new objectives, in line with those of the COP21. International events over the past few years have served only to strengthen Rémy Cointreau's resolve, the Company having already been very committed to Corporate Social Responsibility.

In 2015, the 21st Conference of the Parties reached an agreement setting a limit on temperature increases of less than 2°C by 2100. In reality, the maximum effort must be made to prevent temperatures from increasing by over 1.5°C. These objectives are those fixed by Rémy Cointreau for 2020. The Group has integrated the reduction in carbon emissions in its CSR plan. The initial priorities have already been defined, and include winemaking practices, energy efficiency, the eco-design of packaging and the optimisation of product transportation.

Rémy Cointreau's strategy naturally incorporates concern for sustainable development: one of the reasons that LOUIS XIII is exceptional is that it needs to be planned one century ahead.

The Group's CSR policy aims to be inclusive, and can be summarised as: *To do things right, do the right thing.* For this reason, Rémy Cointreau has decided to express the values that have shaped it since its origins with greater force and individuality through its new signature "Terroir, people and time", defining the three cornerstones that support its base. They echo the new CSR objectives, modelled on the United Nations Sustainable Development Goals (SDG). Also called "Global Goals", they are a call to end poverty, protect the planet, and ensure prosperity and" peace for all.

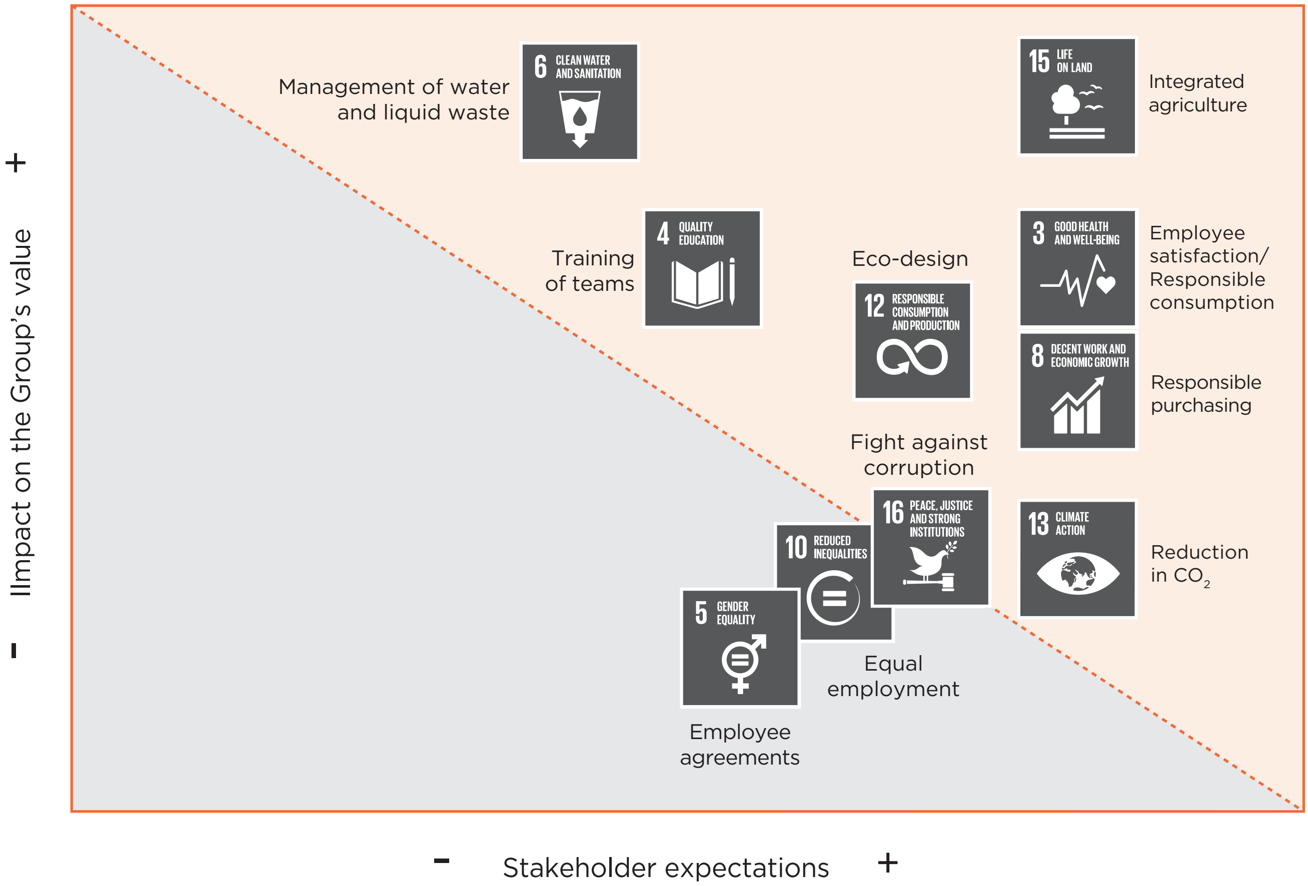
These 17 goals characterise Rémy Cointreau's focus. They reflect its CSR ambitions, by including issues such as climate change and sustainable agriculture.

As a true corporate governance tool and in line with Rémy Cointreau's required standards, a materiality analysis was carried out. This year, it aims to set priority objectives and identify those that will have a significant impact on the Group's growth, sustainability and value creation, whilst taking the demands of all stakeholders into account.

Out of the 17 SDGs, Rémy Cointreau has selected 10:

		Rémy Cointreau's objective	Scope	Shares
SDG 3	Ensure healthy lives and promote well-being for all at all ages/well-being at work	Employee satisfaction	World	Employee satisfaction surveys
		Responsible consumption	World	"Responsible consumption" awareness-raising actions
SDG 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Training/Learning	World	Training plans
SDG 5	Achieve gender equality	Equality between men and women	World	Company agreements
SDG 6	Ensure availability and sustainable management of water	Preserve the water resource in areas of water stress	World	Reduction in water consumption
SDG 8	Decent work and economic growth/Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Responsible purchasing	World	CSR assessment of suppliers (validation of scope: suppliers by sales, strategic suppliers, AFC winemakers, etc.)
SDG 10	Reduce inequality within and among countries	Non-discrimination	World	Equality for employees internationally
SDG 12	Ensure sustainable consumption and production patterns	Sustainable production models/ circular economy	World	Eco-design of products
SDG 13	Take action to combat climate change and its impacts	Be an actor in the fight against climate change	USA Europe	Reduction in CO_2 emissions Transportation of finished products
SDG 15	Sustainable land use/Protect, restore and promote sustainable use of terrestrial ecosystems/Sustainably manage forests/Preserve biodiversity	Deploy sustainable agriculture	World	Environmental commitments by producers
SDG 16	Peace and justice: build effective and accountable institutions	Fight against corruption	World	Respect for the code of ethics

MATERIALITY MATRIX



This matrix constitutes the basis for the Group's new CSR Charter, to support it in continuing its efforts towards excellence.

This begins by respect and dignity for every person on the planet in both their personal and professional lives, which is at the heart of the Group's social policy, guided by respect for Human Rights and Employment law.

With its local partners, Rémy Cointreau constantly strives to protect and develop the regions in which it operates, as it is convinced that companies must participate in development whilst respecting shared values. These values reflect a sincere ethics approach by the Group to build trusting relationships with stakeholders.

Aware of the increasingly demanding expectations of both society and the public authorities, Rémy Cointreau is also committed on a societal level as regards the impact of its advertising and its consequences on alcohol consumption. The Group uses responsible communication that it shares with its employees and final clients.

The aim of the 2020 CSR plan is to transform CSR into a true federating project, involving all, in order to strengthen internal and external cohesion. The main challenges covered by the CSR plan have been set out in line with this desire to involve the whole company and make the Group's employees into ambassadors of its CSR policy.

In terms of governance, from 2017/2018, part of the variable remuneration for the Group's executive managers will be indexed on CSR objectives, in line with the main selected SDGs (GRI Indicator: G4-51). Each Executive Committee member will become an ambassador for a CSR indicator and its improvement for all Group employees worldwide. The CSR commission, recently created within the Board of Directors, will monitor compliance with these commitments.

A VERY ADVANCED REPORTING POLICY

The requirement for responsible business comes as second nature to Rémy Cointreau with its strong ties with its terroirs and its international presence. The Group joined the Global Compact 14 years ago; as a member of the GC Advanced working group, every year it submits a communication on progress made regarding the measures implemented within the context of its policy.

In the continuation of its ratification and application of the Global Compact, since 2003, Rémy Cointreau has kept its undertaking to be an ambassador for the best practices of this worldwide commitment to human rights, labour standards, the environment and the fight against corruption.

As a member over several years of the "Global Compact France" association, Rémy Cointreau is committed to respecting and sharing the ten principles of the Compact with its employees and partners. The concept of Corporate Social Responsibility (CSR) is promoted within the Company, as well as externally, with clients, partners, suppliers and all other stakeholders.

In June 2016, Rémy Cointreau renewed its GC Advanced Qualification for its annual CSR reporting. This is the highest level of differentiation for the Global Compact and demonstrates the strength of the Group's CSR commitment. For 2016/2017, this qualification was awarded by a jury comprising an external expert and Global Compact member companies.

Fully involved in CSR issues, Rémy Cointreau is also a member of the GC Advanced club, of which it assured the chairmanship this year. It aims to share best CSR practices with the other members, on transversal themes: the challenges of climate change and biodiversity, the fight against corruption and changes to the CSR normative framework. Rémy Cointreau endeavours to be a model in all these issues.

As it is convinced that regulatory requirements are not a constraint but an opportunity, Rémy Cointreau has extended the scope of its CSR reporting in application of Article 225 of the French Grenelle II law of 12 July 2010. This reporting is verified by an independent external expert, certifying the inclusion of the required employee-related, environmental and societal information. This year, the environmental audit was extended to the Barbados site and the Domaines Rémy Martin (GRI Indicator: G4-33).

23 companies within Rémy Cointreau's scope now report all or part of their employee-related and environmental information according to the specifications described in the section entitled "Note on methodology". The indicators associated with the information are calculated in accordance with Rémy Cointreau's reporting protocol, which can be obtained on request from the Group's CSR Director and is summarised in the section entitled "Note on methodology". This protocol, which is updated on a yearly basis, is validated by external auditors.

The Group now handles all CSR data using *ad hoc* reporting software that allows for faster and more efficient data processing. Thus, the Group's sites are better informed and more aware. The indicators are linked to GRI benchmarks (Global Reporting Initiative – version G4).

Rémy Cointreau also continues to base its strategy on international ISO standards, which guarantee standards relating to quality, safety and respect for consumers and their health. Aligned with the ISO 26000 standard, Rémy Cointreau's CSR policy aims to comply with best practice in human rights, labour standards, the environment and the fight against corruption.

Rémy Cointreau aims to carry out an ISO 26000 assessment for the whole Group by the end of the 2020 plan. In the meantime, Mount Gay is ISO 9001 Quality certified, while Cointreau and E. Rémy Martin are both Quality, Environment and Food Safety certified (ISO 9001, ISO 14001 and ISO 22001).

This year, these certifications were renewed and extended in view of the 2020 CSR plan. For the first time, Bruichladdich was ISO 9001 certified and hopes to obtain the 14001 and 22001 certifications in 2018. The company E. Rémy Martin renewed its ISO 9001, ISO 14001 and ISO 22001 certifications, with as strengths the commitment and involvement of its teams, its responsible purchasing and the reduction in carbon emissions in line with the energy consumption reduction programme. For the company Cointreau, the following strengths were highlighted: staff involvement thanks to the Energy working group, the reduction in noise pollution and the supplier assessment enabled the ISO 9001, ISO 14001, ISO 22001 and OHSAS 18001 certifications to be renewed. To better meet the changes required by ISO 14001 and ISO 9001, discussion groups were constituted for the Cognac and Angers sites to strengthen the link between their environmental policy and the Group's CSR policy. Process managers were trained within the Group's different sites.

The renewal of the "high environmental value farming" level-3 certification for Domaines Rémy Martin also attests to the Group's environmental commitment.

Ethics and fair trade practices are also at the heart of Rémy Cointreau's values. The Group is a member of the European Union's Transparency Register in order to respect the transparency required for all of its European lobbying actions.

Aware of the social impact of all its businesses, the Group continues to raise awareness of responsible consumption with all stakeholders.

2.1.2 A CSR POLICY IN ACTION

Consistency and high standards are the key elements of an attractive, harmonious CSR policy. Rémy Cointreau understands this and endeavours to act in this direction, to efficiently achieve its goals. It was with this philosophy that the Group's new signature "Terroir, people and time" was designed.

Each of Rémy Cointreau's products is associated with a unique local environment. Men and women work the land to achieve the best possible products from it. And the full value of this work is only realised many years later. This bond, which connects our clients to the terroirs through these people, represents the total authenticity and nobility of Rémy Cointreau's exceptional mission.

To better communicate its values, the Group has created a new website remy-cointreau.com, showcasing its new corporate identity. The new corporate website – launched on 15 December 2016 in French and English – immerses users into Rémy Cointreau's universe. Included in the six sections, the CSR section invites users to find out more about its philosophy in human resources, the environment and societal impact. This new internet site echoes the – ongoing – renovation of the Group's intranet site, for which one of the challenges is to increase employee awareness about the Group's CSR policy.

Aware of the impact of its activities, Rémy Cointreau measures the reduction of its carbon emissions and monitors its environmental indicators. As a listed company, the Group meets the requirements of Article 173-IV-A of the French law on energy transition and green growth. For this reason, the scope 3 of the Carbon footprint has now been extended to 90% of Rémy Cointreau's businesses.

Rémy Cointreau's CSR Charter and code of ethics are disseminated internationally. To support the Group's objectives, an international volunteer position was created in Barbados, to reinforce employee involvement in the CSR policy on the Group's international sites.

INVOLVEMENT OF INTERNAL EMPLOYEES AND EXTERNAL STAKEHOLDERS

Rémy Cointreau has made its CSR policy one of the cornerstones of its corporate culture and encourages its employees to be ambassadors for this policy. New employees receive a detailed overview of the Group's CSR policy and actions as soon as they start the induction process, in order to better incorporate the Company's objectives into their role.

They are made aware of the progress made by Group sites, thanks notably to two working groups at the Cognac and Angers sites. Employees were involved in the priorities of the first year of the 2020 CSR plan: energy, transport, eco-design and the scope 3 carbon footprint assessment. They were involved in the use of energy performance diagnostics, and the improvements to the impact of raw materials used within the Group – such as glass and cardboard – as well as product transportation.

The Global Conference that took place in Cognac in June 2016, bringing together the entire Rémy Cointreau management team, specifically provided for a CSR workshop to raise the awareness of Group managers. Similarly, the new goals were relayed to all the Management Committees of the different Group companies to obtain their buy-in to the project.

Ethics are fundamental for the CSR policy. They reinforce its credibility and consistency and ensure the effectiveness of target achievement: Last year, Rémy Cointreau joined SEDEX (Supplier Ethical Data Exchange), an international organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains. SEDEX is a collaborative platform through which ethical data is shared. This innovative and effective solution enables responsible supply chain management while minimising risk. It is also a way of involving suppliers in the Group's policy. The long-term goal is that all suppliers sign up to SEDEX, with an initial target of 90% of suppliers becoming members of SEDEX by 2018.

Lastly, the Rémy Cointreau Foundation was created in March 2017. Its mission is to "support public interest initiatives in France and abroad to promote and transmit excellence and know-how. It will also act to promote terroirs with their cultural, environmental and human expression". It has been granted an initial five-year budget of one million euros.

During its presentation to the Shareholders' Meeting of July 2016, CSR was defined as one of the Group's six strategic priorities. A CSR commission was created within the Board of Directors. The first meeting of this commission was organised in November 2016 to present the 2020 CSR plan, and to approve the CSR initiatives on responsible international consumption and the goals of the new Rémy Cointreau Foundation (GRI Indicators: G4-34/G4-48).

A CONSISTENT HUMAN RESOURCES POLICY

Rémy Cointreau Group's culture focuses on three fundamental cornerstones – terroirs, time and people. These fundamentals guide its human resources policy and all of its action plans.

In all areas in which it operates, the Group strives to comply at all times with local labour legislation and to promote the provisions of the fundamental conventions of the International Labour Organization, including upholding freedom of association and the right to collective bargaining, eliminating discrimination and forced labour and abolishing child labour.

Rémy Cointreau applies the principle of excellence to its international human resources policy. The will to enhance the Group's knowledge rests on its ability to draft a policy that covers both the entire Group and each individual employee. Its aim is to foster the personal and professional development of our employees, wherever they are located, and whatever job they do, notably through ongoing training. A company that is growing offers opportunities to identify employees with potential and to adopt more inclusive forms of traineeships. At the same time, we pay particular attention to maintaining a positive and productive working environment.

2.2 Employee-related information

The employee-related reporting scope covers all subsidiaries of the Rémy Cointreau Group. Only the production sites of Angers, Cognac, Barbados and Progressive Hebridean Distillers in Islay (formerly Bruichladdich) have included indicators connected with absenteeism and workplace accidents in their CSR reporting scope. The indicator for the number of occupational illnesses recognised only covers the Cognac, Angers and Paris sites. Rémy Cointreau is gradually extending the reporting system to all its subsidiaries for other indicators relating notably to staff training and movements (please see the note on methodology for more details of the reporting scope for each indicator).

2.2.1 Human resources policy

During the 2016/2017 financial year, the Group pursued its actions in the area of employees' professional development, diversity and strengthening the sense of belonging within the Group. Lastly, in France, true to the historical choices it has made, Rémy Cointreau has pursued practices favouring collective agreements in all areas of negotiation.

LISTENING TO EMPLOYEES AND IMPROVING COMMITMENT LEVELS

Last year, Rémy Cointreau launched a worldwide satisfaction survey to measure its employees' commitment. 85% of the Group's employees responded to the survey; its results were presented at each site, together with action plans to improve satisfaction levels. This type of survey will be conducted every two years to measure progress.

ENCOURAGING EMPLOYEE DEVELOPMENT

Rémy Cointreau has continued to use its international development tools to encourage the development of its employees' skills. Performance evaluation processes, succession planning and training policies have a strong emphasis on the implementation of collective or individual action plans aimed at supporting the career aspirations of the Group's men and women, fostering skills development and contributing to team performance.

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

FOSTERING THE GROUP'S MULTICULTURAL IDENTITY AND PROMOTING DIVERSITY

As a result of the Group's activity being heavily favoured towards exports, 61.9% of its workforce is located outside France as at 31 March 2017. The Group believes that its multicultural dimension represents a significant asset in its international development. Training is focused on sharing experiences in all countries where the Group operates. International mobility, both on a professional and geographic level, contributes to spreading the Group's values extensively throughout its organisation. The Group's commitment to diversity is also demonstrated by its willingness to favour building teams that include men and women of different ages, and with different training backgrounds and professional experience.

STRENGTHENING A SENSE OF BELONGING

Enriched by this diversity, the Rémy Cointreau Group also seeks to foster a feeling of belonging to a community driven by a shared vision, united around shared values and working towards achieving shared objectives. In addition to this communication, Rémy Cointreau offers ambitious international training programmes aimed at sharing with the marketing, sales and financial teams the principles, policies and practices the Group implements for its brands in every country.

MAINTAINING AN AMBITIOUS SOCIAL DIALOGUE

The 2016/2017 financial year was marked, once again, by the signing of collective agreements that underlined a willingness, shared by trade unions and employee representatives, to favour dialogue and consultation.

In France, wage policy has been defined within the framework of collective agreements. This once again highlighted the maturity of the Group's social partners.

With the increasing use of dematerialised systems, a charter of best practice for digital tools and the right to disconnect was drafted and published in 2017. It provides advice and recommendations on the use of emails and promotes, where possible, direct human contact.

2.2.2 Changes in the workforce

THE GROUP'S WORKFORCE

At 31 March 2017, the Group's total workforce stood at 1,794 employees on permanent and fixed-term contracts.

Including the acquisitions of the Domaine des Hautes Glaces (2 employees) and Westland (14 employees) distilleries, the total Group workforce reached 1,810 employees.

The Group recruited 293 people, mainly in the sales teams (20.8%), production roles (10.6%), finance (13%) and marketing (19.1%). 56% of the recruitment was for permanent contracts.

At the same time and within the same scope, there were 258 departures, of which 43.8% were resignations, 10.1% were mutually agreed and 18.6% were as a result of fixed-term contracts coming to an end. Redundancies on personal grounds accounted for 11.2% of departures.

WORKFORCE BY GEOGRAPHIC AREA (GRI INDICATOR G4-LA1)

	March 2017	%	March 2016	%	March 2015	%
France[(1)]	683	38.1	690	39.2	705	39
Europe (outside France) – Africa	363	20.2	353	20	332	18.4
Americas[(2)]	354	19.7	342	19.4	342	18.9
Asia	394	22	377	21.4	429	23.7
TOTAL	**1,794**	**100**	**1,762**	**100**	**1,808**	**100**

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

WORKFORCE BY DIVISION (GRI INDICATOR G4-LA1)

	March 2017	%	March 2016	%	March 2015	%
Group brands	701	39.1	706	40.1	713	39.4
Distribution	1,027	57.2	994	56.4	1,032	57.1
Holding	66	3.7	62	3.5	63	3.5
TOTAL	**1,794**	**100**	**1,762**	**100**	**1,808**	**100**

The distribution business still accounts for more than half of the Group's workforce (57.2%).

WORKFORCE BY FUNCTION AND OCCUPATION

	March 2017	%	March 2016	%	March 2015	%
Sales	501	27.9	480	27.2	528	29.2
Marketing	271	15.1	258	14.7	246	13.6
Production and purchasing	350	19.5	350	19.9	356	19.7
Supply Chain	148	8.2	145	8.2	158	8.7
Ageing	138	7.7	136	7.7	143	7.9
Finance & legal	220	12.3	225	12.8	201	11.1
Information systems	50	2.8	50	2.8	46	2.6
Human resources	46	2.6	45	2.6	40	2.2
General services	27	1.5	32	1.8	48	2.7
Senior management	43	2.4	41	2.3	42	2.3
TOTAL	**1,794**	**100**	**1,762**	**100**	**1,808**	**100**

The breakdown of the workforce by gender remained stable; men accounted for 55.8% of the workforce and women 44.2%, with different figures according to occupation and country (GRI indicator G4-LA1).

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

BREAKDOWN BY PROFESSIONAL CATEGORY

47.5% of the workforce is made up of executives (managers), working mainly in sales, marketing and finance positions.

The Group's production operations comprise the majority of its operator and technician positions, with 81.4% of these located in France on the Cognac and Angers sites, with the remainder in Scotland (Progressive Hebridean Distillers – formerly Bruichladdich) and Barbados (Mount Gay).

AVERAGE AGE AND LENGTH OF SERVICE

The average age of Rémy Cointreau's workforce is 41 years, although in France it is higher, at 43.

The average length of service of the Group's workforce is 9.1 years, although in France it is higher, at 13.9.

WORK-LINKED TRAINING CONTRACTS IN FRANCE

The Rémy Cointreau Group continued its proactive work-linked training policy, with the renewal of all work-linked training contracts where necessary and additional recruitment in new positions. These contracts accounted for 4.4% of the workforce in France at the end of March 2017.

2.2.3 Organisation of working hours

The Rémy Cointreau Group complies with all laws and regulations pertaining to working hours applicable in the countries in which it operates. To take into account the particular characteristics of different markets, the working week in France is either annualised or adjusted for packaging operations in accordance with high and low activity periods using shift work. Other operations feature cyclical work organisation, *i.e.* ageing, where the organisation is linked to *eaux-de-vie* delivery periods. The Rémy Cointreau Group may make individual adjustments to working hours for employees who make such requests, if permitted by activity and scheduling requirements and constraints. The new telework provisions implemented in the organisation add flexibility to employees' organisation of working hours thus allowing them to better reconcile working and family life. In strict compliance with laws and collective bargaining agreements, operational requirements may occasionally require overtime.

2.2.4 Remuneration

In order to ensure consistency in the Group's approach to management, evaluation of the levels of responsibility is carried out using a common method in all countries. The competitiveness of remuneration packages is measured on a local basis, close to the markets. They are compared with groups and companies with similar features, to ensure attractive positioning.

This policy helps mobilise the Group's teams and motivate each employee to achieve its ambitious targets on its new markets.

The 2016/2017 salary policy in all countries was measured with respect to inflation, with an average salary increase above inflation even where the local economic context was sometimes adverse or depressed. This salary policy uses individual pay rises deliberately focused on the best-performing employees.

Conversely, the variable remuneration (bonus) of Group managers is applied on the basis of a common structure for all countries, while at the same time taking into account specific local factors and practices. It was thereby linked to business and financial targets, measured as close as possible to the scope of responsibility and according to consistent weighting for all occupations.

Finally, depending on the country and on the social and tax regulations, savings plans benefiting from tax exemptions or other benefits are monitored and implemented when they are compatible with allocated budget resources.

2.2.5 Social security and welfare

The Group finalised the implementation of new life and disability policies in its main subsidiaries, in line with Group service provision standards. This enabled the provision of competitive guarantees in light of market practices, including a significant employer contribution.

2.2.6 A training policy that targets excellence

The human resources policy must anticipate the needs of the Group, particularly where training is concerned.

As a Group priority, the main aim of training is to guarantee the employability of all of its employees and the sustainability of its know-how.

The "Rémy Cointreau Academy" added new subject areas and launched a programme to update the oldest modules, to reflect the changes in our business. This range of training courses is developed at the highest level of the Group's management, who are personally involved in some modules. This internal university is fully tailored to training our employees in the Group's own culture.

The scope of these training courses is extended in stages and by the end of the programme the modules will have covered all the key areas of the Group's activity.

- The Brand Academy tackles sales and marketing aspects of the Group's brands and the luxury goods sector from a strategic angle. The content of this Academy is currently being updated to reflect the Group's new strategic directions; it is based on the marketing and communication tools prepared by Strategic Planning.
- The Art of Selling Academy provides specific training in the Group's sales strategy, centred on our clients. It provides a pragmatic and differentiating market approach, in order to support the brands and create value for our partners and clients.
- Training at the Finance Academy is provided to all employees. 182 non-financial employees have already received training, mainly in France and Europe. Aside from the particular financial aspects of our business, this training will make employees more financially aware and improve their understanding of all the Group's criteria for achieving efficiency.
- The Quality Academy, in a similar way to the other modules, has been updated to relay our "Luxury messages" in an ever more relevant way. We are continuing to roll-out this module in France and internationally.
- The Management Academy was created this year. Supported by the new Group skills guidelines, it was designed to offer our managers a blended training course combining group training and individual support over 12 months. The pilot class has started this course, bringing together participants from Paris, Angers and Cognac. The first US and Asia classes are currently being prepared.

The new employee induction system was subject to a specific project bringing together all our sites with the aim of harmonising the approaches, capitalising on local successes and sharing best practices. The result is a complete integration process offering mentoring, digital content and site visits.

Information security is also a significant training focus. An international campaign started with the purchase of a library of e-learning modules. A training schedule is currently being drafted to pace future module launches.

A Responsible Ambassador training programme was designed to raise employee awareness on responsible consumption in a spirit of conviviality and pleasure.

In addition to individual training, group courses are sometimes provided for particular employee categories. The employees on the Cognac site attended technical training on the changes to industrial tools, as well as management training relative to organisational changes.

CSR training is also built into the induction process for all new arrivals at Cognac. In addition, Quality, Safety and Environmental information is provided *via* regular newsflashes (indicators, first aid, noise pollution, etc.).

In Angers, a specific crisis management support programme was implemented to train all stakeholders in the site's crisis cell using real-life situation simulation. The major challenge is to prepare the concerned employees in how to react in such situations.

The 2016/2017 financial year was also the chance to launch the telework approach and a training programme was implemented in Angers for teleworkers and their managers in order to facilitate management of change to this new working method.

At the Mount Gay site, training and development are essential in order to continue the site's great tradition of high-quality artisan trades, which has existed on the island for over 300 years. Over the previous financial year, training actions were primarily focused on technical aspects and best manufacturing practices (over 90% of employees attended this training course). The Mount Gay site also continued to focus its training on employee safety with the drafting of safety procedures, awareness raising on the use of chemicals and IT skills.

The number of training hours declared in 2016/2017 for the entire Group scope, excluding Europe and including France, for employees on permanent contracts, was 18,463 hours, of which 8,511 were for women and 9,952 for men (GRI indicator G4-LA9).

2.2.7 Career support and developing talent

Rémy Cointreau encourages and supports the development and enhancement of its teams' skills through forward-thinking and continuous management of their talents.

The Group is committed to the development of each individual employee. The Human Resources policy encourages and helps each employee to define his/her professional plans and to implement them.

During the 2016/2017 financial year, a mentoring programme was launched and rolled out in the various Group entities. New employees are allocated a mentor on their arrival. This 3-month programme aims to facilitate their integration into corporate life through social sharing.

Rémy Cointreau identifies talent in all of the Group's business sectors and geographic areas, and provides personalised support. Within this mindset of developing potential, the current recruitment policy is based on the Group's values, in order to attract new professionals and increasingly to support Rémy Cointreau's growth strategy.

Rémy Cointreau offers traineeships to train the talents of tomorrow. On the three French sites, young trainees (from vocational Baccalauréat to Masters level) learn a trade, with a view to quickly developing the meticulousness, creativity and professionalism required by the professional world. Each trainee is also interviewed before their departure, in order to go over their training with the Group and share ideas for their future direction.

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

2.2.8 Smooth social dialogue to foster the integration and well-being of employees

Depending on the size of the organisation, and more specifically when employees are represented by recognised trade union organisations, Rémy Cointreau takes a pro-active approach to social dialogue.

In addition to the fastidious application of collective agreements in these countries, Rémy Cointreau engages regularly with trade unions and employee representatives on employee-related issues through specific company agreements.

2.2.9 Making diversity an opportunity

The Group aims to offer all its employees the opportunity for career development. Recruitment methods and workstations are thus continuing to be adapted to accommodate an increasing number of disabled employees. In Angers, the Group has opted to pay its traineeship taxes to organisations, schools or entities that promote the employment of disabled people.

In 2016, with 7.7% disabled workers, the Cognac site continued to have the highest percentage of disabled workers of all Rémy Martin sites. Rémy Martin has successfully continued its efforts to integrate disabled people in both permanent and temporary roles, or through the Cognac work-based support centres.

Rémy Martin also took part in the 7th *Handi Rencontres* Forum held in Cognac in 2016. A Rémy Martin stand manned by the HR department provided a dynamic reception for numerous job-seeking disabled employees.

Rémy Martin's ergonomic packaging line started in May 2016 after 18 months of work. This manual business line was specially designed to accommodate all disabilities and medical restrictions for production staff. This adapted line was inaugurated by the HR Director and Production department in the presence of the Charente Employment Director, the Occupational Doctor and Health and Safety Committee members.

The partnership with *Nos Quartiers ont du talent* (Our Neighbourhoods have Talent) initiated by Rémy Martin in 2014 took on new momentum with 10 new sponsors amongst the Company's managers. This sponsorship of young graduates in difficult social situations allowed 20 young people to find stable employment in line with their studies.

Rémy Martin also continued its proactive professional development policy on its various Cognac sites. In 2016, some 78 professional changes were formalised through work contract amendments (49 blue-collar workers and 29 managers, employees and supervisors were promoted within their function or to another function). This professional momentum is supported by the implementation in 2016 of a new HR process that enables any employee who wishes to spend one week in another department to learn about the activity and meet other colleagues on other sites. To date, 32 interested and enthusiastic employees have taken part in this service exchange (GRI indicator: G4-LA10).

2.2.10 Equal treatment

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

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

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

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

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

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

For example, in France, working time arrangements can be made to allow employees to accompany their children on hospital visits. Moreover, wherever possible, meetings are arranged during working hours and training sessions scheduled early to allow parents to arrange childcare where required. Finally, aware of the difficulties encountered by employees when they are required to manage an event that threatens the life of someone close to them, the parties sought to adapt the application of compassionate leave for this eventuality and allow the employee in question to discuss with his or her manager a way of adjusting his or her work to part time hours.

2.2.11 Health and safety

The Rémy Cointreau Group strives to provide and maintain a working environment that ensures the health and safety of staff, clients, contractors, visitors and the general public who may reasonably be affected by its activities. The Group's policy in this area is to prevent workplace accidents, illnesses and other injuries from occurring by ensuring that the risks are taken into account in the operational management of production processes.

INVOLVING TRADE UNIONS AND EMPLOYEE REPRESENTATIVES IN DISCUSSIONS

In accordance with local legal requirements, committees bringing together employee and management representatives are held in Cognac, Angers and Barbados to examine issues relating to health and safety in the workplace and make sure that prevention rules are applied. These representatives are thus closely involved in the examination of health and safety issues when key projects are conducted on the Group's production sites. Dialogue between all stakeholders on health and safety issues is constantly sought and fostered.

COMMITMENTS

In France, the Group is committed through the agreement on older workers to carrying out an analysis of the main jobs and professional situations deemed to be at risk, with a view to identifying situations that call for improvements to be made to ergonomics and/or the working environment.

LOCAL INITIATIVES

Each production site has implemented a specific system to monitor and continually improve its employees' working conditions (GRI indicator G4-LA8).

Since 2015, the Angers site has provided information on new tools to protect employees and make their daily lives easier, primarily *via* a professional travel charter and a charter on the proper management of e-mails and professional mobile phones. The internal carpooling database continued to promote communication between employees, and optimise transportation. We will continue to communicate on this topic.

Both at Angers and Cognac, various ergonomic improvements have been made to certain administrative or industrial workstations to improve working conditions. The Angers site, for example, has developed safety features to optimise the safe delivery of alcohol tanks.

In terms of safety, systematic training courses are given to all new employees and onsite operators to inform them of the site's particular safety conditions, the rules to be followed and the possible hazards. As part of the site's safety procedures, areas deemed to present hazards are regularly reviewed in order to update posters and information aimed at staff and external contractors.

At the Angers site, specific "Movements and Postures" training has been developed and adapted with information on overheating, as well as "safety harness" technical training to adapt behaviour to new safety features.

Various preventive measures were also taken on the Angers site. These related, in particular, to noise pollution and road safety, with the installation of acoustic panels which has considerably reduced noise on packaging lines.

At the CEP (Product development centre) in Cognac, the project to install access walkways in cask storage areas has been finalised. Its purpose is to enable employees to work safely during operations to be conducted at height. The project led to the deployment of more than 20 detachable and entirely secure walkways in all storage cellars.

In addition, as part of the reopening of the Rémy Martin cooperage, considerable work has been completed to ensure good working conditions, particularly as regards dust and noise pollution. A budget of €100,000 was allocated to this project, which covered the construction of a cask cleaning area, the purchase of a lifting system to handle the casks, laying of a resin (to facilitate cleaning), a class M suction fan, and more.

On the Mount Gay site, improvements to employee health and safety signalling enable risks and dangers on the site to be reduced and promotes better work ergonomics. Moreover, increased employee awareness-raising on the issue of environmental protection was carried out based on team workshops leading to the creation of a greenhouse and the restoration of an orchard belonging to the site. Employees decided to prohibit the use of polystyrene, a polluting and little recycled material, on the site.

HEALTH AND SAFETY INDICATORS

For more information on the scope used, please see the note on methodology.

For the scope comprising France, Barbados and Islay, the cumulative absenteeism rate, measured in hours of absence against theoretical hours worked, is 3.03% for 2016/2017 (GRI indicator G4-LA6). This rate does not include sick leave periods of more than 90 days (except for the Barbados site).

Lastly, in France, no occupational illnesses were reported to and recognised by the relevant Health Insurance authorities during the 2016/2017 financial year.

The workplace accident frequency rate on the production sites in France, Barbados and Islay for 2016/2017 was 13.31, expressed as the number of workplace accidents with workdays lost per million actual hours worked (GRI indicator: G4-LA6).

The severity rate is low at 0.13 expressed as the number of days lost to workplace accidents per thousand actual hours worked (GRI indicator: G4-LA6). In order to remedy the causes of each accident, the members of the Health and Safety Committee systematically carry out a root cause analysis and report their findings and recommendations to the committee.

2.3 Environmental information

One of the 2020 CSR plan's priorities is environmental protection, *giving back to the land what it gives us*. Through this goal, Rémy Cointreau protects both its terroirs and the natural resources from which it derives its raw materials. Since its creation, Rémy Cointreau has made its environmental commitment a long-term driver of its economic success, thanks notably to an ambitious certification policy.

2.3.1 Winemaking at the heart of an increasingly environmentally-friendly policy

The excellence of Rémy Martin's cognac eaux-de-vie comes from the vine and its fruit. To get the best out of them, Rémy Martin builds on a relationship of trust by sourcing its supplies exclusively from the Alliance Fine Champagne (AFC) since 1966. This cooperative structure accompanies its growth. This partnership needs to reflect the Group's efforts in environmental protection. Rémy Martin also has its own vineyards within the Domaines Rémy Martin, which are used as a testing platform to promote the Group's innovative winemaking and environmental policy.

PRACTISING ENVIRONMENTALLY FRIENDLY WINEMAKING

Taking care of vines means adopting environmentally-friendly growing methods.

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

This year, the Domaines Rémy Martin implemented the TFI, treatment frequency indicator. TFI is a monitoring indicator for the use of pesticides at an agricultural production site or group of sites. The reduction in the TFI value enables a production site to assess its progress in reducing pesticide use. The indicator is also used to implement the national Ecophyto plan.

The values provided each year will be calculated on a five-year moving average, compared to the Poitou-Charentes regional Winemaking benchmark approved by the Ministry for the Environment and presented in the latest survey carried out in 2013 on pesticide use in winemaking.

For this year, the value – exceptionally calculated based on the last four years – was 17.6, slightly lower than the regional benchmark of 18.2 (source: SSP – Agreste/survey on the use of pesticides in winemaking/2013).

This year, the specific climatic conditions (heavy rain in May, hail in June) required unusual treatments corresponding to two additional FTI points. It is also important to note that 14% of the FTI value (*i.e.* 2.4 FTI points) is the result of the obligation to treat against the disease *flavescence dorée,* as the Domaines Rémy Martin comes under the geographical scope for the mandatory fight against this disease on a national level.

The 2020 CSR plan target is to reduce the FTI value by 10% and achieve a maximum value of 15.8 in 2020.

It should also be noted that all pesticides used on the Domaines Rémy Martin are classified as harmless to neighbouring wildlife and plant life.

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

A Mildew platform aims to test different mildew treatment programmes with lower environmental impacts. These programmes focus on reducing doses and promoting the use of alternative products (for example, natural vine defence stimulators). Implemented in 2016, this platform was renewed in 2017. The programme's modalities are likely to change over the coming years along with new progress in alternative products.

A biocontrol platform was also implemented with the Charente Chamber of Agriculture and the company Biotop. In 2014, this partnership was the sole French platform in vineyard research to test the technique in which trichogramma (insects from the same family as bees) are released to fight against vine moths.

The trichogramma's reproduction mode offers it an undeniable interest as a biological combat agent. Since 2014, the results have been promising and the research partnership has been renewed for a fourth year. The success of this biocontrol work was the subject of a public presentation during the 6th Conference on alternative protection means for integrated production (COMAPPI) in Lille in March 2017.

Improvements to soil fertility potential over the long term require environmentally-friendly winemaking practices and water resource quality. Domaines Rémy Martin are studying the use and management of winter coverings such as green fertiliser.

The aim is to generate significant plant biomass during the vine's rest period (Autumn-Winter-Start of Spring), to capture the nitrogen (soil and atmospheric) and to return it to the vine during the growing period in order to reduce external inputs. This technique, which promotes biodiversity, also has a positive impact on soil texture and structure.

These demonstration and experimentation platforms launched in 2014, combine green fertiliser/soil management modes/fertiliser management. The vine's response will be studied over 5 to 7 years minimum, with a 2 to 3 period required before measuring the first effects.

Domaines Rémy Martin has demonstrated its desire to support and invest in various tests: soil and leaf analyses, as well as sap analyses, essential for monitoring the vine, are now more comprehensive, allowing Domaines Rémy Martin to dose the application of fertiliser and trace elements as precisely as possible.

A CERTIFICATION POLICY TO RECOGNISE EFFORTS MADE AND GUIDE PRACTICES

Rémy Cointreau's ambition is to remain the leader in economically-competitive winemaking whilst being intransigent on product quality and environmental protection. The Group endeavours to keep and extend this ambitious bet year after year. The integration of the Domaines Rémy Martin vineyards into the CSR reporting scope strengthens the Group's desire to measure, report on its innovative practices and to improve.

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

The monitoring audit carried out in February 2017 confirmed the certification.

In line with this certification, employee training has primarily focused on the use of new pulverisation equipment to promote the efficient application of treatment products (GRI Indicator: G4-LA9)

PROMOTING OUR PARTNERS' WINEMAKING PRACTICES

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

A specific 2020 CSR working group was implemented in December 2016 within the AFC to establish an AHVE certification programme and communicate the objectives of the new CSR plan to the cooperative.

The aim is for 100% of cooperative members to be committed to the environmental approach within three years with a majority of winemakers AHVE certified within five years. The AFC and Rémy Martin have agreed that within three years all cooperative members should have taken part in the environmental training sessions organised jointly with the local chambers of agriculture. AHVE certification is based, amongst other criteria, on the reduction in the Treatment Frequency Index (TFI). This "high environmental value" certification, approved by the Ministry for Agriculture, will be monitored by independent third-party organisations.

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

In 2016/2017, 89 winemakers were trained either in AHVE certification level 1 or the Sustainable Winemaking guidelines. Over the last three years, 161 winemakers have committed to an environmental approach, or around 20% of the cooperative's members.

20 winemakers have obtained AHVE level 3 certification, the highest commitment level in this certification.

Rémy Martin aims to establish a real link with winegrowers and to provide them with all the necessary information about the partnership and the Company itself. For this reason, it created the Rémysphère Newsletter, compiled with the support of a group of young AFC winegrowers who are responsible for validating its contents. Sent out three times a year to *eaux-de-vie* suppliers, it is timed to coincide with the different winegrowing phases, *i.e.* flowering, harvest and distillation.

The newsletter is distributed in hard copy and is also available on the rémysphère.com website. It allows the Group to provide information about its results, brand updates and news on the economic climate and technical information. The website now includes a regular CSR update in a dedicated section and information on the AHVE project.

As every year, the *Centaures de la distillation* trophies rewarded the best distillers in the AFC cooperative. This year, 49 winegrowers were cited and 11 received the *Centaure d'or de la distillation*.

2.3.2 TERROIR AND REGIONS: ANCHORAGE, CHALLENGES AND PROTECTION

Rémy Cointreau's excellence and perfection come from the land and its resources. Aware of this dependency and its responsibilities, over several years, the Group has undertaken various actions to incorporate the protection of biodiversity into all of its activities. The erosion of biodiversity is today a scientific reality; Rémy Cointreau's commitment has thus been reiterated in the 2020 CSR plan.

SUSTAINING AND PROTECTING AGRICULTURE, RAW MATERIALS & KNOW-HOW

The objective for the first year of the 2020 CSR plan is to improve harvest practices by taking into account changes associated with climate change.

To adapt to climate change, for the last two years the Group has been actively participating in initiatives led by relevant inter-professional bodies. In Cognac, Domaines Rémy Martin joined a research programme run by regional research centres in France on adapting vine varieties to climate change, which contributes to accelerating grape maturity.

A partnership to conduct trials was signed with the Conservatoire du vignoble charentais. The aim is to gradually reintroduce a slower-maturing grape variety. Other studies are being conducted in parallel on resistance to vine diseases and how to maintain the acidity potential in wines.

Rémy Cointreau also uses social networks to raise stakeholder awareness on protecting the land that it uses. The current project aims to restore biodiversity in Casamance, a region of Senegal threatened by the disappearance of natural resources.

Internationally, for each post on social networks with an orange and the hashtag #1Orange1Tree, the Cointreau company has committed to planting 1 tree in Senegal.

The operation is ongoing with the aim of planting 15,000 trees over the coming months (2,500 orange trees and 12,500 mangrove trees) with the participation of Naziha Mestaoui, an artist-activist known worldwide for the creation of the application 1 Heart 1 Tree and the Senegalese association, Oceanium de Dakar.

To conserve land, the Group had already decided to return to Mount Gay, the location in which sugar cane growing originated; 134 hectares of sugar cane production land has been purchased. This is not only a means of overseeing the whole production chain, but also of sharing the Group's know-how with local farmers as well as the practices that it might put in place. It is also a move to return upstream in the production process to the raw materials used, in order to create an environmental policy in the same way as Rémy Cointreau does on other sites (such as the Domaines Rémy Martin).

Rémy Cointreau is deeply involved in preserving the land it operates, particularly on the Isle of Islay. To pay tribute to its motto, We believe terroir matters, the Group has endeavoured over the last 13 years to re-establish different varieties of traditional barley plants on the wild Isle of Islay, with the aim of preserving the terroir. The conservation of Bere Barley was awarded the Scotland Food and Drinks Excellence Award for Innovation in 2015.

Organic barley is also produced as part of the Mid Coul agricultural production, on the coast of the Moray Firth in North-East Scotland, where crop rotation is required for every fifth harvest to protect soil fertility. Bruichladdich is partly supplied from this production, where organic farming has a proven positive effect on local biodiversity.

The Botanist has also launched a Foundation, with the purpose of working with residents of the Isle of Islay to improve understanding and conservation of the island's botanical diversity. This approach continues the efforts made by the Group in Scotland, and reinforces its coherence; the aim is to ensure that the island's crop harvests are sustainable and responsible, which is one of the Foundation's main objectives. The long-term aim is also part of the values contained in the 2020 CSR plan: to ensure the long-term protection of species. Without such diversity, the future of The Botanist brand is also at risk.

On the Isle of Islay, the Bruichladdich Academy has been set up to enable visitors to see and feel the terroir's intensity. It offers visits to Islay's production sites to gain a better understanding not only of the island, but also its culture and the distillery's philosophy. Several hundred people from all over the world have already made the journey.

GIVING BACK TO THE COMMUNITY

Rémy Cointreau is aware that the decline in forest cover is one of the most striking examples of the destruction of natural habitats. This year again, the Group has committed to forest conservation; for the fourth time, Rémy Cointreau agreed a sponsorship project in partnership with the ONF (Office national des forêts, the French National Forestry Office).

Following the replanting of the Senonches forest in the Eure-et-Loir region, which saw more than 115,000 oak seedlings planted, together with the planting of more than 300 trees and the installation of information boards explaining the importance of maintaining biodiversity in the François Ier park in Cognac and the creation of a “Biodiversity” forest trail in Braconne forest near Angoulême, last year, Rémy Martin funded layout work for the Vouillé Saint-Hilaire forest (Poitou-Charentes).

The ONF has created a multimedia trail in order to raise public awareness of forest protection, using new information and communication technologies to convey the message, thus enabling visitors to discover the forest in a fun and innovative way. A smartphone mobile app was created, inviting the user to join the adventure and take on the challenges. In addition to being a fun awareness raising project for the environment, the project also plans for the replanting of a plot located near the reception site, where the ONF has undertaken to plant 300 oak trees.

It should be noted that the barrels manufactured for the Cognac site are all made from PEFC-certified oak from sustainably managed forests.

With the continued aim of actively taking part in biodiversity conservation, Domaines Rémy Martin have made available three hectares of experimental reforested land located in Merpins, in Charente, to carry out biodiversity conservation experiments with the National Centre for Forestry Ownership (CNPF) and the French Bird Protection League (LPO).

Six years after its creation, several positive factors have been highlighted: the poplars, ash trees and other varieties are growing well. In addition to playing an important role in filtering drinking water, each cubic square metre of wood compensates for one tonne of CO_2 in the atmosphere, thus benefiting air quality in the Charente Valley (GRI indicator G4-EN13).

These biodiversity conservation objectives will continue and intensify as part of the 2020 CSR plan. Ecological monitoring of the plots has been organised with the French Bird Protection League, with the aim of measuring the ecological value of this wooded plantation and its change over nine years. From 2017 to 2020, flora and fauna surveys will be carried out in this zone classified Natura 2000, to improve forest management. In the long-term, the aim is to regenerate the flora and fauna that existed along the Charente river and conserve biodiversity.

Driven by the awareness of the importance of bees in biodiversity conservation, the Group confirmed the commitments undertaken in previous years *via* the installation of fallow land dedicated to bees by Domaines Rémy Martin.

The partnership with the *Un toit pour les abeilles* association was renewed in 2017. Ten hives have already been installed in the Charente, in a truffle oak growing area surrounded by 40 hectares of flowers, thus enabling pure honey to be produced pesticide-free with both nectar and pollen being uncontaminated. This honey is then distributed to all employees in France (874 pots accompanied by an educational leaflet on the importance of protecting bees).

2.3.3 Making employees into environmental ambassadors

Rémy Cointreau is aware that its employees are the Group's backbone. To apply its CSR policy in a solid and consistent way, the Group intends to involve its employees both upstream and downstream of the production process to reduce the environmental impact of Rémy Cointreau's activities. They will become true ambassadors for environmental protection in France and abroad.

In 2016/2017, Rémy Cointreau invested €2.6 million in quality, safety and environmental improvements (GRI indicator G4-EN31) on all of its production sites.

Training on these three components was maintained in 2016/2017, with a total of 2,649 hours of training for 285 people (GRI indicator G4-LA9). Training primarily covered ISO 9001 and 14001 standards, regulations on materials in contact with food, electrical accreditation and behavioural training for Health, Safety and Environment reference contacts (SSE).

The Group is keen to involve its employees in the QSE initiative, and called for volunteers to create a corporate network. In 2016/2017, on the Cognac site, 35 Health, Safety and Environment reference contacts are deployed in different departments. They are relays and spokespeople for staff in their business sector. They take part in assessing practical arrangements for reducing environmental impacts (solid waste sorting, incidents, near misses, etc.) and to pass on any suggestions for improvement to our Environment and Safety Management System.

SSE reference contacts help to achieve Safety and Environment objectives, and are required primarily to reflect on changes in practice, respond to surveys or help to distribute surveys. In 2016/2017, three meetings took place on different themes, including a reminder about the role of reference contact, the statement of environmental indicators and the processing of solid waste. Last December, a reference contact day was organised to visit a household waste landfill centre, which reaffirmed the importance of waste sorting for each reference contact. This visit continued with behavioural training on the role of SSE contacts.

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

Improving employee well-being is also a priority for Rémy Cointreau, and is one of the 2020 CSR objectives. In Cognac, monthly newsflashes on safety are drafted for employees. To improve everyday life, ergonomic training sessions are organised for the administrative staff (with ergonomics experts from the Inter-Company Work Health Service in Cognac). First aid training sessions and an awareness raising day on road safety were also organised. The latter was implemented with the Charente prefecture for carriers and all employees.

An energy awareness day was held at the Angers site last year, to add to the energy management process which has already been applied to technical roles for around 10 years. The day was a resounding success, with around 100 of the 170 site employees attending. The suggestions box provided the Energy group with 46 ideas suggested by employees, of which 18 were implemented by the working group this year (see *et seq.*: 2.3.4/Energy and natural resources/Energy consumption).

Terroir and land conservation efforts extended to Barbados where Mount Gay employees organised a Clean and green day to promote environmental protection in June 2016. The Don't trash our future spirit mobilised almost 140 employees who worked together on several environmental protection projects. These included the creation of a greenhouse and the restoration of an orchard. The second part of their slogan Reduce, Reuse and Recycle demonstrates the Group's coherence with its CSR values in France and abroad.

2.3.4 The Group's quantitative efforts in environmental protection

Today, environmental information covers the production sites in Cognac, Angers, Barbados and Islay (Scotland), as well as the Domaines Rémy Martin and the Paris administrative site. The distribution subsidiaries are excluded from providing the information referred to below as their environmental impact is not deemed to be significant. The scope of application of each indicator is specified in the "Note on methodology" section.

Provisions and guarantees for environmental risks are limited to a guarantee granted to E. Rémy Martin & Co for €2.65 million with respect to the Seveso risk.

ENERGY AND NATURAL RESOURCES

Energy consumption

The Group has chosen to view the regulatory constraints as an opportunity to make ambitious plans, following in the footsteps of the 2020 CSR plan.

This year, based on the energy diagnosis carried out in 2015, an energy consumption reduction plan was drafted for the Angers and Cognac sites, with the choice of targets for reductions in electricity and gas consumption by 2020 (GRI indicator G4-EN6). The target to be achieved by the end of the 2020 CSR plan is a 900 MWh reduction in energy consumption on the French sites (5.7% of the energy consumption for the Angers and Cognac sites in 2016/2017). The main actions include optimising air compressor operation, replacing compressors, monitoring heating modes, managing lighting and renovating buildings.

On the Cognac site, as part of the "Eco-gesture" approach, the light switch systems in the packaging workshops were modified this year to optimise electricity consumption. Awareness raising actions for employees were carried out on this specific subject.

Information sheets were also installed next to the air conditioning thermostats, particularly in meeting rooms, to ensure the optimal use of this equipment.

On the Angers site, several actions from the Energy working group were deployed on an everyday basis: the automatic switch-off of computers, screens and printers at the end of the day, automatic lighting in sanitary facilities; new tools were proposed such as programming printer operation times and a master switch-off button for computer hardware in offices.

This initiative naturally encompasses the reduction of the environmental footprint of the Group's IT equipment (Green IT protocol). New, more energy-efficient equipment is regularly rolled out at sites. Computer servers were removed, which reduced energy consumption on the site (removal of air conditioning in premises where the servers were located).

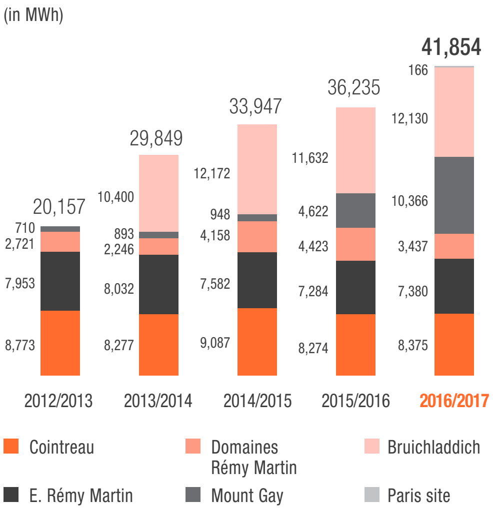
The studies carried out on sites to assess the possibility of integrating green energy into the production process enabled the signing of contracts to procure renewable energy. In 2015, these contracts had led to 21% of electricity consumed at French sites being "green" energy.

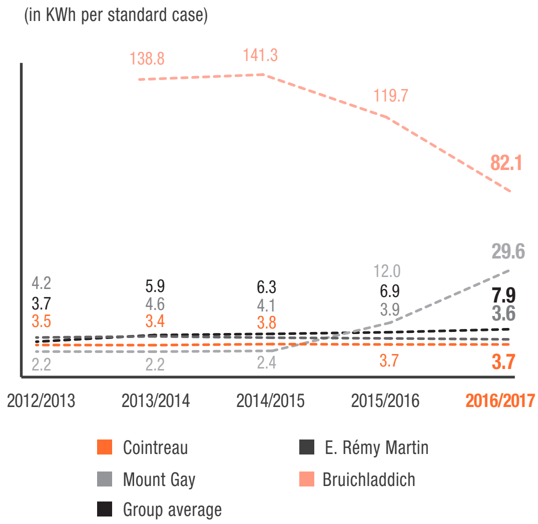
In 2017, all energy consumption on the Group's French sites comes from renewable sources (energy from hydraulic production).

On the Barbados site, the ramp-up of the distillation activities since the distillery acquisition in 2015 has generated a sharp increase in energy consumption (electricity and fuel oil). These consumption increases are now under control in line with the Group's CSR activities to reduce environmental impacts. As part of the 2020 CSR plan, once the distillery activity has been stabilised, an energy audit of the site will be carried out, followed by an energy consumption reduction plan.

Total energy consumption amounted to 41,854 MWh, up 16% compared to last year, due to the inclusion of the electricity consumption for the Paris site and the increase in distillation activities for the Barbados site (GRI indicator G4-EN3).

TOTAL ENERGY CONSUMPTION (GRI INDICATOR G4-EN3)





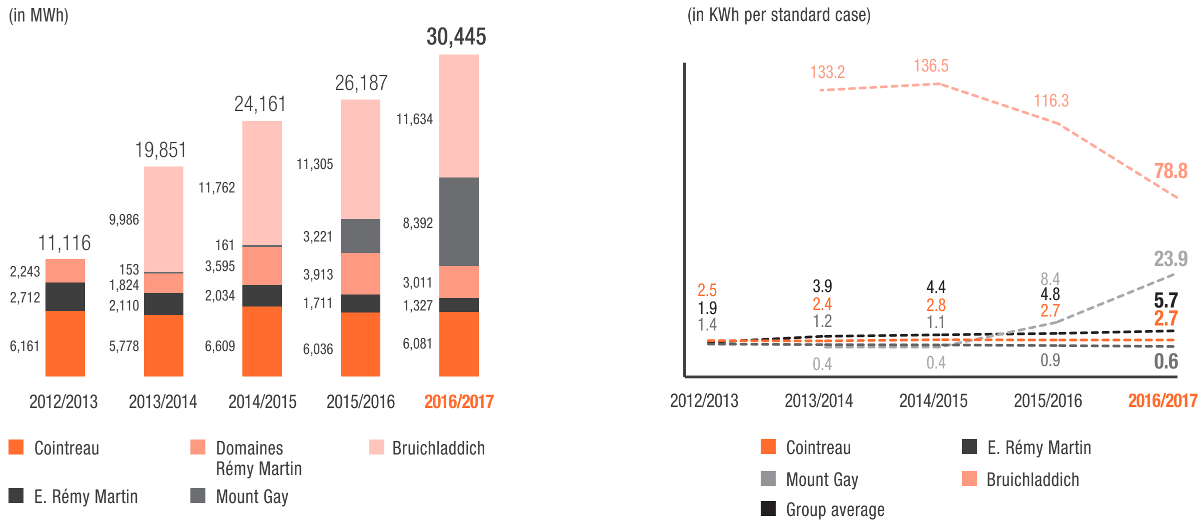
2012/2013: integration of the Barbados site
2013/2014: integration of the Islay site
2015/2016: integration of the Barbados site distillery
2016/2017: integration of the Paris site

Total energy consumption came to 7.9 kWh per standard case, excluding Domaines Rémy Martin and the Paris site. This value is up 14%, due to the increase in distillation at the Barbados site.

For Domaines Rémy Martin, total energy consumption came to 78.1 kWh per hectolitre of wine produced, up 18% compared to the previous year, due to the reduction in the volume of wine distilled, which strongly impacted the calculation of this indicator.

As regards direct energy (gas, fuel oil, diesel), total consumption came to 30,445 MWh, up 16% compared to the previous year. This is mainly due to the increase in distillation at the Barbados site (GRI indicator: G4-EN3)

DIRECT ENERGY CONSUMPTION (GAS, FUEL OIL, DIESEL) (GRI INDICATOR G4-EN3)



2013/2014: integration of the Islay and Barbados sites
2015/2016: integration of the Barbados site distillery

Direct energy consumption on the Cognac site was down considerably, falling from 1,711 MWh to 1,327 MWh, representing a 22% drop in consumption. This is mainly due to the replacement of old gas boilers by more energy-efficient equipment (condensing boilers, reversible air conditioning, electrical heating/air conditioning equipment).

Consumption for the Angers site was stable, rising slightly from 6,036 MWh to 6,081 MWh.

Direct energy consumption on the Islay site saw a slight 3% increase, from 11,305 MWh to 11,634 MWh.

On the Barbados site, direct energy consumption increased sharply from 3,221 to 8,392 MWh, as a result of the sharp increase in distillation activities.

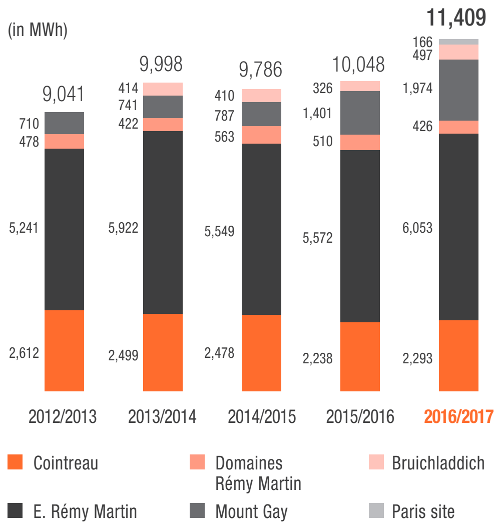
Total direct energy consumption was 5.7 kWh per standard case (GRI indicator G4-EN5), excluding Domaines Rémy Martin and the Paris site. This is a 17% increase, mainly due to the increase in distillation at the Barbados site.

Direct energy consumption for Domaines Rémy Martin decreased by 23% from 3,913 to 3,011 (in MWh) due to a decrease in the volume of wine distilled following poor weather conditions (hail on the vines).

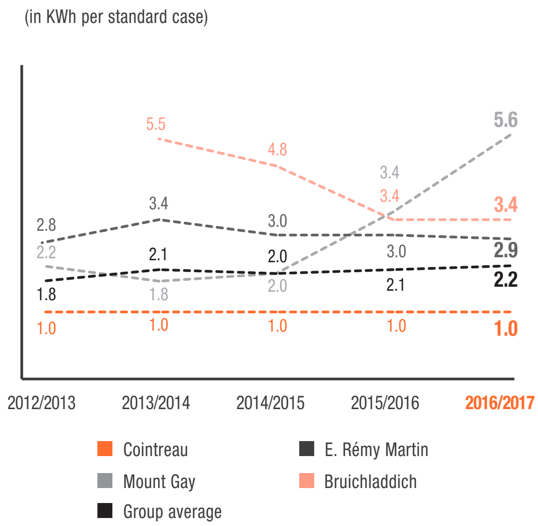
Total direct energy consumption for Domaines Rémy Martin came to 68.4 kWh per hectolitre of wine, up 17% on the previous year. This is due to the reduction in the volume of wine distilled, which strongly impacted the calculation of this indicator.

As regards indirect energy, electricity consumption rose from 10,048 MWh to 11,409 MWh, representing a 14% increase. This is mainly due to the inclusion of electricity consumption for the Paris site and the increase in activity for the Islay and Barbados sites (GRI indicator G4-EN3).

INDIRECT ENERGY CONSUMPTION (ELECTRICITY) (GRI INDICATOR G4-EN3)



2012/2013: integration of the Barbados site
2013/2014: integration of the Islay site
2015/2016: integration of the Barbados site distillery
2016/2017: integration of the Paris site



At the Angers site, electricity consumption was stable, going from 2,238 to 2,293 MWh. On the Cognac site, it increased by 9% from 5,572 to 6,053 MWh. This is due to the replacement of gas heating equipment by electrical energy equipment.

On the Islay site, electricity consumption increased by 52% (497 MWh compared to 326 MWh in 2015/2016) due to the extension to the packaging hall and the creation of a second bottling line.

Electricity consumption on the Barbados site saw a sharp 41% increase from 1,401 MWh to 1,974 MWh, due to the increase in distillation activities.

Total indirect energy consumption per standard case was stable compared to the previous year at 2.2 kWh, excluding Domaines Rémy Martin and the Paris site.

Electricity consumption for Domaines Rémy Martin decreased by 16% from 510 to 426 MWh, mainly due to the decrease in the volume of wine distilled.

Total indirect energy consumption for Domaines Rémy Martin came to 9.7 kWh per hectolitre of wine, up 27% on the previous year. This is due to the reduction in the volume of wine distilled, which strongly impacted the calculation of this indicator.

Total indirect energy consumption for the Paris site was 166 MWh in 2016/2017.

Water consumption

For the last two years, Rémy Cointreau has met CDP Water reporting requests. In line with this reporting, the Group has improved its water resource protection targets. Rémy Cointreau has installed water fountains on its Paris administrative site and provided employees with water pitchers in meeting rooms to avoid purchasing bottles of water. On the Cognac site, automatic detection taps have been installed.

Total water consumption has increased by 8% and now stands at 133,418 m³ instead of 123,729 m³ (GRI indicator G4-EN-8). This is mainly due to the increase in distillation activities on the Barbados site.

On the Angers site, water consumption fell by 3%, from 28,081 to 27,362 m³ of water.

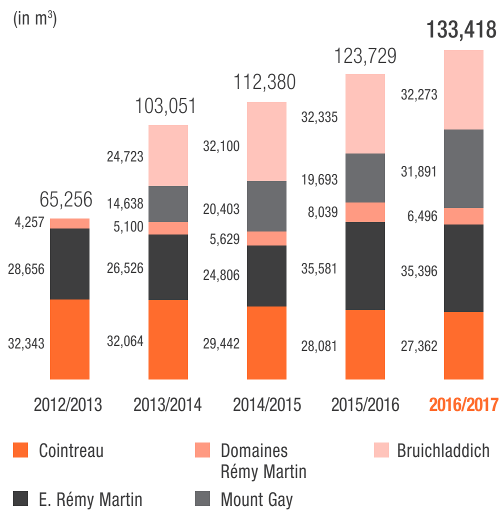
Water consumption on the Cognac site was stable, going from 35,581 to 35,396 m³.

Water consumption on the Islay site was also stable, going from 32,335 to 32,273 m³.

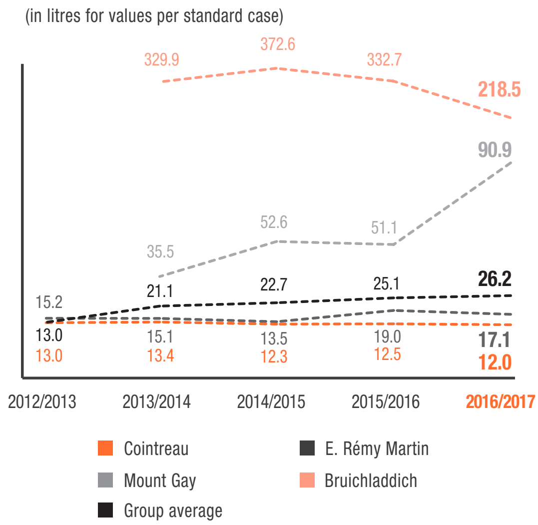
Water consumption on the Barbados site rose by 62% from 19,693 to 31,891 m³. This is due to the increase in distillation. This consumption does not include water consumption from wells used on-site. As the Barbados site is located in a hydric stress zone, a water management plan will be introduced over the coming months.

Water consumption amounted to 26.2 litres per standard case, excluding Domaines Rémy Martin. This figure is up 4%, primarily due to the increase in distillation at the Barbados site.

WATER CONSUMPTION (GRI INDICATOR G4-EN8)



2013/2014: integration of the Islay and Barbados sites
2015/2016: integration of the Barbados site distillery



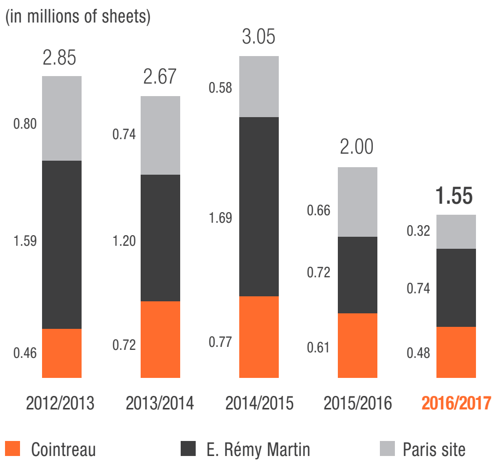
Water consumption for Domaines Rémy Martin saw a 19% decrease (6,496 m³ instead of 8,039 in 2015/2016). This is mainly due to the reduction in the volume of wine distilled.

Total water consumption came to 147.7 litres per hectolitre of wine, an increase of 22% in relation to 2015/2016. This is due to the reduction in the volume of wine distilled, which strongly impacted the calculation of this indicator.

Consumption of office paper

Paper consumption fell this year by 23%, from 2.00 to 1.55 million sheets (GRI indicator G4-EN1), mainly as a result of lower consumption on the Paris site following increased printer pooling and awareness raising for employees on the reduction in office paper use.

Paper consumption amounted to 8.2 tonnes, *i.e.* 11 sheets of paper used per person per day.



NOISE POLLUTION

In 2017, several actions were carried out on the Cognac and Angers sites to implement a Health Safety Environment plan on noise pollution.

On the Cognac site, the CARSAT (Retirement and Work Health Office – Caisse de retraite et de santé au travail) was asked to measure the noise level in the two noisiest workshops, at the work station and workshop levels. As soon as the report is received, action will be taken to reduce noise levels. Almost 200 employees (around 60% of the total headcount) also took part on a voluntary basis in the hearing day last March, implemented by the Health Safety Environment service with a nurse present. Several one-hour sessions were organised on the Cognac site with several workshops.

This work continues the initiative launched during the 2015/2016 financial year. A working group was created to reduce noise pollution. This meant that an automation engineer could be called in to adjust bottle conveyors to prevent bottles from banging together on the bottling line. Work station and individual measurement schemes led to an extension of the areas in which personal protective equipment must be worn. Noise reduction panels were also installed in the new area of the packaging workshop.

On the Angers site, a personal dosimetry campaign was carried out at packing and operating stations. Investments were made to install silencers on some pieces of equipment and purchase new equipment addressing the issues of noise and noise reduction. At the same time, acoustic panels were installed in the noisiest part of the packing workshop. The installation of acoustic panels on the K line significantly reduced reverberation time and spatial decay.

For work stations, an average reduction of 1.9 dB(A) was noted on the K line compared to 2015 and a reduction of 2.4 dB(A) compared to 2012.

In 2015/2016, an inventory of all blow guns was performed, following which a blow gun benchmark was defined. A total of 13 blow guns were changed for an average 4.8 dB (A) improvement.

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

SOLID WASTE

Rémy Cointreau takes measures to reduce the amount of solid waste on its sites with a policy of educating staff about waste sorting and recycling. In view of its activities, the type and stability of its products, the Group is not concerned by the fight against food waste.

This year, the Paris site implemented paper waste sorting in its offices. On the Group's administrative site, sorting has been in place since December 2016 with the company Greenwishes. Office bins have been replaced by three centralised sorting bins and waste collected is guaranteed to be 100% locally recycled. Monthly reporting enables the recycling rate and quantity of waste to be monitored. Since January 2017, almost 1.5 tonnes of waste has been collected and 95% recycled.

Generally, solid waste from the Group's production sites supplies energy or materials recycling channels. It is mainly comprised of packaging waste (glass and cardboard). Since September 2012, the OIW (Ordinary Industrial Waste) from the Angers site has been recycled by a combined energy unit (urban heating). Since October 2016, this is also the case for the Cognac site. The OIW is recovered for use as Solid Recovered Fuel (SRF) to produce energy.

In a similar vein, since 2012 Rémy Cointreau has put in place a partnership with Ateliers du Bocage in the Poitou Charentes region to recycle or reuse all used mobile phones and electronic mobile phone equipment and ink cartridges.

As regards the Domaines Rémy Martin vineyards, waste from dirty containers is not included in volumes of hazardous waste, since it is fully recovered and reprocessed by the national ADIVALOR network.

Total waste (GRI indicator G4-EN23) was down 23% over the year from 2,935 tonnes to 2,266 tonnes. This is primarily due to the non-repetition of the exceptional sorting activities (Cognac site) and the building constructions (Islay site) that took place the previous year.

Waste tonnage decreased by 43% on the Cognac site (815 tonnes compared with 1,426 in 2015/2016). This is due to the high level of waste from exceptional cleaning operations in 2015/2016.

On the Angers site, solid waste tonnage fell by 5%, from 1,233 tonnes in 2015/2016 to 1,166 tonnes this year.

On the Islay site, waste tonnage was down 59% (46 tonnes instead of 112 in 2015/2016), due to the exceptionally high level of waste in 2015/2016 from the new building construction.

On the Barbados site, waste tonnage increased by 24%, from 136 to 169 tonnes.

Per standard case, the quantity of waste decreased from 0.63 to 0.45 kg (excluding Domaines Rémy Martin and the Paris site), due to the non-repetition of the exceptional activities that took place the previous year.

As regards Domaines Rémy Martin, exceptional cleaning operations produced 68 tonnes of waste this year compared to 28 tonnes the previous year.

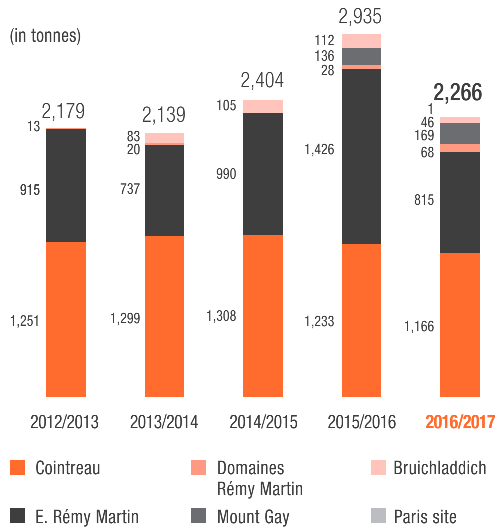
Sorting and recycling rates were slightly down, measured respectively at 87% and 89%, down from 89% and 90% in 2015/2016.

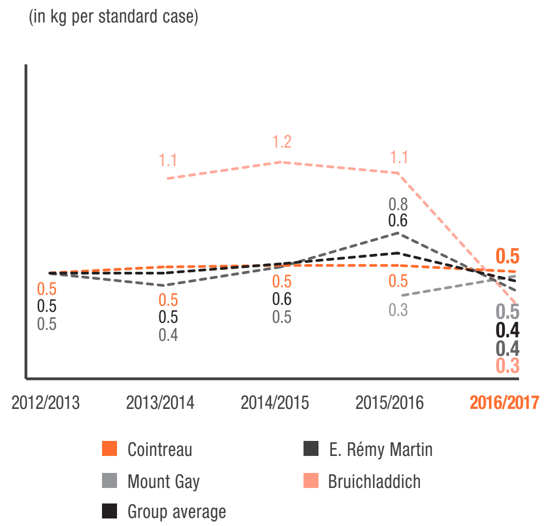
Waste sorting and recycling volumes were respectively 96% and 100% for Angers (stable in relation to 2015/2016).

The rates were 94% in Cognac (92% in 2015/2016) and 48% on the Islay site, a decrease compared to 2014/2015 (72%). The lower sorting rates for Islay were mainly due to the exceptionally high level of waste sorted in 2015/2016, from the new building construction.

On the Barbados site, unsorted waste is sent to the local collection centre.

QUANTITY OF SOLID WASTE (GRI INDICATOR G4-EN23)





2013/2014: integration of the Islay site
2015/2016: integration of the Barbados site (including the distillery)
2016/2017: integration of the Paris site

LIQUID WASTE

Liquid waste volumes decreased by 9%, from 69,410 m^3 to 63,214 m^3 (GRI indicator G4-EN22). This is primarily due to the decrease in distillation activities at Domaines Rémy Martin and a return to normal liquid waste volumes at the Cognac site.

They were down 24% on the Cognac site, from 12,683 m^3 to 9,591 m^3. This is due to an abnormally high level the previous year from a water leak.

They were also down 10% on the Angers site, from 11,064 m^3 to 9,999 m^3.

Volumes of liquid waste for the Barbados site increased by 8%, from 19,590 m^3 to 21,223 m^3 due to the increase in distillation activities.

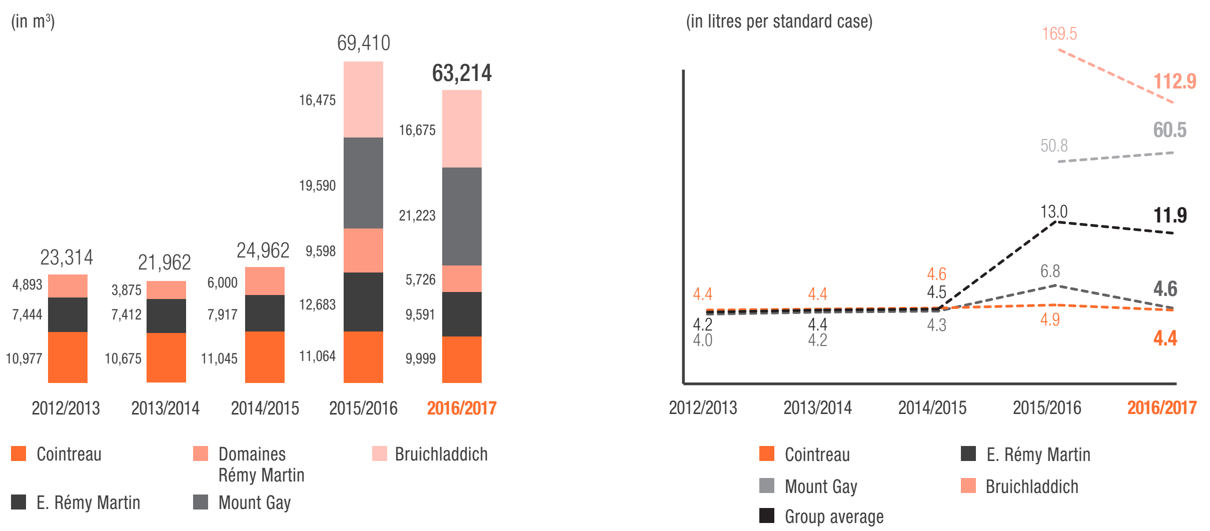
On the Islay site, the volume of liquid waste was stable at 16,675 m^3 (16,475 m^3 in 2015/2016).

The quantity of liquid waste per standard case decreased by 9% from 13.0 litres to 11.9 litres. This is primarily due to the return to a normal volume of liquid waste on the Cognac site (a water leak the previous year strongly impacted the calculation of this indicator).

Liquid waste volumes decreased by 40% for Domaines Rémy Martin, from 9,598 m^3 to 5,726 m^3, due to the reduction in the volume of wine distilled.

The quantity of liquid waste per hectolitre of wine decreased by 10%, to 130.1 litres per hectolitre of wine produced.

VOLUME OF LIQUID WASTE (GRI INDICATOR G4-EN22)



2015/2016: integration of the Islay and Barbados sites

For the Angers and Cognac sites, overall liquid waste pollution discharged from the site (pre-treatment) was down to 16.0 tonnes of BOD – biochemical oxygen demand (down 14% from 18.6 in 2015/2016) and 29.0 tonnes of COD – chemical oxygen demand (compared to 33.8 in 2015/2016). After the waste was treated by external treatment plants and returned to the natural environment, pollution was down on the previous year from 0.8 to 0.6 tonnes of BOD and from 2.4 to 1.9 tonnes of COD (average reduction rate of 97% for BOD and 95% for COD).

For the Cognac and Angers sites, pollution per standard case was therefore 0.14 grams of BOD and 0.43 grams of COD, respectively down 25% and 27% compared to the previous year.

Liquid waste pollution for Domaines Rémy Martin decreased on the previous year, with 0.41 tonnes of BOD and 1.91 tonnes of COD after treatment and return to the natural environment. This is due to the decrease in distillation activities. The liquid waste pollution rate was stable compared to the previous year, with 9.3 grams of BOD and 43.3 grams of COD per hectolitre of wine produced.

Liquid waste pollution discharged from the Barbados site was 615 tonnes of BOD and 1,563 tonnes of COD. These figures have risen following the increase in distillation activities on the site.

For the Islay site, they amounted to 242 tonnes of BOD and 628 tonnes of COD, up compared to the previous year following the increase in the site's activities.

The total liquid waste discharged from the Barbados and Islay sites was 857 tonnes of BOD and 2,191 tonnes of COD.

These figures lead to a liquid waste pollution rate per standard case discharged from the Barbados and Islay sites of 1.72 kilograms of BOD and 4.40 kilograms of COD.

GREENHOUSE GAS EMISSIONS

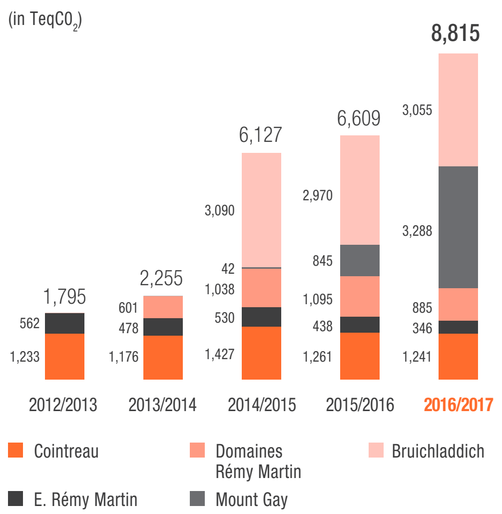
Aware of the impact of its activities, Rémy Cointreau measures its carbon emissions using the Bilan Carbone benchmark®. As a listed company, the Group meets the requirements of Article 173-IV-A of the French law on energy transition and green growth. For this reason, the scope 3 of the Carbon footprint has now been extended to 90% of Rémy Cointreau's production business (production business at the Angers and Cognac sites and the associated upstream and downstream impacts).

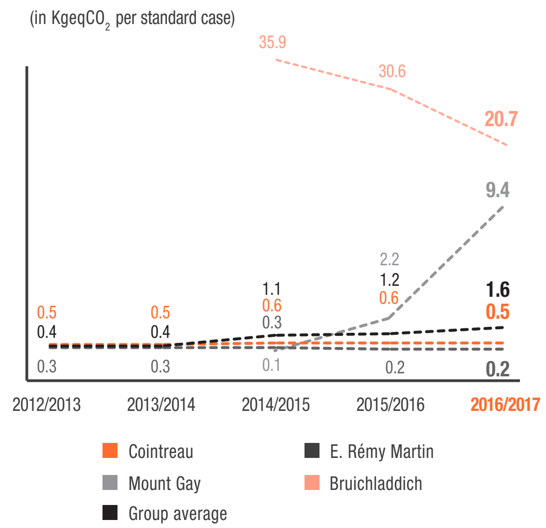
Since 2006, Rémy Cointreau completes the annual Climate Change survey from the Carbon Disclosure project. A number of measures have been implemented in order to control Greenhouse Gas Emissions (GHG). Since 2011, eco-design actions, the increasingly systematic use of videoconferencing and the introduction of electric vehicles on the Angers and Cognac sites have all helped reduce CO_2 emissions.

Following the increase in distillation activities on the Barbados site, CO_2 emissions for scopes 1 and 2 have increased to 10,726 Teq CO_2 (scope 1: 8,815 Teq CO_2/scope 2: 1,911 Teq CO_2 – GRI indicators G4-EN15/G4-EN16).

Per standard case these emissions amounted to 2.0 kgeq CO_2. For Domaines Rémy Martin they amounted to 20.7 kgeq CO_2 per hectolitre of wine produced.

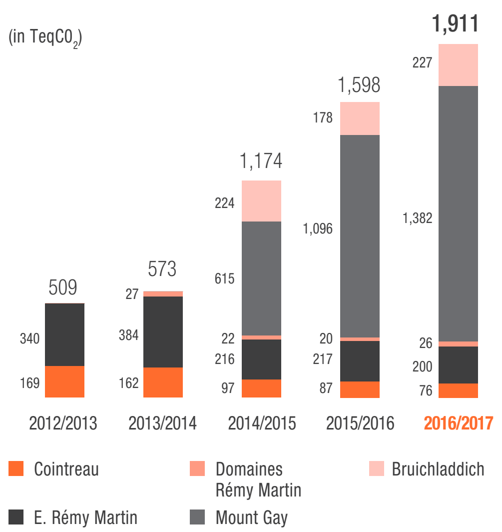
GREENHOUSE GAS EMISSIONS/SCOPE 1 (GRI INDICATOR G4-EN15)

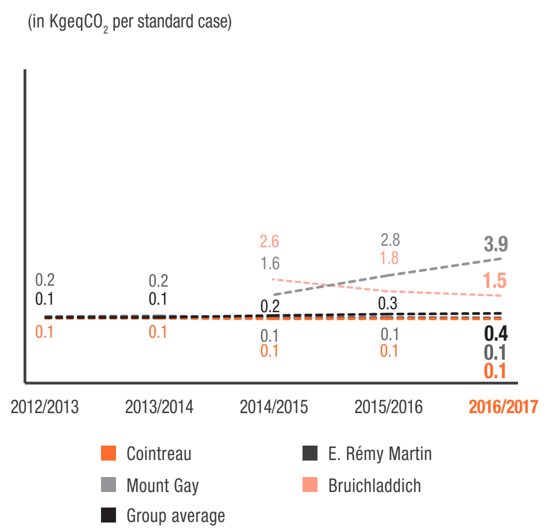




2014/2015: integration of the Islay and Barbados sites
2015/2016: integration of the Barbados site distillery

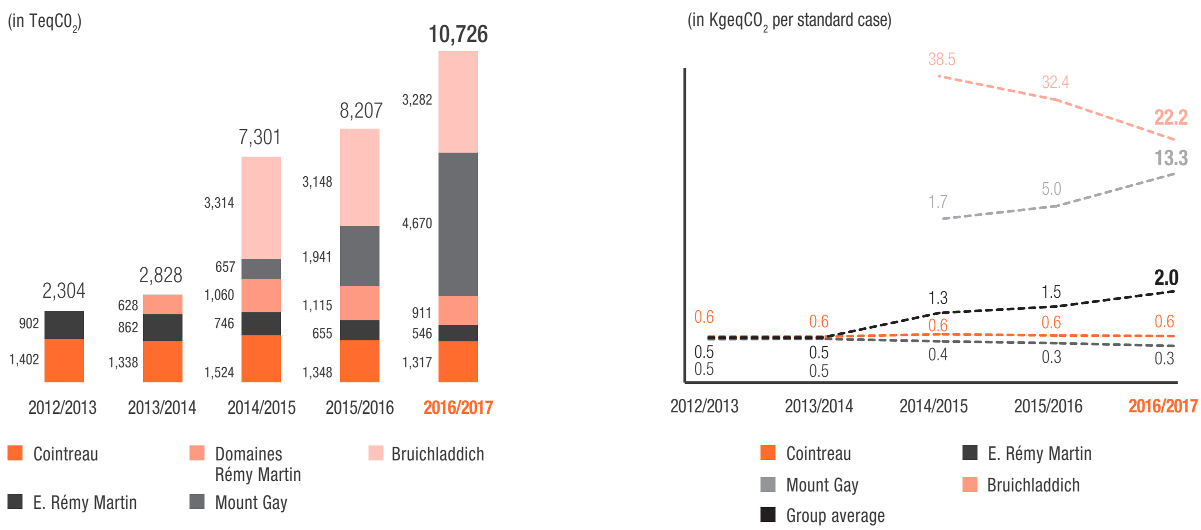
GREENHOUSE GAS EMISSIONS/SCOPE 2 (GRI INDICATOR G4-EN16)





2014/2015: integration of the Islay and Barbados sites
2015/2016: integration of the Barbados site distillery

GREENHOUSE GAS EMISSIONS/SCOPES 1 & 2



2014/2015: integration of the Islay and Barbados sites
2015/2016: integration of the Barbados site distillery

GHG emissions were stable for the Angers site with 1,317 Teq CO_2 (scope 1: 1,241 Teq CO_2/scope 2: 76 Teq CO_2). GHG emissions dropped 17% on the Cognac site with 546 Teq CO_2 emitted in 2016/2017. Scope 1 values on this site fell from 438 to 346 Teq CO_2 (primarily due to lower gas consumption), and scope 2 values fell from 217 to 200 Teq CO_2.

As regards Domaines Rémy Martin, GHG emissions are down at 911 Teq CO_2, due to the decrease in distillation activities. Scope 1 values fell from 1,095 to 885 Teq CO_2, and scope 2 values rose from 20 to 26 Teq CO_2.

GHG emissions on the Islay site increased to 3,282 Teq CO_2 due to the increase in the site's packaging activities. Scope 1 values increased from 2,970 to 3,055 Teq CO_2, and scope 2 values rose from 178 to 227 Teq CO_2.

For the Barbados site, CO_2 emissions increased significantly following the increase in distillation activities on the site and the use of cooling fluids for installation maintenance. They reached 4,670 Teq CO_2, with scope 1 of 3,288 Teq CO_2 and scope 2 of 1,382 Teq CO_2.

This year, to comply with Article 173 of law no. 2015-992 of 17 August 2015 on energy transition for green growth, the Group carried out its carbon footprint scope 3 assessment for its production activities in France (90% of its worldwide production activities) and the worldwide transportation of its products (GRI indicator G4-EC2).

Total CO_2 scope 3 emissions amounted to 145,789 Teq CO_2, broken down as follows (GRI indicator G4-EN17):

- Cognac site: 54,032 Teq CO_2;
- Angers site: 40,628 Teq CO_2;
- Domaines Rémy Martin site: 2,888 Teq CO_2;
- product transportation: 48,241 Teq CO_2.

The significant greenhouse gas emission generators for Rémy Cointreau's business are as follows:

- transportation of products and various freight activities: 55,488 Teq CO_2 (38.1% of total emissions);
- product packaging: 54,637 Teq CO_2 (or 37.5% of total emissions);
- raw materials: 26,684 Teq CO_2 (or 18.3% of total emissions).

The 2020 CSR plan aims to extend the measurement of CO_2 scope 3 within two years to the Barbados and Islay sites in order to cover 100% of the Group's production activities. The additional aim is to draft a reduction plan for CO_2 scope 3 emissions by 2018.

At the same time, Rémy Cointreau continued its indirect greenhouse gas emission reduction initiatives. These resulted in savings in these emissions of 2,135 Teq CO_2 (GRI indicator: G4-EN19).

The main initiatives this year were:

- eco-design initiatives to modify our packaging: this led to a reduction in GHG emissions of 298 Teq CO_2 (based on 2016/2017 sales);
- use of videoconferencing: 1,716 Teq CO_2 were avoided this year, up from 1,134 in 2015/2016;
- the optimisation of business travel: 121 Teq CO_2 were avoided this year, up from 31 in 2015/2016.

This year, the implementation of the CO_2 emissions reduction plan for the company vehicle fleet led to a new internal policy for company and service vehicles. Each vehicle renewal or acquisition must be a rechargeable hybrid or electric vehicle. Depending on technological availabilities, the target is to reach a level of 80% clean vehicles by 2020.

Currently, average emissions for the whole fleet are 124 g CO_2 per km.

They amounted to 139 g CO_2/km the previous year, representing a decrease of 11%.

In 2016/2017, three vehicles were acquired, including two rechargeable hybrids, to replace three diesel vehicles. An average emission for new vehicles is 87 g CO_2/km, compared with 159 in the past, which represents a 45% drop in emissions.

The Angers site has also set up a car-pooling database for commuting, as well as an electricity recharging terminal to support employees that wish to acquire their own electric vehicles. This terminal is now used by three employees who have acquired electric vehicles.

Four electric vehicle recharging points have been installed at the Paris site.

ECO-DESIGN OF PRODUCTS

In line with the achievement of the 2020 CSR plan, a CSR-eco-design Steering Committee has been set up with a project to train the Purchasing, Marketing and Product Development teams in eco-design. The aim is to raise awareness on reducing the environmental impact of packaging by analysing and improving the product life cycle. For these teams, the aim is to work upstream with simple indicators, shared by the three business sectors, with well-defined objectives such as reducing raw materials or increasing the use of recycled materials.

These indicators need to be taken into account when designing products. The first product eco-design study shows that the production of cases and boxes respectively include 58% and 67% recycled cardboard (GRI indicator G4-EN2).

Rémy Cointreau is already involved in these processes to reduce the environmental impact of its packaging. As part of the Eco-Design project, the Group has built a Bottle library this year, recording all the glass containers that it produces. The bottle library was completed this year. Information is held for each bottle on the glass weight and related CO_2 emissions, to provide a comparison between the different bottles and the type of glass used by the Group. The aim is to identify ways of reducing the weight of the different containers, in order to reduce the environmental impact caused by transportation, for example.

Last year, Rémy Cointreau reduced the weight of its Passoã bottle by 2%, giving a saving of 14 tonnes of glass (based on 2015/2016 sales). In addition, the type of glass used for the Passoã bottle has been changed, to increase the volume of recycled glass used to make this bottle.

This year, the 70cl Metaxa 5 star bottle has seen its weight reduced by 12%.

This eco-design action has enabled savings of 290 tonnes of glass and a reduction in GHG emissions of 298 Teq CO_2 (based on 2016/2017 sales – GRI indicator G4-EN27).

Three years ago, Rémy Cointreau rolled out a piece of software which can estimate the quantities of materials used in the manufacture of products on the Angers and Cognac sites and sold throughout the world, *i.e.* 90% of the Group's production (GRI indicator G4-EN1). For the first time, the wastage rate for packaging workshops was included in the calculations. Tonnage totalled 35,937 tonnes (compared with 33,983 tonnes in 2015/2016, excluding wastage) mainly comprising glass (31,225 tonnes), cardboard (3,955 tonnes), plastics (349 tonnes), metals (176 tonnes), paper (56 tonnes) and miscellaneous materials (176 tonnes). This represents an average packaging weight of 998 grams per litre of product (based on 2016/2017 sales data), which represents a very slight increase compared with 2015/2016 (984 grams per litre of product, excluding wastage rate). The associated carbon emissions correspond to 40,405 Teq CO_2, or 1.12 kgeq CO_2 per litre of product.

PRODUCT TRANSPORTATION

As part of the 2020 CSR plan, a "CO_2 Transport Emissions" project was launched this year.

Firstly, this year, to comply with Article 173 of law no. 2015-992 of 17 August 2015 on energy transition for green growth, the Group carried out its carbon footprint scope 3 assessment on its production activities in France (90% of its worldwide production activities) and the worldwide transportation of its products.

Total CO_2 scope 3 emissions associated with product transportation amounted to 48,241 Teq CO_2 (GRI indicator G4-EN30). This is one of the significant greenhouse gas emission generators for Rémy Cointreau.

This value includes product transportation:

- in France, between production sites and logistics platforms;
- between logistics platforms and the first shipping ports or airports;
- maritime and air transport between the first shipping ports or airports and the arrival ports or airports worldwide.

By 2020, the aim is to include the CO_2 emissions related to freight on the US and Asian continents, and be able to roll out a plan to reduce CO_2 emissions related to transport of the Group's products on a worldwide level.

A second stage was reached with the integration of specifications including environmental conditions applicable to the Group's products in "Transport" calls for tender.

All selected carriers must communicate the greenhouse gas emissions for their transport services each year.

From 2018, carriers must demonstrate their commitment in the voluntary commitment charter to reduce CO_2 emissions, known as "Objective CO_2".

2.4 Societal information

Rémy Cointreau helps to ensure progress for all by supporting sustainable local economic development and community initiatives. In order to achieve success with its all stakeholders, the Group must be fully aware of its societal impact. It will continue its effort in this respect with the objectives of its 2020 CSR plan. Rémy Cointreau shows local commitment by sharing its responsibility requirements with its suppliers and ensuring the sharing of ethical practices. Despite its global scope, the Group does not forget its privileged relationship with its clients.

2.4.1 Societal impact of Rémy Cointreau

With its numerous international investments, Rémy Cointreau cannot overlook its societal impact in relation to the sustainable economic development of the areas in which it operates. In the 2020 CSR plan, core importance is thus given to supportive initiatives. The Group contributes to community progress by helping to create value in its regions of operation.

SUPPORTING LOCAL NGOS

As a notable player in local economic life, Rémy Cointreau provides its expertise on numerous topics and promotes the merits of corporate social responsibility. The Group works alongside schools, universities and organisations dedicated to economic development. Its commitment is also reflected in its support for regional associations that work to promote sustainable development. The Group also supports business associations which promote discussions on CSR-related topics.

As an example, it participates in the activities of the Altère business association in Poitou-Charentes. This year, the Group was involved in the drafting of a partnership agreement with La Rochelle's Sup de Co business school. A round table discussion was organised during the international diversity meetings in September 2016. The event included a testimonial by the Altère association on the company's societal role. Another workshop was organised with IRSI (French Institute of Societal Responsibility through Innovation) on the means of involvement of socially responsible companies in their local regions.

Rémy Cointreau took part in the organisation of the 5th Sustainable Development Awards in the Cognac region. These awards highlight and recognise local sustainable development initiatives conducted by local authorities, associations, companies, educational establishments and even individuals. For several years now, the Group has been a member of the jury.

The family-controlled Group wants to share its CSR experience at the local level. To this effect, in June 2016, it received a visit from members of IFRÉE (French Institute for Environmental Education Research) – an organisation involving the New Aquitaine Region, the French Government and associations dedicated to environmental education and nature protection. For its Shareholder's Meeting, the organisation wanted to visit a local company committed to a sustainable development approach and selected Rémy Cointreau.

For several years now, the Group's societal initiatives have included its involvement in Club Carbon'At in the Pays de la Loire region. Founded in December 2008, this Club brings together some thirty companies – including Rémy Cointreau – in the Grand Ouest region of France to share good CSR practices through meetings focused on topics such as responsible road transport.

Since the 1992 Rio Earth Summit, Comité 21 – the French Sustainable Development Committee – has been promoting the appropriation and deployment of sustainable development within organisations and regions. Since 2010, the committee has been coordinating a network of companies, local authorities, associations and education and research institutions in the Grand Ouest region (Pays de la Loire and Brittany).

Since the committee's objectives reflect those of Rémy Cointreau, the Group made a presentation on CSR and communication at the Committee meeting of last November.

ACTIVE INVOLVEMENT IN PROJECTS

Aware of its responsibility with respect to the consumption of its products, Rémy Cointreau strives to go further in its support for research into alcohol and responsible consumption.

In particular, Rémy Cointreau is involved in initiatives within the Fondation pour la recherche en alcoologie (Foundation for Alcohol Research), which it chairs. Founded in 2015, the FRA is dedicated to developing and sharing knowledge on alcohol. Under the aegis of the Fondation de France, its missions, recognised as being of public interest, consist in supporting research and disseminating knowledge, in the aim of improving public health.

In collaboration with the teams working on alcohol research, the FRA is currently engaged in a four-year research programme. It is aimed at determining the initial causes of excess alcohol use, the impacts of its various forms of consumption (chronic, acute, moderate) and how to overcome addiction. In conjunction with this programme, a working group on "Young People and Alcohol" was formed.

Moreover, for the very first time, the FRA organised awards for alcohol research. The ceremony took place at the Collège de France in February 2017. Two prizes of €5,000 each were awarded to a biomedical science researcher and a humanities and social science researcher who made remarkable contributions in the field of alcohol research over recent years.

In biomedical science, the prize was awarded to Hélène Beaunieux, (Neuropsychology Professor in the Psychology department of the University of Caen); in the humanities and social science category, the prize was awarded to Thierry Fillault (Professor at the University of Bretagne-Sud). Furthermore, a "Young Researcher" prize of €2,000 was awarded to Yannick Le Hénaff (Sociology Lecturer at the University of Rouen) for the originality of his alcohol research.

In 2016, the FRA supported 26 projects through calls for tenders. It also organised a *Café des Chercheurs* meeting on the topic of "Virtual Therapies: Fiction or Reality?" and a science day on "Sport, a factor of protection from or exposure to alcohol risk?".

Moreover, as a member of the network of "Sustainable Development" correspondents of the Colbert Committee, which upholds the values of the French luxury industry, Rémy Cointreau contributes to the pooling of CSR best practices, in particular through the dissemination of fact sheets on the topic. The Group is also a member of the BNIC (National Interprofessional Cognac Office) Sustainable Development Project group.

Rémy Cointreau is very keen to promote a positive corporate responsibility culture in educational syllabuses, and has been involved, for example, with students graduating from France's Grandes Écoles and universities. The Group introduced students to the responsible approach it takes towards its business activities, through topics as varied as Responsible Leadership (École Audencia Nantes) and developing CSR in industrial areas (IAE in Poitiers). Rémy Cointreau also took part in a working group with the Sup de Co La Rochelle business school during environmental meetings in La Rochelle. This working group produced a book entitled *L'humain au cœur des politiques RSE* (The Human Factor in CSR Policies) published in April 2016. It includes a Rémy Cointreau case study on the following topic: "Towards structured and reliable CSR reporting based on financial reporting processes". During the year, this book was accredited by the FNEGE (French National Foundation for the Teaching of Business Management). This qualification distinguishes books focused on management research. The accreditation was awarded by an independent jury made up of lecturers and researchers specialised in the various fields of management.

Last year, other events took place at the Sup de Co La Rochelle Business School to discuss the topic of *CSR as an innovation opportunity* with lecturers-researchers. In 2016, Rémy Cointreau was present in Angers to present its CSR policy to the ONIRIS higher education establishment of Nantes. The Group also took part in the student project of ESAIP in Angers on the circular economy in the industrial estate of St-Barthélémy d'Anjou.

CULTURAL SPONSORSHIP

This year, in addition to the creation of the Rémy Cointreau Foundation, the Group has taken part in charity work through awards, auctions and grants for cultural projects. In the US, the Group supported "The Film Foundation" created by film director Martin Scorsese and dedicated to the restoration of old films. Thanks to three auctio"ns and a partnership between LOUIS XIII Cognac and three prestigious establishments representing the very best in French know-how, the operation called *L'Odyssée d'un roi* collected nearly $560,000 towards the preservation of cinema masterpieces.

In addition to its foreign investment, the Group continues to actively support local associations working towards social progress. An example is the partial funding of the project entitled *L'Eau d'une Vie* involving the Circle of Young Business Managers of Cognac. This is a community support project aimed at bringing water to the NGO Village Pilote at Lac Rose, Senegal. For the past 20 years, this NGO's goal has been to get disadvantaged youths off the streets of the cities. It involves them in a borehole project to make them independent in their agricultural activities and enable them to become self-sufficient in food.

Working alongside the Fondation de la Deuxième Chance (Second Chance Foundation) for the last 12 years, Rémy Cointreau has helped disadvantaged people formulate a viable career plan. Through this commitment, the Group wants to support the creation of businesses by those who, in the face of considerable difficulties, wish to rebuild their lives through a new career path.

In addition to financial support, users in the Poitou-Charentes region benefit from mentoring to help them put together the relevant documents and set up their projects (so far, support has been provided to 54 people, and 223 project-monitoring meetings have been scheduled). This year, the Group participated in several meetings to present the Fondation de la Deuxième Chance to social bodies and associations. With Rémy Cointreau's support and since the installation of the foundation's Cognac site in 2005, 165 applicants have received a total of nearly €580,000 in grants from the Fondation de la Deuxième Chance.

2.4.2 Suppliers: sharing responsibility requirements

For Rémy Cointreau, CSR implies the involvement of all its stakeholders, including its suppliers. To meet the objectives of the 2020 CSR plan, the Group has further increased the efficiency of its responsible purchasing policy by simplifying it through common tools.

Rémy Cointreau's involvement with its suppliers earned the Group a prize, awarded on 14 June 2016 by Vigeo Eiris – a French agency which analyses companies based on environmental, social and governance criteria. The Group won the 2016 Top Performers Award in the category "Responsible Supply Chain Management: Sustainable Relationship with Suppliers".

This award recognises Rémy Cointreau's increasingly demanding requirements with its suppliers. In January 2016, Rémy Cointreau joined SEDEX (Supplier Ethical Data Exchange), an international organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains.

This platform has greatly simplified the Group's purchasing practices, also enabling it to save time. Prior to joining SEDEX, the Group asked its suppliers to complete questionnaires, and used these as a basis on which to decide whether or not to conduct an audit. Now, SEDEX shares supplier audits performed by their other customers: information on working standards, health and safety, the environment and sales ethics is available online.

In an effort to improve transparency and the ethics of its trade practices, Rémy Cointreau now expressly asks its suppliers to join SEDEX.

In 2016/2017, the number of strategic suppliers that are SEDEX members (excluding sub-contractors, as this is very limited and mainly concerns activities performed in France) went from 54% to nearly 83% (GRI indicators G4-EN32/G4-HR10). The 2018 target is 90%. This is an ambitious, but feasible objective: it mainly involves convincing the smallest suppliers that joining the platform will enable everyone to save time and drive everyone's CSR ambitions forward. Rémy Cointreau is aware that it needs to incite its stakeholders to adopt such an approach, which is sometimes seen as an additional burden.

In October 2016, a SEDEX training session was organised for the purchasing teams to enable internal staff to understand the procedure. A tool kit was produced and sent to all Rémy Cointreau suppliers, to inform them of how the platform works. This training confirms that the 2015/2016 financial year was a year of transition and adaptation to the platform. This year, thanks to SEDEX, seven audits were conducted, mainly on raw material suppliers.

SEDEX has entered into an agreement with the CDP Carbon Disclosure Project, a non-profit organisation focused on studying the impact of the major listed companies globally on climate change. Rémy Cointreau has been participating in CDP surveys since 2006. In the upcoming years, the Group will be developing initiatives with its suppliers to incite them to reduce their carbon emissions.

2.4.3 Ethics of Rémy Cointreau practices

(GRI indicator G4-15)

The search for excellence in the sustainable development of Rémy Cointreau's brands drives the Group to take a close look at its corporate behaviours. Throughout the world, the Group wants to show the same level of requirements in its relations with all its stakeholders. This starts with trust, which underpins the solidity of the Group's trade relations and their success. At the heart of this trust is the ethics of the Group's practices. To achieve this, transparency is necessary and desirable. Indeed, the Group has adopted various charters, one of which specifically concerns business ethics.

This year, Rémy Cointreau focused efforts on improving its code of business ethics. (GRI indicator G4-56) It supplements the Sustainable Development aspect of the Global Compact, to which the Group is committed and which underpins its culture of integrity and ethics.

This code of business ethics reiterates the Group's values:

- its business values: by complying with applicable laws and regulations in the countries where the Group operates, particularly concerning healthy and fair competition. The Group is also committed to communicating in a responsible way on alcohol consumption;
- its community values: by respecting people, including its employees and the partners accompanying them in their development;
- its professional values: Rémy Cointreau puts emphasis on the quality and excellence of its work – in particular its traditional work. It also puts emphasis on loyalty toward the company by inciting its employees to only undertake commercial initiatives if they are in the best interest of the Group.

To convey these values, this Code has been used as a basis for the creation of two MOOCS for employees. Three e-learning videos (in French, English and Chinese) should be available on all Group sites starting next year (GRI indicator G4-SO4).

This code of business ethics reflects a set of reference documents used by Rémy Cointreau to ensure the transparency of its transactions and to combine know-how and life skills.

For its communication on alcohol consumption, Rémy Cointreau refers to two responsible communication charters: its own and that of Union des Annonceurs. They ensure self-regulation of advertising campaigns and compliance with principles promoting moderate alcohol consumption. In addition, a guide to responsible consumption in the workplace has been given to all French employees. Translated into several languages, it has also been distributed to teams in Asia.

As Rémy Cointreau's lobbying forms part of a transparent decision-making process within the European Union, the Group abides by the Transparency Register to provide the required transparency on the lobbying operations in which it may participate across Europe. This message has been put out for several years now, ever since the Group joined the Global Compact. This commitment is very dear to the Group, as it guarantees its responsibility and the compliance of its policy with international ethics standards.

The Corporate Social Responsibility Charter, which is aligned with ISO 26000, forms the basis of the Group's CSR policy. This charter is disseminated in French and English to all Group employees, as Rémy Cointreau is determined to put it to use on a daily basis. In the belief that responsibility concerns everyone, Rémy Cointreau supports the dissemination of the CSR Charter with awareness-raising initiatives for all staff.

In response to the French Sapin II law, the Group is committed, through the internal control officer, to respond to whistleblower concerns (GRI Indicator: G4-58). This legal commitment proves to be a real opportunity for the Group. It requires it to work upstream on the responsibility and transparency requirements – which it has set itself – in order to be irreproachable in all aspects.

For greater consistency, this ethics and transparency requirement is also implemented by the Group in terms of Socially Responsible Investment (SRI) and non-financial rating. Since 2010, Rémy Cointreau has been assessed by the non-financial Gaïa (EthiFinance) index, which is the benchmark Sustainable Development index for medium-sized listed and unlisted companies.

The Gaïa index assesses transparency on environmental, employee-related and governance criteria, which are linked to the CSR processes of 400 European companies. The Group primarily answered questions on its carbon emissions and reducing its emissions. In 2016, Rémy Cointreau improved its "Governance" and "Environment" ratings, which went from 83 to 90/100 and 93 to 98/100 respectively.

The Group is also assessed by the Vigeo Eiris non-financial agency. For the last rating conducted at end-2016, Rémy Cointreau performed well in several areas: its relationship with its suppliers and the information provided to its clients, communication and responsible consumption, protection of biodiversity, audit and internal control. Vigeo Eiris also pointed out areas for improvement: reducing energy consumption and CO_2 emissions, and environmental impacts of transport. The 2020 CSR Plan aims to address these last points in order to improve the Vigeo Eiris rating by 2020.

Rémy Cointreau also regularly responds to information requests from SRI funds wanting to find out about the Group's CSR policy.

2.4.4 MAINTAINING RESPONSIBLE RELATIONSHIPS WITH CLIENTS

Sometimes far away, but always close, the clients of Rémy Cointreau are at the heart of its concerns. Intent on creating authentic products today and in a century's time, the Group strives to be irreproachable upstream, from the cultivation of raw materials to their processing, while ensuring the responsible marketing of its products.

PROMOTING RESPONSIBLE CONSUMPTION

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

This responsibility is embodied in two priorities:

- promoting responsible consumption;
- promoting responsible advertising.

THE KEY ROLE OF REPRESENTATIVE ORGANISATIONS

By actively participating in the "Alcohol and Society" or "Alcohol and Health" working groups of professional organisations, Rémy Cointreau contributes to implementing a "strategy developed by the spirits industry (GRI indicator G4-16).

The main organisations are:

- in France: the FFS (French Spirits Federation), the FEVS (Federation of Wines & Spirits Exporters), Avec Modération! and the Fondation pour la Recherche en Alcoologie (Foundation for Alcohol Research) which Rémy Cointreau has chaired since its inception in November 2015;
- in Europe: spiritsEUROPE (the European Spirits Industry Federation);
- in the United States: DISCUS;
- in China: FSPA.

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

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

- the primary objective of the actions is to combat excess alcohol consumption;
- the voice of the spirits industry is important in establishing consumer protection programmes and, as a result, representative organisations must be present during discussions addressing the issue of responsible consumption by consumers;
- the principle of ethical self-regulation of the promotion and advertising of spirits provides a guarantee of safety for the consumer;
- the spirits industry continues to improve the information provided to consumers (packaging, development of online information) by developing web sites dedicated to disseminating knowledge about the health risks of alcohol.

INITIATIVES TO PROMOTE RESPONSIBLE CONSUMPTION

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

- the Group is gradually rolling out voluntary decisions in Europe and Asia to include logos on its packaging designed to inform pregnant women (GRI indicator: G4-PR3);
- a willingness, in Europe, to include the responsibledrinking.eu URL on packaging. This is the EU portal for consumers of 28 European countries, which provides comprehensive information on the risks of alcohol abuse;
- the voluntary application, in China, of wording promoting moderation and "Don't Drink and Drive" warnings on all Rémy Cointreau brand advertising;
- the development of a responsible consumption page on the Rémy Cointreau Intranet;
- a responsible consumption awareness campaign on the French production sites;
- posting of information on our three French websites on "How to plan for reasonable consumption of our products when welcoming and receiving guests";
- a responsible consumption and advertising awareness campaign for marketing teams;
- distribution of Responsible Consumption materials to the sales teams: the Responsible Communication Charter, Responsible Consumption guide, a booklet on "How to plan for responsible consumption of Rémy Cointreau products when hosting and receiving our guests", and a "Responsible Consumption menu".

This year, these initiatives were supplemented with the following measures:

- update and new distribution of the RC Alcooflash app for iPhone users (internal audience);
- organising of a Consom'Action event focused on road safety at the Paris site, in order to raise the awareness of employees on the issue of responsible consumption; employees have been taking part in prevention actions for several years now (internal audience);
- production of new Drink Responsibly videos, with Rémy Cointreau employees, members of the Executive Committee and the brands' ambassadors (internal and external audiences);
- broadcasting of Drink Responsibly videos and messages in the United States and China, with the participation of external personalities (internal and external audiences);

- Responsible Consumption kit given to all new employees (internal audience);
- opening of a series of conferences at the Paris site, the first being on the topic of alcohol and the social link, led by Véronique Nahoum Grappe, Anthropologist and Researcher at EHESS (School for Advanced Studies in Social Sciences) (internal audience).

ADVERTISING CONTROL FOR RÉMY COINTREAU BRANDS

Compliance with the Rémy Cointreau code of ethics concerns the following points:

- responsible consumption;
- specific properties of alcohol;
- minors and other vulnerable groups;
- alcohol content;
- activities involving risk;
- respectful communication.

This is ensured by the Responsible Communication Committee (CCR), which is made up of eight members representing the Public Relations and CSR, Legal, Marketing, Communications and Sales departments.

The CCR is tasked with carefully analysing all new advertising campaigns involving amounts in excess of €100,000 (including creation and the media plan) on the basis of Rémy Cointreau's ethical undertakings.

The Public Relations teams heading up the CCR this year checked with the Rémy Cointreau brand directors that all new advertising had indeed been sent to the committee.

This year, the CCR approved 11 new campaigns:

1. LOUIS XIII ;
2. Rémy 2016 (video);
3. Rémy Martin Express;
4. Rémy Martin XO USA;
5. Rémy Martin (Responsible Consumption videos);
6. Passoã;
7. Rémy Martin One Life/Live Them (China);
8. Metaxa 12 stars;
9. Cointreau Spain;
10. LOUIS XIII Heritage Past Present;
11. Rémy Martin One Life/Live Them (Vietnam).

The other adverts used throughout the past year had been created and validated during previous years.

In 2013/2014, the CCR introduced an audit tool to analyse the cost of advertising campaigns (by country, brand and type of expenditure) to guarantee that the CCR's audit process is duly complied with and applied systematically.

The tool, which is used every year, has once again provided proof that all new creative advertising work and initiatives are sent to the CCR for approval.

MAINTAINING HIGH-QUALITY RELATIONSHIPS WITH CLIENTS

clients are a core concern for Rémy Cointreau, which constantly strives to closely meet their needs and expectations. To respond to them as precisely and as quickly as possible, Rémy Cointreau keeps a very close eye on client demand through constant monitoring, especially on social networks. Rémy Cointreau wants to cultivate this indispensable closeness with its clients worldwide. They are attached to the brands' essential traditional values. The Group strives to always remain attractive while preserving the authenticity of its products.

For several years now, Rémy Cointreau has been carrying out internal rating twice a year. Areas for improvement are then systematically examined and shared to assess the satisfaction level of all retailer customers. This year, the rating was 17.8/20, stable in relation to the previous year (GRI Indicator G4-PR5).

The Group also replied to the questions of retailer customers operating in the US, Belgium and Great Britain concerning best environmental practices.

The site visits offered by the Group also reflect its quest for excellence. Rémy Martin's oenotourism offer features tailor-made programmes and a warm welcome. It puts emphasis on developing warm relationships with visitors, while offering tours highlighting know-how related to spirits, their heritage and their history.

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

After winning the national oenotourism award in 2012/2013 in the "development of a cellar or viticulture site" category, the Cognac site was once again awarded the Trip Advisor certificate of excellence this year.

The Angers site's "Quality Tourism" certification was also renewed in 2016.

At Cognac and Angers, the visitor circuit guides are trained each year in the CSR policy so that they can explain and promote the Group's best practices to visitors. In 2017, the guides benefited from revamped CSR training.

Since 2012, the Cognac site has also held the French government's Entreprise du Patrimoine Vivant (Living Heritage Company) label, which was established to reward businesses who promote French craftsmanship and tradition.

2.5 Table of environmental indicators by site

	2014/2015	Value/ std case	Value/ hectolitre of wine	2015/2016	Value/ std case	Value/ hectolitre of wine	2016/2017	Value/ std case	Value/ hectolitre of wine
Total energy consumption, in MWh, and in kWh for values per standard case or hectolitre of wine (GRI indicator G4-EN3)									
Total	**33,947**	**6.35**	**69.54**	**36,235**	**6.91**	**66.35**	**41,854**	**7.91**	**78.13**
o/w Cointreau	9,087	3.81		8,274	3.68		8,375	3.69	
o/w E. Rémy Martin	7,582	4.13		7,284	3.89		7,380	3.57	
o/w Domaines Rémy Martin	4,158		69.54	4,423		66.35	3,437		78.13
o/w Mount Gay	948	2.44		4,622	12.00		10,366	29.55	
o/w Bruichladdich	12,172	141.29		11,632	119.68		12,130	82.12	
o/w Paris site							166		
Direct energy consumption (gas, heating oil, diesel), in MWh, and in kWh for values per standard case or hectolitre of wine (GRI indicator G4-EN3)									
Total	**24,161**	**4.38**	**60.13**	**26,187**	**4.84**	**58.70**	**30,445**	**5.67**	**68.44**
o/w Cointreau	6,609	2.77		6,036	2.68		6,081	2.68	
o/w E. Rémy Martin	2,034	1.11		1,711	0.91		1,327	0.64	
o/w Domaines Rémy Martin	3,595		60.13	3,913		58.70	3,011		68.44
o/w Mount Gay	161	0.41		3,221	8.36		8,392	23.92	
o/w Bruichladdich	11,762	136.53		11,305	116.32		11,634	78.76	
Indirect energy consumption (electricity), in MWh, and in kWh for values per standard case or hectolitre of wine (GRI indicator G4-EN3)									
Total	**9,786**	**1.97**	**9.41**	**10,048**	**2.07**	**7.65**	**11,409**	**2.24**	**9.69**
o/w Cointreau	2,478	1.04		2,238	0.99		2,293	1.01	
o/w E. Rémy Martin	5,549	3.02		5,572	2.98		6,053	2.93	
o/w Domaines Rémy Martin	563		9.41	510		7.65	426		9.69
o/w Mount Gay	787	2.03		1,401	3.64		1,974	5.63	
o/w Bruichladdich	410	4.76		326	3.36		497	3.36	
o/w Paris site							166		
Water consumption, in m3 and in litres for values per standard case or hectolitre of wine (GRI indicator G4-EN8)									
Total	**112,380**	**22.75**	**94.15**	**123,729**	**25.12**	**120.60**	**133,418**	**26.23**	**147.66**
o/w Cointreau	29,442	12.35		28,081	12.48		27,362	12.04	
o/w E. Rémy Martin	24,806	13.52		35,581	19.00		35,396	17.12	
o/w Domaines Rémy Martin	5,629		94.15	8,039		120.60	6,496		147.66
o/w Mount Gay	20,403	52.60		19,693	51.12		31,891	90.90	
o/w Bruichladdich	32,100	372.62		32,335	332.70		32,273	218.49	
Paper consumption, in millions of sheets (GRI indicator G4-EN1)									
Total	**3.05**			**2.00**			**1.55**		
o/w Cointreau	0.77			0.61			0.48		
o/w E. Rémy Martin	1.69			0.72			0.74		
o/w Paris site	0.58			0.66			0.32		

	2014/2015	Value/ std case	Value/ hectolitre of wine	2015/2016	Value/ std case	Value/ hectolitre of wine	2016/2017	Value/ std case	Value/ hectolitre of wine
Quantity of waste, in tonnes, and in kg for values per standard case or hectolitre of wine (GRI indicator G4-EN23)									
Total	**2,404**	**0.56**		**2,935**	**0.63**	**0.42**	**2,266**	**0.45**	**1.55**
o/w Cointreau	1,308	0.55		1,233	0.55		1,166	0.51	
o/w E. Rémy Martin	990	0.54		1,426	0.76		815	0.39	
o/w Domaines Rémy Martin				28		0.42	68		1.55
o/w Mount Gay				136	0.35		169	0.48	
o/w Bruichladdich	105	1.22		112	1.15		46	0.31	
o/w Paris site							1		
Volume of solid waste sorted in %									
Total	**94**			**89**			**87**		
o/w Cointreau	96			96			96		
o/w E. Rémy Martin	91			92			94		
o/w Domaines Rémy Martin				100			91		
o/w Mount Gay				0			0		
o/w Bruichladdich	83			72			48		
o/w Paris site							95		
Volume of solid waste recycled in %									
Total	**95**			**90**			**89**		
o/w Cointreau	100			100			100		
o/w E. Rémy Martin	91			92			94		
o/w Domaines Rémy Martin				100			91		
o/w Mount Gay				0			0		
o/w Bruichladdich	83			72			48		
o/w Paris site							95		
Volume of liquid waste, in m3, and in litres for values per standard case or hectolitre of wine (GRI indicator G4-EN22)									
Total	**24,962**	**4.49**	**100.35**	**69,410**	**12.99**	**143.99**	**63,214**	**11.88**	**130.15**
o/w Cointreau	11,045	4.63		11,064	4.92		9,999	4.40	
o/w E. Rémy Martin	7,917	4.31		12,683	6.77		9,591	4.64	
o/w Domaines Rémy Martin	6,000		100.35	9,598		143.99	5,726		130.15
o/w Mount Gay				19,590	50.85		21,223	60.49	
o/w Bruichladdich				16,475	169.52		16,675	112.89	
Liquid waste: BOD, after treatment, in tonnes, and in grams for values per standard case or hectolitre of wine									
Total	**1.17**	**0.17**	**7.73**	**1.52**	**0.19**	**10.94**	**1.03**	**0.14**	**9.24**
o/w Cointreau	0.70	0.29		0.78	0.35		0.60	0.27	
o/w E. Rémy Martin	0.01	0.01		0.01	0.00		0.02	0.01	
o/w Domaines Rémy Martin	0.46		7.73	0.73		10.94	0.41		9.24
Liquid waste: BOD, discharged from the site, in tonnes, and in grams for values per standard case or hectolitre of wine									
Total				**434.11**	**899.81**		**857.25**	**1,719.55**	
o/w Mount Gay				215.49	559.34		615.47	1,754.35	
o/w Bruichladdich				218.62	2,249.46		241.79	1,636.91	

	2014/2015	Value/ std case	Value/ hectolitre of wine	2015/2016	Value/ std case	Value/ hectolitre of wine	2016/2017	Value/ std case	Value/ hectolitre of wine
Liquid waste: BOD, after treatment, in tonnes, and in grams for values per standard case or hectolitre of wine									
Total	**3.99**	**0.52**	**29.91**	**5.42**	**0.59**	**44.64**	**3.78**	**0.43**	**43.34**
o/w Cointreau	2.12	0.89		2.36	1.05		1.73	0.76	
o/w E. Rémy Martin	0.08	0.05		0.09	0.05		0.14	0.07	
o/w Domaines Rémy Martin	1.79		29.91	2.98		44.64	1.91		43.34
Liquid waste: BOD, discharged from the site, in tonnes, and in grams for values per standard case or hectolitre of wine									
Total				**1,788.06**	**3,706.22**		**2,191.11**	**4,395.11**	
o/w Mount Gay				1,272.72	3,303.54		1,562.63	4,454.18	
o/w Bruichladdich				515.34	5,302.43		628.48	4,254.83	
GHG emissions (scope 1) in Teq CO_2 and in Kgeq CO_2 for values per standard case or hectolitre of wine (GRI indicator G4-EN15)									
Total	**6,127**	**1.08**	**17.36**	**6,609**	**1.20**	**16.43**	**8,815**	**1.64**	**20.12**
o/w Cointreau	1,427	0.60		1,261	0.56		1,241	0.55	
o/w E. Rémy Martin	530	0.29		438	0.23		346	0.17	
o/w Domaines Rémy Martin	1,038		17.36	1,095		16.43	885		20.12
o/w Mount Gay	42	0.11		845	2.19		3,288	9.37	
o/w Bruichladdich	3,090	35.87		2,970	30.56		3,055	20.68	
GHG emissions (scope 2), in Teq CO_2, and in Kgeq CO_2 for values per standard case or hectolitre of wine (GRI indicator G4-EN16)									
Total	**1,174**	**0.25**	**0.37**	**1,598**	**0.34**	**0.30**	**1,911**	**0.39**	**0.59**
o/w Cointreau	97	0.04		87	0.04		76	0.03	
o/w E. Rémy Martin	216	0.12		217	0.12		200	0.10	
o/w Domaines Rémy Martin	22		0.37	20		0.30	26		0.59
o/w Mount Gay	615	1.59		1,096	2.84		1,382	3.94	
o/w Bruichladdich	224	2.60		178	1.83		227	1.54	
GHG emissions (scopes 1 & 2) in Teq CO_2 and in Kgeq CO_2 for values per standard case or hectolitre of wine									
Total	**7,301**	**1.33**	**17.73**	**8,207**	**1.54**	**16.73**	**10,726**	**2.03**	**20.71**
o/w Cointreau	1,524	0.64		1,348	0.60		1,317	0.58	
o/w E. Rémy Martin	746	0.41		655	0.35		546	0.26	
o/w Domaines Rémy Martin	1,060		17.73	1,115		16.73	911		20.71
o/w Mount Gay	657	1.69		1,941	5.04		4,670	13.31	
o/w Bruichladdich	3,314	38.47		3,148	32.39		3,282	22.22	
GHG emissions (Total scopes 1, 2 & 3) in Teq CO_2 and in Kgeq CO_2 for values per standard case or hectolitre of wine (GRI indicator G4-EN17)									
Total							**145,789**	**30.13**	**65.65**
o/w Cointreau							40,628	17.88	
o/w E. Rémy Martin							54,032	26.14	
o/w Domaines Rémy Martin							2,888		65.65
o/w Mount Gay									
o/w Bruichladdich									
o/w Product transport							48,241	9.97	

2.6 2020 TARGETS

		Indicators	Scope	Values 2016/2017	Objectives 2019/2020	Change 2019/2020
SDG 8	**Decent work and economic growth/Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**	Responsible purchasing: percentage of suppliers having joined SEDEX	World	83%	100%	+17%
SDG 13	**Take action to combat climate change and its impacts**	Reduction of CO2 emissions: reduction of direct and indirect energy consumption	France	15,755 MWh	14,855 MWh	-5.7%
		Reduction of CO2 emissions: percentage of "clean" vehicles	France	22%	80%	+58%
SDG 15	**Sustainable land management/Restore and promote sustainable use of land ecosystems/Sustainably manage forests/Preserve biodiversity**	Sustainable winegrowing: Domaines Rémy Martin Treatment Frequency Index (TFI)	France	17.6	15.8	-10%
		Sustainable winegrowing: percentage of AFC cooperative members using an environmental approach (AHVE 1 or Sustainable Winegrowing guidelines)	France	19.6% (161 winegrowers)	100% (820 winegrowers)	x 5.1

2.7 NOTE ON METHODOLOGY FOR REPORTING ENVIRONMENTAL AND EMPLOYEE-RELATED INDICATORS

Rémy Cointreau complies with the Grenelle II law requiring listed companies to apply Article 225: “publish information on the way in which the Company takes into account the environmental and employee-related consequences of its activities and its societal commitments towards sustainable development”.

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

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

Rémy Cointreau’s Corporate Social Responsibility (CSR) Charter is based on six main commitments modelled on standard ISO 26000 and applied to the particular characteristics of the Group.

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

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

2.7.1 REPORTING PROTOCOL

The 2016/2017 reporting protocol/is an internal document that describes Rémy Cointreau’s CSR commitments and presents the structure and the resources implemented to ensure that reports are of a high standard and reliable.

It acts as a guide for internal reporting and a standard for the external verification in 2016/2017 of the/various CSR indicators set forth in Article 225 of the Grenelle law on the Environment.

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

Christian Lafage
Corporate Social Responsibility Director
20, rue de la Société-Vinicole
BP 37
16102 COGNAC

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

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

2.7.2 SCOPE

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

The CSR reporting scope is based on the Group’s consolidated financial scope and includes 23 companies in accordance with Article 225 of the Grenelle II law (production sites and distribution companies).

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

ENVIRONMENTAL REPORTING SCOPE

Generally speaking, the environmental information covers the production sites of Cognac and Angers, Barbados, Islay (Scotland) and Domaines Rémy Martin (Cognac).

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

EMPLOYEE-RELATED REPORTING SCOPE

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

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

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

1. Employees

   The employee-related reporting scope covers all 23 companies.

2. Training

   Companies based in Europe (excluding France), as well as Bruichladdich, are not covered by the training indicator.

   The training data of the French subsidiaries takes into account training programmes taken both as part of and outside continued professional development. The number of employees trained takes into account all employees who took at least one training course during the calendar year, including those who were no longer present as of 31 December 2016. For all companies, only training courses lasting for at least one hour are listed.

3. Other indicators

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

Absenteeism: scope limited to French companies, the Barbados and Islay sites. All illness-related absences (illnesses lasting for less than 90 days, workplace accidents, occupational illnesses) of employees are included in the absenteeism rate on the last day of each quarter with the exception of paid leave, special leave (weddings, christenings, house moves, etc.), absences for training, authorised unpaid leave, leave for trade union activities, sabbaticals and business creation, time off in lieu, compensatory leave, bank holidays, parental leave and long-term illnesses (more than 90 days). The absenteeism rate is calculated over the last twelve months and is equal to the number of hours of absence per theoretical hours worked.

Workforce scope for health and safety indicators:

- fixed-term contracts, permanent contracts and work-linked training contracts for the Cognac and Angers production sites and Paris site,
- permanent contracts for the Bruichladdich and Barbados production sites.

Workplace accident frequency rate: scope limited to French companies and to the Barbados and Bruichladdich sites. All accidents to employees counted in the workforce as of 31 March, in the workplace or on business trips, requiring both a declaration to be made and leave of at least one day, irrespective of applicable national regulations. This rate is expressed as the number of workplace accidents with workdays lost per million actual hours worked. Actual hours worked are the theoretical hours worked less hours taken for trade union delegate and employee representative activities, training hours, compensatory hours and information meeting hours on the initiative of the management.

Workplace accident severity rate: scope limited to French companies and to the Barbados and Islay sites. All accidents to employees counted in the workforce as of 31 March, in the workplace or on business trips, requiring both a declaration to be made and leave of at least one day, irrespective of applicable national regulations. This rate is expressed as the number of days lost to workplace accidents per thousand actual hours worked. Actual hours worked are the theoretical hours worked less hours taken for trade union delegate and employee representative activities, training hours, compensatory hours and information meeting hours on the initiative of the management.

Any workplace accident involving sick leave of more than two consecutive years is excluded from the severity rate calculation.

Occupational illnesses: scope limited to French companies. The occupational illnesses listed are those declared and acknowledged by the Health Authorities during the year.

2.7.3 Selected indicators

The 2016/2017 protocol presents the indicators available at the end of the year.

SOCIAL INDICATORS

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

ENVIRONMENTAL INDICATORS

Energy

- Total energy consumption: Angers, Cognac, Paris, Barbados and Islay sites, and Domaines Rémy Martin (DRM)
- Direct energy consumption (fuel): Angers, Cognac, Barbados and Islay sites, DRM
- Indirect energy consumption: Paris, Angers, Cognac, Barbados and Islay sites, DRM

Water and liquid waste

- Water consumption: Angers, Cognac, Barbados and Islay sites, DRM
- Volumes of liquid waste: Angers, Cognac, Barbados and Islay sites, DRM
- Liquid waste pollution rate after treatment (BOD & COD): Angers and Cognac sites, DRM
- Liquid waste pollution rate, discharged from the site (BOD/COD): Barbados and Islay sites

Winemaking

- Reduction in the use of pesticides (TFI index): DRM

Raw materials for packaging

- Raw materials: Angers and Cognac production sites
- Quantities of glass saved in packaging by eco-design of bottles and containers

Office paper

- Paper consumption: Angers, Cognac and Paris sites

Solid waste

- Quantity of solid waste: Paris, Angers, Cognac, Barbados and Islay sites, DRM
- Volume of solid waste sorted: Paris, Angers, Cognac, Barbados and Islay sites, DRM
- Volume of solid waste recycled: Paris, Angers, Cognac, Barbados and Islay sites, DRM

Carbon footprint (*Référentiel Bilan Carbone®*)

- Regulatory GHG Footprint – GHG emissions (scopes 1 & 2): Angers, Cognac, Barbados and Islay sites, DRM
- Carbon Footprint scope 3: Angers and Cognac sites, DRM and product transport
- Reduction in Greenhouse Gases (GHG)
- Use of videoconferences
- Monitoring of business travel: Angers, Cognac and Paris sites
- Vehicle fleet GHG emissions: Angers and Cognac sites

Investment and training

- QSE training hours: Angers and Cognac sites
- Amount of annual investment in quality, safety and the environment

2.7.4 Relevance of indicators

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

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

2.8 Cross-reference tables

CSR cross-reference table based on decree no. 2012-557 of 24 April 2012	Pages
Employee-related information	
Employment	
Total workforce (breakdown of employees by gender, age and geographic area)	25-26
Employees recruited (permanent and fixed-term contracts, any recruitment difficulties)	25-26
Redundancies (reasons, efforts to reclassify staff, to re-employ staff and accompanying measures)	25-26
Remuneration (change, social security charges, profit sharing and employee savings plan)	27
Organisation of working hours	
Organisation of working hours (duration of working hours for full-time and part-time employees, overtime, external labour)	27
Absenteeism (reasons)	30
Employment relations	
Organisation of social dialogue (rules and procedures for informing, consulting and negotiating with staff)	28
Review of collective agreements	25, 28-29
Health and safety	
Health and safety conditions in the workplace	29-30
Agreements signed with trade union organisations and staff representatives pertaining to health and safety in the workplace	25, 28-29
Workplace accident frequency and severity rate and accounting for occupational illnesses	30
Promotion of and compliance with the provisions of the core conventions of the ILO (upholding freedom of association and the right to collective bargaining, eliminating discrimination and forced labour and abolishing child labour)	21-25
Training	
Policies implemented with respect to training	27-28
Total number of training hours	28
Equal treatment	
Measures to promote equality between men and women	28-29
Measures to promote the employment and integration of the disabled	28
Policies to combat discrimination	28-29
Environmental information	
Overall environmental policy	
Company organisational structure and assessment or certification procedures	23
Training and information for employees on protecting the environment	31-32
Resources devoted to preventing environmental hazards and pollution	34
Amount of provisions and guarantees for environmental risks	34
Pollution and waste management	
Prevention, reduction and repair of discharges into air, water and soil severely affecting the environment	39-44
Prevention of waste production, waste recycling and elimination	39-41
Handling of noise pollution	39
Handling of all other forms of pollution specific to an activity	na

CSR cross-reference table based on decree no. 2012-557 of 24 April 2012	Pages
Sustainable use of resources	
Water consumption and supply according to local constraints	38
Consumption of raw materials and measures taken to improve their efficient use	39, 44
Energy consumption, measures taken to improve energy efficiency and use of renewable energy	34-37
Use of soil	31-34
Climate change	
Greenhouse gas emissions	42-44
Adaptation to the consequences of climate change	21, 32, 53, 89-91
Protection of biodiversity	
Measures taken to preserve or develop biodiversity	32-34
Societal information	
Regional, economic and social impact of activity	25-26, 29-32
Impact of activity on employment and regional development	25-26, 29-32, 45-46
Impact of activity on local and neighbouring populations	25-26, 29-32
Relations with stakeholders	
Terms of dialogue with stakeholders (work integration associations, educational establishments, environmental protection associations, consumer associations and neighbouring populations)	45-46
Partnership and sponsorship initiatives	32-34, 45-46
Subcontractors and suppliers	
Taking social and environmental issues into account in the purchasing policy	46-47
Importance of subcontracting and taking suppliers' corporate social responsibility into account in relations with them	46-47
Fair trade practices	
Actions undertaken to prevent corruption	47
Measures taken to promote consumer health and safety	48-49
Other actions undertaken to promote human rights	**21-25**

Cross-reference table of CSR/Sustainable Development Goals (SDGs)		Pages
SDG 3	Ensure healthy lives and promote well-being for all at all ages/in the workplace	25-30, 48-49
SDG 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	15, 27-28, 34
SDG 5	Gender equality: achieve gender equality	25, 29
SDG 6	Ensure availability and sustainable management of water	38
SDG 8	Decent work and economic growth/Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	32, 46-47
SDG 10	Reduce inequality within and among countries	25-30
SDG 12	Responsible consumption/Ensure sustainable consumption and production patterns	44
SDG 13	Take action to combat climate change and its impacts	31, 32, 53, 89-91
SDG 15	Sustainable land management/Restore and promote sustainable use of land ecosystems/Sustainably manage forests/Preserve biodiversity	31-33
SDG 16	Peace and justice: build effective and accountable institutions	47

Cross-reference table of CSR/Global Compact GC Advanced commitments		Pages
General information	Chairman & Chief Executive Officer's declaration of ongoing support for the United Nations Global Compact and its principles	20
	Description of policies or measures implemented with regard to human rights, international labour standards, the environment and the fight against corruption	21-25
	Quantitative measurement indicators	26, 30, 46, 50-53
	Assessment by a credible third party of the accuracy and scope of the information	61-64
	Use of high standards of transparency and disclosure such as the GRI (Global Reporting Initiative) guidelines	60
	Integration of Sustainable Development Goals (SDGs)	21-22
	Actions to advance Sustainable Development Goals (SDGs)	21-24
GC Advanced criteria: Implementing the ten principles into Strategies & Operations	Criterion 1: description of mainstreaming into corporate functions and business units	20, 21-25, 34, 48-49, 51
	Criterion 2: description of value chain implementation	31-34, 46-47
	Criterion 3: description of robust commitments, strategies or policies in the area of human rights	25, 46-47
	Criterion 4: description of effective management systems to integrate the human rights principles	20, 25, 47
	Criterion 5: description of effective monitoring and evaluation mechanisms of human rights integration	20-30, 45-47
	Criterion 6: formulation of robust commitments, strategies or policies in the area of labour standards	24-25, 28-29, 46-47
	Criterion 7: description of effective management systems to integrate the labour principles	24-30, 45-47
	Criterion 8: description of effective monitoring and evaluation mechanisms of labour principles integration	25, 28-30, 32, 46-47
	Criterion 9: formulation of robust commitments, strategies or policies in the area of environmental stewardship	20, 21-24, 31-32, 46-47, 53
	Criterion 10: description of effective management systems to integrate the environmental principles	20, 23, 32, 34, 44, 47, 50-52
	Criterion 11: description of effective monitoring and evaluation mechanisms for environmental stewardship	20, 21-24, 32, 46-47, 50-52
	Criterion 12: formulation of robust commitments, strategies or policies in the area of anti-corruption	20, 47
	Criterion 13: description of effective management systems to integrate the anti-corruption principle	46-47
	Criterion 14: description of effective monitoring and evaluation mechanisms for the integration of the anti-corruption principles	47
GC Advanced criteria: Taking action in support of broader UN goals and issues	Criterion 15: description of core business contributions to broader UN goals and issues	20, 21-24, 45-46
	Criterion 16: description of strategic social investments and philanthropy	20, 21-24, 32-33, 45-46
	Criterion 17: description of advocacy and public policy engagement	32-33, 45-46, 48-49, 89-91
	Criterion 18: description of partnerships and collective actions	21-33, 45-47
GC Advanced criteria: CSR Governance and Leadership	Criterion 19: description of CEO commitment and leadership	20, 21-24
	Criterion 20: description of Board adoption and oversight	20, 21-24
	Criterion 21: description of stakeholder engagement	24, 25-30, 32, 34, 46-49

Cross-reference table of CSR/Global *Reporting Initiative* (GRI) Indicators – Version G4		Pages
Strategy & analysis	G4-1	20
Organisation profile	G4-15	47
	G4-16	48
Report profile	G4-33	23
Governance	G4-34	24
	G4-48	24
	G4-51	22
Ethics and integrity	G4-56	47
	G4-58	47
Economy/Economic performance	G4-EC2	43
Environment/Materials	G4-EN1	39, 44, 50
Environment/Energy	G4-EN3	35, 36, 37, 50
	G4-EN5	36
	G4-EN6	34
Environment/Water	G4-EN8	38, 50
Environment/Biodiversity	G4-EN13	33
Environment/Emissions	G4-EN15	42, 52
	G4-EN16	42, 52
	G4-EN17	43, 52
	G4-EN19	43
Environment/Effluents and waste	G4-EN22	41, 51
	G4-EN23	39, 40, 51
Environment/Products and services	G4-EN27	44
Environment/Transport	G4-EN30	44
Environment/General	G4-EN31	34
Environment/Environmental assessment of suppliers	G4-EN32	46
Social/Employment	G4-LA1	26
Social/Health and safety at work	G4-LA6	30
	G4-LA8	29
Social/Training and education	G4-LA9	28, 32, 34
	G4-LA10	59
Human rights/Assessment of suppliers' respect for human rights	G4-HR10	46
Society/Fight against corruption	G4-SO4	47
Responsibility for products/Labelling of products and services	G4-PR3	48
	G4-PR5	49

2.9 INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC[(1)], under the number no 3-1050, and as a member of the network of one of the statutory auditors of the company Rémy Cointreau, we present our report on the consolidated social, environmental and societal information established for the year ended on the March 31st, 2017, presented in the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L. 225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company composed of the HR, environmental and societal reporting protocol in its version dated March 2017 (hereafter referred to as the "Criteria"), and of which a summary is included in the management report and available on request to the CSR manager at the following address: christian.lafage@remy-cointreau.com.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria.

Our verification work mobilized the skills of four people between February 2017 and the date of signature of the report for an estimated duration of six weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[(2)].

(1) Scope available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

1. ATTESTATION OF PRESENCE OF CSR INFORMATION

Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L. 233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code (*Code de commerce*) with the limitations specified in the Methodological Note in chapter 2.7 of the management report.

Conclusion

Based on this work, and given the limitations mentioned above we confirm the presence in the management report of the required CSR information.

2. LIMITED ASSURANCE ON CSR INFORMATION

Nature and scope of the work

We undertook 5 interviews with the people responsible for the preparation of the CSR Information in the following departments CSR, Human Resources and Remuneration, Purchasing and Public Affairs, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important(1:

- at the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;

*(1) **Social information:***
- *KPIs (quantitative information): group workforce (Soc.1 Total Group workforce), departures (Soc. 5 Number of staff departures analysed by reason), absenteeism (Soc. 9 Rate of absenteeism), work accidents, especially frequency rate (Soc.10 Rate of frequency of workplace accidents), and severity rate (Soc. 11 Rate of severity of workplace accidents in total workforce), occupational illness (Soc. 12 Recognized occupational illness) and the total number of training hours (Soc. 14 Number of hours of training by gender).*
- *Qualitative information: salary and their evolution, organization of working time, health and safety conditions at work.*

Environmental and societal information:
- *KPIs (quantitative information): energy consumption (Env. 1 Total Energy Consumption, Env.1a - Direct energy consumption (fuels), Env.1b - Indirect energy consumption), water consumption (Env. 2 - Water consumption), liquid waste (Env. 3 - Volumes of liquid waste, Env. 3a - Pollution rate of liquid waste/Biological Oxygen Demand, Env. 3b - Pollution rate of liquid waste/Chemical Oxygen Demand), significant greenhouse gas emissions generated as a result of the company's business, especially the use of produced goods and service (Env. 11 - Regulatory GHG audit - GHG emissions (scopes 1 and 2)).*
- *Qualitative information: Overall environmental policy (the environmental assessment approaches or certifications, amount of provisions and guarantees for **environmental risks), prevention, reduction or compensation measures for air rejections, water and soil discharge that seriously harm the environment, water supply based on local constraints, adaptation to climate change impacts..***

- at the level of the representative selection of entities that we selected[1], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 44% of the total workforce, 51% of energy consumption and 58% of liquid waste, that were considered as representative characteristics of the environmental and social domains.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, June 13th, 2017

French original signed by:

Independent Verifier
ERNST & YOUNG et Associés

Partner, Sustainable Development
Eric Mugnier

Partner
Bruno Perrin

(1) Environmental, social and safety information: Mount Gay site (Brandons, Barbados).
Social information: French entities (E. Rémy Martin & Cie, CLS France Holding, Cointreau, Domaines Rémy Martin, RCIMS France companies).
Environmental and safety information: Rémy Martin site (Cognac, France) and Domaines Rémy Martin (Cognac, France).

3

CORPORATE GOVERNANCE AND INTERNAL CONTROL

3.1 Composition of administrative and management bodies

Since 7 September 2004, the Company has been governed by a Board of Directors. The Board of Directors elected on the same day to split the functions of Chairman of the Board and Chief Executive Officer. On 2 January 2014, the Board of Directors re-merged the functions of Chairman of the Board of Directors and Chief Executive Officer. On 27 January 2015, the Board again separated the functions of Chairman of the Board of Directors and Chief Executive Officer, following the appointment of Valérie Chapoulaud-Floquet as Chief Executive Officer. The Company adopted the AFEP/MEDEF Corporate Governance Code of Listed Corporations in December 2008, and then its revised versions of June 2013, November 2015 and November 2016, at the Board meetings of 24 September 2013, 22 March 2016 and 24 January 2017.

3.1.1 Board of Directors

CHAIRMAN OF THE BOARD OF DIRECTORS

FRANÇOIS HÉRIARD DUBREUIL
CHAIRMAN SINCE 27 JANUARY 2015

French nationality, 68 years old.
Date first appointed: *7 September 2004.*
Date term of office expires: *Shareholders' Meeting held to approve the 2018 financial statements.*
Business address: *Andromède SAS – 21, Bld Hausmann – 75009 Paris*

François Hériard Dubreuil holds a master's degree in science from the University of Paris and an MBA from INSEAD. He has been a corporate officer of the Company since December 1991. He was notably Chairman of Rémy Martin from 1984 to 1990 and Chief Executive Officer of Rémy Cointreau from 1990 to 2000, then Chairman of the Supervisory Board from 2000 to 2004. François Hériard Dubreuil is a member of the INSEAD French Council and Chairman of the INSEAD Foundation.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP
Chairman of the Management Board of Andromède SAS.

OTHER APPOINTMENTS OUTSTANDING
- Chairman and Chief Executive Officer of Orpar SA.
- Representative of Orpar, Chairman of Récopart SAS.
- Board member of Oeneo SA.
- Chairman of Financière de Nonac 2 SAS.
- Chairman of the INSEAD Foundation.
- Chairman of Vivelys SAS.

Appointments within the Rémy Cointreau Group
- Chairman of Rémy Cointreau Services SAS.
- Representative of Rémy Cointreau Services SAS, Chairman of Joint Marketing Services SAS.
- Representative of Rémy Cointreau Services SAS, Chairman of Rémy Cointreau Libra SAS.
- Representative of Rémy Cointreau Services SAS, Chairman of Rémy Cointreau International Marketing Services SAS.
- Representative of Rémy Cointreau Services SAS, Chairman of Storeco SAS.
- Representative of Rémy Cointreau Services SAS, Board member of Financière Rémy Cointreau SA/NV.
- Director of Rémy Cointreau South Africa PTY Limited.
- Director of E. Rémy Rentouma Trading Limited.
- Director of Rémy Cointreau Shanghai Limited.
- Director of Bruichladdich Distillery Company Limited.
- Director of Lochindaal Distillery Limited.
- Director of Port Charlotte Limited.
- Director of The Botanist Limited.
- Chairman of Rémy Cointreau Amérique, Inc.
- Director of Rémy Concord Limited.
- Director of Rémy Pacifique Limited.
- Director of Rémy Cointreau UK Limited.
- Non-executive Director of Dynasty Fine Wines Group Limited.
- Director of Rémy Cointreau International Pte Limited.
- Member of the Supervisory Board of Rémy Cointreau Nederland Holding NV.
- Non-Executive Chairman of Rémy Cointreau USA Inc.
- Chairman of S&E&A Metaxa ABE.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS
(held during the past five years and now terminated)
- Chief Executive Officer of Andromède SA.
- Chairman of the Management Board of Récopart.
- Board member of Shanghai Shenma Winery Co Ltd.
- Permanent representative of Grande Champagne Patrimoine, Chairman of MMI.
- Chairman of Grande Champagne Patrimoine SAS.
- Chairman of Financière de Nonac SAS.
- Representative of Rémy Cointreau Services SAS, Board member of Rémy Cointreau Aries SA.
- Vice-Chairman and Deputy Chief Executive Officer of Oeneo SA.
- Chairman of Mount Gay Distilleries Limited.

BOARD MEMBERS

DOMINIQUE HÉRIARD DUBREUIL

French nationality, 70 years old.
Date first appointed: *7 September 2004.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2017 financial year.*
Business address: *Andromède SAS – 21, Bld Haussmann – 75009 Paris*

Dominique Hériard Dubreuil is a Public Relations graduate of IRPCS and has been a corporate officer of the Company since December 1991. She was notably Chairman of the Board of Directors of Rémy Cointreau from 1998 to 2000 and subsequently Chairman of the Management Board from 2000 to 2004. Dominique Hériard Dubreuil was Chairman of the Board of Directors of Rémy Cointreau from 2004 to 2012. Dominique Hériard Dubreuil is a Commander of the Legion of Honour and a Commander of the National Order of Merit.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Member of the Supervisory Board of Andromède SAS.

OTHER APPOINTMENTS OUTSTANDING

- Board member of Orpar SA.
- Vice-Chair of the Supervisory Board of Wendel SA.
- Board member of Fondation 2e Chance.
- Board member of Fondation de France.
- Board member of Comité Colbert.
- Board member of the Bolloré Group.

Appointments within the Rémy Cointreau Group

- Chair of E. Rémy Martin & C° SAS.
- Chair of Cointreau SAS.
- Representative of E. Rémy Martin & Co SAS, Chair of Domaines Rémy Martin SAS.
- Member of the Supervisory Board of Rémy Cointreau Nederland Holding NV.
- Director of Rémy Concord Limited.
- Director of Rémy Pacifique Limited.
- Chairman of Mount Gay Holding.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Chair and COO of Rémy Cointreau Amérique Inc.
- Chair of the Board of Directors of Rémy Cointreau SA.
- Chief Executive Officer of Andromède SA.
- Board member of Baccarat SA.
- Chair of the Supervisory Board of Vinexpo Overseas SAS.
- Member of the Supervisory Board of Vinexpo SAS.
- Member of the Supervisory Board of Vivendi SA.
- Board member of AFEP and member of the MEDEF Executive Committee.
- Board member of INRA.
- Chair of Izarra – Distillerie de la Côte Basque SAS.
- Chief Executive Officer and member of the Management Board of Andromède SAS.

MARC HÉRIARD DUBREUIL

French nationality, 65 years old.
Date first appointed: *7 September 2004.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2019 financial year.*
Business address: *Andromède SAS – 21, Bld Haussmann – 75009 Paris*

Marc Hériard Dubreuil is a graduate of ESSEC and has been a corporate officer of the Company since December 1991, after starting his professional career with General Foods and Leroy Somer. He has notably been Chairman of Rémy Martin and Rémy & Associés, then Chief Executive Officer of Rémy Cointreau from 1990 to 2000. He served as Chairman and Chief Executive Officer of Oeneo SA from 2004 to 2014, and then as Chairman of the Board of Directors of Oeneo SA from November 2014 to October 2016.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Chief Executive Officer and member of the Management Board of Andromède SAS.

OTHER APPOINTMENTS OUTSTANDING

- Vice-Chairman, Deputy Chief Executive Officer and Board member of Orpar SA.
- Member of the Management Committee of Récopart SAS.
- Board member of Oeneo SA.
- Chairman of LVLF 2 SAS.
- Chairman of Mantatech

Appointments within the Rémy Cointreau Group

- Non-Executive Chairman of Rémy Cointreau Amérique Inc.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Member of the Steering Committee of AUXI-A.
- Chief Executive Officer of Andromède SA.
- Member of the Management Board of Récopart SA.
- Director of TC International Ltd.
- Chairman of LVLF SAS.
- Board member and member of the Audit Committee of Bull SA.
- Chief Executive Officer of Oeneo.
- Chairman of the Supervisory Board of Crescendo Industries SAS.
- Chairman of the Board of Directors of Oeneo SA.

GUYLAINE DYÈVRE

French nationality, 56 years old.
Date first appointed: *24 July 2014.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2017 financial year.*
Business address: *BNP PARIBAS – 3, rue d'Antin – 75002 Paris*

Guylaine Dyèvre holds a bachelor's degree in economics and a master's degree in politics from the University of Paris II. She also holds a company Director's qualification from IFA-Sciences Po. Ms Dyèvre has spent her entire career since 1989 with BNP, which subsequently became BNP-Paribas. She worked on the trading desk for more than ten years, and then in 2002 joined the investment bank as international key account manager. She was also responsible for international partnerships at BNP-Paribas Assurance. Ms Dyèvre is a Knight of the Legion of Honour.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Head of Corporate & Investment Banking Compliance at BNP Paribas Group.

OTHER APPOINTMENTS OUTSTANDING

- Board member of Thalès.
- Board member of Veolia Eau.
- Board member of the Endowment Fund of the Institut des hautes études de défense nationale (circle of partners).

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

None.

LAURE HÉRIARD DUBREUIL

French nationality, 39 years old.
Date first appointed: *26 July 2011.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2017 financial year.*
Business address: *1220 Collins Avenue, Miami Beach, FL. 33139, USA*

A graduate of the Institute of Oriental Languages and Civilisations and of the Fashion Institute of Technology, since 2000 Laure Hériard Dubreuil has served in various senior roles at Philipps-Van Heusen in Hong Kong and at Gucci in Paris and New York. In 2006, she founded The Webster in Miami, a high-end multi-brand fashion store concept which has seen steady growth in the United States.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

President and Chief Executive Officer of Webster USA, Inc.

OTHER APPOINTMENTS OUTSTANDING

- President of Laure HD Investissements SAS.
- President of LHD LLC.
- President and Chief Executive Officer of 1220 Collins Avenue, Inc.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

None.

FLORENCE ROLLET

French nationality, 51 years old.
Date first appointed: *24 September 2013.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2019 financial year.*
Business address: *Bank Julius Baer & Co. Ltd. Hohlstrasse 602, 8048 Zurich, Switzerland P.O. Box 820, 8010 Zurich, Switzerland*

Florence Rollet is a graduate of the EM Lyon business school (1987). After more than 12 years' experience in sales and marketing roles within various groups, including the Danone Group (Brasseries Kronenbourg), Pepsi Cola and Reckitt-Benckiser, Florence Rollet joined the Coty Group in 1999 as Chief Executive Officer of Coty Beauty France, where she spent over eight years.
In 2005, she also added the role of Chief Executive Officer of Coty Prestige France to her existing duties.
In October 2007, Ms Rollet joined the LVMH-Parfums Christian Dior Group as Development Director, Europe, strengthening her experience in luxury goods and retail.
Between June 2013 and July 2016, she held the post of Group Vice-President EMEA at Tiffany & Co.
Since September 2016, she has been Head of Marketing at Bank Julius Baer.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Head of Marketing, Bank Julius Baer, Zurich, Switzerland

OTHER APPOINTMENTS OUTSTANDING

None.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five *years and now terminated)*

- Chair of Tiffany & Co. (France), Tiffany & Co. (Jewellers) Ltd (Ireland), Tiffany & Co. (UK) Holdings Ltd (UK), Tiffany & Co. Ltd (UK).
- Director of Tiffany & Co. (CR) s.r.o. (Czech Republic), Tiffany & Co. (Jewellers) Ltd (Ireland), Tiffany & Co. Italia SpA (Italy), Tiffany of New York (Spain) SLU (Spain), Tiffany & Co. (UK) Holdings Ltd, (UK), Tiffany & Co. Ltd (UK), Tiffany & Co. (GB) (UK).
- General Manager of Tiffany & Co. Netherlands B.V. (Netherlands). Manager of Tiffany & Co. Belgium SPRL (Belgium).

EMMANUEL DE GEUSER

French nationality, 53 years old.
Date first appointed: *24 July 2014.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2017 financial year.*
Business address: *Roquette Frères – 25 allée Vauban – 59110 La Madeleine*

Emmanuel de Geuser graduated from the Institut d'études politiques de Paris and has a master's degree in monetary economics from Université Paris IX-Dauphine, as well as being a qualified Chartered Accountant. After eight years as a manager at the Arthur Andersen consultancy firm, Mr de Geuser served in turn, from 1996 to 2002, as audit director, coordinator of the "Performance 2001" plan and finance director of the cigarettes division of the Altadis Group (formerly Seita). From 2002 to 2011, Mr de Geuser was administrative and financial director and member of the Executive Committee of Générale de Santé.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Finance Director and member of the Group Management Committee, Roquette Frères.

OTHER APPOINTMENTS OUTSTANDING

- Board member of Roquette Re, Actire, Reverdia, Roquette Management, Roquette Riddhi Siddhi and Roquette CH.
- Representative of Roquette Frères, General Manager of Roquette BV.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

None.

YVES GUILLEMOT

French nationality, 57 years old – Chairman and Chief Executive Officer of Ubisoft Entertainment SA.
Date first appointed: *24 September 2013.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2019 financial year.*
Business address: *Ubisoft Entertainment SA – 28, rue Armand-Carrel – 93108 Montreuil*

Mr Guillemot grew up in a family of entrepreneurs and is a graduate of the Institut de petites et moyennes entreprises. Together with his four brothers, he founded Ubisoft in 1986. At the age of 26, and recently graduated, he was named Chairman of the Company. The Company grew rapidly in France and in its main export markets. Mr Guillemot has led Ubisoft to third place in independent publishers of video games. Ubisoft has teams in 29 countries and distributes games in more than 55 countries worldwide.
Mr Guillemot was voted Entrepreneur of the Year by Ernst & Young in 2009.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Chairman and Chief Executive Officer and Board member of Ubisoft Entertainment SA.

OTHER APPOINTMENTS OUTSTANDING

- Deputy Chief Executive Officer of Guillemot Corporation SA.
- Chief Executive Officer of Guillemot Brothers SAS.
- Director and Deputy Chief Executive Officer of Guillemot Brothers SE (United Kingdom).
- Board member of Rémy Cointreau SA, AMA SA.
- Member of the Supervisory Board of Lagardère SCA.
- Board member of Guillemot Inc. (Canada), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom).
- Director of Playwing Ltd (United Kingdom).
- Chairman of Ubisoft Annecy SAS, Ubisoft Emea SAS, Ubisoft France SAS, Ubisoft International SAS, Ubisoft Montpellier SAS, Ubisoft Motion Pictures Rabbids SAS, Ubisoft Motion Pictures Assassin's Creed SAS, Ubisoft Motion Pictures Splinter Cell SAS, Ubisoft Paris SAS, Ubisoft Production Internationale SAS, Nadéo SAS, Owlient SAS, Ubisoft Création SAS, Ivory Tower SAS, and Ubisoft Bordeaux SAS.
- General Manager of Ubisoft Learning & Development SARL, Ubisoft Motion Pictures SARL, Script Movie SARL, Ubisoft Mobile Games SARL, Ubisoft Paris – Mobile SARL, and Ivory Art & Design SARL.
- General Manager of Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Entertainment SARL (Luxembourg), and Ubisoft Sarl (Morocco).
- Chairman and Board member of Ubisoft Divertissements Inc. (Canada), Ubisoft Editions Musique Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Toronto Inc. (Canada), Ubisoft Nordic A/S (Denmark), Ubisoft Entertainment India Private Ltd (India), Ubi Games SA (Switzerland), Red Storm Entertainment Inc. (United States), Ubisoft L.A. Inc. (United States), Ubisoft CRC Ltd (United Kingdom).
- Vice-Chairman and Board member of Ubisoft Inc. (United States).
- Chief Executive Officer and Board member of Ubisoft Emirates FZ LLC (United Arab Emirates). Executive Director of Shanghai Ubi Computer Software Co. Ltd (China), Chengdu Ubi Computer Software Co. Ltd (China).
- Board member of Ubisoft Pty Ltd (Australia), Ubisoft SA (Spain), Ubi Studios SL (Spain), Ubisoft Barcelona Mobile SL (Spain), Ubisoft Ltd (Hong Kong), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Osaka KK (Japan), Ubisoft BV (Netherlands), Ubisoft Srl (Romania), Ubisoft Ltd (United Kingdom), Ubisoft Reflections Ltd (United Kingdom), Red Storm Entertainment Ltd (United Kingdom), Ubisoft Singapore Pte Ltd (Singapore), Ubisoft Entertainment Sweden AB (Sweden), RedLynx Oy (Finland), Future Games of London Ltd (United Kingdom), Ubisoft Fastigheter AB (Sweden), and Ubisoft DOO Beograd (Serbia).

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Board member of Guillemot Corporation SA.
- Chairman of Ubisoft Motion Pictures Far Cry SAS, Ubisoft Motion Pictures Ghost Recon SAS, Ketchapp SAS.
- Chairman and Board member of Ubisoft Vancouver (Canada), Ubisoft Canada Inc. (Canada), L'Atelier Ubi Inc. (Canada), Technologies Quazal Inc. (Canada), Ubisoft Musique Inc. (Canada), 9275-8309 Québec Inc. (Canada), Studio Ubisoft Saint-Antoine Inc. (Canada).
- Chairman of Ubisoft LLC. (United States).
- Managing Director of Spieleentwicklungskombinat GmbH (Germany), Related Designs Software GmbH (Germany).
- Board member of Ubisoft Sweden AB (Sweden).
- Deputy Chief Executive Officer and Board member of Guillemot Brothers SE (France), Gameloft SE (France).
- Board member of Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada).

OLIVIER JOLIVET

French nationality, 44 years old.
Date first appointed: *24 September 2013.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2019 financial year.*
Business address: *COMO INVESTMENT HOLDINGS, HPL Building #08-01, 50 Cuscaden Road, 249 724 Singapore*

Olivier Jolivet is a graduate of the University of Westminster, the University of Munich and Ipag. After a period at McKinsey's German subsidiary, Mr Jolivet spent nearly ten years with the Club Méditerranée Group, mainly in Asia-Pacific. A member of the Executive Committee, he was most recently International Business Development Director and Construction Director. In 2008, Olivier Jolivet joined the Aman Group where he served as Group Chairman and Chief Executive Officer in Singapore until December 2016. Since January 2017, Mr Jolivet has been Chief Executive Officer of Como Holdings.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Chief Executive Officer of Como Holdings.

OTHER APPOINTMENTS OUTSTANDING

Director of Leisure Ventures (Singapore).

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

- Chairman and Chief Executive Officer of Société Nouvelle de L'Hôtel Bora Bora (French Polynesia).
- Director of Amanresorts Limited (Hong Kong), Amanresorts Limited (British Virgin Islands), Amanproducts Limited (British Virgin Islands), Amanresorts Services Limited (British Virgin Islands), Amanresorts International Pte Ltd (Singapore), Andaman Development Co., Ltd (Thailand), Andaman Resorts Co. Ltd. (Thailand), Andaman Thai Holding Co., Ltd (Thailand), ARL Marketing Ltd. (British Virgin Islands), Balina Pansea Company Limited (British Virgin Islands), Bhutan Resorts Private Limited (Bhutan), Bodrum Development Limited (British Virgin Islands), Gulliver Enterprises Limited (British Virgin Islands), Hotel Finance International Limited (British Virgin Islands), Hotel Sales Services (Private) Limited (Sri Lanka), Jalisco Holdings Pte. Ltd. (Singapore), Lao Holdings Limited (British Virgin Islands), LP Hospitality Company Limited (Laos), Maha Holdings Limited (Bermuda), Marrakech Investment Limited (British Virgin Islands), Naman Consultants Limited (British Virgin Islands), NOH Hotel (Private) Limited (Sri Lanka), Palawan Holdings Limited (British Virgin Islands), Phraya Riverside (Bangkok) Co., Ltd (Thailand), Princiere Resorts Ltd (Cambodia), PT Amanusa Resort Indonesia (Indonesia), Regent Asset Finance Limited (British Virgin Islands), Regent Land Limited (Cambodia), Silverlink (Thailand) Co., Ltd (Thailand), Silver-Two (Bangkok) Co., Ltd (Thailand), Societe Nouvelle de L'Hotel Bora Bora (French Polynesia), Seven Seas Resorts and Leisure Inc (Philippines), Tangalle Property (Private) Limited (Sri Lanka), Toscano Holdings Limited (British Virgin Islands), Urbana Limited (Hong Kong), Zeugma Limited (British Virgin Islands), ARL Marketing, Inc. (USA), Guardian International Private Limited (India), Heritage Resorts Private Limited (India), Nusantara Island Resorts Limited (British Virgin Islands).

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BRUNO PAVLOVSKY

French nationality, 54 years old.
Date first appointed*: 29 July 2015.*
Date term of office expires: *Shareholders' Meeting held to approve the 2018 financial statements.*
Business address: *12, rue Duphot – 75001 Paris*

Bruno Pavlovsky is a graduate of the Bordeaux École supérieure de commerce and has an MBA from Harvard University. Mr Pavlovsky started his career in 1987 as an Audit/Organisation consultant at Deloitte. In 1990, he joined the Chanel Group where he was Administrative and Fashion director until 1998, then Chief in charge of Fashion (Haute-Couture, Prêt-à-Porter, Accessories) until 2004. He has been Chairman of Paraffection since January 2003, Chairman of the Fashion business since January 2004 and Chairman of Eres since July 2007. Mr Pavlovsky is also Chairman of the French trade association Chambre Syndicale du Prêt-à-Porter des Couturiers et des Créateurs de Mode and a Board member of the Institut Français de la Mode.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Chairman of Chanel's Fashion business

OTHER APPOINTMENTS OUTSTANDING

- Chairman of Chanel Coordination, Chanel Production, Lesage Paris, LMG, Goossens Paris, Desrues, Montex, Maison Massaro, Paraffection, Paloma, Eres, Barrie France, Établissements Bodin Joyeux, Gant Causse, Idafa, Lesage Intérieurs, Manufactures de Mode, Act 3, Mégisserie Richard, Textiles Henri Lacroix, Moulinages de Riotord, Hugo Tag, Eres US Inc. (USA).
- General Manager of SCI Sarouleagain, SCI Tête à Tête, SCI N&B Saint Georges, SCI N&B Penthièvre, SCI N&B Terrasse, SCI N&B Jardin Public, SCI N&B Société Civile, SCI N&B Bassussary, SCI Brunic.
- Board member of Delta Drone. Director of Vastrakala (India), Barrie Knitwear (UK), Maison Michel (UK), Eres Paris SL (Spain), Eres Fashion UK Ltd, (UK).
- *Consigliere* (Advisor) to Chanel Coordination srl (Italy), Roveda srl (Italy), Immobiliare Rosmini srl (Italy).
- Manager of Eres Moda ve Lüks Tüketim Ürünleri Limited Sirketi (Turkey).
- *Geschäftsführer* of Eres GmbH (Germany).

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

None.

JACQUES-ÉTIENNE DE T'SERCLAES

French nationality, 69 years old.
Date first appointed: *27 July 2006.*
Date term of office expires: *Shareholders' Meeting held to approve the 2018 financial statements.*
Business address: *Résidence Baccarat, 3 rue Kartaja, 20100 Casablanca, Morocco*

Jacques-Étienne de T'Serclaes, chartered, accountant, graduated from ESSCA and Harvard Business School (OPM). He is a former member of Compagnie des Commissaires aux comptes. As Senior Partner with PricewaterhouseCoopers (1990-2005), he headed up the Global Retail and Consumer practice worldwide, and was Chairman of the Supervisory Board of PwC Audit France. Previously he spent seven years within the Euromarché Group (acquired by Carrefour) where he was Chief Executive Officer.

He is currently founder and Chairman of the charity Agence du Don en Nature (Goods to Give), and Operating Partner at Advent International Global Private Equity. He is also an Independent Board member and member of the Audit Committee of Altran Technologies, and Board member of Banimmo (Belgium) and the French Institute of Directors (IFA).

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Founder and Chairman of the charity Agence du Don en Nature.

OTHER APPOINTMENTS OUTSTANDING

- Board member of Altran Technologie SA.
- Board member of the Institut français des administrateurs (IFA).
- Board member of Banimmo (Belgium).

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

Chairman of the Supervisory Board of PricewaterhouseCoopers Audit.

ORPAR SA

Date first appointed: *26 July 2016.*
Date term of office expires: *Shareholders' Meeting to approve the financial statements for the 2019 financial year.*
Business address: *rue Joseph Pataa, Ancienne Rue de la Champagne – 16100 Cognac*

Orpar is the Group's main shareholder. At 31 March 2017, it held more than a third of Rémy Cointreau's share capital and over 48% of the voting rights.
Orpar's permanent representative is Gisèle Durand.
Between 1974 and 1980, Gisèle Durand, holder of a postgraduate degree in Economics and Management from CNAM in Paris and a graduate of the École supérieure de gestion et comptabilité (PARIS II), was Administrative Director for a service run by the French Ministry of Agriculture. She then joined the Cointreau Group (now known as the Rémy Cointreau Group) where she held a number of roles in accounting and finance until 2000, when she joined the holding company, ORPAR. Appointed as secretary general of OENEO in 2005, with particular responsibility for the development of Human Resources "managers", in 2007 she was made Deputy Chief Executive Officer of Andromède SAS.

PRINCIPAL APPOINTMENT OUTSIDE THE GROUP

Deputy Chief Executive Officer of Andromède SAS.

OTHER APPOINTMENTS OUTSTANDING

- Director of Oeneo SA since June 2012.
- Member of the Nominations and Human Resources Committee of Oeneo SA.

OTHER PREVIOUS FUNCTIONS AND APPOINTMENTS

(held during the past five years and now terminated)

None.

NUMBER OF INDEPENDENT BOARD MEMBERS

Seven independent members as of 31 March 2017:

Guylaine Dyèvre, Florence Rollet, Emmanuel de Geuser, Yves Guillemot, Olivier Jolivet, Bruno Pavlovsky and Jacques-Étienne de T'Serclaes.

The Board of Directors is regularly informed of the independence of each of its members.

Number of members elected by employees: the Company does not have any employee members. In that respect it complies with Article L. 225-27-1 I. of the French Commercial Code.

Number of shares that must be held by each member: 100.

3.1.2 Chief Executive Officer and Executive Committee

On 7 September 2004, the Board of Directors elected to split the positions of Chairman of the Board and Chief Executive Officer in accordance with Article L. 225-51-1 of the French Commercial Code. Jean-Marie Laborde was appointed Chief Executive Officer and held this position between 7 September 2004 and 30 September 2013. At its meeting on 24 September 2013, the Board of Directors appointed Frédéric Pflanz as Chief Executive Officer of the Company from 1 October 2013, replacing Jean-Marie Laborde. Frédéric Pflanz held this position until his resignation for personal reasons on 2 January 2014. At the meeting of the Board of Directors held on the same day, François Hériard Dubreuil was appointed Chief Executive Officer for a term of three years. Prior to this appointment, the Board of Directors had decided to alter the general management model by re-merging the functions of Chairman of the Board of Directors and Chief Executive Officer, in accordance with Article L. 225-51-1, paragraph 2, of the French Commercial Code and Article 19.1 of the Articles of Association. The current and previous functions and appointments of François Hériard Dubreuil are described in section 3.1.1. above on the Board of Directors.

On 16 September 2014, the Board of Directors appointed Valérie Chapoulaud-Floquet as Deputy Chief Executive Officer. On 27 January 2015, the Board of Directors once again decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer, with François Hériard Dubreuil appointed as Chairman from that date. Valérie Chapoulaud-Floquet was named Chief Executive Officer, replacing François Hériard Dubreuil with effect from the same date. Ms Chapoulaud-Floquet's appointment as Deputy Chief Executive Officer was therefore terminated on the same day.

The Chief Executive Officer's resignation for personal reasons on 2 January 2014 resulted in François Hériard Dubreuil temporarily acting as both Chairman of the Board of Directors and Chief Executive Officer. The two posts were held concurrently for a year, from 2 January 2014 to 27 January 2015. Following a proposal from the Board members representing the Company's controlling shareholder, which has always wished to separate the roles of Chairman of the Board of Directors and Chief Executive Officer, to balance the power between these two positions and between them and the Board of Directors, the Board decided to revert to the traditional mode of governance of the Company at its meeting on 27 January 2015.

Valérie Chapoulaud-Floquet studied international business and finance at the EM Business School in Lyon.

After starting her career in 1983 as an analyst with Crédit Lyonnais Italy, she held various positions within the L'Oréal Group from September 1984 to September 2008. She spent time in France, Italy, Asia and the United States, where she was notably CEO of the Luxury Products Division for Asia, and later Europe, before heading the Luxury Products division in the US.

Ms Chapoulaud-Floquet then joined the LVMH Group, where from September 2008 to August 2014 she served as CEO of Louis Vuitton Taiwan, President of Louis Vuitton South Europe, and President and CEO of Louis Vuitton North America and Louis Vuitton Americas.

Within the Rémy Cointreau Group, Ms Chapoulaud-Floquet is also President of Rémy Cointreau Travel Retail Americas, Inc. and a Director of Bruichladdich Distillery Company Ltd, Rémy Cointreau International Spirits Ltd, Rémy Cointreau UK Distribution and Rémy Cointreau USA, Inc.

Ms Chapoulaud-Floquet does not hold any appointments in listed companies outside the Rémy Cointreau Group.

3.1.3 Other information on the administrative and management bodies

ABSENCE OF CONVICTION FOR FRAUD, INVOLVEMENT IN A BANKRUPTCY, RECEIVERSHIP OR LIQUIDATION, OFFICIAL PUBLIC SANCTION AND/OR CHARGE, LEGAL DISQUALIFICATION FROM HOLDING OFFICE OR BEING INVOLVED IN THE RUNNING OF THE COMPANY

To the best of Rémy Cointreau's knowledge:

- there have been no convictions for fraud over the last five years against any members of the Board of Directors or the Chief Executive Officer;
- neither the Chairman, Chief Executive Officer nor any members of the Board of Directors have been party, over the past five years, to a bankruptcy, nor were assets impounded or liquidated while being a member of an administrative, management or supervisory body or serving as a Chief Executive Officer;
- no official public sanction and/or charge has been brought against any member of the Board of Directors, Chairman or Chief Executive Officer by statutory and regulatory authorities, including designated professional bodies. Thus, neither the Chairman, the Chief Executive Officer nor any member of the Board of Directors has been subject to any statutory disqualification from acting as a member of an administrative body or being involved in the management of an issuer or its business affairs in the past five years.

NATURE OF ANY FAMILY RELATIONSHIPS

François and Marc Hériard Dubreuil are Dominique Hériard Dubreuil's brothers.

Laure Hériard Dubreuil is the daughter of Marc Hériard Dubreuil.

Dominique and François Hériard Dubreuil are Laure Hériard Dubreuil's aunt and uncle.

SIGNIFICANT BUSINESS RELATIONSHIPS WITH THE COMPANY OR ITS GROUP

To the best of Rémy Cointreau's knowledge, there are no significant business relationships between the Company or any of its subsidiaries and any members of the Board of Directors, its Chairman or the Chief Executive Officer.

A service provision agreement exists between Rémy Cointreau SA and Andromède SAS, as described in the paragraph on service agreements below. Treasury and current account agreements are also in place between Rémy Cointreau SA and Orpar SA, as mentioned in section 1.5 of this report and in the Statutory Auditors' special report.

Dominique, François and Marc Hériard Dubreuil are Board members or officers of Andromède SAS and Orpar SA.

ABSENCE OF POTENTIAL CONFLICTS OF INTEREST

To the best of Rémy Cointreau's knowledge, there are no potential conflicts of interest between the duties toward the issuer and the private interests and/or other duties of any members of the Board of Directors, the Chairman or the Chief Executive Officer.

SERVICE CONTRACTS BETWEEN MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

Neither the Chairman, the Chief Executive Officer nor any member of the Board of Directors, as an individual, is bound to Rémy Cointreau or to any of its subsidiaries by a service contract providing for the granting of benefits at the end of the contract.

Since section 16.2 of regulation (EC) No. 809/2004 of 29 April 2004 requires information to be provided about service contracts between members of the administrative bodies and the issuer or any of its subsidiaries, it is noted that a service provision agreement was entered into on 31 March 2011 between Rémy Cointreau SA and Andromède SAS, of which Dominique Hériard Dubreuil and François and Marc Hériard Dubreuil are executive officers. This agreement is mentioned in section 1.5 of this report and in the Statutory Auditors' special report.

3.1.4 Practices of administrative and management bodies

3.1.4.1 ROLE AND POWERS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors organises and presides over the Board's work, reporting on this to the Shareholders' Meeting.

He is responsible for the effective operation of the Company and ensures that Board members are able to discharge their duties.

He also makes sure that the senior management fully exercises the responsibilities delegated to it by law, by the Articles of Association and by these regulations.

The Chairman reports to the Shareholders' Meeting on how the Board prepared and organised its work, the internal control and risk management procedures put in place by the Company, the limitations that the Board has placed on the powers of the Chief Executive Officer, the specific arrangements relating to shareholder participation at Shareholders' Meetings, and the principles and rules governing the remuneration and benefits granted to corporate officers.

The Board of Directors delegates the Group's public communications to the Chairman, who liaises closely with the Chief Executive Officer. The Chairman may appoint any representative of his choice for specific subjects. He reports regularly to the Board on the performance of his duties.

3.1.4.2 ROLE AND POWERS OF THE CHIEF EXECUTIVE OFFICER – EXECUTIVE COMMITTEE

The Chief Executive Officer oversees the general management of the Company and reports to the Board of Directors. The Board of Directors appointed Valérie Chapoulaud-Floquet as Chief Executive Officer for a three-year term from 27 January 2015.

The Chief Executive Officer represents the Company in its dealings with third parties. She is vested with the broadest powers to act in any circumstances in the name of the Company, provided that her actions comply with the purpose of the Company and that they are not specifically assigned to the Shareholders' Meeting or the Board of Directors.

If the Chief Executive Officer is also a Director, he or she may not hold more than two other directorships in listed companies outside the Group, including foreign companies, and may not accept the renewal of an external appointment if this would exceed that limit. The Chief Executive Officer shall also seek the Board's advice before accepting a new executive appointment in a listed company.

The Chief Executive Officer has also formed an Executive Committee, whose members were submitted to the Board for approval. The task of the Executive Committee is to assist the Chief Executive Officer on an ongoing basis with operational matters, both in terms of decision-making and implementation.

Since 27 January 2015, the Chief Executive Officer has been assisted by an Executive Committee whose members at 31 March 2017 were as follows:

- Valérie Alexandre-Courbon, Senior Vice President Strategic Planning;
- Marc-Henri Bernard, Group Human Resources Director;
- Simon Coughlin, Chief Executive Officer of Bruichladdich Distillery Company;
- David Ennes, Chief Executive Officer Asia;
- Philippe Farnier, Chief Executive Officer Americas;
- Spyridon Gkikas, Chief Executive Officer EMEA;
- Patrick Marchand, Executive Vice President Operations;
- Luca Marotta, Chief Financial Officer;
- Peter Sant, Chief Executive Officer Global Travel Retail;
- Jean-Denis Voin, Chief Executive Officer, Liqueurs & Spirits;
- Éric Vallat, Chief Executive Officer, Rémy Martin, LOUIS XIII and Mount Gay.

3.1.4.3 ROLE AND POWERS OF THE BOARD OF DIRECTORS – NON-VOTING MEMBERS

The Board of Directors is a collegiate body, in that Board members collectively exercise the functions conferred on the Board by law. The Board members do not have any individual powers, apart from the Chairman, by virtue of the role and powers conferred by the Articles of Association and the internal regulations of the Board of Directors.

The role of the Board is to determine, upon a proposal from the Chief Executive Officer, the strategic, economic and financial direction of the Company and its Group and to oversee its implementation. The Board may be involved in any matters pertaining to the operation of the Company and its Group and may ask senior management to report and/or submit proposals on such matters. In this regard, the Board retains all decision-making powers.

The Board may perform or commission any audits and checks that it deems appropriate.

In general, any major decision affecting the Company and its Group, including decisions likely to affect their strategy, financial structure or scope, requires the Board's prior authorisation.

Any material transaction that does not relate to the Group's formal strategy is also subject to the prior approval of the Board.

The Board of Directors is informed of the Company's financial position, cash flow, liabilities and liquidity position.

Lastly, the Board verifies the content of information received by shareholders and investors, which must be relevant, balanced and informative regarding the strategy, development model, handling of non-financial issues by the Company and long-term outlook for the Group.

The Board of Directors currently has 12 members. Board members are appointed for three years. The Board is renewed on an annual rolling basis, so that renewal occurs as evenly as possible and the whole Board has been renewed at the end of a three year period.

Any member of the Board of Directors who is over 85 years of age at the beginning of a financial year is deemed to have resigned from office effective at the end of the Annual Shareholders' Meeting called to approve the financial statements for that financial year. However, his/her term of office may be renewed annually, as long as the number of Board members aged 85 or over does not exceed one-third of the number of serving members.

Upon taking up their appointment and at regular intervals thereafter, Board members are informed of the legal and regulatory provisions in force in respect of corporate officers trading in the Company's shares.

Between 1 April 2016 and 31 March 2017, the Board of Directors met eight times. The average attendance rate was 83%.

The Board of Directors did not meet in the 2016/2017 financial year without the executive officers being present (the Chairman of the Board of Directors and the Chief Executive Officer).

The Board of Directors may appoint non-voting members directly, without ratification by the Shareholders' Meeting. Non-voting members examine issues that the Board of Directors or its Chairman submits for their consideration. Non-voting members are invited to Board meetings in the same way as regular Board members. They attend these meetings and take part in deliberations. However, their absence does not affect the validity of the proceedings. There were no non-voting members in 2016/2017.

3.1.5 Board committees

Details of the three committees established by the Board of Directors can be found in the report of the Chairman of the Board of Directors to the Shareholders' Meeting on corporate governance and internal control.

The Board committees are the Audit and Finance Committee, the Nomination and Remuneration Committee, and the Corporate Social Responsibility Committee.

3.2 Report of the Chairman of the Board of Directors

Dear Shareholders,

In compliance with Article L. 225-37 of the French Commercial Code, we hereby report to you on:

- the adoption of the Corporate Governance Code;
- the composition and conditions of preparation and organisation of the work of the Board of Directors;
- internal control and risk management procedures established by the Company;
- financial risks linked to the effects of climate change and measures taken to mitigate them;
- limitations that the Board of Directors has imposed on the powers of the Chief Executive Officer;
- specific procedures relating to shareholders' attendance at Shareholders' Meetings; and
- the principles and rules governing the remuneration and benefits paid to corporate officers.

Note that the disclosures required by Article L. 225-100-3 of the French Commercial Code are presented in section 7.5 of this registration document.

This Chairman report was approved by the Board of Directors on 7 June 2017, following the consultation of the Audit and Finance Committee and the Nomination and Remuneration Committee on 6 June 2017.

3.2.1 Corporate Governance Code

At its meeting of 20 November 2008, the Board of Directors approved the Company's adoption of the AFEP/MEDEF Code issued as a set of recommendations in October 2008 and published officially in December 2008. The Board of Directors confirmed this decision at its meeting held on 4 June 2009. At its meetings on 24 September 2013, 22 March 2016 and 24 January 2017, the Board of Directors adopted the revised versions of the Corporate Governance Code of Listed Corporations dating from June 2013, November 2015 and November 2016. As a result, the internal regulations of the Board of Directors were amended.

The version of this Code in force in November 2016 is available for consultation at Rémy Cointreau's head office in Paris and on the website www.medef.fr.

"COMPLY OR EXPLAIN" RULE

The Company considers its practices to be consistent with the recommendations of the AFEP/MEDEF Code. However, some of the Code's recommendations have not been implemented or have been adapted for the reasons given below:

Recommendations of the AFEP/MEDEF Code	Explanations
Independent Board members Article 8.5: *"The criteria to be reviewed by the committee and the Board in order for a Board member to qualify as independent and to prevent risks of conflicts of interest between the Board member and the management, the corporation, or the group, are the following:* *(…)* ▪ *8.5.3 not to be a customer, supplier, commercial banker or investment banker:* • *that is material to the corporation or its group;* • *or for a significant part of whose business the corporation or its group accounts.* *The evaluation of the significant or non-significant relationship with the company or its group must be debated by the Board and the quantitative criteria that lead to the evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the annual report."*	Ms Dyèvre was appointed as Director by the Shareholders' Meeting of 24 July 2014. Ms Dyèvre is Head of Corporate & Investment Banking Compliance at BNP Paribas Group. In this capacity, she is in charge of financial security, business ethics, market integrity and protection of customer interests. Consequently, she does not assume any responsibility as a commercial or investment banker for the Company or for the Rémy Cointreau Group, her role being limited to overseeing compliance at BNP Paribas. The Board of Directors therefore concluded, on the basis of the examination of these criteria by the Nomination and Remuneration Committee, that there were no potential conflicts of interest between Ms Dyèvre and the management, the Company or its Group and that Ms Dyèvre qualified as an independent Board member. The Board of Directors therefore decided not to apply Article 8.5.3 of the AFEP/MEDEF Code in this case. This decision has no impact on the Company's compliance with Article 8.2 of the AFEP/MEDEF Code, which stipulates that, in controlled companies within the meaning of Article L. 233-3 of the French Commercial Code, at least one-third of Board members must be independent.

Recommendations of the AFEP/MEDEF Code	Explanations
Board meetings Article 10.3: *"It is recommended that a meeting not attended by the executive officers be organised each year."*	Article 5 of the Board's internal regulations effectively provides that non-executive Board members may decide to meet without the executive officers being present, particularly to evaluate the performance of the Chairman and the Chief Executive Officer. The Board of Directors did not exercise this option during the 2016/2017 financial year. It found that, given the nature of a controlled company within the meaning of Article L. 233-3 of the French Commercial Code, the Company, its annual results, and more importantly the work of the Nomination and Remuneration Committee, which each year evaluates the performance of these officers and reviews their remuneration on the Board's behalf, there was no advantage in meeting without them during the financial year in question.
Committee practices Article 14.3: *"Each committee must have internal rules setting out its duties and mode of operation. The committees' internal rules, which must be approved by the Board, may be integrated into the internal rules of the Board or be set out in separate provisions."*	Article 7.1 of the Board's internal regulations stipulates that the Audit and Finance Committee and the Nomination and Remuneration Committee may each have specific rules. Failing this, the provisions of Article 7.1 of the Board's internal regulations govern the powers and practices of each of these committees. The Board of Directors adopted the latter solution, amending Article 7.1 of its internal regulations accordingly. The internal regulations are available on the Group's website. Its main provisions are set out below.

3.2.2 Composition and conditions of preparation and organisation of the work of the Board of Directors

INTERNAL REGULATIONS

At its meeting of 7 September 2004, the Board of Directors elected to organise Board members' information in such a way that all Board members, be they representatives of the majority shareholder or independent, have access to the same information. The Board reasserted that it is the sole authority with decision-making powers, notwithstanding the powers attributed to the Chief Executive Officer by the law or by the internal regulations.

In compliance with these principles, at its meeting of 8 December 2004, the Board elected to lay down its rules of procedure and its relationship with the executive management in a set of internal regulations.

The Board of Directors updated its internal regulations on 5 December 2005, 5 June 2007, 20 September 2011, 25 September 2012, 24 September 2013, 28 January and 3 June 2014, 24 March 2015, 22 March 2016 and 24 January 2017, mainly to reflect changes in legislation and the revised version of the AFEP/MEDEF Code, as well as the guidelines for implementing the Code issued by the Corporate Governance High Committee. Accordingly, in the event of a proposed sale for an amount equivalent to at least half of the Group's shares, the Board of Directors must establish an *ad hoc* committee and implement an advisory procedure at the Shareholders' Meeting.

This report refers to the main features of these internal regulations. The full version of the Board of Directors' internal regulations is available on the website at www.remy-cointreau.com.

COMPOSITION OF THE BOARD OF DIRECTORS

It should be noted that Rémy Cointreau's Board of Directors currently has 12 members, and that at least 30% of them must, if possible, be independent. There were seven independent Board members at the end of the 2016/2017 financial year, equivalent to 58% of the Board. The list of Board members, including reference to the positions held in other companies, is provided in the "Corporate governance" section.

Please also note that the Shareholders' Meetings of 26 July 2011, 24 September 2013 and 24 July 2014 appointed three women to the Board of Directors in compliance with the new law on the balanced representation of men and women on Boards of Directors. The Shareholders' Meeting of 26 July 2016 appointed Orpar SA as a Director. Orpar's permanent representative is Gisèle Durand. Therefore, this appointment took the number of women on the Board to five, *i.e.* more than 40%, in line with the recommendations of the AFEP/MEDEF Code.

The choice of Independent Board members is subject to preliminary recommendations from the Nomination and Remuneration Committee. The Board of Directors is regularly informed of the independence of each of its members. The criteria selected to this end are reviewed annually, in accordance with the provisions of the AFEP/MEDEF Code. Generally, a Board member is deemed independent when he/she has no relationship of any kind whatsoever with the Company, its Group or its management that could compromise the exercise of his/her freedom of judgement.

All Board members have extensive and multidisciplinary experience of the business world and international markets.

ASSESSMENT OF THE BOARD OF DIRECTORS

In accordance with the recommendations of the AFEP/MEDEF Code, the Company includes this assessment on the agenda of one of the meetings of the Board of Directors each year.

Based on a detailed and transparent questionnaire sent to each Board member, which is used to collect comments and suggestions, the assessment concerns the Board's composition, organisation and information, its duties and powers, its practices and those of its committees, as well as any improvements to be made to improve its efficiency.

The internal regulations require this assessment to be made on an annual basis, and for a meeting to be held at which it is discussed by all of the members.

The results of this assessment and the areas for improvement are communicated to each Director, for the purpose of making changes to the Board's practices.

In accordance with Article 10 of its internal regulations, the Board of Directors this year appointed an external consultant, who under the supervision of the Nomination and Remuneration Committee evaluated the functioning of the Board and its committees.

In accordance with the Board's internal regulations, this assessment was overseen by the Nomination and Remuneration Committee and was discussed at the Board meeting on 7 June 2017.

The assessment concerned each Board member and some members of senior management with close links to the Board.

All Board members are satisfied and motivated by their role. The Board's activities were found to be complementary to those of senior management, particularly when it came to the Group's high-end strategy and its development. They noted with interest the vital contribution that the Corporate Social Responsibility Committee, created a year ago, made to the Board.

The main points taken from the assessment were the maturity of the governance exercised, the quality of the Board's role in terms of strategy, and the balanced composition of the Board.

Nevertheless, some areas for improvement were identified concerning the governance and functioning of the Board and its committees. These will be specifically addressed by the Board. They include in particular the composition of the Board's Audit and Finance Committee, the assignment to the Nomination and Remuneration Committee of the role of Board guarantor for the monitoring of good governance practices and compliance with those practices, the Board's commitment to tackling certain pivotal new issues for the Group and adjusting its work schedule accordingly.

More generally, the Board welcomed the high attendance rate of more than 83% on average for the year, the number of female directors, who make up more than 40% of the Board in accordance with current legislation, and the presence of several members who are permanent residents in various other countries. This lends a rich cultural dimension to the Board's work, with a variety of professional backgrounds offering a wealth of experience and contributing fresh ideas during discussions within the Board and with the Group's general management.

The Board also noted that its duties had been carried out with the necessary competence and independence thanks to the presence of proven professionals and a significant number of Independent Board members, particularly for a Group with a main shareholder.

Consequently, the Board believes its composition to be balanced and that it is essential to continue to focus on high-quality candidates for the selection of directors and the cohesion of its members.

The Board also considered the information given to its members to be high quality, particularly as regards medium- and long-term strategy and growth (medium-term plan and strategic data) and financial, legal and tax matters. In addition, the directors deemed the Board's working procedures and the quality of its discussions to be satisfactory, as well as the work and recommendations of its committees.

On 24 January 2017, the Board once again amended its internal regulations to incorporate the latest recommendations of the AFEP/MEDEF Corporate Governance Code, based on the guidelines for implementing the Code issued by the Corporate Governance High Committee. The main provisions of these internal regulations are described in this report. The full text of the Board of Directors' internal regulations is available on the Rémy Cointreau Group's internet site.

TRANSPARENCY RULES

Upon taking office, and then on a regular basis during their term, Board members are given the Guide published by the French Financial Markets Authority (*Autorité des marchés financiers,* AMF), which is aimed at Board members of listed companies. It sets out their personal obligations with respect to holding Company shares. On 28 March 2017, the Board of Directors adopted a Stock Market Ethics Charter to remind interested parties of the internal procedures in place and the obligations regarding permanent or occasional access to insider information.

Board members must hold their shares in registered form or deposit shares issued by the Company, its subsidiaries, the Company of which it is a subsidiary or other subsidiaries of that company, and which are owned by the Board members themselves, by spouses from whom they are not physically separated or by minors.

Each Board member must hold a minimum of 100 shares.

The Board members, Chief Executive Officer and members of the Executive Committee are regularly informed of the provisions of Article L. 621-18-2 of the French Monetary and Financial Code and the articles of the AMF General Regulation that have a direct bearing on them. Board members must therefore directly inform the AMF of any equity securities, debt securities or securities convertible to equity of the Company that they have bought, sold, subscribed for or exchanged, as well as any trading in derivative financial instruments, or any such transactions related to them, within three business days of the trade date. In addition to Board members, the Chief Executive Officer and members of the Executive Committee, this rule applies to all individuals or corporate entities related to them in accordance with the applicable regulations. This also applies to transactions carried out by their spouses from whom they are not physically separated or civil partner under French legislation, by minors, by any other relative living with them for at least a year as of the date of the transaction in question, or by any legal entity whose governance is under the responsibility of one of the aforementioned individuals, which is directly or indirectly controlled by that person, which was established for his/her own benefit, or of which the majority of the economic benefits flow to that person.

Finally, Board members must make themselves aware of periods during which they must not trade in the Company's shares, and of their general obligations under the applicable regulations.

For this purpose, in accordance with AMF recommendations, the Board members, Chief Executive Officer and Executive Committee members must refrain from trading in the Company's shares 30 calendar days before Rémy Cointreau issues a press release on its annual and interim results and 15 calendar days before it publishes its quarterly financial information. Outside these abstention periods, the Board members, Chief Executive Officer and members of the Executive Committee must not trade in the Company's shares if they have insider information.

Board members must inform the Board of Directors as soon as they become aware of any conflict of interest or potential conflict of interest, and abstain from taking part in deliberations and corresponding votes. In the case of a permanent conflict of interest, the Director must resign.

MEETING FREQUENCY

It should be noted that the Extraordinary Shareholders' Meeting of 7 September 2004 decided to change the Company's management by establishing a Board of Directors.

Article 16-1 of the Articles of Association provides that the Board of Directors meets as often as required in the interests of the Company. The Board of Directors therefore met eight times during the financial year.

The schedule of Board meetings, the principal items on the agenda and attendance at these meetings during the 2016/2017 financial year were as follows:

7 June 2016

- Review and approval of the Group's consolidated financial statements to 31 March 2016; comparative review in light of budgetary commitments; report by the Audit and Finance Committee.
- Summary review of the 2016/2017 budget compared with the actual 2015/2016 figures.
- Approval of the Company financial statements for the 2015/2016 financial year.
- Management report from the Board of Directors; report of the Chairman of the Board of Directors on the conditions of preparation and organisation of the work of the Board of Directors and on the internal control procedures implemented by the Company.
- Proposal for the appropriation of income and setting of the dividend; Option to pay dividends in cash or in shares.
- Agreements covered by Article L. 225-38 of the French Commercial Code.
- Proposal to reappoint four Board members.
- Proposal to appoint Orpar SA as Director.
- Proposal to set Directors' fees for members of the Board of Directors.
- Opinion on the elements of remuneration due or awarded for the 2015/2016 financial year to executive officers (AFEP/MEDEF Code).
- Preparation and review of the provisional management documents referred to in Articles L. 232-2 and L. 232-3 of the French Commercial Code.
- Review of the summary exchange rate hedge indicators.
- Renewal of the prior authorisation for sureties, pledges and guarantees.
- Plan to refinance the €205 million bond issued in June 2010 with a maturity date of 15 December 2016; powers.
- Update on distribution in France.
- 2016 Shareholders' Meeting. Proposed authorisations for the Board of Directors:
  - renewal of authorisation for the Board of Directors to buy and sell the Company's shares,
  - renewal of authorisation enabling the Board of Directors to reduce the share capital *via* the cancellation of treasury shares held by the Company,
  - renewal of the powers delegated to the Board of Directors to increase the share capital with or without preferential subscription rights,
  - renewal of the authorisation for the Board of Directors to set the issue price of the securities to be issued, subject to the limit of 10% of the share capital *per annum*,
  - renewal of the authorisation for the Board of Directors to increase the number of securities to be issued,
  - authorisation given to the Board of Directors to grant bonus shares, whether existing or to be issued, to employees and to certain corporate officers,
  - authorisation for the Board of Directors to increase the share capital *via* the issue of shares reserved for members of an employee savings scheme.
- Notice of the Annual Shareholders' Meeting and an Extraordinary Shareholders' Meeting; setting of the agendas; approval of the Board of Directors' reports and the report of the Chairman to the Annual Shareholders' Meeting; draft resolutions; power.
- Assessment of the Board of Directors.

Attendance rate: 91%.

26 July 2016

- Subject to adoption of the seventh resolution, proposal to re-elect Marc Hériard Dubreuil as Vice-Chairman of the Board of Directors.
- Update on the Group's activities since the start of the year.
- Subject to adoption of the third and fourth resolutions, setting of the issue price for new shares used as payment of dividend; authorisation for the Chairman of the Board of Directors to note the number of shares issued and make the necessary amendments to the Articles of Association, in accordance with Article L. 232-20 of the French Commercial Code.
- Decision to issue bonds convertible into new and/or existing shares of the Company *via* a private placement.
- Report by the Nomination and Remuneration Committee; decision on changes to the basic remuneration paid to members of the Executive Committee.
- Allocation of Directors' fees for the 2015/2016 financial year.

Attendance rate: 83%

22 September 2016

- Update on the Group's activities since the start of the year; consolidated results forecast at the end of September 2016.
- Information from the Board on the number and value of shares issued as a result of the 2015/2016 dividend payment option in cash or shares; changes to the share capital and the Articles of Association in accordance with the powers vested in the Chairman by the Board of Directors at its meeting of 26 July 2016.
- Information on the €275 million issue *via* a private placement on 31 August 2016 of bonds convertible to or exchangeable for new or existing shares with a maturity of 2026.

Attendance rate: 75%.

12 October 2016

- Confirmation of authorisation for the joint venture to manufacture and market products under the Passoã brand; Authorisation to issue or undertake to issue a guarantee pursuant to Article L. 225-35 of the French Commercial Code.

Attendance rate: 75%.

18 October 2016

- Proposed acquisition of movable and immovable assets.

Attendance rate: 58%.

22 November 2016

- Update on the Group's activities since the start of the year.
- Review and approval of the interim consolidated financial statements to 30 September 2016; comparative review with budget commitments; report from the Audit-Finance Committee.
- Examination and approval of the provisional management documents referred to in Articles L. 232-2 and L. 232-3 of the French Commercial Code.
- Report by the Nomination and Remuneration Committee; Performance share plans; powers.
- Latest information on the formation of the "Passoã" joint venture.
- Latest information on acquisition projects.
- Medium-term plan: the Group's strategic options and priorities.

Attendance rate: 92%.

24 January 2017

- Update on the Group's activities since the start of the year.
- Acquisition of the companies HDHG and Domaine des Hautes Glaces on 4 January and Westland Distillery, LLC on 5 January 2017.
- Update of the internal regulations of the Board of Directors following the revision of the AFEP/MEDEF Corporate Governance Code.
- Amendment to the declaration of trading in Company shares by executives.
- Review of the summary exchange rate hedge indicators.
- Long-term performance incentive plan.
- Presentation of the EMEA region.

Attendance rate: 91%.

28 March 2017

- Update on the Group's activities since the start of the year and consolidated results forecast at 31 March 2017.
- Annual review of regulated agreements authorised in previous financial years which continued being implemented this financial year.
- Draft Stock Market Ethics Code.
- Draft Rumour Management Manual.
- Information on new management practices for insider information.
- Update on the value of the Metaxa, Mount Gay and Bruichladdich brands.
- Review of the summary exchange rate hedge indicators.
- Review and approval of the 2017/2018 budget; Exchange rate proposal.

Attendance rate: 100%.

NOTIFICATION OF BOARD MEETINGS

The schedule of Board meetings for the following year is agreed among the Board members at the September meeting of the Board of Directors, at the latest. The members of the Board are subsequently notified of each meeting by letter and email, approximately ten days in advance.

The Statutory Auditors are invited to attend the meetings of the Board of Directors called to examine the interim and annual financial statements.

REMUNERATION

The total amount of Directors' fees put to a vote by the shareholders is subject to a regular study of the practices adopted by French groups of a similar scale and international dimension to Rémy Cointreau.

Directors' fees are allocated by the Board of Directors on the following basis:

- a fixed portion defined on an annual basis;
- a variable portion commensurate with each Director's attendance at Board and Committee meetings. On 25 November 2014, the Board of Directors decided to make the payment of attendance fees contingent on a minimum attendance requirement. The amount of Directors' fees will therefore be reduced by 30% if members miss more than one in three meetings;
- an additional fixed portion may also be allocated to the Chairman of the Board and committee Chairmen.

In addition, the Board of Directors may grant exceptional remuneration for specific assignments entrusted to members of the Board. This type of remuneration is subject to the legal provisions on regulated agreements. No such remuneration was paid during the financial year under review.

Members of the Board of Directors are also reimbursed all expenses incurred in the course of their duties, subject to supporting documentation being produced.

The Board of Directors determines the fixed and variable remuneration, signing bonuses, severance and non-compete clause indemnities and supplementary pension plans of executive officers, in line with the recommendations of the AFEP/MEDEF Code. Executive officers must hold 33% of shares from the exercise of stock options or Performance shares in the form of registered shares until the termination of their position. The Board of Directors may review this percentage of shares to be held at the time of a share allocation, in particular to take into account changes in an executive officer's situation.

In the event an individual bound by an employment contract to the Company or any other company controlled by or controlling it being appointed Chairman of the Board, the provisions of the said contract bearing, where applicable, on the remuneration, compensation or benefits due or liable to be due as a result of the termination or modification of these duties, or subsequent to their termination, are subject to the legal provisions on regulated agreements. The same provisions apply on the appointment of the Chief Executive Officer and the Deputy Chief Executive Officer. Valérie Chapoulaud-Floquet, Chief Executive Officer, is eligible for a signing bonus on taking up office. In addition, two benefits could be payable in respect of her leaving office: a non-compete compensation and a termination payment, the aggregate amount of which may not exceed two years' gross remuneration under the AFEP/MEDEF Code. These three benefits, the criteria for which (particularly the performance criteria) are described in section 3.4 of this report, were authorised by the Board of Directors at its meetings of 16 and 25 September 2014 and 27 January 2015. Ms Chapoulaud-Floquet is also eligible for a defined-benefit pension. This commitment, authorised by the Board of Directors on 27 January 2015, is mentioned in section 3.4 of this report. These indemnities and pension commitments were approved by the Combined Shareholders' Meeting of 29 July 2015. Lastly, Valérie Chapoulaud-Floquet is eligible for the collective defined-contribution pension, life and disability and healthcare plans, which will be submitted for ratification at the next Shareholders' Meeting.

INFORMATION PROVIDED TO BOARD MEMBERS

Board members are provided with all the necessary documentation and information prior to meetings of the Board and its various committees.

Documentation and information for Board meetings are subject to wide-reaching financial and commercial analysis, comprising very detailed corporate data allowing a thorough understanding by Board members of the trading environment, results and outlook for the Rémy Cointreau Group.

The prior and regular provision of information to Board members is fundamental to the performance of their duties. As such, the Chairman of the Board of Directors ensures that senior management provides Board members with any strategic and financial information on an ongoing and unlimited basis. This includes information on the Company's cash flow and liquidity position, its commitments, the market trends, competition and key issues, including corporate social responsibility, which the Board members require in order to discharge their duties under the best possible conditions.

On the basis of the information provided, Board members can request any clarifications or information they deem necessary. The Board members undertake to maintain the strict confidentiality of information received. As this concerns, in particular, unpublished information acquired during the course of their work, Board members are therefore subject to a code of professional secrecy.

Before each meeting of the Board of Directors, the Board members receive reasonable notice, and subject to strict confidentiality, a file containing the items on the agenda, which they are required to consider prior to the meeting.

Outside Board meetings, Board members regularly receive all significant information relating to the Company and the Group, in particular monthly operating reports compared against the budget, and are alerted to any event or development that may have a material impact on trading or on information previously submitted to the Board.

They also receive press releases issued by the Company as well as key press articles and equity research reports.

Board members may meet the main Group managers without members of senior management being present, on the condition that they make a prior request to the Chairman of the Board of Directors.

A committee of Chairmen enables the Chief Executive Officer to meet with the senior management of Andromède, the parent of Orpar and the Group's ultimate parent company. This committee enables the Company's management to be better informed on the strategies adopted within the Group's sector of activity, and as such to prepare the work of the Board of Directors under the best possible conditions.

Each Board member may receive, if he or she deems it necessary, additional training on specific matters relating to the Group, its business lines and sectors of activity.

Board members must devote the necessary time and attention to their duties and if offered a new position, must give ample consideration to whether accepting it would prevent them from fulfilling this responsibility.

MEETINGS

The meetings of the Board of Directors take place in Paris, at the administrative head office, or in Cognac, at the Company's registered office. However, the Board may hold meetings in other locations, in France or another country, at the Chairman's request.

Pursuant to Article L. 225-37 of the French Commercial Code, Article 16-5 of the Articles of Association and Article 2 of the internal regulations, the meetings of the Board of Directors may be held by video- and/or teleconference. The technical resources used must provide for the identification of the Board members and guarantee their actual participation.

Participation by videoconference is not allowed for meetings devoted to the approval of the annual and consolidated financial statements, or for the Company and Group management reports.

In the event that the Chairman of the Board notes that the videoconferencing system is not operating correctly, the Board may deliberate and/or continue the meeting with those members who are physically present, as long as there is still a quorum.

Any technical incident affecting the meeting will be noted in the minutes of the meeting, including the breakdown and restoration of participation by video- or teleconference.

A Board member participating in a meeting by video- or teleconference who is deemed absent due to equipment malfunction may give proxy to a Board member in attendance at the meeting after informing the Chairman of the Board. This Director may also give proxy before the meeting by stipulating that the said proxy shall only become effective in the event of a conferencing system malfunction that prevents him or her from being deemed present.

During the 2016/2017 financial year, the Board meetings of 12 and 18 October 2016 and 28 March 2017 were held by video conference.

BOARD COMMITTEES

The Board of Directors has established three committees. The Board defines the composition and powers of these committees. The Board appoints a member of each committee as Chairman.

These committees are established to study and prepare certain considerations and to give recommendations or advice to the Board. Their overall objective is to improve the relevance of the information provided to the Board and the quality of its deliberations. In no way are they a substitute to the Board of Directors.

The committees may have regulations specifying their powers and modes of operation, but in the absence of specific regulations, the provisions of the internal regulations of the Board of Directors are considered to act as the regulations for each committee as regards their powers and modes of operation.

In the exercise of their powers, these committees may interview Group executives and Statutory Auditors after having informed the Chairman of the Board. The Board may entrust third parties with special assignments bearing on one or more specific topics, at the request of these committees. Their remuneration is then set by the Board. The committees report the opinions obtained in this manner to the Board.

The committees do not interact directly with Executive Committee members, but one of the members of the Executive Committee attends the meetings of the committee that addresses topics relating to his/her function. He/she then prepares and makes available all documentation necessary for the committee to perform its duties. The Audit Committee may request interviews with the Statutory Auditors without the attendance of an Executive Committee member.

The Chairman of the Board may attend any Committee meeting.

To establish the percentage of independent Board members on committees, the Board members representing employee shareholders and the Board members representing employees, if any were present, would not be counted.

The secretariat of each committee is provided by a person designated by the Chairman or in agreement with him/her.

Audit-Finance Committee

Chairman: Jacques-Étienne de T'Serclaes.

Members: Marc Hériard Dubreuil and Emmanuel de Geuser.

Number of independent members: two.

This committee was created to assist the Board in its analysis of the accuracy and fairness of the consolidated financial statements; it assesses material risks and supervises the quality of internal control and the disclosures made to shareholders and the market.

As such, it examines the financial statements, paying particular attention to the appropriateness and consistency of the accounting principles used. It monitors the process of preparing financial information. It examines significant risks, gives an opinion on the organisation of the internal audit service and on its work programme. It sees that the rules concerning the independence of the auditors are adhered to and gives opinions on the choice of auditor, and on the auditors' work and fees.

The Audit-Finance Committee met twice, on 6 June and 21 November 2016, with the participation of the Statutory Auditors. The attendance rate was 100% and 67%, respectively.

One day prior to Committee meetings, the members may hold a preparatory meeting to exchange and examine the information that has been provided to them. The committee ensures that information relating to agenda items is provided at least three days in advance of the meeting.

Prior to the meeting, the committee members may hold a discussion with the Statutory Auditors, at which the senior management is not present.

The Audit Committee fulfils the functions of a specialised committee and carries out monitoring of matters relating to the preparation and control of accounting and financial information, in accordance with Articles L. 823-19 and L. 823-20-4 of the French Commercial Code introduced by Decree No. 2008-1278 of 8 December 2012.

The following are the main items addressed during these meetings:

- review of the 2015/2016 annual and interim financial statements, quarterly net sales and, more broadly, the Company's financial communications;
- review of off-balance sheet commitments;
- review of the cash, debt and banking covenant positions;
- review of the currency hedging positions and monitoring of client risk;
- review of the main litigation risks;
- risk assessment of intangible assets (brands);
- review of the value of investments in associates;
- review of the Group's tax situation;
- review of risk mapping;
- review of the internal audit action plan and its findings;
- review of the independence of the Statutory Auditors;
- review of the report of the Chairman on internal control;
- proposal for the Audit Committee Charter;
- self assessment by the Audit Committee.

3

Nomination and Remuneration Committee

Chairman: Yves Guillemot.

Members: Dominique Hériard Dubreuil and Guylaine Dyèvre.

Number of independent members: two.

The committee met on 6 June, 20 July and 21 November 2016. The attendance rate was 100%.

It discussed the following items:

- update of the COP targets of the cash plan approved in March 2014;
- recommendation for the proposal of a new Board member at the Shareholders' Meeting;
- evaluation of the 2015/2016 bonus paid to members of the Executive Committee;
- benchmark for overall remuneration paid to members of the Executive Committee and proposed wage policy for 2016/2017;
- operation of the Board of Directors;
- schedule of meetings for the Remuneration Committee;
- "Expatriates" and "Locals" policy;
- indexed bonus share plan (AGAI);
- distribution of Directors' fees;
- definitive acquisition of the 2014 bonus share plan;
- medium- and long-term incentive plan – source of reflection;
- self-assessment questionnaire for the Board of Directors;
- time Savings Plan.
- fraud against the Chairman.

Corporate Social Responsibility (CSR) Committee

Chairman: Dominique Hériard Dubreuil.

Members: Florence Rollet and Olivier Jolivet.

Number of independent members: two.

The committee met on 6 June and 21 November 2016. The attendance rate was 100% and 66% respectively.

It discussed the following items:

- committee's objectives and timetable:
- Sustainable Development Goals (SDGs/UN);
- review of the 2015/2016 financial year;
- 2020 CSR plan;
- code of ethics;
- requirement to comply with the "Energy Transition Decree";
- review of the CSR Charter;
- CSR initiatives for responsible international consumption;
- CSR annual report;
- Rémy Cointreau Foundation.

Each committee reports its findings to the Board of Directors.

STOCK MARKET ETHICS CODE AND RUMOUR MANAGEMENT MANUAL

At its meeting on 28 March 2017, the Board of Directors adopted a Stock Market Ethics Code relating to the confidentiality of information and the prevention of insider trading within the Rémy Cointreau Group. The Code reminds the Group's employees of the laws and regulations in force, the penalties for non-compliance, and the introduction of preventive measures to enable everyone to invest without infringing market integrity rules.

To this end, the Board of Directors decided to set up an "Insiders Committee" composed of the Group's Chief Executive Officer and Chief Financial Officer and a compliance officer.

The Stock Market Ethics Code is available on the Group's website.

At the same meeting, the Board of Directors also adopted a Rumour Management Manual to inform members of the Insider Committee of the applicable regulations and best practices to follow in the event of market rumours about the Company or the Rémy Cointreau Group in general.

APPROVAL OF REGULATED AGREEMENTS BY THE BOARD OF DIRECTORS

During the financial year, the Board of Directors did not authorise any regulated agreements.

MINUTES OF MEETINGS

The minutes of the meetings of the Board of Directors are prepared after each meeting and given in draft form to members at the subsequent meeting, during which they are approved.

3.2.3 Risk management and internal control procedures

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

GENERAL PRINCIPLES OF RISK MANAGEMENT

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

DEFINITION AND OBJECTIVES OF RISK MANAGEMENT

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

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

COMPONENTS OF RISK MANAGEMENT

Risk management organisation

Ground rules on the definition of key risks, setting standards such as the assessment of their importance and tolerance limits, and procedures for collection of information, have been clearly defined since the formalisation of risk mapping in April 2008, the latest update of which dates from the current financial year.

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

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

Risk management procedures

Risk management procedures comprise four distinct stages:

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

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

Permanent monitoring of risk management

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

CONNECTION BETWEEN RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

GENERAL PRINCIPLES OF INTERNAL CONTROL

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

The definition and objectives of internal control

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

It aims in particular to ensure:

- the implementation of instructions and guidelines set by senior management;
- the proper functioning of the internal processes of the Company, including those contributing to the safeguarding of its assets;

- compliance with laws and regulations;
- the reliability of financial information.

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

The components of internal control

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

An appropriate and structured organisation

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

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

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

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

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

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

An internal distribution system for relevant information

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

- departmental meetings organised on a periodic basis by the Group's various actors, in order to publish and share operational information, exchange points of view, set priorities and co-ordinate action plans;
- technical databases housed within the Group's intranet, which are accessible 24/7 worldwide and which enable the various participants to consult the information necessary for the proper performance of their duties;
- structured data warehouses, updated on a daily basis, providing the people concerned with relevant and reliable information to enable them to make timely decisions.

Risk management

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

Control procedures

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

- purchasing: supplier relations are regulated by an ethical contract that makes reference to the UN Global Compact. It provides assurance to the Group that its suppliers adhere to the same values of respect for human rights, the environment and fundamental social principles. In addition, the code of conduct for purchasing ensures that best practices are adopted by all Rémy Cointreau purchasers, avoiding, wherever possible, any infraction that may be detrimental to the Group's interests;
- safety and quality: all production standards and rules issued by operations management are held in a single database. Their application is regularly reviewed as part of the ISO 9001, 14001 and 22000 certifications, as well as HACCP accreditations, thereby guaranteeing consumers a high level of quality and safety as well as respect for the production site environment. This is rounded out by a Quality/Safety/Environment Charter defining the Group's three priorities, namely product excellence, employee and consumer safety and protection of the environment;

- IT systems: in terms of IT security, the Group uses external consultants to assist it in reviewing the various procedures of its major units, including those located abroad. In addition, production continuity plans including back up sites have been successfully established for most of the Group's sites and in compliance with the specifications setting out the relevant performance objectives. These are tested on a periodic basis to guarantee their efficiency, as well as to improve the extent of their coverage and performance;
- central management of funding and cash: the Foreign Exchange Charter sets out the principles that must be followed to ensure greater security in this area. This document is supplemented by a summary of the risks of the principal processes managed by the Group's Treasury department. The Treasury department is responsible for laying down a policy and reporting procedures for managing credit;
- consolidation of financial statements and reporting: Rémy Cointreau has a set of principles and standards enabling the production of reliable financial information. The comparability of data is guaranteed by the existence of a single set of definitions and principles for valuation purposes and the processing of accounting and financial data for the three processes of budgeting, updating the budget and monthly closings. The calendar for the financial and accounting processes detailing the reporting dates for information and its distribution enables senior management to manage their priorities. The availability of these rules on the Group intranet is aimed at guaranteeing that it is consistently updated and ensuring that all financial personnel are in possession of the same information. In addition, the Chief Executive Officers and Chief Financial Officers of the subsidiaries must send a letter of representation to the Group Chief Executive Officer and Chief Financial Officer, in which they assume responsibility for the fairness of the financial statements and the implementation of an internal control process to detect and prevent fraud and errors.

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

Permanent monitoring of internal control

Internal control is implemented by operational and functional departments under the guidance of senior management.

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

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

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

SCOPE OF RISK MANAGEMENT AND INTERNAL CONTROL

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

PERSONS INVOLVED IN RISK MANAGEMENT AND INTERNAL CONTROL

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

Executive Committee

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

Board of Directors

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

Audit-Finance Committee

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

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

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

Internal audit

The internal audit function – which reports to the Group's Chief Executive Officer – works with all Group entities and, where necessary, with third-party companies in the case of distribution or production subcontracting.

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

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

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

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

Finance department

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

Operations department

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

Legal and Insurance department

The Legal department, in addition to its function as corporate secretary, assists companies in significant legal matters and sets up insurance cover guaranteeing, notably, risks regarded as strategic, such as general civil liability for “products” and “operations”, damage to assets and subsequent loss of profit and the transportation of goods. The Group works closely with an insurance broker with worldwide coverage, and all policies have been taken out with the most respected insurance companies.

Company or Division Management Committees

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

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

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

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

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

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

Accounting and financial organisation guidance procedure

Organisation

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

Financial and accounting procedures

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

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

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

IT systems organisation and safety

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

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

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

The Statutory Auditors

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

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

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

Processes contributing to the preparation of accounting and financial information

Operating processes for preparing the financial statements

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

Closing process and preparation of the consolidated financial statements

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

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

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

Financial communication procedure

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

3.2.4 Financial risks linked to the effects of climate change and measures taken to mitigate them

Following on from the ratification and application of the Global Compact Charter, since 2003 Rémy Cointreau has maintained its commitments to be an ambassador for best practice in the field of human rights, labour standards, the environment and the fight against corruption.

A member of the Global Compact France Association for several years, Rémy Cointreau respects and regularly shares the ten principles of the charter with its employees and partners. The concept of Corporate Social Responsibility (CSR) is promoted within the Company, as well as externally, with its customers, partners, suppliers and all of its other stakeholders.

In June 2016, Rémy Cointreau renewed its GC Advanced Qualification for its annual CSR reporting. This is the highest level of differentiation for the Global Compact and attests to the strength of the Group's commitment.

RISKS LINKED TO THE EFFECTS OF CLIMATE CHANGE

Rémy Cointreau has been mapping various risks since 2008, including climate change. In 2008, this was not considered critical, *i.e.* it did not have a significant impact and require a dedicated action plan to be put in place.

However, the latest updates to the Group's risk map reflect a growing awareness of the risks of climate change. Rémy Cointreau's new motto, "Terroirs, people and time", underscores the importance of nature for its business. It has been shown that climate change would have a highly significant impact on the level of production and quality of our products, whether it be cognac, whisky and gin from Islay, whisky from Isère, or whisky from Washington State.

The main consequences in terms of risks would be:

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

To that end, Rémy Cointreau has already embarked on a raft of measures to help its producer and winegrower partners adapt. Depending on the outcome of the next risk mapping, it will adjust the scope and scale of these efforts.

INTRODUCTION OF A LOW-CARBON STRATEGY ACROSS ALL AREAS OF THE BUSINESS

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

The Group's objective for the 2020 CSR plan is to transform CSR into a truly unifying project involving all Brand, Region and Support teams. The project is set to adopt a mindset in keeping with the Group and Brand values, in order to strengthen both internal and external cohesion.

The main challenges covered by the 2020 CSR plan have been set out in line with this desire to involve the whole Company:

- the measurement, reduction and offsetting of Greenhouse Gas emissions (GHG) at all levels of the business, including the eco-design of products and their transportation;
- responsibility for the consumption and conservation of natural resources, both for water and the raw materials used in production.

The plan to reduce the Group's GHG emissions and carbon footprint is an indicator shared by the whole Group, and enables each contributor to assess itself and be aware of its responsibilities in its own area. The initial priorities have already been defined; these include wine-making practices, energy efficiency, the eco-design of packaging and optimised product transportation.

Rémy Cointreau's new motto, "Terroirs, people and time", echoes the new CSR goals to be achieved based on the Sustainable Development Goals (SDGs) defined by the United Nations. Also known as "Global Goals", they are a call to end poverty, protect the planet, and ensure prosperity and peace for all.

More than ever, Rémy Cointreau has its sights set on these 17 objectives, which reflect its CSR ambitions by including issues such as climate change and sustainable agriculture.

As a true corporate governance tool and in line with Rémy Cointreau's required standards, a materiality analysis was carried out. Its aim is to set priority objectives and identify those that will have a significant impact on the Group's growth, value creation and sustainability, while taking all stakeholder expectations into account. Out of the 17 goals, Rémy Cointreau has selected 10, among which:

- SDG 13: Take urgent action to combat climate change and its impacts;
- SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

In terms of governance, from 2017/2018, part of the variable remuneration for the Group's senior executives will be index-linked to CSR targets, in conjunction with the main SDGs selected. Each Executive Committee member will become an ambassador for a CSR indicator and its improvement for all Group employees worldwide. The CSR Committee, recently created within the Board of Directors, will monitor compliance with these commitments.

INFORMATION ON THE MAIN SOURCES OF GREENHOUSE GAS EMISSIONS

Mindful of the impact of its activities, Rémy Cointreau measures its carbon emissions. As a listed company, the Group meets the requirements of Article 173-IV-A of the French law on energy transition and green growth.

Accordingly, a scope 3 carbon audit was carried out on production in France (90% of total production) and global product transportation.

Total scope 3 Teq CO_2 emissions came to 145,789 Teq CO_2. These break down as follows:

- Cognac site: 54,032 Teq CO_2;
- Angers site: 40,628 Teq CO_2;
- Domaines Rémy Martin site: 2,888 Teq CO_2;
- product transportation: 48,241 Teq CO_2.

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

- transportation of products and miscellaneous freight: 55,488 Teq CO_2 (38.1% of total emissions);
- product packaging: 54,637 Teq CO_2 (37.5% of total emissions);
- raw materials: 26,684 Teq CO_2 (18.8% of total emissions).

The aim of the CSR 2020 plan is to extend the measurement of scope 3 CO_2 emissions to the Barbados and Islay sites within two years, in order to cover 100% of the Group's production activities. In parallel, a plan will be drawn up to reduce greenhouse gas emissions by 2018 by tackling the main sources of emissions.

3.2.5 Limitations on the powers of the Chief Executive Officer

In a purely internal measure, not binding on third parties, the Chief Executive Officer must seek the approval of the Board before committing the Company to transactions that are outside the scope of normal management decisions, particularly in respect of:

- granting sureties, pledges and guarantees, except under the conditions provided below;
- making acquisitions, transferring property titles or exchanging goods or property and making investments of more than €10 million per transaction;
- concluding any investment or business agreement in common with other companies, be they French or foreign;
- granting to any existing company a contribution in cash, in kind, in property or in benefit in excess of €10 million per transaction;
- making the Company party to any economic interest grouping or other businesses, associations or partnerships, in France or abroad, by forming such groupings or assisting in their formation, by subscribing or contributing cash or benefits in kind, by purchasing shares, rights of ownership or other securities, and generally, under any form and for an amount in excess of €10 million per transaction;
- transferring ownership of investments for amounts in excess of €10 million per transaction;
- granting loans, credit and advance payments to corporate bodies outside the Rémy Cointreau Group for an amount in excess of €10 million per borrower;
- signing any loan or obtaining credit facilities, with or without pledges or other securities on Group assets, for an amount in excess of €50 million in the same financial year.

On 7 June 2016, the Board of Directors also authorised, for a period of one year, the Chief Executive Officer to grant sureties, pledges and guarantees in the name of the Company for a total amount of €50 million. Any commitment exceeding this ceiling requires the specific approval of the Board.

The Board of Directors also authorised the Chief Executive Officer to grant sureties, pledges and guarantees in the name of the Company to the tax and customs authorities for an unlimited amount.

This authorisation, granted to the Chief Executive Officer, was renewed for a period of one year by the Board of Directors at its meeting of 7 June 2017.

3.2.6 Procedures for shareholder attendance at Shareholders' Meetings

The provisions relating to shareholders' attendance at Shareholders' Meetings are described in Article 23 of the Company's Articles of Association.

A reminder of the main provisions is included in section 7.2 of this registration document.

3.3 Statutory Auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of Rémy Cointreau

This is a free translation into English of a report issued in French. It is provided solely for the convenience of English speaking readers. This report was construed in accordance with French law and professional auditing standards applicable in France and should be read in conjunction with them.

To the Shareholders,

In our capacity as statutory auditors of Rémy Cointreau and in accordance with article L. 225-235 of the French commercial code (*Code de commerce*), we hereby report to you on the report prepared by the chairman of your company in accordance with article L. 225-37 of the French commercial code (*Code de commerce*) for the year ended 31 March 2017.

It is the chairman's responsibility to prepare and to submit for the board of director's approval a report on the internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French commercial code (Code de commerce) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- confirm that the report also includes the other information required by article L. 225-37 of the French commercial code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

1. Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weakness in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work is properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the board of directors in accordance with article L. 225-37 of the French commercial code (*Code de commerce*).

2. Other information

We confirm that the report prepared by the chairman of the board of directors also contains the other information required by article L. 225-37 of the French commercial code (Code de commerce)..

Paris and Paris-La Défense, 14th June 2017

The Statutory auditors,

Auditeurs et Conseils Associés	**ERNST & YOUNG et Autres**
represented by	represented by
François Mahé	Pierre Bidart

3.4 Remuneration and benefits

3.4.1 Principles and rules for setting remuneration and benefits granted to executive officers and Board members

The overall remuneration paid to executive and non-executive officers is set by the Board of Directors, which decides on the basis of recommendations issued by the Nomination and Remuneration Committee. The committee, composed of two independent Board members, ensures that each element of remuneration responds to a clear objective that is fully in line with the strategy and interests of the business.

Regardless of category or income, the objective of the Nomination and Remuneration Committee is to recommend an overall remuneration package that is both competitive and attractive. To that end, it draws on objective studies of the remuneration offered by companies comparable to Rémy Cointreau in the appropriate market, carried out by external experts.

The committee issues its recommendations on all the items comprising the overall remuneration, including:

- fixed remuneration

  The fixed portion of remuneration is determined according to the responsibilities of the executive officers concerned.

  A survey is regularly carried out with the help of specialist consultancy firms to examine how the Company's executive remuneration structure compares with that of other SBF 120 companies;

- variable annual remuneration (bonus)

  For several years, the Board of Directors has defined a procedure for calculating the variable portion of executive remuneration so that it acts as an incentive while remaining fair. This procedure is based on ambitious quantitative and qualitative criteria that ensure that remuneration is in line with the Group's performance.

  This variable portion is expressed as a percentage of annual fixed remuneration. It can range from 0% to 75% if the quantitative and qualitative targets are reached (target level), or up to 100% in the case of exceptional financial performance exceeding the targets set. The criteria are regularly reviewed and modified from time to time. During the 2016/2017 financial year, the Board, on the recommendation of the Remuneration Committee, reviewed the quantitative and qualitative criteria and selected the following elements:

  Quantitative criteria

  Four quantitative criteria based on financial performance (equivalent to 37.5%):

  - consolidated operating profit (50 points, assuming the target is reached),
  - cash flow generation (25 points, assuming the target is reached),
  - consolidated net profit (12.25 points, assuming the target is reached),
  - ROCE (Return on Capital Employed) (12.25 points, assuming the target is reached).

  Qualitative criteria:

  Four qualitative criteria based on managerial and entrepreneurial skills (maximum of 37.5%):

  - optimising the distribution network and adapting it to the defined strategy (30 points, assuming the target is reached),
  - fostering the conditions for sustainable organic growth and providing the necessary tools (30 points, assuming the target is reached),
  - diversifying and enhancing the brand portfolio through targeted acquisitions (20 points, assuming the target is reached), and
  - bringing stability to the new organisational structure and integrating new talents/professions (20 points, assuming the target is reached).

  The criteria range from 0% to 11.25% of annual fixed remuneration. Each year the percentage doubles for one of the criteria. The Board of Directors conducts an annual performance review for each executive officer on the basis of the Remuneration Committee's recommendations. The qualitative criteria are reviewed annually in line with the Group's strategic priorities. Due to the confidentiality of the Group's strategy, details of the qualitative objectives may only be disclosed at the end of each financial year;

- "deferred" remuneration:

  - medium- and long-term performance incentive plan

  The Board of Directors has introduced the principle of performance criteria (detailed in Table 5) as part of its policy for awarding bonus Performance shares,

  - supplementary defined-benefit pension plan:

  The objectives of the supplementary defined-benefit pension plan are to retain the loyalty of the executives concerned and to encourage long-term performance. The supplementary pension plan, set up and funded by the Company and managed by a third-party insurance company, involves the payment of an annuity calculated as a percentage of remuneration on the basis of length of service. Payment of the annuity is subject to continued employment at the time of retirement. The amount of the annuity ranges from 8% to 15% of gross annual remuneration, depending on the age of the beneficiary at the time of retirement.

  The benefit of this plan is contingent on length of service (a minimum of five years with the Company as a senior manager) and continued employment at the time of retirement.

  The annuity is calculated on the basis of average gross remuneration for the last two years of employment.

  It is also capped so that the total replacement income received from all pension plans (Social Security, ARRCO, AGIRC, Article 83, Article 39) does not exceed 50% of the income earned from work. Should this ceiling be exceeded, the amount of the supplementary pension would be reduced accordingly;

- other employee benefits for executive officers:
  - executive unemployment insurance in the absence of an employment contract with the Group,
  - group defined-contribution pension plan,
  - life and disability policy,
  - healthcare plan.

The last three plans are allocated according to the criteria applicable to the employee category that the Company uses to decide on the benefits.

These criteria now only apply to the Chief Executive Officer.

Remuneration of the non-executive officer

The Board of Directors sets the remuneration of the non-executive officer according to the terms proposed by the Nomination and Remuneration Committee, in line with the above-mentioned targets.

François Hériard Dubreuil, as Chairman of the Board of Directors, does not receive annual or multi-year variable remuneration. The Chairman's remuneration has remained unchanged since the 2015/2016 financial year. The fixed remuneration received by François Hériard Dubreuil as Chairman accordingly amounted to €200,000 in 2016/2017.

The lack of variable remuneration reflects the Chairman's independence from senior management.

Members of the Board of Directors receive Directors' fees, the total amount of which is set by the Shareholders' Meeting. The Board of Directors allocated François Hériard Dubreuil Directors' fees totalling €33,000 for the year ended 31 March 2016.

3.4.2 Remuneration of executive officers

Executive officers' remuneration is presented hereinafter in accordance with the principles of the AFEP/MEDEF Code.

It consists of gross remuneration and benefits in kind paid or contributed by the Company and companies controlled by it, or paid by controlling companies.

TABLE 1 – SUMMARY OF REMUNERATION, OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE OFFICER

(in €)	**2016/2017**	2015/2016
François Hériard Dubreuil, Chairman since 27 January 2015		
Remuneration due in respect of the period (details in Table 2)	€423,166	€421,988
Value of options granted during the financial year	-	-
Value of Performance shares granted during the financial year	-	-
TOTAL	**€423,166**	**€421,988**
Valérie Chapoulaud-Floquet, Chief Executive Officer since 27 January 2015		
Remuneration due in respect of the period (details in Table 2)	€1,268,153	€1,090,715
Value of options granted during the financial year	-	-
Value of Performance shares granted during the year (details in Table 6)	€454,968	€233,604
TOTAL	**€1,723.121**	**€1,324,319**

TABLE 2 – SUMMARY OF REMUNERATION PAID TO EACH EXECUTIVE OFFICER

	2016/2017		2015/2016	
	Payable	**Paid**	Payable	Paid
François Hériard Dubreuil, Chairman since 27 January 2015				
Fixed remuneration – Rémy Cointreau(1)	€200,938	€200,938	€200,761	€200,761
Fixed remuneration – controlling companies	€185,470	€185,470	€185,437	€185,437
Multi-year variable remuneration			-	-
Multi-year variable remuneration			-	-
Exceptional remuneration			-	-
Directors' fees – Rémy Cointreau	€33,000	€33,000	€32,000	€32,000
Directors' fees – controlling companies			-	-
Benefits in kind (car)	€3,758	€3,758	€3,790	€3,790
TOTAL	**€423,166**	**€423,166**	**€421,988**	**€421,988**
Valérie Chapoulaud-Floquet, Chief Executive Officer since 27 January 2015				
Fixed remuneration(2)	€649,965	€649,965	€618,003	€618,003
Multi-year variable remuneration(3)	€599,925	€551,820	€360,000	€375,000
Multi-year variable remuneration	-	-	-	-
Exceptional remuneration(4)	-	-	€91,000	€91,000
Directors' fees	-	-	-	-
Benefits in kind	€18,263	€18,263	€21,712	€21,712
TOTAL	**€1,268,153**	**€1,220,048**	**€1,090,715**	**€1,105,715**

(1) On an annual basis, the gross annual fixed remuneration paid in 2016/2017 includes a gross fixed salary of €200,000 and related contributions.
(2) On an annual basis, the gross annual fixed remuneration paid in 2016/2017 includes a gross fixed salary of €531,500, a gross impatriation bonus of €100,000, and related contributions linked to surplus employer contributions towards the supplementary pension plan (Article 83) and a life and disability plan.
(3) Annual variable remuneration is based on the targets described in paragraph 3.4.1. If all targets are achieved, this variable remuneration can represent 75% of the fixed annual salary (or 100% in the case of exceptional financial performance exceeding the targets set).
(4) Valérie Chapoulaud-Floquet received a signing bonus contingent on her continued employment: this was €91,000 at 31 March 2016.

TABLE 3 – STOCK OPTIONS GRANTED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ALL GROUP COMPANIES

None.

TABLE 4 – STOCK OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH EXECUTIVE OFFICER

None.

TABLE 5 – PERFORMANCE SHARES GRANTED DURING THE YEAR TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ALL GROUP COMPANIES

Performance incentive plans must serve the aims of retaining key talent with a view to delivering medium- and long-term performance, encouraging outperformance, and involving the individuals concerned in the Company's value creation. The plans must also be cost-effective.

The plans are aimed at a select group of individuals: the Group's Board members, Executive Committee members, key contributors, pillars of the organisation and high flyers. Key contributors are managers who have a strategic role (mainly brand managers and regional managers) and managers who report to senior management. "Pillars" are managers who perform an essential role that requires experience and who would be difficult to replace. "High flyers" are managers who have been identified as potentially able to reach Director level, or who could be promoted through two levels of management.

Valérie Chapoulaud-Floquet, Chief Executive Officer since 27 January 2015

Company Rémy Cointreau	
Date of authorisation by the Shareholders' Meeting	26 July 2016
Details of the plan	PAG.22.11.2016
Date of Board of Directors' meeting	22 November 2016
Number of shares awarded	8,900
Share value	€454,968
Vesting date	22 November 2019
Date of earliest availability	22 November 2021
Performance conditions	Rémy Cointreau's share performance compared with the share performance of a panel of nine other companies

The allotted shares will vest if the increase in Total Shareholder Return (TSR, defined as the rate of return on one Rémy Cointreau share over a given period, including dividends received and capital gains realised), compared with a panel of nine companies in the Luxury and Spirits sectors, reaches the target set at the end of the three-year vesting period, *i.e.* on 22 November 2019.

If the growth in Rémy Cointreau's TSR is in first or second position relative to the growth in TSR of other companies in the panel, a higher proportion of the shares will vest. If the growth in Rémy Cointreau's TSR is in third, fourth or fifth position relative to the growth in TSR of other companies in the panel, 100% of the shares will vest. If the growth in Rémy Cointreau's TSR is in sixth, seventh or eighth position relative to the growth in TSR of other companies in the panel, fewer shares will vest. If the growth in Rémy Cointreau's TSR is in ninth or tenth position relative to the growth in TSR of other companies in the panel, no shares will be awarded.

TABLE 6 – PERFORMANCE SHARES THAT VESTED DURING THE FINANCIAL YEAR FOR EACH EXECUTIVE OFFICER

None.

TABLE 7 – INFORMATION ON STOCK OPTIONS

To date, none of the corporate officers in office during the 2016/2017 financial year have been granted stock options.

The last plan of this type expired on 23 December 2014, the 8,000 stock options remaining at 31 March 2014 having been subscribed during the financial year (see note **10.3** to the consolidated financial statements).

TABLE 8 – STOCK OPTIONS GRANTED TO THE TOP TEN BENEFICIARIES OTHER THAN CORPORATE OFFICERS

Plans of this type no longer exist.

TABLE 9 – HISTORY OF PERFORMANCE SHARE AWARDS

	Plan 2015 A	Plan 2015 B	Plan 2016
Date of authorisation by the Shareholders' Meeting	24 July 2014	24 July 2014	26 July 2016
Date of Board of Directors' meeting	27 January 2015	24 November 2015	22 November 2016
Total number of shares awarded	82,500	88,800	73,600
Of which corporate officers	9,000	8,400	8,900
Valérie Chapoulaud-Floquet	9,000	8,400	8,900
Share vesting date	27 January 2018	24 November 2018	22 November 2019
Transferability date	27 January 2020	24 November 2020	22 November 2021
Performance conditions	(1)	(1)	(1)
Number of shares vested as of 31 March 2017	-	-	-
Aggregate number of lapsed Performance shares	16,250	5,800	-
Number of awarded Performance shares outstanding at year-end	66,250	83,000	73,600

(1) The terms and conditions of the plans are set out in note 10.3 to the consolidated financial statements.

Bonus shares granted during the year to the ten non-corporate officer employees of the Group who received the highest number of shares

Company granting shares	Date of the plans	Total number of shares	Final vesting date	Date of earliest availability
Rémy Cointreau	27/01/2015	40,000	27/01/2018	27/01/2020
Rémy Cointreau	24/11/2015	45,700	24/11/2018	24/11/2020
Rémy Cointreau	22/11/2016	37,900	22/11/2019	22/11/2021

The Group has not issued any other options giving access to the securities reserved for executive officers or for the top ten beneficiaries of the issuer and any company included in the scope of the option grant.

Bonus shares vested during the year to the ten non-corporate officer employees of the Group who received the highest number of shares

None.

TABLE 10 – CONTRACTS RELATING TO EXECUTIVE OFFICERS

	Employment contract	Supplementary pension plan	Indemnities or benefits payable or likely to become payable due to cessation or change in function	Non-competition compensation
François Hériard Dubreuil	**NO**	**NO**	**NO**	**NO**
Chairman of the Board of Directors				
Date first appointed: 02/01/2014				
Date on which Chairman's appointment expires: Shareholders' Meeting called to approve the 2017/2018 financial statements				
Valérie Chapoulaud-Floquet	**NO**	**YES**(1)	**YES**(2)	**YES**(3)
Chief Executive Officer				
Date first appointed: 27 January 2015				
Date appointment expires: 27 January 2018				

(1) Like all Group executives based in France, Valérie Chapoulaud-Floquet is eligible for a supplementary pension plan (Article 39 of the French General Tax Code). It is worth noting that the pension described in paragraph 3.4.4 is evaluated based on the average gross remuneration for the last two years of employment. This pension is also capped so that the total replacement income received does not exceed 50% of income earned from work.

(2) In the event of her forced departure, except where there are serious grounds or misconduct, or in the event of business failure, Ms Chapoulaud-Floquet will receive a termination payment equal to two years' remuneration (including salary, repatriation bonus and last annual bonus). Actual payment of this benefit will be subject to the performance criteria defined below.

Performance criterion relating to the business situation

In the event of business failure, the Board of Directors may be fully or partially exempt from paying the termination benefit. The business situation will be assessed based on the results measured at the end of the previous two financial years. The business is deemed to have failed if the aggregate operating profit for the previous two financial years is less than €250 million.

Quantitative performance criteria

If the departure occurs after 1 April 2016, this benefit will be subject to performance criteria assessed on the basis of the previous two financial years.

If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, are less than 75% of the budgetary targets, no compensation will be payable.

If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, equal 75% or more of the budgetary targets, the compensation paid will be equivalent to two years' gross remuneration multiplied by the percentage used (maximum 100%). For example, if the percentage used is 87.5%, the compensation will be equal to 21 months.

The percentage used to calculate the compensation will be the average percentage for the previous two financial years.

Qualitative performance criterion

The Board of Directors may adjust the amount of the bonus, expressed as a percentage of gross annual remuneration and calculated according to the quantitative criteria, based on results measured according to a qualitative criterion. For this, the Board takes the Company's corporate social responsibility rating with the VIGEO rating agency into consideration. The final compensation amount is limited to 24 months' salary as defined above.

(3) Valérie Chapoulaud-Floquet is subject to a non-compete clause which prohibits her from working for a competitor for a period of one year. This clause, which may be waived by the Board, will be accompanied by a compensation corresponding to one year's gross remuneration (fixed salary + impatriation bonus + last annual bonus).

The termination payment and non-compete compensation will be capped at two years' pay, as explained above.

3.4.3 Remuneration of Board members

DIRECTORS' FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

The total amount of Directors' fees put to a vote by the shareholders is subject to a regular study of the practices adopted by French groups of a similar scale and international dimension to Rémy Cointreau.

Directors' fees are allocated by the Board of Directors on the following basis:

- a fixed portion defined on an annual basis;
- a variable portion commensurate with each Board member's attendance at Board and Committee meetings. On 25 November 2014, the Board of Directors decided to make the payment of attendance fees contingent on a minimum attendance requirement. The amount of Directors' fees will therefore be reduced by 30% if members miss more than one in three meetings;
- an additional fixed portion may also be allocated to the Chairman of the Board and committee Chairmen.

Board members		2016/2017	2015/2016
Dominique Hériard Dubreuil	Rémy Cointreau Directors' fees	€33,000	€32,000
	Other remuneration – controlling company	€283,435	€331,194
	Other remuneration – controlled companies	€94,321	€125,997
Marc Hériard Dubreuil	Rémy Cointreau Directors' fees	€33,000	€32,000
	Other remuneration – controlling company	€379,058	€336,323
	Other remuneration – controlled companies	€50,000	-
Sir Brian Ivory	Director	-	€13,000
	Non-voting member	€6,000	€11,000
Jacques-Étienne de T'Serclaes		€44,000	€43,000
Gabriel Hawawini		-	€32,000
Timothy Jones	Director	-	-
	Non-voting member	€6,000	€16,000
Patrick Thomas	Director		€11,000
	Non-voting member	€6,000	€11,000
Bruno Pavlovsky		€22,000	-
Caroline Bois		-	€11,000
Laure Hériard Dubreuil		€33,000	€32,000
Florence Rollet		€33,000	€32,000
Yves Guillemot		€39,000	€38,000
Olivier Jolivet		€33,000	€32,000
Guylaine Dyèvre		€33,000	€21,000
Emmanuel de Geuser		€33,000	€21,000

3.4.4 Elements of remuneration payable to executive and non-executive officers for 2016/2017, subject to shareholder approval (Say On Pay)

ELEMENTS OF REMUNERATION DUE OR ALLOCATED TO FRANÇOIS HÉRIARD DUBREUIL, CHAIRMAN OF THE BOARD OF DIRECTORS, IN RESPECT OF THE 2016/2017 FINANCIAL YEAR

Elements of remuneration due or allocated for the 2016/2017 financial year	Amounts or accounting valuation voted on	Comments
Fixed remuneration	€200,000 (amount paid)	The gross annual fixed remuneration includes a gross fixed salary of €200,000, unchanged from the previous financial year.
Multi-year variable remuneration	n/a	
Deferred variable remuneration	n/a	
Multi-year variable remuneration	n/a	
Exceptional remuneration	n/a	
Long-term remuneration: stock options	n/a	
Long-term remuneration: Performance shares	n/a	
Long-term remuneration: other items	n/a	
Directors' fees	€32,000	
Value of benefits in kind	€3,758 (accounting valuation)	This benefit in kind corresponds to the provision of a company car and coverage of maintenance, insurance and running costs.
Termination payment	n/a	
Non-compete compensation	n/a	
Supplementary pension plan	n/a	
Life and disability policies (death, disability and incapacity for work)	€2,904 (accounting valuation)	Life and disability policy (death, disability and incapacity for work): François Hériard Dubreuil is also eligible for the group disability, death and incapacity for work scheme. The remuneration used to calculate the contributions is capped at eight times the annual ceiling applicable in France for incapacity, disability and death benefits. The employer contribution rate is 1.97% on tranche A and 2.25% on tranches B and C. This is subject to change in accordance with the contractual provisions. The Company's liability is limited to the payment of contributions to the insurance company that manages the plan.

ELEMENTS OF REMUNERATION DUE OR ALLOCATED TO VALÉRIE CHAPOULAUD-FLOQUET, CHIEF EXECUTIVE OFFICER, IN RESPECT OF THE 2016/2017 FINANCIAL YEAR

Elements of remuneration due or allocated for the 2016/2017 financial year	Amounts or accounting valuation voted on	Comments
Fixed remuneration	€631,500 (amount paid) (see item (2) of Table 2 – Summary of remuneration paid to each executive officer)	On an annual basis, the fixed gross annual remuneration comprises a fixed gross salary of €531,500 and a gross impatriation bonus of €100,000. The amount of the gross fixed salary was revalued on [1] July 2016 following a decision of the Board of Directors of 7 June 2016, on the recommendation of the Nomination and Remuneration Committee. The amount of the impatriation bonus has remained unchanged since 2015.
Multi-year variable remuneration	€551,820 paid in cash, representing 91.97% of the fixed portion	The variable portion of Valérie Chapoulaud-Floquet's remuneration corresponds to a percentage of the fixed portion. This could reach 75% if all performance targets are met, and may not exceed 100%. The Board of Directors made sure that the criteria used to calculate the variable portion of the Chief Executive Officer's remuneration are such that her interests are aligned with those of the Company and shareholders. At its meeting on 7 June 2016, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, estimated that the level of achievement of the quantitative criteria was 43.22% and the level of achievement of the qualitative criterion was 48.75%. This breaks down as follows: ▪ quantitative criteria: 43.22%, consisting of the following: • consolidated operating profit: 19.5%, • cash flow generation: 13.3%, • consolidated net profit: 4.7%, • ROCE (Return on Capital Employed): 5.7%; ▪ qualitative criteria: 48.75%, breaking down as follows: • optimising the distribution network and adapting it to the defined strategy: 22.5%, • fostering the conditions for sustainable organic growth and providing the necessary tools: 7.5%, • diversifying and enhancing the brand portfolio through targeted acquisitions: 7.5%, • bringing stability to the new organisational structure and integrating new talents/professions: 11.25%. Consequently, the variable remuneration for the 2015/2016 financial year, paid in the 2016/2017 financial year, is 91.97% of the fixed portion, i.e. €551,820 (compared with 75% of the fixed portion, i.e. €375,000, for 2014/2015).
Deferred variable remuneration	n/a	
Multi-year variable remuneration	n/a	
Exceptional remuneration	n/a	
Long-term remuneration: stock options	n/a	

Elements of remuneration due or allocated for the 2016/2017 financial year	Amounts or accounting valuation voted on	Comments
Long-term remuneration: Performance shares	€454,968 (accounting valuation)	Exercising the powers conferred on it by the Combined Shareholders' Meeting of 26 July 2016, the Board of Directors, at its meeting on 22 November 2016, decided to allocate the Chief Executive Officer 8,900 Performance shares in respect of the 2016 financial year. The shares allocated will vest if the beneficiary is still an employee or corporate officer of the Group or an affiliated company at the end of the vesting period, i.e. on 22 November 2019, and if the growth in Total Shareholder Return (*TSR*) is as follows: the rate of return on one Rémy Cointreau share over a given period, including dividends received and capital gains realised, compared with a panel of nine companies in the Luxury and/or Spirits sectors over a period of three consecutive years, reaches the target set at the end of the vesting period, i.e. on 22 November 2019. If the growth in Rémy Cointreau's TSR is in first or second position relative to the growth in TSR of other companies in the panel, a higher proportion of the shares will vest. If the growth in Rémy Cointreau's TSR is in third, fourth or fifth position relative to the growth in TSR of other companies in the panel, 100% of the shares will vest. If the growth in Rémy Cointreau's TSR is in sixth, seventh or eighth position relative to the growth in TSR of other companies in the panel, fewer shares will vest. If the growth in Rémy Cointreau's TSR is in ninth or tenth position relative to the growth in TSR of other companies in the panel, no shares will be awarded. Under the plan, the Chief Executive Officer is required to continue holding the shares after the vesting period. This follows a rule introduced by the Board of Directors whereby until the end of their term of office, executive officers must retain in registered form 33% of the shares resulting from the exercise of stock options or Performance shares. This percentage may be reviewed at the time of the grant, for example to reflect changes in the executive's position.
Long-term remuneration: other items	n/a	
Directors' fees	n/a	
Valuation of benefits in kind	€18,263 (accounting valuation)	This benefit in kind corresponds to the provision of a company car and coverage of maintenance, insurance and running costs, as well as the contribution to a benefits scheme for managers and senior executives

Elements of remuneration due or allocated for the 2016/2017 financial year	Amounts or accounting valuation voted on	Comments
Termination payment	No payment	At its meeting of 16 September 2014, the Board of Directors authorised the introduction of a non-voluntary departure clause between the Company and the Chief Executive Officer. This decision was ratified by the Shareholders' Meeting of 29 July 2015 (eighth resolution). In the event of her forced departure, except where there are serious grounds or misconduct, or in the event of business failure, the Chief Executive Officer will receive a termination payment equal to two years' remuneration (including fixed salary, impatriation bonus and last annual bonus). Actual payment of this benefit will be subject to the performance criteria defined below. Performance criterion relating to the business situation In the event of business failure, the Board of Directors may be fully or partially exempt from paying the termination benefit. The business situation will be assessed based on the results measured at the end of the previous two financial years. The business is deemed to have failed if the aggregate operating profit for the previous two financial years is less than €250 million. Quantitative performance criteria If the departure occurs after 1 April 2016, this benefit will be subject to performance criteria assessed on the basis of the previous two financial years. If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, are less than 75% of the budgetary targets, no compensation will be payable. If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, are equal to or more than 75% of the budgetary targets, the compensation paid will be equivalent to two years' gross remuneration multiplied by the percentage used (maximum 100%). For example, if the percentage used is 87.5%, the compensation will be equal to 21 months. The percentage used to calculate the compensation will be the average percentage for the previous two financial years. Qualitative performance criterion The Board of Directors may adjust the amount of the bonus, expressed as a percentage of gross annual remuneration and calculated according to the quantitative criteria, based on results measured according to a qualitative criterion. For this, the Board takes the Company's corporate social responsibility rating with the VIGEO rating agency into consideration. The final compensation amount is limited to 24 months' salary as defined above.
Non-compete compensation	No payment	At its meeting of 16 September 2014, the Board of Directors authorised the signing of a non-compete agreement between the Company and the Chief Executive Officer. This decision was ratified by the Shareholders' Meeting of 29 July 2015 (eighth resolution). Valérie Chapoulaud-Floquet is subject to a non-compete clause which prohibits her from working for a competitor for a period of one year from the termination of her office. This non-compete commitment will apply in Europe and the United States. This clause may be waived by the Board and will be accompanied by a compensation corresponding to one year's gross remuneration (fixed salary + impatriation bonus + last annual bonus). The termination payment and non-compete compensation will be capped at two years' pay, as explained above. In the event of a breach of this non-compete clause, the Company will be entitled to claim damages.

Elements of remuneration due or allocated for the 2016/2017 financial year	Amounts or accounting valuation voted on	Comments
Supplementary pension plan	€242,563 (accounting valuation)	At its meeting of 16 September 2014, the Board of Directors agreed to enrol the Chief Executive Officer in the supplementary group pension plan. Valérie Chapoulaud-Floquet is eligible for the supplementary group pension plan set up for the Group's senior management. The supplementary pension plan includes (i) a defined-contribution group plan and (ii) an add-on defined-benefit group plan. This was ratified by the Shareholders' Meeting of 2[9] July 2015 (eighth resolution). (i) Defined-contribution plan pursuant to Article L. 242-1 of the French Social Security Code: Ms Chapoulaud-Floquet is eligible for a defined-contribution plan, which equates to 8% of the annual remuneration representing between eight and sixteen times the annual ceiling on social security contributions paid by the Company. The Company's liability is limited to the payment of contributions to the insurance company that manages the plan. (ii) Top-hat group defined-benefit plan ("Article 39") pursuant to Article L. 137-11 of the French Social Security Code. The aim of the plan is to retain the key talent concerned and encourage long-term performance. Like all Group executives based in France, Valérie Chapoulaud-Floquet is eligible for this supplementary pension plan, set up and funded by the Company and managed by a third-party insurance company. The benefit of this plan is contingent on length of service (a minimum of five years with the Company as a senior manager) and continued employment at the time of retirement. This system is founded on the payment of an annuity, the value of which, expressed as a percentage of remuneration, is based on the executives' seniority. Payment of the annuity is subject to continued employment at the time of retirement; its amount ranges from 8% to 15% of the reference gross annual remuneration, depending on the age of the beneficiary at the time of retirement. The annuity is calculated on the basis of average gross remuneration for the last two years of employment. It is also capped so that the total replacement income received from all pension plans (Social Security, ARRCO, AGIRC, Article 83, Article 39) does not exceed 50% of the income earned from work. Should this ceiling be exceeded, the amount of the supplementary pension would be reduced accordingly. The Company's commitments towards its Chief Executive Officer as at 31 March 2017, based on her length of service at that date, are as follows: ▪ €24,904 per annum under the defined-contribution pension plan (as at 31 March 2017). This amount corresponds to the contributions paid by the Company to the insurer for the last financial year; ▪ €217,659 in gross annual pension under the supplementary defined-benefit pension plan. This estimate has been validated independently by Deloitte Conseil.

Elements of remuneration due or allocated for the 2016/2017 financial year	Amounts or accounting valuation voted on	Comments
Life and disability policy (death, disability and incapacity for work) and healthcare plans:	€7,905 (accounting valuation)	Ms Chapoulaud-Floquet is eligible for the group life and disability policies and healthcare plans set up within the Group for all employees. These plans comprise i) a death, disability and incapacity for work plan, and ii) a healthcare plan. (i) Death, disability and incapacity for work plan: Ms Chapoulaud-Floquet is eligible for the group disability, death and incapacity for work plan. The remuneration used to calculate the contributions is capped at eight times the annual ceiling applicable in France for incapacity, disability and death benefits. The employer contribution rate is 1.97% on tranche A and 2.25% on tranches B and C. This is subject to change in accordance with the contractual provisions. The Company's liability is limited to the payment of contributions to the insurance company that manages the plan. (ii) Healthcare plan Valérie Chapoulaud-Floquet is also eligible for the group health insurance plan. The remuneration taken into account to calculate the contributions is capped at the annual social security ceiling. The employer contribution rate is 2.67% on tranche A, subject to change in accordance with the contractual provisions. The Company's liability is limited to the payment of contributions to the insurance company that manages the plan.

3.4.5 Securities trading by executive officers

BOARD MEMBERS' DECLARATIONS

Person concerned	Type of transaction	Date of transaction	AMF decision no.
ORPAR SA legal entity linked to François Hériard Dubreuil, Chairman of the Board of Directors, and to Dominique Hériard Dubreuil and Marc Hériard Dubreuil, Board members Orpar is also represented on the Board of Directors of Rémy Cointreau (decision of the Shareholders' Meeting of 26 July 2016)	Payment of the dividend in shares	3 October 2016	2016DD452684
RECOPART legal entity linked to François Hériard Dubreuil, Chairman of the Board of Directors, and to Orpar, represented on the Company's Board of Directors	Payment of the dividend in shares	3 October 2016	2016DD452680
ANDROMÈDE legal entity linked to François Hériard Dubreuil, Chairman of the Board of Directors, and to Dominique Hériard Dubreuil and Marc Hériard Dubreuil, Board members	Payment of the dividend in shares	3 October 2016	2016DD452611

3.4.6 Shares and voting rights of members of the Board of Directors at 31 March 2017

Board members (natural persons)	Shares	%	Shares with double voting rights	Voting rights	%
Dominique Hériard Dubreuil	2,763	0.01	2,667	5,430	0.01
François Hériard Dubreuil	120	0.00	109	229	0.00
Marc Hériard Dubreuil	104	0.00	100	204	0.00
Jacques-Étienne de T'Serclaes	552	0.00	536	1,088	0.00
Laure Hériard Dubreuil	102	0.00	102	204	0.00
Florence Rollet	100	0.00	0	100	0.00
Yves Guillemot	100	0.00	0	100	0.00
Olivier Jolivet	100	0.00	0	100	0.00
Guylaine Dyèvre	100	0.00	0	100	0.00
Emmanuel de Geuser	100	0.00	0	100	0.00
Bruno Pavlovsky	100	0.00	0	100	0.00
Gisèle Durand (Orpar representative)	220	0.00	0	220	0.00
TOTAL	**4,461**	**0.01**	**3,514**	**7,975**	**0.01**

3.4.7 Report on the executive officers' remuneration policy under Article L. 225-37-2 of the French Commercial Code

This report, approved by the Board of Directors on 7 June 2017 on the recommendation of its Nomination and Remuneration Committee, sets out the principles and criteria for the determination, distribution and allocation of fixed, variable and exceptional elements of total remuneration and benefits in kind that may be awarded to executive officers in respect of their term of office.

In accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria set out in this report will be submitted for the approval of the Combined Shareholders' Meeting of 25 July 2017, under the terms of the fifteenth resolution in relation to the Chairman of the Board of Directors and the sixteenth resolution in relation to the Chief Executive Officer.

The definition of executive and non-executive officers used in this report is taken from the AFEP/MEDEF Corporate Governance Code of Listed Corporations.

1. GUIDING PRINCIPLES AND IMPLEMENTATION OF THE REMUNERATION POLICY

Rémy Cointreau's remuneration policy for its executive officers is designed to accompany its long-term growth strategy by focusing on investment decisions and competitiveness in its various markets. This policy thus establishes a close link between the performance of executives and their remuneration in the short, medium and long term, with the aim of aligning their interests with those of its shareholders.

Rémy Cointreau's remuneration policy seeks to attract and motivate highly qualified men and women, to enable them to improve significantly on their performance and to link their remuneration to the Company's performance. The policy comprises short-term remuneration consisting of a fixed and variable part, long-term incentives with Performance shares, and ancillary items such as defined-contribution and defined-benefit pension plans, life and disability plans and termination benefits.

When defining its remuneration policy, the Board of Directors takes into account the principles of comprehensiveness, balance, comparability, consistency, understandability and proportionality advocated by the AFEP/MEDEF Corporate Governance Code of Listed Corporations. The overall remuneration paid to executive and non-executive officers is set by the Board of Directors, which decides on the basis of recommendations issued by the Nomination and Remuneration Committee. The committee, which was composed of two independent Board members during the 2016/2017 financial year, has had three independent Board members since 7 June 2017. The committee ensures that each element of remuneration responds to a clear objective that is fully in line with the strategy and interests of the business.

Regardless of the elements of remuneration concerned, the committee's objective is to recommend a general remuneration policy to the Board that is both competitive and attractive. To that end, it draws on objective studies of the executive remuneration offered by companies comparable to Rémy Cointreau in the appropriate market, carried out by external experts.

This report sets out the elements of remuneration and benefits in kind referred to in Article R. 225-29-1 of the French Commercial Code, as provided for in Decree No. 2017-340 of 16 March 2017.

2. REMUNERATION STRUCTURE AND CALCULATION CRITERIA

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, seeks to maintain a proportionate balance between fixed, variable and long-term remuneration. It follows a strict framework for attaining ambitious, clearly defined commercial and financial targets, delivering long-term sustainable performance and securing proven expertise in international team leadership. The Chief Executive Officer's performance-related pay is thus a substantial part of her remuneration package.

The remuneration elements described below concern both the Chief Executive Officer of the Company, an executive officer, and the Chairman of the Board of Directors, a non-executive officer as defined by the AFEP/MEDEF Code.

2.1 Executive officer

Directors' fees

Only executive officers who are Board members are eligible for Directors' fees, which is not the case for the Company's Chief Executive Officer.

Annual fixed remuneration

The fixed portion of remuneration is determined according to the experience and responsibilities of the executive officer.

A survey is regularly carried out with the help of specialist consultancy firms to examine how the Company's executive remuneration structure compares with that of other SBF 120 companies.

If the legal conditions are met, the Nomination and Remuneration Committee may propose to the Board of Directors that the fixed compensation include a proportion benefiting from the provisions of Article L. 155B of the French General Tax Code (known as an "impatriation bonus"). To benefit from this provision, the person must not have been resident in France for tax purposes over the five calendar years prior to their appointment. The provision has a limited duration.

Annual variable remuneration (bonus)

As in previous years, the Board of Directors has defined a procedure for calculating the variable portion of executive officers' remuneration so that it acts as an incentive while remaining fair. This procedure is based on ambitious quantitative and qualitative criteria that ensure that remuneration is in line with the Group's performance.

The short-term variable portion of the executive officer's remuneration is set annually by the Board, on the recommendation of the Nomination and Remuneration Committee, when closing the previous financial year. This method is based on economic and management parameters linked to the Group's performance. It sets a ceiling for each element expressed as a percentage of the target value.

The method consists of assessing the executive officer's performance according to quantitative criteria of a financial nature and qualitative criteria that are personal to the individual concerned.

During the 2016/2017 financial year, the Board, on the recommendation of the Nomination and Remuneration Committee, reviewed the quantitative and qualitative criteria and selected the following elements:

QUANTITATIVE CRITERIA

Four quantitative performance criteria based on financial performance representing 50% of the target bonus, as for the 2016/2017 financial year:

- consolidated operating profit;
- cash flow generation;
- consolidated net profit;
- ROCE (Return on Capital Employed).

Each criterion has a specific weighting set each year by the Board of Directors on the recommendation of the Nomination and Remuneration Committee.

QUALITATIVE CRITERIA

Four qualitative criteria based on managerial and entrepreneurial skills representing 50% of the target bonus, as for the 2016/2017 financial year:

- optimising the distribution network and adapting it to the defined strategy;
- fostering the conditions for sustainable organic growth and providing the necessary tools;
- diversifying and enhancing the brand portfolio through targeted acquisitions;
- bringing stability to the new organisational structure and integrating new talents/professions.

Each criterion has a specific weighting set each year by the Board of Directors on the recommendation of the Nomination and Remuneration Committee.

The Chief Executive Officer's performance is assessed annually by the Board of Directors on the recommendation of the Nomination and Remuneration Committee. The qualitative criteria are reviewed annually in line with the Group's strategic priorities. Due to the confidentiality of the Group's strategy, details of the qualitative objectives may only be disclosed at the end of each financial year. Therefore, this document only mentions those relating to the 2016/2017 financial year.

Multi-year variable remuneration

Executive officers do not receive multi-year variable remuneration.

Stock option grants

The Group has not used stock option plans for several years.

The last plan of this type expired during the 2014/2015 financial year.

Bonus share awards

Performance incentive plans must serve the aims of retaining key talent with a view to delivering medium- and long-term performance, encouraging outperformance, and involving the individuals concerned in the Company's value creation. The plans must also be cost-effective.

The plans are aimed at a select group of individuals: the Company's Chief Executive Officer, Executive Committee members, key contributors, pillars of the organisation and high flyers. Key contributors are managers who have a strategic role (mainly brand managers and regional managers) and managers who report to senior management. "Pillars" are managers who perform an essential role that requires experience and who would be difficult to replace. "High flyers" are managers who have been identified as potentially able to reach Director level, or who could be promoted through two levels of management.

Once identified, the beneficiaries are divided into groups. Each group is assigned a target increase, expressed as a percentage of the average annual salary of each group at the time of the award.

In the case of the Company's Chief Executive Officer, the Board of Directors applies the criteria set out in the Corporate Governance Code of Listed Corporations for Performance shares, *i.e.* a percentage of her total remuneration and a proportional award in view of the total budget approved by the shareholders at the Shareholders' Meeting, in line with the Company's previous valuation practices.

Exceptional remuneration

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors retains the option of granting exceptional remuneration to the executive officer in the event that a major economic operation is particularly successful and sustainable over the long term, although only if this was not envisaged when the qualitative criteria for her annual variable remuneration were set.

Remuneration, compensation or benefits payable or likely to become payable upon taking up office

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, may grant a signing bonus to new executive officers from a company outside the Group. This bonus is mainly intended to compensate the individuals concerned for the loss of benefits they would have been eligible for. It also enables the Group to attract the talents it regards as being the best in the global industry.

Elements of remuneration, compensation or benefits due or likely to be due as a result of the termination or change of office, or subsequent thereto, or defined-benefit pension commitments meeting the characteristics of the plans referred to in Article L. 137-11 of the French Social Security Code

TERMINATION PAYMENT

In the event of her forced departure, except where there are serious grounds or misconduct, or in the event of business failure, the executive officer will receive a termination payment equal to two years' remuneration (including fixed salary, impatriation bonus and last annual bonus).

Actual payment of this benefit is subject to the performance criteria defined below.

Performance criterion relating to the business situation

In the event of business failure, the Board of Directors may be fully or partially exempt from paying the termination benefit. The business situation will be assessed based on the results measured at the end of the previous two financial years. The business is deemed to have failed if the aggregate operating profit for the previous two financial years is less than €250 million.

Quantitative performance criteria

This compensation will be subject to performance criteria assessed on the basis of the previous two financial years.

If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, are less than 75% of the budgetary targets, no compensation will be payable.

If the quantitative results, validated by the Board and serving as a basis for the calculation of the bonus of Executive Committee members, equal 75% or more of the budgetary targets, the compensation paid will be equivalent to two years' gross remuneration multiplied by the percentage used (maximum 100%). For example, if the percentage used is 87.5%, the compensation will be equal to 21 months.

The percentage used to calculate the compensation is the average percentage for the previous two financial years.

Qualitative performance criterion

The Board of Directors may adjust the amount of the bonus, expressed as a percentage of gross annual remuneration and calculated according to the quantitative criteria, based on the next results measured against a qualitative criterion. For this, the Board takes the Company's corporate social responsibility rating with the VIGEO rating agency into consideration.

The final compensation amount is limited to 24 months' salary as defined above.

NON-COMPETE COMPENSATION

The executive officer is subject to a non-compete clause which prohibits her from working for a competitor for a period of one year from the termination of her office.

This non-compete commitment applies in Europe and the United States.

The clause may be waived by the Board. It is accompanied by a compensation corresponding to one year's gross remuneration (fixed salary + impatriation bonus + last annual bonus).

The termination payment and non-compete compensation are capped at two years' pay, as explained above.

In the event of a breach of this non-compete clause, the Company will be entitled to claim damages.

SUPPLEMENTARY PENSION PLAN

The executive officer is eligible for the supplementary group pension plan set up for the Group's senior managers. The supplementary pension plan includes (i) a defined-contribution group plan and (ii) an add-on defined-benefit group plan.

(i) Defined-contribution plan pursuant to Article L. 242-1 of the French Social Security Code

The executive officer is eligible for a defined-contribution plan, which equates to 8% of the annual remuneration representing between eight and sixteen times the annual ceiling on social security contributions paid by the Company.

The Company's liability is limited to the payment of contributions to the insurance company that manages the plan.

(ii) Top-hat group defined-benefit plan ("Article 39") pursuant to Article L. 137-11 of the French Social Security Code

The aim of the plan is to retain the key talent concerned and encourage long-term performance. Like all Group executives based in France, the executive officer is eligible for this supplementary pension plan, set up and funded by the Company and managed by a third-party insurance company.

The benefit of this plan is contingent on length of service (a minimum of five years with the Company as a senior manager) and continued employment at the time of retirement.

This system is founded on the payment of an annuity, the value of which, expressed as a percentage of remuneration, is based on the executives' seniority. Payment of the annuity is subject to continued employment at the time of retirement; its amount ranges from 8% to 15% of the reference gross annual remuneration, depending on the age of the beneficiary at the time of retirement.

The annuity is calculated on the basis of average gross remuneration for the last two years of employment.

The annuity is also capped so that the total replacement income received from all pension plans (Social Security, ARRCO, AGIRC, Article 83, Article 39) does not exceed 50% of the income earned from work. Should this ceiling be exceeded, the amount of the supplementary pension would be reduced accordingly.

Elements of remuneration and benefits of any kind due or likely to be due to any of the persons referred to in thefirst paragraph of Article L. 225-82-2, under agreements concluded, directly or through an intermediary, by virtue of his or her office, with the company in which the office is held, any company controlled by it, as defined by Article L. 233-16, any company which controls it, as defined by the same article, or any other company placed under the same control, as also defined in that article.

The Company's Chief Executive Officer does not benefit from any such agreements.

Any other element of remuneration that may be granted in view of the office held

The Chief Executive Officer does not receive any other elements of remuneration in respect of her office other than those mentioned above.

Other benefits in kind

The Chief Executive Officer benefits from the use of a company car. The maintenance, insurance and running costs are covered by the Company, which also pays into a benefit scheme for managers and senior executives.

The Chief Executive Officer is eligible for the group life and disability and healthcare plans set up within the Group for all employees. The Company's liability is limited to the payment of contributions to the insurance company that manages the plans.

These plans comprise a death, disability and incapacity for work plan and a healthcare plan, as described in this document.

2.2 Non-executive officers

Directors' fees

The total amount of Directors' fees put to a vote by the shareholders is subject to a regular study of the practices adopted by French groups of a similar scale and international dimension to Rémy Cointreau.

The Board of Directors ensures that the amount of Directors' fees is commensurate with Board members' responsibilities and the amount of time they spend discharging their duties.

The Board of Directors distributes the annual amount of Directors' fees set by the Shareholders' Meeting among its members as follows:

- a fixed portion defined on an annual basis;
- a variable portion commensurate with each Board member's actual attendance at Board and Committee meetings;
- an additional fixed portion may also be allocated to the Chairman of the Board and committee Chairmen.

The variable part is preponderant. The amount of Directors' fees is reduced by 30% if members miss more than one in three meetings.

In addition, the Board of Directors may grant exceptional remuneration for specific assignments entrusted to members of the Board. This type of remuneration is subject to the legal provisions on regulated agreements.

Members of the Board of Directors are also reimbursed all expenses incurred in the course of their duties, subject to supporting documentation being produced.

The Chairman of the Board of Directors, as a non-executive officer, is therefore subject to the aforementioned rules regarding the allocation of Directors' fees.

Annual fixed remuneration

The fixed portion of remuneration is determined according to the responsibilities of the Chairman of the Board of Directors, who is a non-executive officer.

A survey is regularly carried out with the help of specialist consultancy firms to examine how the Company's remuneration structure for this executive compares with that of other SBF 120 companies for similar positions.

Variable annual remuneration (bonus)

The non-executive officer does not receive annual variable remuneration, given his independence from the Chief Executive Officer's role. The Board of Directors follows the recommendations of the AFEP/MEDEF Corporate Governance Code on this.

Multi-year variable remuneration

The non-executive officer does not receive multi-year variable remuneration.

Stock option grants

As previously stated, the Group no longer uses stock option plans. The Chairman of the Board of Directors is not eligible for any plan of this type, in accordance with the recommendations of the AFEP/MEDEF Corporate Governance Code.

Bonus share awards

The non-executive officer is not eligible for bonus share plans, in accordance with the recommendations of the AFEP/MEDEF Corporate Governance Code.

Exceptional remuneration

The non-executive officer does not receive any multi-year exceptional remuneration.

Remuneration, indemnities or benefits payable or likely to become payable upon taking up office

The non-executive officer does not receive any remuneration of this type.

Elements of remuneration, indemnities or benefits due or likely to be due as a result of the termination or change of office, or subsequent thereto, or defined-benefit pension commitments meeting the characteristics of the plans referred to in Article L. 137-11 of the French Social Security Code

The non-executive officer does not receive elements of remuneration, indemnities or benefits due or likely to be due as a result of his termination or change of office.

Elements of remuneration and benefits of any kind due or likely to be due to any of the persons referred to in the first paragraph of Article L. 225-37-2, under agreements concluded, directly or through an intermediary, by virtue of his or her office, with the company in which the office is held, any company controlled by it, as defined by Article L. 233-16, any company which controls it, as defined by the same article, or any other company placed under the same control, as also defined in that article.

The non-executive officer does not receive elements of remuneration or benefits in kind due or likely to be due under agreements entered into in view of his office.

Since section 16.2 of Regulation (EC) No. 809/2004 of 29 April 2004 requires information to be provided about service contracts between members of the administrative bodies and the issuer or any of its subsidiaries, it is noted that a service provision agreement exists as mentioned in section 1.5 of the registration document and in the Statutory Auditors' special report.

Any other element of remuneration that may be granted in view of the office held

The non-executive corporate officer does not benefit from elements of remuneration other than those mentioned above.

Other benefits in kind

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, may decide to provide the non-executive officer with the use of a vehicle, covering the associated maintenance, insurance and running costs. The Chairman of the Board of Directors is eligible for such benefits in kind.

The Chairman of the Board of Directors is eligible for the group disability, death and incapacity for work scheme. The Company's liability is limited to the payment of contributions to the insurance company that manages the plan.

4

COMMENTS ON THE RESULTS FOR THE YEAR

4.1 ANALYSIS OF THE BUSINESS AND CONSOLIDATED RESULTS

For the year ended 31 March 2017, the Group posted a current operating profit of €226.1 million representing organic growth of 13.8% (+26.7% in reported terms) on the previous year. The operating margin was 20.7%.

4.1.1 KEY FIGURES

All data for the year ended 31 March are given in millions of euros (€ millions). The organic change is calculated on a constant scope and exchange rate basis compared with the previous period.

(in € millions)	2017	2016	Reported change	Organic change
Net sales	1,094.9	1,050.7	+4.2%	+4.7%
Operating profit current	**226.1**	**178.4**	**+26.7%**	**+13.8%**
Current operating margin	20.7%	17.0%		18.5%
Other operating income/(expense)	(4.8)	0.3		
Operating profit	221.3	178.7		
Net financial income/(expense)	(31.9)	(27.3)		
Income tax	(44.5)	(44.0)		
Share in profit of associates	(19.6)	(4.8)		
Profit from continuing operations	125.2	102.5		
Net profit/(loss) from discontinued operations	65.0	-		
Attributable to non-controlling interests	0.0	(0.1)		
Net profit/(loss) attributable to the owners of the parent	190.3	102.4	+85.7%	+73.5%
Net profit/(loss) excluding non-recurring items attributable to the owners of the parent	**135.0**	**110.4**	**+22.3%**	**+10.5%**
Basic earnings per share:				
On net profit excluding non-recurring items attributable to the owners of the parent	€2.75	€2.27	+21.1%	
On net profit attributable to the owners of the parent	€3.87	€2.11	+83.4%	

4.1.2 General comments on current operating profit

Compared with March 2016, the change in current operating profit was as follows:

(in € millions)	
Current operating profit – March 2016	**178.4**
Change due to exchange rates (net of hedges)	23.6
Changes in consolidation scope	(0.6)
Change in volumes	44.3
Effect of price changes on net sales	7.1
Change in advertising expenditure	(10.6)
Change in other expenses	(16.1)
Current operating profit – March 2017	**226.1**

Exchange rate fluctuations had a positive overall effect in the amount of €23.6 million, mainly due to the change in net income from hedging. The EUR/USD exchange rate remained stable compared to the previous year at 1.10 on average, while the hedge rate on EUR/USD cash flows averaged 1.11 for the year compared to 1.23 for the year ended 31 March 2016.

In January 2017, the Group acquired two exceptional whisky brands: Westland (United States) and Domaine des Hautes Glaces (France). These two brands were acquired at an early stage of their development. They had an impact of (€0.6) million on current operating profit.

The volume impact of €44.3 million breaks down as follows: €44.5 million stemming from the sharp increase of the House of Rémy Martin in Asia and the United States with a highly favourable product mix; a positive impact of €5.2 million from Liqueurs & Spirits; a negative impact of €5.4 million from partner Brands due to the termination of certain distribution contracts.

The Group continues its price policy and reinforcement in the high end segment with determination, in a context of strong competition with a total price effect of €7.1 million for the period. Advertising expenditure increased in absolute terms (€11.1 million for Group brands) and was maintained at over 25% of net sales for Group brands.

The change in other expenses is mainly the result of a voluntary increase in dedicated sales/marketing resources.

Current operating profit recorded a sustained organic increase of 13.8%, whilst operating margin on comparable data was up 1.5 point to 18.5%.

4.1.3 Business overview

All the changes and margins described in the following comments relate to organic changes and margins (at constant scope and exchange rates).

In the year to 31 March 2017, the Rémy Cointreau Group generated net sales of €1,094.9 million, up 4.7% on the previous period in total, and 7.4% for Group brands.

BY GEOGRAPHIC AREA

(in € millions)	Europe-Middle/ East-Africa	Americas	Asia Pacific	Total
Net sales				
March 2017	345.3	434.2	315.4	1,094.9
March 2016	359.6	394.6	296.6	1,050.7
Reported change	-4.0%	+10.0%	+6.3%	+4.2%
Organic change	-2.7%	+9.4%	+7.5%	+4.7%

The Americas region (40% of net sales) recorded excellent performance for the year with sustained growth of 9.4%.

The EMEA region (Europe-Middle/East-Africa), which accounted for 31% of net sales, posted a 2.7% drop but recorded growth of 0.9% on Group brands. Very good performance was recorded in Russia, Central Europe, the UK and South Africa.

The Asia-Pacific region (29% of net sales) reported strong growth of 7.4%, thanks to an upturn in business in Greater China and good dynamics in Australia.

BY DIVISION

	Rémy Martin	Liqueurs & Spirits	Total Group brands	Partner Brands	Expenses Holding	Total
Net sales						
March 2017	707.5	276.3	983.8	111.0	-	1,094.9
March 2016	647.8	273.9	921.8	129.0	-	1,050.7
Reported change	+9.2%	+0.9%	+6.7%	-13.9%	-	+4.2%
Organic change	+10.0%	+1.3%	+7.4%	-14.2%	-	+4.7%
Operating profit current						
March 2017	185.2	57.5	242.7	2.0	(18.6)	226.1
March 2016	139.7	48.0	187.6	6.1	(15.4)	178.4
Reported change	+32.6%	+19.9%	+29.3%	-66.9%	+21.1%	+26.7%
Organic change	+19.9%	+9.7%	+17.3%	-72.4%	+21.8%	+13.8%
Operating margin						
March 2017	26.2%	20.8%	24.7%	1.8%	-	20.7%
March 2017 (organic)	23.5%	19.0%	22.2%	1.5%	-	18.5%
March 2016	21.6%	17.5%	20.4%	4.8%	-	17.0%

RÉMY MARTIN

Net sales rose 10.0% to €707.5 million. This reflects excellent performance in the Americas and Asia-Pacific. The House of Rémy Martin's portfolio improvement strategy bore fruit this year. While volumes increased by 4.5%, product mix and price effects added 5.5% growth, in particular through the following initiatives: the launch of LOUIS XIII Le Mathusalem, the opening of the LOUIS XIII shop in Beijing, the Odyssée d'un Roi project, the launch of the new Rémy Martin XO, and the limited edition *Carte Blanche à Baptiste Loiseau*.

Operating profit totalled €185.2 million, a 19.9% improvement compared to the previous year. Current operating margin was 23.5% compared to 21.6% the previous year, thanks to a favourable product mix and control of costs. Advertising expenditure, which saw a double-digit increase, was backed by the reinforcement of the sales teams dedicated to the most high-end Rémy Martin products.

LIQUEURS & SPIRITS

Net sales rose 1.3% to €276.3 million.

Changes were recorded in this portfolio during the year.

Since 1 December 2016, Passoã operations have been managed by a joint venture under the control of Lucas Bols. The net sales achieved on the Group's fringes by certain subsidiaries that continue to distribute the brand are recorded under Partner Brands.

Moreover, in January 2017, the Group acquired two exceptional whisky brands: Westland (United States) and Domaine des Hautes Glaces (France). These two brands, acquired at an early stage of their development, did not have a significant impact on the period's results.

Cointreau achieved good performance in its key markets (United States, France) while initiating its development in promising new markets such as Greater China and Russia.

Metaxa benefited from the upswing in the Russian/CIS and Greek markets and from ongoing good dynamics in Central Europe, particularly due to the launch of the new "12 Stars" bottle.

Mount Gay and St-Rémy – two brands which are undergoing repositioning – fell slightly following the voluntary reduction of less highly valued products.

The Progressive Hebridean Distillers (Bruichladdich/Port Charlotte/Octomore/The Botanist) continued their international development, once again recording double-digit growth.

The Liqueurs & Spirits business generated a current operating profit of €57.5 million, up 9.7%, with marketing investments remaining at sustained levels. The current operating margin was 19.0%, up 1.5 points compared to the previous year.

PARTNER BRANDS

The Group achieved net sales of €111.0 million, down 14.0%. As expected, the distribution contract for Piper and Charles Heidsieck Champagnes, which still covered a certain number of markets for Piper-Heidsieck, including France and Belgium, expired at the end of May 2016.

Following the creation of the joint venture for Passoã, managed under the control of Lucas Bols, the net sales achieved on the Group's fringes by certain subsidiaries that continue to distribute the brand have been recorded under Partner Brands since 1 December 2016.

The other Partner Brands distributed, particularly in Belgium, the Czech Republic and Travel Retail progressed. The business generated an operating profit of €2.0 million.

HOLDING COMPANY COSTS

These costs rose by €3.3 million in absolute value to €18.6 million. The change is mainly due to temporal effects on remuneration components and an increase in central IT and communication expenses. The costs amounted to 3.8% of the divisions' current operating profit (4.0% in 2016).

4.1.4 Operating profit

Operating profit came to €221.3 million due to other operating income and expenses at €4.8 million, mainly relating to the year's acquisitions.

4.1.5 Net financial income/(expense)

(in € millions)	2017	2016	Change
Cost of gross financial debt	(21.4)	(24.1)	2.7
Investment income	-	0.1	(0.1)
Sub-total	**(21.4)**	**(24.0)**	**2.6**
Currency gains/(losses)	(5.4)	0.8	(6.2)
Other financial expenses (net)	(5.1)	(4.1)	(1.0)
NET FINANCIAL INCOME/(EXPENSE)	**(31.9)**	**(27.3)**	**(4.6)**

A net financial expense of €31.9 million was recorded, marking a change of €4.6 million:

the cost of gross financial debt fell by €2.6 million due to the reduction in average gross debt and the drop in the effective interest rate, especially attributable to the replacement of a €205 million bond maturing in December 2016 with a convertible bond (OCEANE) under highly favourable terms;

currency gains/(losses) mainly include the impact of the valuation of the currency risk hedging portfolio in accordance with IFRS standards. This impact was down €6.2 million compared to the previous year;

other financial expenses include items relating to the change in value of the vendor loan and capitalisation of interest (EPI Group loan), as well as the cost of financing certain *eaux-de-vie* inventories held by the AFC cooperative. Compared with the previous period, the negative net change in these items is €1.0 million, corresponding to the increase in inventories to be financed.

4.1.6 Net profit/(loss)

TAXES

The income tax expense totalled €44.5 million, comprising a positive technical effect of €14.1 million relative to long-term deferred tax liabilities, due to the announced reduction in tax rates in certain countries (France, UK). Excluding that effect, which does not concern the year's cash flows, the effective tax rate was 31%. This is a slight increase compared to the previous year (29.1%), due to the geographical distribution of the results.

NET PROFIT/(LOSS) OF ASSOCIATES

The share of profit/(loss) of associates came to €(19.6) million. It included a new adjustment of €18.8 million in the value of the stake in Dynasty Fine Wines Ltd.

The 27% interest in the Dynasty Group originated in a joint venture for wine production between Rémy Cointreau and the city of Tianjin (China) in 1980. This Group was listed on the Hong Kong stock exchange in 2005.

Following allegations of fraud with regard to 2010 and 2011, the listing was suspended on 22 March 2013. It has not been re-listed to date as a result of the Company's inability to publish audited financial statements for the 2012, 2013, 2014, 2015 and 2016 financial years.

During these years, the Dynasty Group also had to face a market in turmoil. After strong development up to the end of 2012 that attracted new actors, and therefore more competition, the market experienced two difficult years in 2013 and 2014 due to the massive arrival of low cost imported products and measures taken by the Chinese government to limit reception costs. Whilst it did not publish financial statements, Dynasty regularly informed the market of the fall in its net sales and its losses, which can be explained by its internal difficulties and the context. As a shareholder in the Hong Kong-listed Group, Rémy Cointreau is also subject to restrictions in terms of access to financial information on the Dynasty Group due to the current rules governing the Hong Kong exchange.

Due to this unprecedented extended delay, the assessment of this holding since the end of the 2012/2013 financial year is a source of uncertainty and technical difficulties.

The carrying value at 31 March 2012 corresponds to a valuation of HK$1.88 per share. The last price before the suspension, which already reflected the anticipation of lower performance for the Company, was HK$1.44 per share. During the 2012/2013, 2013/2014 and 2015/2016 financial years, Rémy Cointreau carried out three successive impairments, reducing the value per share to HK$1.27, then HK$0.94, then HK$0.84.

At 31 March 2017, on the basis of available external information, Rémy Cointreau revised the value to HK$0.36. Although Dynasty remains the 4th or 5th largest player in the Chinese wine market, its competitive position further deteriorated during the year while the market regained its upward momentum. Moreover, the Group announced new delays in the publication of its financial statements for 2012, 2013, 2014, 2015 and 2016.

DECONSOLIDATED AND DISCONTINUED OPERATIONS AND ASSETS SOLD OR HELD FOR SALE

Following an agreement signed on 14 October 2016, Rémy Cointreau and Lucas Bols NV formed a joint venture for the management of the Passoã brand and its ongoing development. At the beginning of December 2016, Rémy Cointreau brought in all the activities of Passoã to the joint venture, including its manufacturing and distribution activities, as well as the brands and inventories, while Lucas Bols NV brought its know-how and expertise in the field of liqueurs and cocktails, as well as the working capital.

Under the terms of the agreements, Lucas Bols N.V. assumes the operational control and financial management of the joint venture. Consequently, this entity is not consolidated within Rémy Cointreau. Given the characteristics of the transaction, the securities received in consideration for the contribution are recorded in the statement of financial position at their market value under "Other equity investment financial assets" (note **6.3**). The transaction generated a profit of €65.0 million, net of costs and tax.

NET PROFIT FOR THE PERIOD

Net profit attributable to owners of the parent stood at €190.3 million, an increase in reported terms of 85.7% (2016: €102.4 million). Basic earnings per share were €3.87, compared with €2.11 during the previous period.

Before non-recurring items (other operating income and expense net of tax, net profit/(loss) from discontinued operations and assets held for sale, the 3% contribution on dividends and the non-recurring items with regard to associate companies), net profit/(loss) attributable to owners of the parent was €135.0 million, equivalent to basic earnings per share of €2.75, an increase of 21.1% from €2.27 for the year ended 31 March 2016.

4.1.7 Exceptional events and disputes

At 31 March 2017, the Group's companies were defendants in several actions taken by their usual contractual business partners (former distributors or representatives). The claims of these former contractual partners, in particular the representative of Group brands for the Canadian Monopoly, are fully disputed by the defendant companies. In France, CLS Rémy Cointreau is a defendant in a dispute between itself and the *Association nationale de prévention de l'alcoolisme* (ANPAA – French National Alcohol Prevention Association), which considers that the former's position as exclusive supplier to the Cannes Festival does not comply with the Évin law. The ANPAA is claiming €0.07 million. The position of this association is fully disputed by CLS Rémy Cointreau.

Ongoing litigation at the date of this report is not liable to have, or has not had during the past 12 months, a significant impact on the financial position or profitability of the Company and/or the Group. In this respect, the Group estimates that the provisions recognised in its balance sheet are sufficient to absorb the cost of legal rulings in the event of an unfavourable court decision.

4.2 Financial and cash positions

4.2.1 Comment on the financial position

(in € millions)	March 2017	March 2016	Change
Brands and other intangible assets	526.1	487.6	38.5
Property, plant and equipment	237.3	223.2	14.1
Investments in associates	22.4	40.6	(18.2)
Other financial assets	166.7	94.7	72.0
Non-current assets (other than deferred tax)	**952.5**	**846.1**	**106.4**
Inventories	1,145.4	1,107.9	37.5
Trade and other receivables	224.0	232.8	(8.8)
Trade and other payables	(503.6)	(499.1)	(4.5)
Working capital requirements	**865.8**	**841.6**	**24.2**
Net financial derivatives	(3.4)	9.4	(12.8)
Net current and deferred tax	(72.9)	(74.1)	1.2
Provisions for liabilities and charges	(49.2)	(49.6)	0.4
Assets and liabilities held for sale	1.3	(1.9)	3.2
Other net current and non-current assets and liabilities	**(124.2)**	**(116.2)**	**(8.0)**
TOTAL	**1,694.1**	**1,571.5**	**122.6**
Financed by:			
Equity	**1,304.0**	**1,113.3**	**190.7**
Long-term financial debt	392.8	172.0	220.8
Short-term financial debt and accrued interest charge	75.3	333.1	(257.8)
Cash and cash equivalents	(78.0)	(46.9)	(31.1)
Net financial debt	**390.1**	**458.2**	**(68.1)**
TOTAL	**1,694.1**	**1,571.5**	**122.6**
For information:			
TOTAL ASSETS	**2,441.5**	**2,281.5**	**160.0**

Non-current assets increased by €106.4 million to €952.5 million, including:

Translation reserve	0.5
Year's acquisitions/Asset contribution	112.5
Current tangible and intangible investments	34.9
Depreciation, amortisation and provisions	(20.4)
Adjustment of the value of Dynasty securities	(18.8)
Transfer to "Assets held for sale"	(1.4)
Other movements	(0.9)
TOTAL CHANGE	**106.4**

In December 2016, the Group acquired two exceptional whisky brands: Westland (United States) and Domaine des Hautes Glaces (France). The impact on non-current assets (tangible and intangible) has been an increase of €41.2 million. Moreover, the creation of the Passoã joint venture gave rise to the recognition of a financial asset of €71.3.

As in previous years, current investments concerned the ongoing modernisation of IT systems and production tools, the upgrading of storage facilities for spirits undergoing ageing and the extension to the storage facilities on the various sites.

The change in investments in associates reflects the impairment of Dynasty shares (see 4.1.6 above).

Working capital requirements increased by €24.2 million, of which €3.6 million due to currency effects and €6.6 million for the acquisitions made during the period. The remaining €14 million includes an increase in inventories undergoing ageing for €39.2 million, offset by a decrease in inventories of finished products (€12.4 million), a decrease in operating receivables for €12.3 million and a decrease in operating liabilities for €0.4 million.

(in € millions)	Currency effect	Change	Scope	Total
Inventories undergoing ageing	(1.1)	39.2	6.7	44.8
Other inventories (mainly finished products)	4.8	(12.4)	0.4	(7.3)
Trade and other receivables	3.1	(12.3)	0.3	(8.8)
Trade and other payables	(3.3)	(0.4)	(0.8)	(4.5)
TOTAL WORKING CAPITAL REQUIREMENT	**3.6**	**14.0**	**6.6**	**24.2**

Derivative financial instruments are primarily intended to hedge currency risk. The Group hedges its provisional positions over a rolling 18-month period. The market value of the portfolio held at 31 March 2016 represented net assets of €9.4 million compared to net liabilities of €3.4 million at 31 March 2017, reflecting a portfolio of instruments whose exercise prices are not quite in line with market expectations.

The Group's liabilities net of tax (current and deferred) dropped by €1.2 million.

The "Provisions for liabilities and charges" item fell by €11.8 million, reflecting the absence of significant provisions for the financial year.

At 31 March 2016, "Assets and liabilities held for sale" comprised €1.9 million for the expected impact of the pull-out of the Lixir distribution joint venture which took place during the financial year ended 31 March 2017. The amount at 31 March 2017 concerns the non-strategic real estate assets of the Rémy Martin division.

The change in shareholders' equity breaks down as follows:

(in € millions)	
Net profit for the year	**190.3**
Profit recorded in equity	(5.0)
Impact of stock-option and similar plans	1.8
Change in translation reserves	(0.6)
Transactions on treasury shares	0.4
Dividends paid in shares and cash	(13.0)
Equity component of OCEANE bond	16.3
Other movements	0.5
TOTAL CHANGE	**190.7**

The Shareholders' Meeting of 26 July 2016 approved the payment of an ordinary dividend of €1.60 per share for the year ended 31 March 2016, with an option for payment of the entire dividend in shares. Payment in shares was made on 21 September for a total amount of €64.8 million (957,170 shares issued). The balance of €13 million was paid out in October 2016.

Net debt totalled €390.1 million, a decrease of €68.1 million compared to March 2016, despite a significant investment flow, reflecting a good financial year in terms of change in cash flows.

At 31 March 2017, the Rémy Cointreau Group had €735 million in confirmed funding, including:

- a €255 million revolving syndicated loan due on 11 April 2019 and bearing interest at EURIBOR plus a variable margin;
- a €65 million bond maturing on 13 August 2023, with a coupon of 4% and an issue premium of 2.00%;
- an €80 million bond placed entirely with a private investor, maturing on 27 February 2025 with a coupon of 2.945%;
- a current-account agreement with the Orpar SA company signed on 31 March 2015 for €60 million at a rate of 1.25% and fully drawn since 1 April 2015.
- an OCEANE bond issued on 7 September 2016 for a nominal value of €275 million, maturing on 7 September 2026, with a conversion option exercisable on 7 September 2023, and bearing interest at the rate of 0.125%.

The A ratio[1] (Net debt/EBITDA) on which the availability of the private placement and the syndicated loan is based, was 1.78 at 31 March 2017. The terms of the syndicated loan and private bond placement stipulate that this ratio, calculated every six months, must remain below or equal to 3.5 until the loan matures. The Group does not foresee any difficulties concerning the availability of finance contingent on the A ratio.

4.2.2 Return on Capital Employed (ROCE)

At 31 March 2017, capital employed amounted to €1,064.7 million, compared with €1,031.5 million at 31 March 2016. The €33.2 million increase is essentially due to the increase in inventories undergoing ageing.

Taking into account the current operating profit of €226.1 million, ROCE was therefore 21.2% (2016: 17.3%), *i.e.* an increase of 3.9 points.

(1) The A ratio is calculated every six months. It is the ratio of (a) the arithmetic average of net debt at the end of the half-year and the end of the prior half-year – in this case end-September 2016 and end-March 2017 – and (b) EBITDA for the previous 12 months – in this case end-March 2017.

4.2.3 Comments on cash flows

(in € millions)	2017	2016	Change
EBITDA	248.6	199.6	49.0
Change in working capital requirement	(35.3)	(42.4)	7.1
Net cash flow from operations	213.3	157.2	56.1
Other operating income/(expense)	(3.9)	(0.2)	(3.7)
Financial result	(22.5)	(22.9)	0.4
Income tax	(52.4)	(29.9)	(22.5)
Other operating cash flows	(78.7)	(53.0)	(25.7)
Net cash flow from operating activities	**134.6**	**104.2**	**30.4**
Net cash flows from non-current assets	(36.5)	(30.0)	(6.5)
Net cash flow relating to acquisitions	(46.7)	-	(46.7)
Net cash flow from other investments	0.5	0.7	(0.2)
Net cash flow before investment activities	**51.9**	**74.9**	**(23.0)**
Treasury shares	0.4	(0.9)	1.3
Dividends paid	(13.0)	(72.8)	59.8
Net cash flow relating to capital	**(12.6)**	**(73.7)**	**61.1**
Repayment of financial debt	(5.2)	(33.3)	28.1
Net cash flow after investment activities	**34.1**	**(32.1)**	**66.2**
Translation reserve on cash and cash equivalents	(3.0)	4.9	(7.9)
Change in cash and cash equivalents	**31.1**	**(27.2)**	**58.3**

Earnings before interest, tax, depreciation and amortisation (EBITDA)[1] rose by €49.0 million, mainly due to the change in current operating profit.

The change in working capital requirement consisted of an increase of €35.3 million.

(in € millions)	2017	2016	Change
Change in inventories	(25.9)	(6.2)	(19.7)
Change in trade receivables	4.0	20.9	(16.9)
Change in trade payables	18.2	(26.0)	44.2
Net change in other receivables and payables	(31.5)	(31.1)	(0.4)
CHANGE IN WORKING CAPITAL REQUIREMENT	**(35.3)**	**(42.4)**	**7.1**

For the financial year ended 31 March 2017, the increase in inventories undergoing ageing accounted for €39.2 million of the total change in working capital requirement.

During the year, the Group implemented factoring programmes which had the effect of accelerating customer payments in the amount of €42.4 million at 31 March 2017, *versus* €34.1 million at 31 March 2016.

Net financial cash flows amounted to €22.5 million, remaining stable compared to the previous year.

Income tax mainly reflects payments on account made in respect of the current year and the settlement of tax due for the previous year. For the year ended 31 March 2017, the net cash outflow of €52.4 million was in line with the increase in the current income tax expense.

Net cash outflows relating to current non-financial investments amounted to €36.5 million, compared with €30 million the previous year.

The year's acquisitions (Westland and Domaine des Hautes Glaces) accounted for €46.7 million of investment cash flows.

After net cash flow relating to capital, repayment of financial debt and currency effects, cash and cash equivalents were down €58.3 million. The Group thus had a gross cash position of €78 million at 31 March 2017 (March 2016: €46.9 million). Gross financial debt was €468.1 million (March 2016: €505.1 million).

(1) *EBITDA is calculated as current operating profit adjusted by adding back depreciation and amortisation on property, plant and equipment and intangible assets, expenses relating to long-term bonus plans, and dividends received from associates during the period.*

4.3 Parent company results

4.3.1 Comments on the results

The Company recorded a current operating profit before tax of €144.9 million for the financial year ended 31 March 2017.

Services invoiced to subsidiaries totalled €20.2 million, compared with €18.7 million in the previous year. Services provided by Rémy Cointreau to its subsidiaries are invoiced on the basis of the cost of the services provided, plus a 5% profit margin.

Net operating expenses totalled €33.8 million, up €5.3 million. This sum covers all of the services provided by the Company, which are re-invoiced in part to subsidiaries.

Dividends from subsidiaries totalled €165.1 million, compared with €73.7 million the previous year.

Interest expenses amounted to €14.1 million, down €5.1 million from €19.2 million the previous year, due to the reduction of the debt and lower effective interest rates applied to the Company.

Tax income of €6.5 million relates mainly to the net savings from the consolidated tax scope during the period, after deduction of the additional €0.4 million contribution on dividends paid.

Taking into account these factors, the net profit for the year was €151.2 million.

4.3.2 Comments on the balance sheet

Non-current assets, which primarily comprise equity investments, remained stable over the financial year.

Under the terms of the sale of the Champagne division in July 2011, the Company provided a €75 million loan to the purchaser for a period of nine years. According to the terms of the loan, annual interest payments are capitalised for the first three years. The nominal value of the loan is currently €86.8 million, with interest receivable of €3.2 million.

Shareholders' equity stands at €1,084.5 million, up €138.2 million due to the sharp increase in net profit for the year and to the widespread take-up of the option for the payment of dividends in shares. Dividends paid in respect of the year ended 31 March 2016 amounted to €77.8 million, of which €64.8 million has been converted into shares, corresponding to a capital increase of €1.5 million and a share premium of €63.3 million.

Gross financial debt totalled €537.4 million, down €128.4 million, given the high amount of dividends received from subsidiaries during the period and the limited portion of dividends paid in cash during the year.

Rémy Cointreau has €670 million in confirmed financial resources of which €335 million are contingent on compliance with the so-called A ratio(1) (Net debt/EBITDA). The A ratio was 1.78 at 31 March 2017. The terms of the syndicated loan and private bond placement stipulate that this ratio, calculated every six months, must remain below or equal to 3.5 until the loan matures. Rémy Cointreau does not foresee any difficulties concerning the availability of finance contingent on the A ratio. Moreover, the refinancing of the €205 million bond which matured in December 2016 took place under favourable conditions, with the issue of an OCEANE convertible bond for a nominal amount of €275 million with a maturity of 10 years.

4.3.3 Information in respect of payment terms pursuant to Article D. 4414 of the French Commercial Code

As of 31 March 2017, supplier invoices totalling €0.4 million were due for payment no later than the end of April.

(1) The A ratio is calculated every six months. It is the ratio of (a) the arithmetic average of net debt at the end of the half-year and the end of the prior half-year – in this case end-September 2016 and end-March 2017 – and (b) EBITDA for the previous 12 months – in this case end-March 2017.

4.4 Recent events and outlook

4.4.1 Recent events

None.

4.4.2 Outlook

Due to its unique business model and its portfolio of exceptional spirits, the Rémy Cointreau Group pursues its long-term strategy of focusing on its high-end products, founded on the excellence of terroirs, the mastery of savoir-faire and the importance of time.

For 2019/2020, following the significant increase in profitability achieved over the past two years, the Group is now expecting a current operating margin between 21.5% and 22.5% (*versus* 18.0% and 20.0% previously). This new target is based on a euro-dollar parity of 1.11 (*versus* 1.30 for the initial target set in June 2015, based on 2014/2015 profit) and the consolidation scope as at 31 March 2017.

For 2017/2018, Rémy Cointreau is once again expecting an increase in current operating profit on a like-for-like basis.

5

CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

5.1 CONSOLIDATED INCOME STATEMENT

(in € millions)	*Notes*	**2017**	**2016**
Net sales	*15*	**1,094.9**	**1,050.7**
Cost of sales		(364.2)	(384.9)
Gross margin		**730.7**	**665.8**
Distribution costs	*16*	(416.7)	(406.7)
Administrative expenses	*16*	(88.5)	(81.6)
Other income from operations	*16*	0.6	0.9
Current operating profit	*15*	**226.1**	**178.4**
Other operating income/(expense)	*18*	(4.8)	0.3
Operating profit		**221.3**	**178.7**
Cost of net financial debt		(21.4)	(24.0)
Other financial income/(expense)		(10.5)	(3.3)
Net financial income/(expense)	*19*	**(31.9)**	**(27.3)**
Profit before tax		**189.4**	**151.4**
Income tax	*20*	(44.5)	(44.1)
Share in profit of associates	*5*	(19.6)	(4.8)
Profit from continuing operations		**125.2**	**102.5**
Net profit/(loss) from deconsolidated and discontinued operations	*21*	65.0	–
Net profit for the year		**190.2**	**102.5**
Of which:			
attributable to non-controlling interests		(0.0)	0.1
attributable to owners of the parent		190.3	102.4
Net earnings per share – from continuing operations (in €)			
basic		2.55	2.11
diluted		2.42	2.11
Net earnings per share – attributable to owners of the parent (in €)			
basic		3.87	2.11
diluted		3.68	2.10
Number of shares used for the calculation			
basic	10.2	49,123,523	48,579,832
diluted	*10.2*	51,782,976	48,682,638

5.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	**2017**	**2016**
Net profit for the year	**190.2**	**102.5**
Movement in the value of hedging instruments	(5.6)	31.5
Actuarial difference on pension commitments	(2.1)	1.2
Movement in the value of AFS shares	-	(0.2)
Related tax effect	2.7	(12.3)
Movement in translation differences	(0.5)	(12.8)
Total income/(expenses) recorded in equity	(5.6)	7.4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**184.7**	**109.9**
Of which:		
attributable to owners of the parent	184.6	109.9
non-controlling interests	0.1	-

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5.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € millions)	*Notes*	**2017**	**2016**
Brands and other intangible assets	*3*	526.1	487.6
Property, plant and equipment	*4*	237.3	223.2
Investments in associates	*5*	22.4	40.6
Non-current financial assets	*6*	166.7	94.7
Deferred tax assets	*20*	30.4	28.9
Non-current assets		**982.9**	**875.0**
Inventories	*7*	1,145.4	1,107.9
Trade and other receivables	*8*	224.0	232.8
Income tax receivables		6.6	7.8
Derivative financial instruments	*14*	3.3	10.6
Cash and cash equivalents	*9*	78.0	46.9
Assets held for sale	*2*	1.3	0.5
Current assets		**1,458.6**	**1,406.5**
TOTAL ASSETS		**2,441.5**	**2,281.5**
Share capital		79.5	78.0
Share premium		758.6	695.3
Treasury shares		(8.4)	(8.7)
Consolidated reserves and profit of the year		445.9	319.8
Translation reserve		26.8	27.5
Equity – attributable to owners of the parent		**1,302.5**	**1,111.9**
Non-controlling interests		1.5	1.4
Equity	*10*	**1,304.0**	**1,113.3**
Long-term financial debt	*11*	392.5	172.0
Provision for employee benefits	*23*	31.6	30.7
Long-term provisions for liabilities and charges	*12*	6.6	5.6
Deferred tax assets	*20*	98.9	101.0
Non-current liabilities		**529.6**	**309.3**
Short-term financial debt and accrued interest charge	*11*	75.6	333.1
Trade and other payables	*13*	503.6	499.1
Income tax payables		11.0	9.8
Short-term provisions for liabilities and charges	*12*	10.9	13.3
Derivative financial instruments	*14*	6.7	1.2
Liabilities held for sale	*2*	-	2.4
Current liabilities		**607.9**	**858.9**
TOTAL EQUITY AND LIABILITIES		**2,441.5**	**2,281.5**

5.4 CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

						Attributable to:		
(in € millions)	Share capital and premium	Treasury shares	Reserves and net profit	Translation reserve	Profit recorded in equity	owners of the parent company	non-controlling interests	Total equity
At 31 March 2015	**771.8**	**(9.6)**	**306.0**	**40.2**	**(34.1)**	**1,074.3**	**1.4**	**1,075.7**
Net profit for the period	-	-	102.4	-	-	102.4	0.1	102.5
Gains (losses) recorded in equity	-	-	-	(12.7)	20.2	7.5	(0.1)	7.4
Share-based payments	-	-	1.4	-	-	1.4	-	1.4
Transactions on treasury shares	-	(0.9)	-	-	-	(0.9)	-	(0.9)
Dividends	1.5	-	(74.3)	-	-	(72.8)	-	(72.8)
Reclassification	-	1.8	(1.8)	-	-	-	-	-
At 31 March 2016	**773.3**	**(8.7)**	**333.8**	**27.5**	**(13.9)**	**1,111.9**	**1.4**	**1,113.3**
Net profit for the period	-	-	190.3	-	-	190.3	(0.0)	190.3
Gains (losses) recorded in equity	-	-	-	(0.6)	(5.1)	(5.7)	0.1	(5.6)
Share-based payments	-	-	1.8	-	-	1.8	-	1.8
Transactions on treasury shares	-	0.4	-	-	-	0.4	-	0.4
Dividends	64.8	-	(77.8)	-	-	(13.0)	-	(13.0)
OCEANE[1]	-	-	16.3	-	-	16.3	-	16.3
Other movements	-	-	0.5	-	-	0.5	-	0.5
AT 31 MARCH 2017	**838.1**	**(8.4)**	**464.9**	**26.8**	**(19.0)**	**1,302.5**	**1.5**	**1,304.0**

(1) On 7 September 2016, Rémy Cointreau SA issued bonds convertible or exchangeable into new or existing shares (OCEANE), with a par value of €275 million, maturing on 7 September 2026 (see note 11.6 "Bonds"). The difference after tax between the par value of the bonds and their fair value on the date of issue, is recognised as equity.

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5.5 Consolidated statement of cash flows

(in € millions)	*Notes*	**2017**	**2016**
Current operating profit		226.1	178.4
Depreciation, amortisation and impairment		20.4	18.8
Share-based payments		1.8	1.7
Dividends received from associates	*5*	0.4	0.7
EBITDA		**248.6**	**199.6**
Change in inventories		(25.9)	(6.2)
Change in trade receivables		4.0	20.9
Change in trade payables		18.2	(26.0)
Change in other receivables and payables		(31.5)	(31.1)
Change in working capital requirement		(35.3)	(42.4)
Net cash flow from operations		**213.3**	**157.2**
Other operating income (expense)		(3.9)	(0.2)
Financial result		(22.5)	(22.9)
Income tax		(52.4)	(29.9)
Other operating cash flows		**(78.7)**	**(53.0)**
Net cash flow from operating activities – continuing operations		**134.6**	**104.2**
Impact of deconsolidated and discontinued operations		-	-
Net cash flow from operating activities		**134.6**	**104.2**
Capital expenditure and recurring administrative investments	*3/4*	(36.9)	(30.8)
Purchase of shares in associates and non-consolidated investments	*5/6*	(48.1)	(0.7)
Disposal of non-current assets		0.4	0.8
Disposal of shares in associates and non-consolidated investments	*6*	1.3	0.7
Net cash flow from other investments	*6*	(0.8)	0.7
Net cash flow from investment activities – continuing operations		**(84.1)**	**(29.3)**
Impact of deconsolidated and discontinued operations		-	-
Net cash flow from investment activities		**(84.1)**	**(29.3)**
Treasury shares	*10*	0.4	(0.9)
Increase in financial debt		282.3	110.5
Repayment of financial debt		(287.5)	(143.8)
Dividends paid		(13.0)	(72.8)
Net cash flow from financing activities – continuing operations		**(17.8)**	**(107.0)**
Impact of deconsolidated and discontinued operations		-	-
Net cash flow from financing activities		**(17.8)**	**(107.0)**
Translation differences on cash and cash equivalents		(1.6)	4.9
Change in cash and cash equivalents		**31.1**	**(27.2)**
Cash and cash equivalents at start of year	*9*	**46.9**	**74.1**
Cash and cash equivalents at end of year	*9*	**78.0**	**46.9**

5.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

INTRODUCTION

Rémy Cointreau is a *société anonyme* (joint stock company) with a Board of Directors subject to French legislation and in particular the French Commercial Code. Rémy Cointreau shares are listed on Euronext Paris.

The consolidated financial statements presented below were approved by the Board of Directors on 7 June 2017. They will be submitted for shareholders' approval at the Shareholders' Meeting on 25 July 2017.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rémy Cointreau's financial year runs from 1 April to 31 March. The consolidated financial statements are presented in millions of euros.

In accordance with European regulation (EC) No. 1606/2002 of 19 July 2002, Rémy Cointreau's consolidated financial statements are prepared in accordance with international accounting standards applicable within the European Union as of 31 March 2017.

These standards can be consulted on the European Commission website at:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

Changes to accounting principles compared with the previous year

The standards and amendments whose application by the Group was compulsory for the first time from 1 January 2016 are as follows:

- IFRS annual improvement cycle 2012-2014;
- amendments to IAS 1: "Presentation of Financial Statements" – Disclosure Initiative;
- amendments to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortisation";
- amendments to IAS 16 and IAS 41: "Agriculture: Bearer Plants";
- amendments to IAS 27: "Equity method in separate financial statements";
- amendments to IFRS 11: "Joint Arrangements";
- limited amendments to IFRS 10, IFRS 12 and IAS 28: "Investment Entities: Applying the Consolidation Exception".

The first time adoption of these standards and amendments did not have any material impact on the consolidated financial statements.

The standards, interpretations and amendments whose application is compulsory after 31 March 2017 and for which the Group did not choose early application for the consolidated financial statements for the year ended 31 March 2017 are as follows:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from Contracts with Customers".

The impact of the application of IFRS 15 "Revenue from Contracts with Customers" is currently being assessed. The results will be shared as part of the interim financial statements to 30 September 2017.

NOTE 1.1 USE OF ESTIMATES

The preparation of the financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions that have a bearing on the amounts reported in the financial statements and whose subsequent revision could affect future results. This is particularly the case in respect of the items described below.

Asset impairment tests

In the context of conducting impairment tests on the carrying amount of intangible assets with an indefinite useful life, and of other assets (such as the Dynasty Group investment (see note 5)), and when required by standards or circumstances, the Group regularly uses discounted future cash flow calculations and/or market values of comparable assets. The underlying parameters of such calculations are subject to assumptions, the future evolution of which may lead to significant changes in subsequent values.

Provisions for liabilities and charges

The recognition of provisions, generally intended to cover compensation payable in the event of disputes with third parties, requires the Group's management to estimate the level of probability associated with this risk and also the outcome of negotiations, transactions and legal proceedings that are or may be conducted with the third parties concerned.

Pension commitments and other post-employment benefits

The valuation of these obligations is determined by the use of actuarial methods involving assumptions in respect of the discount rate, expected return on plan assets, salary increases, life expectancy, etc. Given the long-term nature of these obligations, any changes to these assumptions may have a material impact on the valuation.

Derivative financial instruments

Derivative financial instruments held by the Group in connection with its ordinary activities, mainly in the form of options, are valued using the methods prevailing in the financial markets. Note that these valuations are based on market data as at the balance sheet date. These values may fluctuate rapidly due to constant changes in the financial markets.

NOTE 1.2 CONSOLIDATION METHODS

The consolidated financial statements include, on a fully consolidated basis, all significant subsidiaries of which Rémy Cointreau directly or indirectly controls more than 50% of the voting rights or over which it exercises effective control, even when it has no actual shareholding (special purpose entities, see also note **1.7**).

Entities over which Rémy Cointreau exercises significant influence are accounted for by the equity method. This is presumed to be the case when Rémy Cointreau holds between 20% and 50% of voting rights.

Consolidated companies prepare their financial statements in accordance with generally accepted accounting principles in their country. Where necessary, adjustments are made to these financial statements to bring their accounting policies into line with those used by the Group.

All significant transactions between consolidated companies as well as intra-Group gains and losses are eliminated on consolidation.

NOTE 1.3 TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The consolidated financial statements of the Rémy Cointreau Group are stated in euros, the functional currency of Rémy Cointreau SA.

The balance sheets of subsidiaries, whose functional currency is not the euro, are translated at the closing exchange rate. The income statements and statements of cash flows are translated at the average exchange rate for the period concerned. Differences arising from the use of different exchange rates are recognised directly in equity under "Translation differences" until the sale or liquidation of the subsidiary concerned.

NOTE 1.4 FOREIGN-CURRENCY TRANSACTIONS

In relation to each entity, transactions denominated in currencies other than the functional currency are recorded in the functional currency using the exchange rate applicable on the date of transaction. At the end of each period, cash assets and liabilities in foreign currencies are revalued using the closing exchange rate for the year. The resulting differences are recognised in either the operating profit or net financial income depending on the nature of the underlying transactions.

By way of exception, revaluation differences relating to transactions classified as net investment hedges are recognised directly in equity under "Translation differences".

As a general rule, distribution subsidiaries invoice their customers in the functional currency of the customer and make purchases from production subsidiaries in their own functional currency (not in the functional currency of the production company). The majority of the Group's production subsidiaries are located in the euro zone, despite the euro representing only 25% of its sales. As a result, the production subsidiaries and certain distribution subsidiaries are significantly exposed to changes in foreign exchange rates.

The Group manages this risk, and other similar risks associated with the financing of its "non euro" subsidiaries, centrally through the use of derivative financial instruments which are recognised in accordance with IAS 39. The hedging instruments are concluded over a rolling 18-month period. At the end of each period, the Group may retain a portfolio of instruments intended to hedge the cash flows of subsequent years. Over the course of the financial year, the instruments retained at the start of the year reach maturity.

The revaluation effects of foreign currency derivative financial instruments at the end of each period are recognised in financial income for the portion that must be recorded as income in accordance with the standard, regardless of the type of cash flows hedged (trading or financial). These revaluations, dependent upon the closing exchange rate for each currency, have no bearing on the income that will actually be generated upon maturity of the instruments.

The income actually generated upon maturity of financial instruments allocated in the financial year is recorded in either gross margin or financial income depending on the type of cash flows hedged (trading or financial).

NOTE 1.5 BUSINESS COMBINATIONS AND GOODWILL

Goodwill represents the difference between the cost of acquisition of the businesses and the fair value of identifiable assets and liabilities at the date of acquisition.

In accordance with IFRS 3 "Business combinations", goodwill is not amortised but is subject to impairment testing at least annually and as soon as there is any indication of a decrease in value. For the purpose of this testing, goodwill is allocated to Cash Generating Units (CGUs).

Costs related to an acquisition are recognised in profit and loss for the periods in which the costs are incurred and the services received. They are classified as "Other operating income and expenses" in the consolidated income statement and as net cash flow from investment activities in the consolidated cash flow statement.

NOTE 1.6 DEFINITION OF CERTAIN INDICATORS

A) Net sales

Net sales include wholesale trading of finished goods in branded wines and spirits marketed by the Group to:

- distributors;
- agents;
- wholesalers, mainly in North America and China.

These sales are recognised when the significant risks and rewards of ownership have been transferred to the customer, which generally occurs on shipment.

These amounts are stated net of duties and taxes and are determined by reference to customer prices. Sales to wholesalers are recognised net of any provisions for discounts, rebates and other forms of trade agreements when they result in the customer ultimately paying a lower price for the goods.

Certain revenues that are ancillary to the sale of wine and spirit brands (notably from subcontracting and the distribution of alcohol-free products) are recorded at their net amount under "Other income from operations" when they are peripheral to the Group's core activity.

B) Current operating profit, operating profit, net profit/(loss) from discontinued operations

Current operating profit comprises all elements relating to the Group's activities with the exception of:

- the operating profit from operations deconsolidated or discontinued during the period or for which plans to this effect have been approved by the Board of Directors. The corresponding operating profit is reclassified in the item "Net profit/(loss) from discontinued operations" together with other items of income and expense relating to these activities;
- items that, given their nature, frequency and materiality, cannot be considered as part of the Group's ordinary activities and which affect inter-period comparisons. They include notably impairment provisions in respect of brands and other non-current assets recognised as a result of impairment tests (see note **1.8**), provisions for restructuring and litigation, and significant gains and losses on the sale of assets other than those relating to operations that already have been, or are to be, discontinued.

C) Earnings before interest, tax, depreciation and amortisation (EBITDA)

This measure is used to calculate certain ratios. It corresponds to: current operating profit + depreciation and amortisation expenses on property, plant and equipment and intangible assets for the period + expenses related to stock option and similar plans + dividends paid by associates during the period.

D) Net debt

This measure is used to calculate certain ratios. It corresponds to: long-term financial debt + short-term financial debt and accrued interest – cash and cash equivalents.

NOTE 1.7 CONSOLIDATION OF CO-OPERATIVES

Since 1 April 2003, the Rémy Cointreau Group has fully consolidated as a special purpose entity, the Alliance Fine Champagne (AFC) co-operative, in respect of the scope of operations relating to Rémy Cointreau.

This consolidation is reflected by the recognition in the consolidated statement of financial position of the inventories that AFC holds and intends to deliver to Rémy Cointreau. These inventories include inventories held by the distillers in connection with three-year supply agreements. Corresponding entries are included in financial debt and trade payables. The resulting finance costs are also included in the Rémy Cointreau Group's cost of financial debt.

NOTE 2 CHANGES IN CONSOLIDATION SCOPE

NOTE 2.1 LIXIR

The Lixir securities classified as "Assets held for sale" at 31 March 2016 were sold during the financial year ended 31 March 2017 for €0.5 million. The sum of €2.4 million corresponding to the estimated exit costs and recorded under "Liabilities held for sale" at 31 March 2016, was paid during the period.

NOTE 2.2 PASSOÃ

Following an agreement entered into on 14 October 2016, Rémy Cointreau and Lucas Bols N.V. created a joint venture, Passoã SAS, to oversee the operation and continued development of the Passoã brand business. On 1 December 2016, Rémy Cointreau contributed all Passoã activities, including manufacturing and distribution, as well as the brands and inventories, while Lucas Bols N.V. contributed its knowledge and expertise in liqueurs and cocktails, in addition to the working capital.

For the financial year ended 31 March 2016, and for the period between April and the end of November 2016, the Passoã business' contribution to the Group's consolidated net sales and current operating profit was approximately 2%. At the date of the contribution, the business and main assets (brands, recipes, clientele, inventories, receivables and direct liabilities) were recorded in the Group's statement of financial position at a carrying amount of approximately €1 million, the brand having been created ex-nihilo in 1986. In light of the immateriality of these elements, the Group has not applied IFRS 5 to the closing of the financial statements at 31 March 2017.

Under the terms of the agreements, Lucas Bols N.V. assumes the operational control and financial management of the joint venture. Consequently, this entity is not consolidated within Rémy Cointreau. Given the characteristics of the transaction, the securities received in consideration for the contribution, are recorded in the statement of financial position at their market value, under "Other equity investment financial assets" (note **6.3**). The transaction generated a profit for the period, net of costs and deferred tax, of €65.0 million (note **21**).

The agreement includes, subject to certain conditions in the future, the possibility that Lucas Bols N.V may acquire the stake held by Rémy Cointreau in the joint venture.

NOTE 2.3 DOMAINE DES HAUTES GLACES AND WESTLAND

On 5 and 6 January 2017, the Rémy Cointreau Group announced the completion of its acquisition of 100% of the capital of Domaine des Hautes Glaces, and the Westland distillery.

These two transactions have strengthened the Group's single malt whisky division, which was created with the acquisition of Bruichladdich in September 2012.

- Domaine des Hautes Glaces is a mountain farm distillery located in the heart of the French Alps that has been crafting single malt whiskies since 2009, mainly using local energies and raw materials. Its produce are certified organic.
- Westland is a distillery founded in 2010 in Seattle, on the Pacific northwest coast of the United States. Its whiskies reflect the singular character and traditions of the Pacific northwest region, combining ancestral craftsmanship with a pioneering spirit.

These acquisitions had the following impact on the consolidated financial statements for the period:

Goodwill	27.4
Brands	9.8
Property, plant and equipment	3.9
Other financial assets	0.1
Inventories	7.1
Other current assets (net)	(0.5)
Cash	0.1
Gross financial debt	(0.5)
TOTAL BALANCE SHEET	**47.4**

Purchase price	47.4
Acquisition-related costs	0.7
TOTAL DISBURSEMENTS	**48.1**

Net sales	0.3
Current operating profit/(loss)	(0.6)
Operating profit/(loss)	(1.3)
Taxes	0.5
NET PROFIT/(LOSS) FOR THE PERIOD	**(0.9)**

NOTE 3 BRANDS AND OTHER INTANGIBLE ASSETS

With the exception of software licences, "Brands and other intangible assets" mainly comprise the value of the intangibles identified when acquisitions are made by the Group: residual goodwill, brands, distribution rights.

For certain brands owned by the Group, the value recorded in the balance sheet is the result of the acquisition of non-controlling interests or businesses subsequent to the creation or inclusion of the brand. The amount recorded in the balance sheet therefore represents only a percentage of the value of the brand.

The values recorded under "Brands" in the Rémy Cointreau Group's statement of financial position are not amortised as they have the benefit of legal protection, generate higher earnings than those of similar unbranded products and have an indefinite useful life.

Brands are tested for impairment at least annually at the period end and as soon as there is any indication of a decrease in value. These tests, described below, also relate to goodwill and distribution rights, where appropriate.

Expenditure incurred to create new brands or to develop existing brands and all expenses relating to the registration and legal protection of brands are systematically recognised in the income statement for the period in which they are incurred.

Pursuant to IAS 38 – "Intangible assets", advertising and promotional expenses are recorded as expenses in the period in which they are incurred.

The Rémy Cointreau Group does not capitalise any research and development costs.

Other intangible assets are amortised over the following periods:

- leasehold rights: over the term of the lease;
- purchase price of software licences and direct costs of installations and/or upgrades: three to seven years.

IMPAIRMENT TESTS

For impairment tests performed on the carrying amount of intangible assets with an indefinite useful life, when required by standards or circumstances, the Group regularly uses discounted future cash flow calculations and/or market values of comparable assets. The underlying parameters of such calculations are subject to assumptions, the future evolution of which may lead to significant changes in subsequent values.

The value in use of assets falling within the scope of IAS 36 "Impairment of assets" is tested as soon as there is any indication that it may be impaired, and automatically at each year-end in the case of assets with an indefinite useful life, except in the case of certain brands for which the Group uses the exemption granted by IAS 36.24 due to a significant difference between the carrying amount and the recoverable amount.

When impairment tests indicate that the present value is less than the carrying amount and that this loss is deemed to be permanent, impairment is recognised in the income statement.

For these tests, assets are allocated to Cash Generating Units (CGUs). In the Group's case, the structure of these units is based on the brand portfolio. Each brand or group of brands constitutes a unit when the brand or brands generate cash inflows that are largely independent of those generated by other brands or groups of brands.

These tests consist of comparing the carrying amount of the assets or group of assets with their present value, the latter being the higher of their value in use and their market value less any costs involved in selling the assets.

The principal method used to estimate value in use is based on the present value of future cash flows (excluding finance costs) generated by the use of each brand, asset or group of assets. Cash flows are estimated based on medium-term business plans, the duration of which is tailored to the individual characteristics of each activity. As such, the duration is five years for brands without ageing processes and twelve years for brands with ageing processes. The terminal value is determined by applying a constant growth rate to infinity. The discount rates used are set and include a specific risk premium for each activity.

When recent transactions involving similar assets have taken place, the multiples for these transactions are used to determine market value.

With respect to operational entities that the Group's management has decided to sell, the assets concerned are stated at the lower of their carrying amount and estimated market value after transaction costs. If negotiations are in progress, the value is based on the best estimate of their outcome as of the balance sheet date.

(in € millions)	Goodwill	Brands	Distribution rights	Other	Total
Gross value at 31 March 2016	**26.0**	**503.9**	**7.5**	**34.7**	**572.1**
Acquisitions	-	0.0	-	5.8	5.8
Disposals, items scrapped	-	-	-	(0.0)	(0.0)
Changes in consolidation scope	27.4	9.8	-	-	37.2
Translation reserve	(1.7)	(0.5)	0.2	0.4	(1.5)
Gross value at 31 March 2017	**51.8**	**513.2**	**7.7**	**40.9**	**613.6**
Accumulated depreciation, amortisation and impairment at 31 March 2016	**-**	**52.9**	**5.3**	**26.3**	**84.5**
Increase	-	-	-	2.4	2.4
Disposals, items scrapped	-	-	-	(0.0)	(0.0)
Translation reserve	-	0.2	0.1	0.3	0.5
Accumulated depreciation, amortisation and impairment at 31 March 2017	**-**	**53.1**	**5.4**	**29.0**	**87.5**
Net carrying amount at 31 March 2016	**26.0**	**451.0**	**2.2**	**8.3**	**487.6**
Net carrying amount at 31 March 2017	**51.8**	**460.1**	**2.4**	**11.9**	**526.1**

"Other" mainly comprises software licences.

The "Distribution rights" carrying amount includes a brand-equivalent amount.

The amounts recorded under "Goodwill", "Brands" and "Distribution rights" are considered to have an indefinite useful life.

"Goodwill" includes the goodwill arising from the acquisition of Bruichladdich Distillery Ltd in September 2012, the goodwill arising from the acquisition of the Mount Gay Rum Refinery in May 2014 and the goodwill arising from the acquisitions of Domaine des Hautes Glaces and Westland in January 2017.

The amounts recorded under "Brands" (as well as "Goodwill" and "Distribution rights") in the Group's statement of financial position mainly relate to the following brands: Rémy Martin, Cointreau, Mount Gay, Metaxa, Ponche Kuba, Bruichladdich and Westland.

The carrying amounts of Rémy Martin, Cointreau and Mount Gay are essentially derived from the acquisition of non-controlling interests and so do not represent a comprehensive valuation of these brands. Metaxa, Ponche Kuba, Bruichladdich and Westland are acquired brands. The other brands held by the Group were created and do not have any carrying value on the balance sheet.

No impairment was recognised by the Group in light of the tests carried out during the financial year. For these tests, the present value used was the recoverable amount, mainly established on the basis of discounted future cash flows, as explained above.

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For the year ended 31 March 2017, the main assumptions were as follows:

	Discount rate	Perpetual growth rate	Change impact 50 bps: +50 bps on the discount rate	Change impact 50 bps: -50 bps on the perpetual growth rate	Impairment
Mount Gay	9.42%	1.00%	(3.5)	(0.8)	no
Bruichladdich	7.82%	1.00%	(8.2)	(2.7)	no
Metaxa(1)	9.63%	1.00%	(10.1)	(8.0)	no
Total			**(21.8)**	**(11.5)**	
For memory, total tested net carrying amount			**192.0**	**192.0**	

(1) For Metaxa, a variation of 10% on cash flows would generate an impact of approximately €17 million. A discount rate of 10.94% would make the Brand valuation equal to its net carrying amount.

At 31 March 2017, the total provision for impairment of intangible assets was €53.1 million (2016: €52.9 million), including €45.0 million for the Greek brandy Metaxa, acquired in 2000, and €8.1 million for secondary brands.

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

GROSS VALUE

In accordance with IAS 16 “Property, Plant and Equipment”, the gross value of items of property, plant and equipment corresponds to their acquisition or production cost. These assets are not revalued subsequently.

Their value does not include any finance costs.

Capital grants are deducted from the cost of the property, plant or equipment to which they relate.

Maintenance and repair costs are recognised in the income statement when incurred, except when intended to increase productivity and/or to extend the useful life of an asset.

Items of property, plant and equipment acquired through finance leases, as defined by IAS 17 “Leases”, are recorded as assets on the balance sheet at the lower of the market value of the asset or the present value of future payments. The corresponding debt is recorded as a liability on the balance sheet.

The assets concerned are depreciated using the methods and useful lives described below.

DEPRECIATION

Depreciation is calculated using the straight-line method applied to the acquisition cost less any estimated residual value.

The Rémy Cointreau Group’s property, plant and equipment are predominantly used in production. Given that they are used until the end of their estimated useful lives, it is deemed that they have no material residual value.

Depreciation is based on the estimated useful lives of the different categories of property, plant and equipment, being the periods during which it is estimated that the Group will derive economic benefits from these assets.

- Buildings, depending on the components 10 to 75 years
- Stills, casks, vats 35 to 50 years
- Technical plant, machinery and equipment 3 to 15 years
- Computer hardware 3 to 5 years
- Other non-current assets 5 to 10 years

(in € millions)	Land	Buildings	Other	In progress	Total
Gross value at 31 March 2016	**13.8**	**123.3**	**257.8**	**6.4**	**401.3**
Acquisitions	0.1	6.3	17.9	4.7	29.0
Disposals, items scrapped	(0.3)	(0.6)	(4.7)	-	(5.5)
Changes in consolidation scope	-	2.0	2.0	-	4.1
Other movements	0.4	(0.5)	4.3	(5.8)	(1.6)
Translation reserve	0.1	(0.2)	1.7	(0.0)	1.6
Gross value at 31 March 2017	**14.2**	**130.3**	**279.0**	**5.3**	**428.8**
Accumulated depreciation and impairment at 31 March 2016	**3.0**	**47.0**	**128.1**	**-**	**178.1**
Increase	0.4	3.7	13.8	-	17.9
Disposals, items scrapped	(0.1)	(0.8)	(4.3)	-	(5.1)
Changes in consolidation scope	-	0.1	0.1	-	0.2
Other movements	-	(0.2)	(0.0)	-	(0.3)
Translation reserve	(0.0)	0.1	0.7	-	0.8
Accumulated depreciation and impairment at 31 March 2017	**3.3**	**49.9**	**138.4**	**-**	**191.6**
Net carrying amount at 31 March 2016	**10.8**	**76.3**	**129.7**	**6.4**	**223.2**
Net carrying amount at 31 March 2017	**10.9**	**80.4**	**140.6**	**5.3**	**237.3**

As of 31 March 2017, no property, plant or equipment owned by the Group was subject to impairment provisions. These non-current assets are unencumbered.

For the financial year ended 31 March 2017, the acquisitions amounting to €29.0 million mainly correspond to the ongoing modernisation of IT systems and manufacturing tools, the purchase of barrels facilities for spirits undergoing ageing and the extension of the storage facilities at various sites.

NOTE 5 INVESTMENTS IN ASSOCIATES

Investments in associates represent equity interests in companies meeting the principle described in note **1.2**.

(in € millions)	Dynasty	Diversa	Spirits Platform	Total
At 31 March 2016	**32.0**	**7.6**	**1.0**	**40.6**
Dividend paid	-	(0.3)	-	(0.3)
Profit of the year	-	(0.0)	0.1	0.1
Provision for impairment	(18.8)	(0.8)	-	(19.7)
Translation reserve	1.6	-	0.1	1.7
At 31 March 2017	**14.7**	**6.5**	**1.2**	**22.4**

NOTE 5.1 DYNASTY

The 27% interest in the Dynasty Group originated in a joint venture for wine production between Rémy Cointreau and the city of Tianjin (China) in 1980. This Group was listed on the Hong Kong stock exchange in 2005.

Following allegations of fraud with regard to 2010 and 2011, the listing was suspended on 22 March 2013. It has not been re-listed to date due to the Company's inability to publish the audited financial statements for the 2012, 2013, 2014, 2015 and 2016 financial years.

During these years, the Dynasty Group also had to face a market in turmoil. After strong development up to the end of 2012 that attracted new actors, and therefore more competition, the market saw the massive arrival of low-cost imported products and measures taken by the Chinese government to limit reception costs. Whilst it did not publish financial statements, Dynasty regularly informed the market of the fall in its net sales and its losses, which can be explained by its internal difficulties and the context. As a shareholder in the Hong Kong-listed Group, Rémy Cointreau is also subject to restrictions in terms of access to financial information on the Dynasty Group due to the current rules governing the Hong Kong exchange.

Due to this unprecedented extended delay, the assessment of this holding since the end of the 2012/2013 financial year is a source of uncertainty and technical difficulties.

The carrying value at 31 March 2012 corresponds to a valuation of HK$1.88 per share. The last price before the suspension, which already reflected the anticipation of lower performance for the Company, was HK$1.44 per share. During the 2012/2013, 2013/2014 and 2015/2016 financial years, Rémy Cointreau carried out three successive impairments to reduce the valuation per share to HK$1.27, HK$0.94 and then HK$0.84.

At 31 March 2017, in light of external information made available to it, Rémy Cointreau revised the valuation downward to HK$0.36. Although Dynasty remains the fourth or fifth largest wine producer in China, its competitive positioning has fallen further over the course of the financial year, despite a highly dynamic market. The Group also announced further delays in the publication of its 2012, 2013, 2014, 2015 and 2016 financial statements.

The revising of the valuation was based on an updated DCF model over 7 years with a discount rate of 17.5% (calculated by an independent expert) and a long-term growth rate of 1%. The assumptions concerning the increase in Dynasty's market share and profitability were also revised downwards based on tests carried out during the financial year ended 31 March 2016.

There are many factors of incertitude concerning the subsequent evolution of this value, whether upwards or downwards.

In terms of sensitivity, one cent of a HK$ in the share value corresponds to an approximate €0.4 million change in the value of Rémy Cointreau's interest.

The Dynasty Group regularly publishes information on its website: www.dynasty-wines.com.

NOTE 5.2 DIVERSA

On 31 March 2009, the Group acquired a 50% interest in Diversa GmbH and formed a distribution joint venture in Germany with the Underberg Group.

At 31 March 2017, Diversa GmbH's net sales were €93.4 million (2016: €99.9 million). Its total assets amounted to €34.1 million at 31 March 2017 (2016: €32.4 million).

For the year ended 31 March 2017, the Rémy Cointreau Group generated net sales of €20.7 million with Diversa (2016: €21.5 million).

As a result of discussions with the Underberg Group about the future of this investment, a provision was made for impairment of goodwill at 31 March 2017 in the amount of €0.8 million.

NOTE 5.3 SPIRITS PLATFORM

On 31 July 2015, the Rémy Cointreau Group acquired a 37% stake in Spirits Platform Pty Ltd for €0.7 million. When this company was created, a €0.4 million loan was granted to certain shareholders for a five-year term, recognised in "Other financial assets". Spirits Platform Pty Ltd, consolidated using the equity method, distributes Rémy Cointreau's brand portfolio in the Australian market.

Its financial year-end is 30 September. Its net sales for the year ended 31 March 2017 totalled €42.6 million (€12.7 million at 31 March 2016). Its total assets amounted to €15.5 million at 31 March 2017 (2016: €12.0 million).

In the year to 31 March 2017, the Rémy Cointreau Group generated net sales of €8.7 million with Spirits Platform (2016: €5.5 million).

NOTE 6 OTHER FINANCIAL ASSETS

(in € millions)	2017	2016
Non-consolidated equity investments (note **6.1**)	1.3	2.4
Vendor loan (note **6.2**)	88.5	88.2
Other equity investment financial assets **(note 6.3)**	71.3	-
Loans to non-consolidated equity investments	0.4	0.4
Liquidity account excluding Rémy Cointreau shares **(note 6.4)**	3.3	2.2
Other	1.8	1.5
TOTAL	**166.7**	**94.7**

NOTE 6.1 NON-CONSOLIDATED EQUITY INVESTMENTS

These shares consist of “Available-For-Sale investments” (AFS) as defined by IAS 39 and are therefore stated at realisable value as at the balance sheet date, with changes in value being recognised:

- in general, directly in equity until such gains or losses are actually realised;
- as an impairment provision in financial result, when the loss is considered to be permanent.

In the case of the Rémy Cointreau Group, these shares represent non-core investments that have been retained for historical reasons.

(in € millions)	% held	2017	% held	2016
Dettling & Marmot (Switzerland)	25.0%	1.0	25.0%	1.0
Balachoa-Vinhos de Portugal (Portugal)	0.8%	0.5	0.8%	0.5
Ducs de Gascogne SA (France)	-	-	30.1%	0.5
Tianjin Dvpt Holding Ltd (RPC)	-	-	0.2%	0.4
TOTAL		**1.5**		**2.4**

NOTE 6.2 VENDOR LOAN

As part of the disposal of the Champagne division, which took place on 8 July 2011, the Rémy Cointreau Group granted a vendor loan of €75 million, over a maximum term of nine years (maturing on 8 July 2020), and bearing interest at 5% during the first six years and 6% during the last three years. Interest will be capitalised in the first three years.

As of 31 March 2017, this loan was recognised at the present value of cash flows to be collected by Rémy Cointreau in the event that the loan is repaid on maturity in accordance with the terms and conditions of the contract.

Interest accrued since July 2016 and payable in July 2017 is recognised as other receivables.

NOTE 6.3 OTHER EQUITY INVESTMENT FINANCIAL ASSETS

Following the transactions described in note **2**, the fair value of the assets transferred to the Passoã SAS joint venture is recorded under “Other equity investment financial assets”, in the amount of €71.3 million.

NOTE 6.4 LIQUIDITY ACCOUNT

Since the financial year ended 31 March 2006, Rémy Cointreau signed a liquidity agreement with a financial intermediary. This type of agreement does not qualify as “Cash and cash equivalents”. Furthermore, the balance on the account corresponding to the value of the Rémy Cointreau shares held in conjunction with the agreement is reclassified as treasury shares as a deduction from consolidated equity (note **10.1**).

NOTE 7 INVENTORIES

Inventories are recognised when the risks and rewards of their ownership have passed to the Rémy Cointreau Group. The application of this principle, which is part of the IFRS conceptual framework, results in the recognition of inventories that are held physically and legally by third parties. The counterparty to these inventories is generally recorded in trade payables.

Inventories are stated at the lower of cost and net realisable value.

A substantial part of the inventories held by the Rémy Cointreau Group consists of *eau-de-vie* (cognac, brandy, rum, malt Scotch whisky) that are undergoing ageing. These inventories may be held for periods ranging from 3 to more than 70 years. They remain classified within current assets based on common industry practice.

Inventories originating from agricultural assets owned or operated directly by the Group are not material.

Inventories that are undergoing ageing are valued at cost price, excluding finance costs. The latter are recognised in the income statement in the period in which they are incurred. Cost price includes the purchase price and incidental costs and is adjusted each year to include costs directly attributable to the ageing process as well as to reflect evaporation.

The approach used to determine realisable value takes into account the sale price of finished goods made from these inventories.

Finished goods inventories are stated at the lower of the cost price calculated using the weighted average cost method and net realisable value.

NOTE 7.1 BREAKDOWN BY CATEGORY

(in € millions)	2017	2016
Raw materials	39.2	43.9
Ageing wines and eaux-de-vie[1]	1,008.1	963.3
Goods for resale and finished goods	102.6	105.9
Gross amount	**1,149.8**	**1,113.1**
Provision for impairment	(4.4)	(5.2)
Carrying amount	**1,145.4**	**1,107.9**

(1) Of which AFC inventories (March 2017: €270.5 million, March 2016: €262.7 million).

As of 31 March 2017, some inventories were subject to agricultural warrants for €54.0 million (2016: €46.0 million).

NOTE 7.2 ANALYSIS OF CHANGE

(in € millions)	Gross amount	Impairment	Carrying amount
Balance at 31 March 2016	**1,113.1**	**(5.2)**	**1,107.9**
Movement	25.9	0.8	26.7
Changes in consolidation scope	7.1	-	7.1
Translation reserve	3.8	(0.1)	3.7
Balance at 31 March 2017	**1,149.8**	**(4.4)**	**1,145.4**

NOTE 8 TRADE AND OTHER RECEIVABLES

Trade receivables, which are generally collected within three months, are stated at nominal value.

A provision for doubtful debt is recognised on a case-by-case basis when the fair value of the receivable is less than its carrying amount.

(in € millions)	**2017**	**2016**
Trade receivables	155.2	155.2
Receivables related to taxes and social charges (excl. income tax)	6.8	23.4
Sundry prepaid expenses	8.4	12.3
Advances paid	38.2	26.7
Receivables related to asset disposals	0.1	-
Other receivables	15.3	15.2
TOTAL	**224.0**	**232.8**
Of which provision for doubtful debts	(2.4)	(2.3)

At 31 March 2017, the breakdown of trade receivables by maturity was as follows:

			Due	
(in € millions)	Total	Current	Less than 3 months	More than 3 months
Trade receivables gross	**157.6**	**144.8**	**10.6**	**2.2**

The Group implemented factoring programmes during the year which had the effect of accelerating customer payments. These totalled €42.4 million at 31 March 2017 (2016: €34.1 million).

NOTE 9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term investments that are considered highly liquid, can be converted into a known amount of cash and involve immaterial risk of loss in value in relation to the criteria specified in IAS 7.

In the statement of cash flows, bank overdrafts are excluded from cash and cash equivalents and are included in short-term financial debt.

(in € millions)	**2017**	**2016**
Short-term deposits	0.0	0.1
Cash at bank	78.0	46.8
TOTAL	**78.0**	**46.9**

NOTE 10 SHAREHOLDERS' EQUITY

NOTE 10.1 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Treasury shares	Total number of shares	Share capital	Share premium	Treasury shares
At 31 March 2016	**48,735,014**	**(119,964)**	**48,615,050**	**78.0**	**695.3**	**(8.7)**
Partial payment of dividend in shares	957,170	-	957,170	1.5	63.3	-
Liquidity account	-	7,598	7,598	-	-	0.4
At 31 March 2017	**49,692,184**	**(112,366)**	**49,579,818**	**79.5**	**758.6**	**(8.4)**

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Share capital and premium

At 31 March 2017, the share capital consisted of 49,692,184 shares with a par value of €1.60.

On 21 September 2016, 957,170 shares were issued following the option offered to shareholders to receive partial payment of the dividend in shares.

Treasury shares

Group investments in Rémy Cointreau shares are deducted from consolidated equity at their acquisition cost. These shares are generally held with the aim of serving bonus share plans or under a liquidity contract.

At 31 March 2017, Rémy Cointreau held 106,164 treasury shares intended to cover current or future bonus share plans and 6,202 treasury shares under the liquidity contract.

NOTE 10.2 NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE

Basic earnings per share are calculated on the basis of the weighted average number of shares in issue during the reporting period, less treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares in issue during the reporting period, less treasury shares and plus the weighted average number of shares that would be issued during the reporting period if all existing subscription options granted in respect of the various plans, and which have not lapsed at the balance sheet date, were to be exercised. As required by IAS 33, it is assumed that proceeds from the theoretical exercise of the options are used to acquire ordinary shares at the average market price during the period.

In the event that diluted earnings per share are higher than basic earnings per share, diluted earnings per share are adjusted to the level of basic earnings per share.

	2017	2016
Average number of shares (basic):		
Average number of shares	49,235,889	48,723,039
Average number of treasury shares	(112,366)	(143,207)
TOTAL USED TO CALCULATE BASIC EARNINGS PER SHARE	**49,123,523**	**48,579,832**
Average number of shares (diluted):		
Average number of shares (basic)	49,123,523	48,579,832
Dilution effect of bonus share plans	175,262	102,806
Dilution effect on OCEANE	2,484,191	-
TOTAL USED TO CALCULATE DILUTED EARNINGS PER SHARE	**51,782,976**	**48,682,638**

NOTE 10.3 BONUS SHARE PLANS

Grant date(1)	Plan No.	Vesting period	Minimum retention period	Rights initially granted	Value of rights on grant date	Lapsed rights	Rights granted at the end of the vesting period	Rights outstanding at 31 March 2017
27 January 2015	2015A	3 years	2 years	82,500	64.26	16,250	-	66,250
24 November 2015	2015B	3 years	2 years	88,800	66.64	5,800	-	83,000
22 November 2016	2016	3 years	2 years	73,600	74.44	-	-	73,600
TOTAL				**244,900**		**22,050**	**-**	**222,850**

(1) The grant date is the date of the Board meeting which decided allocations under each plan. The 2015A, 2015B and 2016 plans were authorised by the Combined Shareholders' Meeting of 24 July 2014.

The 2015A, 2015B and 2016 plans are indexed plans. The shares issued to beneficiaries at the end of the vesting period are subject to their continued employment with the Group. The number of shares will depend on the achievement of external criteria.

2015A Plan: the maximum number of shares will be granted if the share price increases by 30% or more between 27 January 2015 and 27 January 2018, with a target price of €75.39. The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. As at the reporting date, the plan was expected to be serviced by the delivery of shares held by Rémy Cointreau.

2015B Plan: the maximum number of shares will be granted if the share price increases by 20% or more between 24 November 2015 and 23 November 2018, with a target price of €76.95. The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. As at the reporting date, the plan was expected to be serviced by the delivery of shares held by Rémy Cointreau up to the number of shares potentially outstanding after the service of plan 2015A and by the creation of new shares for the remainder.

2016 Plan: the maximum number of shares will be granted if the overall performance of Rémy Cointreau stock (TSR – Total Shareholder Return) as at the end of the vesting period is superior to that of a panel of nine luxury goods and/or premium spirits companies. The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. As at the reporting date, the plan was expected to be serviced by the creation of new shares.

Calculation of the charge for the year

In accordance with IFRS 2, a charge representing the value of the benefit granted to the beneficiaries of these plans is recognised as operating profit, spread over the vesting period.

The fair value of the rights granted was calculated by independent actuaries.

(in € millions)	Fair value per right (in €)	Turnover assumptions	Total value	2017 charge
2015A Plan	28.11	0%	1.9	0.6
2015B Plan	27.81	0%	2.3	0.8
2016 Plan	51.12	7%	3.5	0.4
TOTAL			**7.7**	**1.8**

The charge recorded for the year ended 31 March 2016 was €1.4 million.

NOTE 10.4 DIVIDENDS

The Shareholders' Meeting of 26 July 2016 approved the payment of an ordinary dividend of €1.60 per share for the year ended 31 March 2016, with an option for payment of the entire dividend in shares.

Payment in shares was made on 21 September 2016 in the total amount of €64.8 million. The balance of €13.0 million was paid in October 2016.

NOTE 10.5 NON-CONTROLLING INTERESTS

(in € millions)	2017	2016
Minority interests in Mount Gay Distilleries	1.5	1.4
TOTAL	**1.5**	**1.4**

NOTE 11 FINANCIAL DEBT

Financial resources are stated at nominal value net of costs incurred when arranging this financing. These costs are recognised in the income statement as finance costs using an actuarial calculation (the effective interest rate method), except for costs relating to the syndicated loan, which are amortised using the straight-line method over the term of the contract.

NOTE 11.1 NET FINANCIAL DEBT

	2017			2016		
(in € millions)	**Long term**	**Short term**	**Total**	**Long term**	**Short term**	**Total**
Gross financial debt	392.8	75.3	468.1	172.0	333.1	505.1
Cash and cash equivalents (note **9**)	-	(78.0)	(78.0)	-	(46.9)	(46.9)
NET FINANCIAL DEBT	**392.8**	**(2.7)**	**390.1**	**172.0**	**286.2**	**458.2**

NOTE 11.2 GROSS FINANCIAL DEBT BY TYPE

	2017			2016		
(in € millions)	**Long term**	**Short term**	**Total**	**Long term**	**Short term**	**Total**
Bonds	-	-	-	-	204.0	204.0
Private bond placement	79.8	-	79.8	79.7	-	79.7
Convertible bonds (OCEANE)	249.9	-	249.9	-	-	-
Drawdown on syndicated loan	-	-	-	30.0	-	30.0
Upfront fees on syndicated loan	(1.0)	-	(1.0)	(1.4)	-	(1.4)
Partner current account (note **25**)	-	60.0	60.0	-	60.0	60.0
Other financial debt and overdrafts	-	0.0	0.0	-	0.1	0.1
Accrued interest	-	1.2	1.2	-	4.1	4.1
Total Rémy Cointreau SA	**328.7**	**61.2**	**389.9**	**108.3**	**268.2**	**376.5**
Bonds	63.9	-	63.9	63.7	-	63.7
Other financial debt and overdrafts	0.3	5.4	5.6	-	55.3	55.3
Accrued interest	-	1.7	1.7	-	1.7	1.7
Borrowings by special *purpose entities*	-	7.1	7.1	-	7.9	7.9
Total subsidiaries	**64.1**	**14.1**	**78.2**	**63.7**	**64.9**	**128.6**
GROSS FINANCIAL DEBT	**392.8**	**75.3**	**468.1**	**172.0**	**333.1**	**505.1**

The total amount of confirmed resources available and their utilisation rate is detailed in the note on liquidity risk (note **14.6**).

NOTE 11.3 GROSS FINANCIAL DEBT BY MATURITY

(in € millions)	**Long term**	**Short term**
Before 31 March 2018	-	75.6
11 April 2019	(1.0)	-
13 August 2023	63.9	-
27 February 2025	79.8	-
7 September 2026	249.9	
TOTAL	**392.5**	**75.6**

NOTE 11.4 GROSS FINANCIAL DEBT BY RATE TYPE

	2017			2016		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total
Fixed interest rate	393.5	60.0	453.5	143.4	264.0	407.4
Variable interest rate	(1.0)	12.7	11.8	28.6	63.3	91.9
Accrued interest	-	2.9	2.9	-	5.8	5.8
GROSS FINANCIAL DEBT	**392.5**	**75.6**	**468.1**	**172.0**	**333.1**	**505.1**

	2017			2016		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total
Drawdown on syndicated loan	-	-	-	30.0	-	30.0
Upfront fees on syndicated loan	(1.0)	-	(1.0)	(1.4)	-	(1.4)
Other	-	12.7	12.7	-	63.3	63.3
TOTAL VARIABLE-RATE DEBT	**(1.0)**	**12.7**	**11.8**	**28.6**	**63.3**	**91.9**

Details of the interest rate hedging instruments held in the portfolio at the reporting date are provided in note **14**.

NOTE 11.5 GROSS FINANCIAL DEBT BY CURRENCY

	2017			2016		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total
Euro	392.5	70.5	463.0	172.0	325.0	497.0
US dollar	-	0.3	0.3	-	0.9	0.9
Hong Kong dollar	-	4.8	4.8	-	7.2	7.2
GROSS FINANCIAL DEBT	**392.5**	**75.6**	**468.1**	**172.0**	**333.1**	**505.1**

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NOTE 11.6 BONDS

Bonds with a par value of €205 million

In June 2010, Rémy Cointreau carried out a 6.5-year bond issue with a par value of €205 million. The bonds had a par value of €50,000 each, were issued at 97.745% of par (issue premium of 2.255%), and bore interest of 5.18% payable on 15 June and 15 December of each year. This bond was repaid upon maturity on 15 December 2016.

Bonds with a par value of €65 million

On 13 August 2013, Financière Rémy Cointreau SA/NV issued a ten-year bond for the amount of €65 million, guaranteed by Rémy Cointreau SA.

The bonds have a par value of €250,000 each and were issued at 97.977% of par (issue premium of 2.003%), bearing interest of 4% payable annually on 13 August. They will be redeemed at par at maturity on 13 August 2023.

This bond is not secured.

After taking the issue premium and expenses into account, the net proceeds from the bond were €63.2 million, putting the effective interest rate at 4.35%.

Private bond placement

On 27 February 2015, Rémy Cointreau issued an €80 million bond in the form of a private placement with a leading European insurer. The bonds have a coupon of 2.945% with a ten-year maturity.

This contract is unsecured. Availability of the funds is subject to the A ratio (see Syndicated loan) remaining below 3.5 at each half year end for the duration of the contract.

Convertible bonds (OCEANE)

On 7 September 2016, Rémy Cointreau issued a private placement with institutional investors of bonds convertible and/or exchangeable into new or existing shares (“OCEANE”), maturing on 7 September 2026, with a par value of €275 million, *i.e.* 2,484,191 OCEANE issued with a par value of €110.70 each.

The par value of the OCEANE bonds incorporates an issue premium of 40% based on the reference price of the Company’s shares on the Euronext Paris regulated market. OCEANE bondholders are entitled to new and/or existing Rémy Cointreau shares, at the conversion rate of one share per OCEANE, subject to potential subsequent adjustments exercisable on 7 September 2023.

The OCEANE bonds bear interest at a nominal annual rate of 0.125%, payable in arrears on 7 September each year.

The difference between the par value of the issue and its fair value on the issue date is recorded in equity.

NOTE 11.7 SYNDICATED LOAN

On 5 June 2012, Rémy Cointreau arranged a syndicated loan to replace the revolving credit facility, of which €346 million expired on 7 June 2012. This new revolving credit facility, corresponding to a loan of €255 million, was agreed for an initial five-year term.

On 11 April 2014, Rémy Cointreau signed an amendment to extend this syndicated loan with a pool of ten banks. This loan was extended by about two years, to 11 April 2019, with more favourable margins. Amounts drawn down bear interest at EURIBOR plus a margin that is subject to change according to Rémy Cointreau's rating.

This facility is unsecured.

The availability of the facility is contingent on "Average net debt/ EBITDA" (the A ratio) being less than or equal to 3.5 at 30 September and 31 March of each year until maturity. At 31 March 2017, the A ratio was 1.78 (September 2016: 2.16; March 2016: 2.29).

NOTE 12 PROVISIONS FOR RISKS AND LIABILITIES

The recognition of provisions, generally intended to cover compensation payable in the event of disputes with third parties, requires the Group's management to estimate the level of probability associated with this risk and also the outcome of negotiations, transactions and legal proceedings that are or may be conducted with the third parties concerned.

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised when the Group has an obligation towards a third party and it is certain or highly probable that it will result in an outflow of resources for the benefit of the third party, without receipt of an at least equivalent consideration from the said third party. Provisions for restructuring are recognised only when restructuring has been announced and detailed measures drawn up.

When the time value of money is material, the amount of the provision corresponds to the present value of expected expenditure that the Company believes to be necessary to meet the liability. In practice, when the liability is expected to be settled in more than 12 months, the amount of the provision is discounted to its present value, with the effects being recognised in net financial result.

NOTE 12.1 ANALYSIS OF CHANGE

(in € millions)	Restructuring	Litigation	Total
At 31 March 2016	**0.1**	**18.8**	**18.9**
Increase	-	3.8	3.8
Reversals – Used	(0.1)	(2.0)	(2.1)
Reversals – Unused	(0.1)	(3.5)	(3.6)
Translation reserve	-	0.6	0.6
Reclassification	-	(0.1)	(0.1)
At 31 March 2017	**-**	**17.6**	**17.6**

"Restructuring" covers costs for the restructuring, closure and transfer of sites in the Netherlands. "Litigation" comprises provisions set aside to cover trade, tax and employee-related disputes.

NOTE 12.2 MATURITY

These provisions are intended to cover probable items of expenditure payable as follows:

(in € millions)	**2017**	**2016**
Long-term provisions (or unknown maturity)	6.6	5.6
Short-term provisions	10.9	13.3
TOTAL	**17.6**	**18.9**

NOTE 13 TRADE AND OTHER PAYABLES

Trade payables, which are generally settled within three months, are stated at nominal value.

(in € millions)	**2017**	**2016**
Trade payables – eaux-de-vie	269.2	255.8
Other trade payables	66.7	55.4
Advances from customers	1.7	2.4
Payables related to tax and social charges (excl. income tax)	61.2	71.8
Excise duties	3.2	4.1
Advertising expenses payable	50.6	64.5
Miscellaneous deferred income	4.4	1.8
Other liabilities	46.7	43.3
TOTAL	**503.6**	**499.1**

NOTE 14 FINANCIAL INSTRUMENTS AND MARKET RISKS

Derivative financial instruments held by the Group in connection with its ordinary activities, mainly in the form of options, are valued using the methods prevailing in the financial markets. Note that these valuations are based on market data as at the balance sheet date. These values may fluctuate rapidly due to constant changes in the financial markets.

Financial assets and liabilities are valued in accordance with IAS 39 “Financial instruments: recognition and measurement” (and its subsequent amendments), as approved by the European Union on 19 November 2004.

The Group makes extensive use of derivative financial instruments as part of its policy of hedging exposure to currency and interest rate risks. The Group has implemented the procedures and maintains the documentation needed to justify the application of hedge accounting as defined by IAS 39.

Derivative instruments are stated at market value as at the balance sheet date. Market values are calculated using an external valuation model, and compared with those obtained from counterparty banks. Changes in the value of currency derivatives are recognised in the manner described in note **1.4**. When used to hedge interest rate risk, changes in the value of derivative instruments (mainly caps and interest swaps) are recorded in recyclable equity in respect of the change in the intrinsic value of the hedging instruments when these options are active and in net financial result for any residual change in fair value of the hedging instruments and the change in fair value of the non-hedging instruments.

NOTE 14.1 BREAKDOWN OF FINANCIAL INSTRUMENTS BY CATEGORY

The following tables show the financial instruments recorded on the statement of financial position analysed by the measurement categories defined in IAS 39.

AT 31 MARCH 2017

(in € millions)	*Notes*	Carrying amount	Fair value	Loans and receivables at amortised cost	Fair value through profit or loss	Available for sale	Hedging instruments
Non-current financial assets	*6*	166.7	166.7	90.6	74.6	1.5	-
Trade and other receivables	*8*	224.0	224.0	224.0	-	-	-
Derivative financial instruments	*14*	3.3	3.3	-	0.9	-	2.4
Cash and cash equivalents	*9*	78.0	78.0	-	78.0	-	-
ASSETS		**472.0**	**472.0**	**314.6**	**153.5**	**1.5**	**2.4**
Long-term financial debt	*11*	392.5	392.5	392.5	-	-	-
Short-term financial debt and accrued interest charge	*11*	75.6	75.6	75.6	-	-	-
Trade and other payables	*13*	503.6	503.6	503.6	-	-	-
Derivative financial instruments	*14*	6.7	6.7	-	2.1	-	4.7
LIABILITIES		**978.5**	**978.5**	**971.7**	**2.1**	**-**	**4.7**

AT 31 MARCH 2016

(in € millions)	*Notes*	Carrying amount	Fair value	Loans and receivables at amortised cost	Fair value through profit or loss	Available for sale	Hedging instruments
Other financial assets	*6*	94.7	94.7	90.1	2.2	2.4	-
Trade and other receivables	*8*	232.8	232.8	232.8	-	-	-
Derivative financial instruments	*14*	10.6	10.6	-	4.7	-	5.9
Cash and cash equivalents	*9*	46.9	46.9	-	46.9	-	-
ASSETS		**385.0**	**385.0**	**322.9**	**53.8**	**2.4**	**5.9**
Long-term financial debt	*11*	172.0	172.0	172.0	-	-	-
Short-term financial debt and accrued interest charge	*11*	333.1	333.1	333.1	-	-	-
Trade and other payables	*13*	499.1	499.1	499.1	-	-	-
Derivative financial instruments	*14*	1.2	1.2	-	0.5	-	0.7
LIABILITIES		**1,005.4**	**1,005.4**	**1,004.2**	**0.5**	**-**	**0.7**

NOTE 14.2 MARKET RISK MANAGEMENT POLICY

The Group uses financial instruments to manage its interest rate and currency risk exposure. The policy for managing market risks complies with the prudential rules approved by the Board of Directors. More specifically, the sale of options is limited to tunnel strategies and the resale of previously purchased instruments that are subject to approval on an individual basis.

All hedging transactions are entered into with top-tier international banks.

With regard to currency risk, the Group endeavours to hedge its budgeted net commercial exposure over a rolling period of approximately 15 to 18 months. This is achieved by entering into firm or optional currency hedging agreements in accordance with the guidelines set by the Board of Directors.

The Group does not hedge the currency risk arising from the translation into euros of the financial statements of companies that use a currency other than the euro.

The Group's hedging policy only allows for the hedging of short term currency risk. It is not intended to protect the Group against the economic effects of long-term money market trends on the Group's net sales and margins.

NOTE 14.3 BREAKDOWN OF FINANCIAL INSTRUMENTS (INTEREST AND FOREIGN EXCHANGE RATES)

(in € millions)	**2017**	2016
Assets		
Interest rate derivatives	-	-
Exchange rate derivatives	3.3	10.6
TOTAL	**3.3**	**10.6**
Liabilities		
Interest rate derivatives	-	-
Exchange rate derivatives	6.7	1.2
TOTAL	**6.7**	**1.2**

NOTE 14.4 INTEREST RATE DERIVATIVES

At 31 March 2017, the Group no longer has any interest rate derivatives in its portfolio, following the maturity of the private placement (note **11.4**).

NOTE 14.5 EXCHANGE RATE DERIVATIVES

The Group uses options and forward contracts to hedge its cash flows from commercial transactions. Commercial transactions for the year for which payment has not been received as of the balance sheet date are hedged by short-term currency swaps.

Furthermore, Rémy Cointreau SA, which centralises the Group's financing needs, and its subsidiary Financière Rémy Cointreau make intra-Group loans and borrowings denominated in the counterparty's currency. The Group uses back-to-back currency swaps to match these loans and borrowings. The maturity of such transactions ranges from one month to one year.

BREAKDOWN OF CURRENCY HEDGING INSTRUMENTS IN THE PORTFOLIO AS AT 31 MARCH 2017

(in € millions)	Nominal amount(1)	Initial value	Market value	Of which: CFH(2)	Of which: Trading(2)
Put options and tunnel options					
Seller USD (vs. EUR)	182.5	4.4	0.4	0.4	-
Other currencies (vs. EUR)	36.5	0.7	0.2	0.2	-
	219.0	**5.1**	**0.6**	**0.6**	**-**
Forward sales					
Seller USD (vs. EUR)	56.2	-	(2.6)	(2.6)	-
Other currencies (vs. EUR)	43.3	-	(0.2)	(0.2)	-
	99.5	**-**	**(2.9)**	**(2.9)**	**-**
Purchase/(sale) of currency swaps (operating activities)(3)					
Seller USD (vs. EUR)	(58.7)	-	(0.4)	-	(0.4)
Other currencies (vs. EUR)	1.8	-	(0.0)	-	(0.0)
	(56.9)	**-**	**(0.5)**	**-**	**(0.5)**
Purchase/(sale) of currency swaps (financing activities)(3)					
Seller USD (vs. EUR)	(103.6)	-	(0.1)	-	(0.1)
Other currencies (vs. EUR)	(48.0)	-	(0.6)	-	(0.6)
	(151.6)	**-**	**(0.7)**	**-**	**(0.7)**
TOTAL	**110.1**	**5.1**	**(3.4)**	**(2.3)**	**(1.2)**

(1) Nominal amount in foreign currency translated at the closing rate.
(2) FVH: Fair Value Hedge; CFH: Cash Flow Hedge; Trading: held for trading.
(3) Difference between closing rate and forward rate.

BREAKDOWN OF CURRENCY HEDGING INSTRUMENTS IN THE PORTFOLIO AS AT 31 MARCH 2016

(in € millions)	Nominal amount(1)	Initial value	Market value	Of which: CFH(2)	Of which: Trading(2)
Put options and tunnel options					
Seller USD (vs. EUR)	131.8	3.6	2.3	2.3	-
Other currencies (vs. EUR)	24.8	0.5	0.5	0.5	-
	156.5	**4.1**	**2.8**	**2.8**	**-**
Forward sales					
Seller USD (vs. EUR)	87.8	-	2.0	2.0	-
Other currencies (vs. EUR)	33.0	-	0.4	0.4	-
	120.8	**-**	**2.4**	**2.4**	**-**
Purchase/(sale) of currency swaps (operating activities)(3)					
Seller USD (vs. EUR)	(43.6)	-	0.7	-	0.7
Other currencies (vs. EUR)	(0.7)	-	0.1	-	0.1
	(44.3)	**-**	**0.8**	**-**	**0.8**
Purchase/(sale) of currency swaps (financing activities)(3)					
Seller USD (vs. EUR)	(60.8)	-	2.9	-	2.9
Other currencies (vs. EUR)	(44.7)	-	0.5	-	0.5
	(105.5)	**-**	**3.4**	**-**	**3.4**
TOTAL	**127.4**	**4.1**	**9.4**	**5.2**	**4.2**

(1) Nominal amount in foreign currency translated at the closing rate.
(2) FVH: Fair Value Hedge; CFH: Cash Flow Hedge; Trading: held for trading.
(3) Difference between closing rate and forward rate.

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SENSITIVITY TO FOREIGN EXCHANGE RISK

Taking into account the hedges in place, a 10% increase or decrease in the EUR/USD exchange rate would have the following impact, with the impact on net profit/(loss) arising mainly from the ineffective portion hedging future flows:

	2017		2016	
	US dollar sensitivity		US dollar sensitivity	
Benchmark value	1.0685		1.1385	
	+10%	-10%	+10%	-10%
EUR/USD rate	1.18	0.96	1.25	1.02
Net profit for the period	(2.1)	2.8	(2.9)	3.2
Equity excluding net profit/(loss)	6.8	(6.7)	10.7	(6.4)
Change in value of financial instruments	16.7	(17.7)	20.4	(15.3)
Nominal amount at balance sheet date:				
▪ USD instruments in the portfolio	163.6	200.0	160.0	195.5
▪ USD receivables potentially exposed	95.3	116.5	85.0	103.9

NOTE 14.6 LIQUIDITY RISK

In accordance with IFRS 7, liabilities are stated at their carrying amount at the balance sheet date excluding discounting effects. The amounts drawn down on credit lines in the year ended 31 March 2016 are assumed to be carried forward until the maturity of each of the corresponding facilities. The corresponding interest expense is calculated using the parameters known at the balance sheet date. For derivative financial instruments, amounts stated in this analysis are the net cash outflow, excluding discounting effects, which should be paid out by the Company based on market conditions prevailing at the balance sheet date.

Liquidity risk stems mainly from the availability of financial resources.

The majority of the Group's activities are characterised by high levels of capital employed, particularly inventories undergoing ageing. Rémy Cointreau continuously monitors the balance of its financial structure, prioritises long-term resources and combines fixed-rate and variable-rate resources. Refinancing is systematically prepared for those resources reaching maturity. The Group obtains its financing from leading financial institutions.

The following table shows the contractual maturity profile of disbursements relating to financial liabilities recognised as of 31 March 2017.

(in € millions)	Before 31 March 2018	Before 31 March 2019	Before 31 March 2020	Before 31 March 2021	Beyond	Total
Financial debt and accrued interest	75.6	-	-	-	420.0	495.6
Trade and other payables	503.6	-	-	-	-	503.6
Liabilities recognised at 31 March 2017	**579.2**	**-**	**-**	**-**	**420.0**	**999.2**
Future interest on financial debt	7.2	7.2	5.3	5.3	19.3	44.2
TOTAL DISBURSEMENTS	**586.4**	**7.2**	**5.3**	**5.3**	**439.3**	**1,043.4**

The confirmed resources and their availability are as follows (see also note **11** for the description of financial debt):

(in € millions)	**2017**	**2016**
Fixed-rate resources	480.0	410.0
Variable-rate resources	255.0	255.0
TOTAL	**735.0**	**665.0**
Long-term	675.0	400.0
Short-term	60.0	265.0
TOTAL	**735.0**	**665.0**
Availability subject to compliance with the A ratio	335.0	335.0
Available with no ratio restrictions	400.0	330.0
TOTAL	**735.0**	**665.0**
Unused at 31 March	255.0	225.0
Unused at 31 March as % of available resources	35%	34%

The availability of some financing is contingent upon the level of the so-called A ratio (Average net debt/EBITDA), which is calculated twice per year and must be below 3.50. The A ratio was 1.78 at 31 March 2017. The Group is confident in its ability to maintain this ratio in the short, medium and long-term, and in its ability to renew financing that is due to reach maturity in the coming years.

The Group's rating by specialised agencies is reviewed annually. At 31 March 2017 Standard & Poor's: BB+, outlook stable and Moody's: Baa3, outlook stable.

NOTE 15 SEGMENT REPORTING

BREAKDOWN BY SECTOR

As required by IFRS 8, the Rémy Cointreau Group provides an analysis by business segment and geographic area of certain items of its consolidated financial statements.

a) **Business segments**

The segments to be presented are those operating segments for which separate financial information is available internally and which are used by the "main operational decision-maker" to make operational decisions. Rémy Cointreau's main operational decision-maker is the Executive Committee. This committee reviews operational performances and allocates resources based on the financial data analysed for Rémy Martin, Liqueurs & Spirits and Partner Brands business. Consequently, the Group has identified these businesses as the operating segments to be presented. In addition, a holding segment includes the central expenses that are not allocated to the various divisions.

The main brands of the "Liqueurs & Spirits" business are Cointreau, Metaxa, St-Rémy, Mount Gay, Bruichladdich, Westland and Domaine des Hautes Glaces.

The "Partner Brands" business includes brands which are not controlled by the Group and those whose production is not carried out wholly by the Group. These brands are distributed using the Group's distribution network in the framework of fixed-term agreements.

Information given by business segment is identical to that presented to the Executive Committee.

b) **Geographic area**

Net sales by geographic area are analysed based on the destination of the goods sold. Items in the statement of financial position are analysed based on the geographic area of the entities reporting them.

The geographic areas covered are: Europe-Middle/East-Africa, Americas, Asia-Pacific. The Asia-Pacific area includes Asia, Australia and New Zealand.

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NOTE 15.1 BUSINESSES

Note 15.1.1 Breakdown of net sales and current operating profit

	Net sales		Current operating profit	
(in € millions)	**2017**	2016	**2017**	2016
Rémy Martin	707.5	647.8	185.2	139.7
Liqueurs & Spirits	276.3	273.9	57.5	48.0
Group brands subtotal	**983.8**	**921.8**	**242.7**	**187.6**
Partner Brands	111.0	129.0	2.0	6.1
Holding	-	-	(18.6)	(15.4)
TOTAL	**1,094.9**	**1,050.7**	**226.1**	**178.4**

There are no intra-segment sales.

Note 15.1.2 Breakdown of the statement of financial position

AT 31 MARCH 2017

(in € millions)	Rémy Martin	Liqueurs & Spirits	Partner Brands	Unallocated	Total
Non-current assets	390.2	331.6	0.6	260.4	982.9
Current assets	1,155.8	139.3	52.5	28.4	1,376.0
Derivative financial instruments	-	-	-	3.3	3.3
Assets held for sale	-	-	-	1.3	1.3
Cash and cash equivalents	-	-	-	78.0	78.0
TOTAL ASSETS	**1,546.0**	**471.0**	**53.1**	**371.5**	**2,441.5**
Equity	-	-	-	1,304.0	1,304.0
Financial debt and accrued interest	-	-	-	468.1	468.1
Provisions for liabilities and charges	30.7	8.3	3.4	6.6	49.2
Deferred and current tax assets	-	-	-	109.9	109.9
Trade and other payables	410.4	56.8	18.5	17.9	503.6
Derivative financial instruments	-	-	-	6.7	6.7
TOTAL EQUITY AND LIABILITIES	**441.2**	**65.2**	**22.0**	**1,913.2**	**2,441.5**
Brands and other intangible assets not included in the basis of calculation of Return on Capital Employed (ROCE)	236.3	240.8	-	37.2	514.3
ROCE basis of calculation	**868.5**	**165.0**	**31.1**		**1,064.7**

AT 31 MARCH 2016

(in € millions)	Rémy Martin	Liqueurs & Spirits	Partner Brands	Unallocated	Total
Non-current assets	383.4	326.5	0.9	164.2	875.0
Current assets	1,106.0	136.3	67.6	38.6	1,348.5
Derivative financial instruments	-	-	-	10.6	10.6
Assets held for sale	-	-	-	0.5	0.5
Cash and cash equivalents	-	-	-	46.9	46.9
TOTAL ASSETS	**1,489.4**	**462.8**	**68.5**	**260.8**	**2,281.5**
Equity	-	-	-	1,113.3	1,113.3
Financial debt and accrued interest	-	-	-	505.1	505.1
Provisions for liabilities and charges	31.3	7.3	3.6	7.4	49.6
Deferred and current tax assets	-	-	-	110.8	110.8
Trade and other payables	391.7	53.3	22.8	31.3	499.1
Derivative financial instruments	-	-	-	1.2	1.2
Liabilities held for sale	-	-	-	2.4	2.4
TOTAL EQUITY AND LIABILITIES	**423.0**	**60.6**	**26.4**	**1,771.5**	**2,281.5**
Brands and other intangible assets not included in the basis of calculation of Return on Capital Employed (ROCE)	236.3	242.9	-		479.2
ROCE basis of calculation	**830.1**	**159.3**	**42.1**		**1,031.5**

Note 15.1.3 Return on Capital Employed (ROCE)

Return on capital employed is measured using the following indicators:

- current operating profit by activity (note **15.1.1**);
- breakdown of the statement of financial position by activity, excluding certain intangibles (note **15.1.2**).

Current operating profit and capital employed are identified by business on an analytical basis. Profit and capital employed of the distribution network and holding businesses are allocated on a pro-rata basis according to net sales and current inventory.

Return on capital employed is a key indicator for the Group's management. It is one of the key performance indicators for each business.

AT 31 MARCH 2017

(in € millions)	Capital employed	Current operating profit	%
Rémy Martin	868.5	185.2	21.3%
Liqueurs & Spirits	165.0	57.5	34.8%
Sub-total Group brands	**1,033.5**	**242.7**	**23.5%**
Partner Brands	31.1	2.0	6.5%
Holding	-	(18.6)	-
TOTAL	**1,064.7**	**226.1**	**21.2%**

AT 31 MARCH 2016

(in € millions)	Capital employed	Current operating profit	%
Rémy Martin	830.1	139.7	16.8%
Liqueurs & Spirits	159.3	48.0	30.1%
Sub-total Group brands	**989.4**	**187.6**	**19.0%**
Partner Brands	42.1	6.1	14.6%
Holding	-	(15.4)	-
TOTAL	**1,031.5**	**178.4**	**17.3%**

Note 15.1.4 Capital expenditure and depreciation expense

	Capital expenditure and acquisition of intangible assets		Depreciation and amortisation charges	
(in € millions)	**2017**	2016	**2017**	2016
Rémy Martin	20.9	15.3	13.0	11.8
Liqueurs & Spirits	13.7	17.1	7.1	6.7
Partner Brands	0.2	0.1	0.3	0.3
TOTAL	**34.9**	**32.5**	**20.4**	**18.8**

NOTE 15.2 GEOGRAPHIC AREAS

Net sales

(in € millions)	Net sales 2017	2016
Europe-Middle/East-Africa[1]	345.3	359.6
Americas	434.2	394.6
Asia Pacific	315.4	296.5
TOTAL	**1,094.9**	**1,050.7**

(1) Net sales for France totalled €19.5 million at 31 March 2017 (March 2016: €31.3 million).

Balance sheet

AT 31 MARCH 2017

(in € millions)	Europe-Middle/East-Africa	Americas	Asia-Pacific	Unallocated	Total
Non-current assets	857.8	103.7	21.3	-	982.9
Current assets	1,151.6	98.9	125.4	-	1,376.0
Derivative financial instruments	-	-	-	3.3	3.3
Assets held for sale	1.3	-	-	-	1.3
Cash and cash equivalents	-	-	-	78.0	78.0
TOTAL ASSETS	**2,010.8**	**202.6**	**146.8**	**81.3**	**2,441.5**
Equity	-	-	-	1,304.0	1,304.0
Financial debt and accrued interest	-	-	-	468.1	468.1
Provisions for liabilities and charges	41.3	0.0	7.9	-	49.2
Deferred and current tax assets	102.9	0.3	6.6	-	109.9
Trade and other payables	395.1	53.4	55.1	-	503.6
Derivative financial instruments	-	-	-	6.7	6.7
Liabilities held for sale	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	**539.3**	**53.8**	**69.6**	**1,778.9**	**2,441.5**

AT 31 MARCH 2016

(in € millions)	Europe-Middle/East-Africa	Americas	Asia-Pacific	Unallocated	Total
Non-current assets	775.4	60.7	38.9	-	875.0
Current assets	1,147.2	87.3	114.0	-	1,348.5
Derivative financial instruments	-	-	-	10.6	10.6
Assets held for sale	0.5	-	-	-	0.5
Cash and cash equivalents	-	-	-	46.9	46.9
TOTAL ASSETS	**1,923.1**	**148.0**	**152.9**	**57.5**	**2,281.5**
Equity	-	-	-	1,113.3	1,113.3
Financial debt and accrued interest	-	-	-	505.1	505.1
Provisions for liabilities and charges	39.3	-	10.3	-	49.6
Deferred and current tax assets	105.9	0.3	4.6	-	110.8
Trade and other payables	392.8	48.9	57.4	-	499.1
Derivative financial instruments	-	-	-	1.2	1.2
Liabilities held for sale	2.4	-	-	-	2.4
TOTAL EQUITY AND LIABILITIES	**540.4**	**49.2**	**72.3**	**1,619.6**	**2,281.5**

Investments

	Capital expenditure and acquisition of property, plant and equipment and intangible assets	
(in € millions)	2017	2016
Europe-Middle/East-Africa	26.0	26.6
Americas	5.7	5.2
Asia-Pacific	3.2	0.7
TOTAL	**34.9**	**32.5**

NOTE 16 ANALYSIS OF OPERATING EXPENSES BY TYPE

Distribution costs comprise advertising and promotion expenses, commission income or expenses, ordinary writedowns of inventories and trade receivables and the overheads of the Group distribution companies.

Administrative expenses comprise all overheads of the holding companies and production companies.

Other income and expenses correspond to the profit generated by peripheral activities.

(in € millions)	**2017**	**2016**
Personnel costs	(178.3)	(175.9)
Advertising and promotion expenses	(252.9)	(244.1)
Depreciation, amortisation and impairment of non-current assets	(20.0)	(18.8)
Other expenses	(109.7)	(104.2)
Expenses allocated to inventories and production costs	55.6	54.7
TOTAL	**(505.2)**	**(488.3)**
Of which:		
Distribution costs	(416.7)	(406.7)
Administrative expenses	(88.5)	(81.6)
TOTAL	**(505.2)**	**(488.3)**

Personnel costs consist of the following:

(in € millions)	**2017**	**2016**
Salaries and social charges	(166.8)	(166.7)
Pension and other similar benefits	(5.4)	(5.6)
Employee profit-sharing	(4.3)	(2.2)
Share-based payments	(1.8)	(1.4)
TOTAL	**(178.3)**	**(175.9)**

NOTE 17 NUMBER OF EMPLOYEES

The number of employees is stated at the reporting date and covers all fully consolidated companies.

	2017	2016
France	685	690
Europe (outside France) – Africa	363	353
Americas	368	342
Asia Pacific	394	377
TOTAL	**1,810**	**1,762**

NOTE 18 OTHER OPERATING INCOME AND EXPENSES

“Other operating income and expenses” include items that, given their nature, frequency and materiality, cannot be considered as part of the Group’s ordinary activities and which affect inter-period comparisons. They notably include impairment provisions in respect of brands and other non-current assets recognised as a result of impairment tests, provisions for restructuring and litigation, and significant gains and losses on the sale of assets other than those relating to operations that have already been, or are to be, discontinued (see note **1.6**).

(in € millions)	2017	2016
Costs related to the acquisition of Westland and Domaine des Hautes Glaces	(0.7)	-
Provision for disputes relating to distribution contracts	(2.9)	-
Net proceeds from the disposal of the Izarra brand	-	0.2
Tax adjustment excluding income taxes	-	0.1
Provision for impairment on non-strategic assets	(1.2)	-
TOTAL	**(4.8)**	**0.3**

NOTE 19 FINANCIAL RESULT

NOTE 19.1 NET BORROWING COST BY TYPE

(in € millions)	2017	2016
Bonds	(11.2)	(14.7)
Convertible bonds (OCEANE)	(2.3)	-
Private bond placement	(2.4)	(2.4)
Private placement	-	(1.0)
Syndicated loan and unconfirmed lines	(2.2)	(2.6)
Partner current account	(0.8)	(0.7)
Finance costs of special *purpose entities*	(2.5)	(2.5)
Other financial expense	(0.1)	(0.2)
Sub-total	**(21.5)**	**(24.1)**
Effect of non-hedging interest rate derivatives	-	-
Cost of gross financial debt	**(21.5)**	**(24.1)**
Interest income	0.0	0.1
Cost of net financial debt	**(21.4)**	**(24.0)**

Financial debt is described in note **11**.

NOTE 19.2 OTHER FINANCIAL INCOME AND EXPENSES

The amount presented in currency gains and losses mainly includes the impact of IAS 39 on the portfolio of foreign currency derivative financial instruments, for the so-called "ineffective" portion, and the currency gains and losses from financing transactions. Currency gains/(losses) from operations are recognised in gross profit (note **1.4**).

(in € millions)	2017	2016
Currency gains	-	0.8
Vendor loan – interest accrued and revaluation	4.6	4.6
Other financial income	**4.6**	**5.4**
Currency losses	(5.4)	-
Other financial expenses of special *purpose entities*	(8.2)	(7.7)
Other	(1.6)	(1.0)
Other financial expense	**(15.1)**	**(8.7)**
Other Financial income/(expense)	**(10.5)**	**(3.3)**

The item "Vendor loan – interest accrued and revaluation" relates to the loan granted at the time of the disposal of the Champagne division. These loans are described in note **6.2**.

(in € millions)	2017	2016
Ineffective portion of currency hedges	(2.9)	1.7
Other	(2.5)	(0.9)
Currency gains/(losses)	**(5.4)**	**0.8**

NOTE 20 INCOME TAX

In accordance with IAS 12, deferred tax is recognised on all temporary differences between the carrying amounts of the assets and liabilities in the consolidated financial statements and the corresponding values used for taxation purposes in the accounts of the consolidated entities.

Deferred tax is calculated at the statutory tax rates that are expected to be in effect when timing differences reverse, which is generally the tax rate for the current reporting period or that of the subsequent reporting period, if known. The effects of changes in tax rates are included in the income tax expense for the period in which they become known.

The main source of deferred tax for the Rémy Cointreau Group arises from the difference in the value of the brands in the consolidated financial statements, most often resulting from goodwill on acquisition, and their value for taxation purposes, which is generally nil.

As required by IAS 12, a deferred tax liability is recognised on the difference between the carrying amount and the tax value of shares in associates. In the case of fully consolidated entities, the deferred tax liability is recognised only in respect of dividends that are certain at the reporting date.

Tax savings from tax losses carried forward are recognised as deferred tax assets and written down according to the probability of these losses later being utilised.

NOTE 20.1 NET INCOME TAX EXPENSE

(in € millions)	**2017**	**2016**
Current tax/(expense) income	(54.1)	(31.5)
Deferred tax/(expense) income	(4.5)	(12.6)
Subtotal	**(58.6)**	**(44.1)**
Effective tax rate excluding the effects of changes in tax rates on deferred taxes	-31.0%	-29.1%
Effect of changes in tax rates on deferred taxes	14.1	-
Income tax	**(44.5)**	**(44.1)**
Effective tax rate	-23.5%	-29.1%

For the financial year ended 31 March 2017, the effect of changes in tax rates on deferred taxes is essentially due to the reduction of the tax rate in France introduced as part of the Finance Act for 2017, which will see the tax rate fall to 28.92% from 2020. Consequently, long-term deferred taxes, mainly those related to acquired brands, have been remeasured using the rates applicable from 2020.

NOTE 20.2 TAX REGIME

Rémy Cointreau has opted for the Group tax regime for certain subsidiaries in which it holds a direct or indirect equity interest of at least 95%. This regime entitles the Group to offset, within certain limits, the tax expenses of companies with taxable income against losses incurred by other subsidiaries. The resulting tax saving is recognised in the year of offset.

NOTE 20.3 ANALYSIS OF THE ORIGIN AND BREAKDOWN OF DEFERRED TAXES

(in € millions)	2017	2016
Breakdown by type		
Pension provisions	9.8	9.0
Regulated provisions	(23.9)	(20.7)
Other provisions	7.1	6.1
Brands	(85.1)	(99.4)
Non-current assets	(5.9)	(6.4)
Convertible bonds (OCEANE)	(7.9)	-
Margins on inter-company inventories	20.7	21.7
Losses carried forward	0.7	1.3
Other timing differences	16.0	16.3
Net liability	**(68.5)**	**(72.1)**
Breakdown by tax group		
Tax group – France	(82.7)	(87.2)
Tax group – United States	7.4	7.3
Other	6.8	7.8
Net liability	**(68.5)**	**(72.1)**
Deferred tax asset	30.4	28.9
Deferred tax liability	(98.9)	(101.0)
Net liability	**(68.5)**	**(72.1)**

NOTE 20.4 TAX LOSSES AND CAPITAL LOSSES CARRIED FORWARD

As of 31 March 2017, tax losses carried forward totalled €18.9 million (2016: €20.1 million). The potential tax saving arising from the use of these losses is €2.9 million (2016: €3.5 million). Of these losses, the Group recognised a net asset of €0.6 million, which it plans to recover in full by March 2020.

NOTE 20.5 TAX RECONCILIATION

In 2017, income tax expense amounted to €44.5 million. The difference compared to the theoretical tax expense based on the French statutory rate (38.0% in 2016 and 34.43% in 2017) is as follows:

(in € millions)	2017	2016
Theoretical tax charge	(65.2)	(57.5)
Actual tax charge	(44.5)	(44.1)
Difference	**20.7**	**13.4**
Permanent differences between consolidated profit and taxable profit	(4.5)	(4.4)
Use of tax losses or timing differences not previously recognised	-	0.4
Unused losses from subsidiaries that are loss-making from a tax point of view	(2.4)	(4.0)
Difference in tax rates applicable to foreign subsidiaries	14.3	18.1
Adjustment to the tax charge for prior years	(0.8)	3.3
Effect of changes in tax rates on deferred taxes	14.1	-
TOTAL	**20.7**	**13.4**

NOTE 21 NET PROFIT OF DECONSOLIDATED AND DISCONTINUED OPERATIONS

When a company or activity is classified as being discontinued as at the balance sheet date in accordance with IFRS 5, the assets and liabilities directly related to the operation and which will be transferred on completion of the disposal are reclassified as “Assets held for sale” or “Liabilities held for sale” for the current reporting period only.

When a company or activity that represents a major and distinct line of business or geographic area has been deconsolidated or sold during the reporting period or classified as assets held for sale:

- each line of the contribution to the result of said company or business for the current period and for comparison periods is reclassified as “Net profit/(loss) from deconsolidated and discontinued operations”. A similar reclassification is made in the statement of cash flows by using: “Impact of deconsolidated and discontinued operations” for operating and investment cash flows;
- when the disposal is still in progress at the reporting date, any difference between the carrying amount of the assets in question and the estimated market value, net of disposal expenses and tax, if negative, is recognised as “Net profit/(loss) from deconsolidated and discontinued operations”;
- the profit generated by the disposal, net of transaction costs and tax, is also recognised under “Net profit/(loss) from deconsolidated and discontinued operations”. In the statement of cash flows, a distinction is made between the cash received as consideration for the sale net of transaction costs, classified as cash flow from investments, and any impact of the de-consolidation of the cash held by the entity sold, classified as cash flow from financing activities.

Direct costs associated with the disposal in progress and which are irrevocably incurred at the balance sheet date are recognised under “Net profit/(loss) from deconsolidated and discontinued operations”. A similar reclassification is made in the statement of cash flows by using: “Impact of deconsolidated and discontinued operations” for investment cash flows.

(in € millions)	**2017**	**2016**
Fair value of assets transferred to Passoã SAS	71.3	-
Net carrying amount of assets transferred	(1.0)	-
Provision for costs and expenses and transaction costs	(4.3)	-
Taxes	(1.0)	-
TOTAL	**65.0**	**-**

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NOTE 22 NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS

Net profit/(loss) excluding non-recurring items corresponds to the net profit/(loss) for the period adjusted to reflect the other operating income and expenses described in note **18**, the related tax effects, the profit/(loss) from discontinued operations and the contribution on the distribution of cash dividends.

NOTE 22.1 RECONCILIATION WITH NET PROFIT/(LOSS)

Net profit/(loss) excluding non-recurring items attributable to the owners of the parent is reconciled with net profit/(loss) attributable to the owners of the parent as follows:

(in € millions)	**2017**	**2016**
Net profit/(loss) – attributable to the owners of the parent	**190.3**	**102.4**
Provision for impairment on Dynasty Fine Wines Group shares (note **5.1**)	18.8	3.7
Provision for impairment on Diversa (note **5.1**)	0.8	-
Provision for the estimated cost of exiting the Lixir joint venture (note **5.2**)	-	2.4
Profit/(loss) recorded under “Other operating income and expenses” (note **18**)	4.8	(0.3)
Tax on “Other operating income and expenses”	(1.4)	-
Effect of changes in tax rates on deferred taxes (note **20.1**)	(14.1)	-
“Net profit/(loss) from deconsolidated and discontinued operations” (note **21**)	(65.0)	-
Other	0.5	-
3% contribution on distribution of cash dividend	0.4	2.2
Net profit/(loss) excluding non-recurring items – attributable to owners of the parent	**135.0**	**110.4**

NOTE 22.2 NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS PER SHARE – ATTRIBUTABLE TO OWNERS OF THE PARENT

(in € millions)	*Notes*	**2017**	**2016**
Net profit excluding non-recurring items			
▪ attributable to owners of the parent		135.0	110.4
Number of shares			
▪ basic	*10.2*	49,123,523	48,579,832
▪ diluted	*10.2*	51,782,976	48,682,638
Per share (in €)			
▪ basic		2.75	2.27
▪ diluted		2.61	2.27

NOTE 23 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The valuation of pension commitments and other post-employment benefits is determined using actuarial methods that involve assumptions in respect of the discount rate, expected rate of return of plan assets, salary increases, life expectancy, etc. Given the long-term nature of these obligations, any changes to these assumptions may have a material impact on the valuation.

In accordance with the laws and practices in each country, Rémy Cointreau offers employee benefit plans providing pensions and other post-employment benefits through defined-contribution or defined-benefit plans. The assets of pre-financed pension plans are managed as separate funds by independent asset managers or insurance companies.

Commitments are determined and recognised in accordance with the requirements of IAS 19R.

Accordingly:

- charges relating to defined-contribution plans are recognised as expenses when paid;
- commitments in respect of defined-benefit plans are determined by actuaries using the projected unit credit method. These calculations are based on assumptions regarding life expectancy, staff turnover and future salary increases. They also take into account the economic situation in each country. For Group companies located in the euro zone, the discount rate used is based on the iBoxx index for bonds with a maturity close to that of the corresponding liabilities.

Actuarial gains and losses calculated for the valuation of post-employment defined benefit plans (experience adjustments and the effects of changes in actuarial assumptions) are recognised directly in equity.

NOTE 23.1 DEFINED-BENEFIT PENSION PLANS

At 31 March 2017, defined-benefit plans, which are subject to an actuarial valuation, predominantly pertain to:

- retirement indemnities and long-service awards under collective bargaining agreements in France affecting a workforce of 639 people;
- three defined-benefit supplementary pension plans sponsored by the Group in France, one in Germany and one in Belgium, affecting 139 people of which 42 current and 97 retired or deferred;
- a post-employment healthcare scheme in France affecting a closed population of 26 retirees.

The breakdown by plan type of the liabilities recorded in the consolidated financial statements is as follows:

(in € millions)	2017	2016
Retirement indemnities	9.8	11.3
Supplementary pension plans	20.6	18.2
Long-service awards	0.7	0.7
Post-employment healthcare benefits	0.5	0.5
TOTAL	**31.6**	**30.7**

(in € millions)	2017	2016
Present value of obligation at start of year	**35.3**	**35.5**
Service cost	2.1	1.7
Interest cost	0.5	0.4
Impact of changes to schemes	(1.5)	-
Benefits paid	(2.2)	(1.5)
Actuarial gain (losses)	2.0	(0.8)
Translation reserve	-	-
Present value of obligation at end of year	**36.2**	**35.3**
Not funded	20.0	22.6
Partly funded	16.2	12.7
Carrying amount of plan asset at start of year	**4.6**	**3.8**
Expected return	0.1	-
Contributions received	0.6	0.5
Curtailment or settlement	-	-
Benefits paid	(0.6)	(0.1)
Actuarial gain (losses)	(0.1)	0.4
Translation reserve	-	-
Carrying amount of plan asset at end of year	**4.6**	**4.6**
Pension commitments	**31.6**	**30.7**
LIABILITIES	**31.6**	**30.7**
ASSETS	**-**	**-**

The assets underlying the liabilities are held by insurance companies who invest these assets together with their general assets.

NOTE 23.2 CHARGES FOR THE YEAR

(in € millions)	2017	2016
Service cost	(2.1)	(1.7)
Interest cost	(0.5)	(0.4)
Expected return	0.1	-
Impact of changes to scheme	1.5	-
Total income (expense)	**(1.0)**	**(2.1)**
Benefits paid	2.8	1.6
Employer's contribution	0.6	0.5
Total net income (expense)	**2.4**	**-**
Assumptions		
Average discount rate	1.27%	1.39%
Average salary increase	2.33%	2.34%
Expected working life	21 years	21 years
Expected rate of return of plan assets	0.40%	0.53%
Increase in medical costs	5.00%	5.00%
Estimated payments for the next five years:	11.2	11.8
Sensitivity to an increase of 0.50% in the discount rate on the gross actuarial debt	(1.3)	(1.0)
Sensitivity to an increase of 0.50% in the discount rate on the service cost	(0.1)	(0.1)

NOTE 23.3 ACTUARIAL GAINS AND LOSSES

(in € millions)	2017	2016
Opening balance	**(26.8)**	**(27.9)**
Movement for the year	(2.1)	1.1
of which experience adjustments	(1.3)	1.0
Closing balance	**(28.9)**	**(26.8)**

NOTE 24 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

NOTE 24.1 OPERATING ACTIVITY COMMITMENTS

(in € millions)	**2017**	2016
Purchase commitments – non-current assets	8.4	13.9
Leasing commitments – offices	28.0	31.1
Leasing commitments – equipment	2.1	2.0
Purchase commitments – *eaux-de-vie* (individual agreements)	50.3	42.5
Purchase commitments – *eaux-de-vie* (collective agreements)	79.9	54.5
Purchase commitments – wine	1.1	1.7
Other purchase commitments	20.5	27.0

Purchase commitments – non-current assets mainly concern the acquisition of ageing casks at the Cognac site.

The office leasing commitments mainly relate to the lease of the Group's Paris head office and those of the head offices of the subsidiaries Rémy Cointreau USA in New York, E. Rémy Rentouma Trading Ltd in Shanghai and Rémy Cointreau International Pte Ltd in Singapore.

Eaux-de-vie purchasing commitments mainly relate to multi-year contracts in place with distillers. These commitments are valued based on the prices known at the balance sheet date.

The wine purchase commitments comprise purchase commitments for wine in the US.

Other purchase commitments comprise purchase commitments for packaging items, advertising and promotion spending commitments and other miscellaneous purchase commitments.

Breakdown of commitments by maturity as of 31 March 2017:

(in € millions)	Total	2018	Beyond
Purchase commitments – non-current assets	8.4	4.4	4.0
Leasing commitments – offices	28.0	6.0	22.0
Leasing commitments – equipment	2.1	0.8	1.3
Purchase commitments – eaux-de-vie (individual agreements)	50.3	9.8	40.5
Purchase commitments – eaux-de-vie (collective agreements)	79.9	-	79.9
Purchase commitments – wine	1.1	0.8	0.3
Other purchase commitments	20.5	5.4	15.1

NOTE 24.2 FINANCING COMMITMENTS, DEPOSITS AND SIMILAR GUARANTEES

(in € millions)	2017	2016
Tax deposits	0.2	0.3
Customs deposits	18.7	19.7
Environmental deposits	2.8	2.9
Guarantees granted to suppliers	6.3	6.3
Factoring guarantees	10.0	10.0
Agricultural warrants on AFC inventories	54.0	46.0
Guarantee on €65 million bond issue	65.0	65.0
Miscellaneous guarantees on credit lines	37.3	35.9
Other guarantees	1.6	0.3

Breakdown of commitments by maturity as of 31 March 2017:

(in € millions)	Total	2018	Beyond
Tax deposits	0.2	-	0.2
Customs deposits	18.7	7.7	11.0
Environmental deposits	2.8	-	2.8
Guarantees granted to suppliers	6.3	6.3	-
Factoring guarantees	10.0	-	10.0
Agricultural warrants on AFC inventories	54.0	54.0	-
Guarantee on €65 million bond issue	65.0	-	65.0
Miscellaneous guarantees on credit lines	37.3	37.3	-
Other guarantees	1.6	0.3	1.3

As part of the creation of the Passoã SAS joint-venture with Lucas Bols, the parties issued put and call options on their respective securities in Passoã SAS, which may not be exercised before 1 December 2020. Unwinding of these instruments could enable Lucas Bols to acquire all the securities held by Rémy Cointreau in Passoã SAS. The exercise amount is currently estimated at €71.3 million.

NOTE 24.3 CONTINGENT ASSETS AND LIABILITIES RELATED TO DISPOSAL TRANSACTIONS

In connection with disposal transactions, guarantees in respect of liabilities are generally granted to the buyers for defined periods and amounts stipulated in the agreements. Liabilities for tax, excise duties and social security payments that may arise following audits covering periods prior to the sale are generally included until such liabilities lapse under the statute of limitations.

The guarantees granted and still outstanding at 31 March 2017 were as follows:

Disposal transaction	Transaction date	Nature of ongoing guarantees	Maturity	Maximum amount
Izarra – Distillerie de la Côte Basque	27 October 2015	Tax items	Legal period +30 days	€200,000

NOTE 24.4 OTHER CONTINGENT LIABILITIES

At 31 March 2017, Rémy Cointreau was involved in various litigations. After reviewing each case in relation to each subsidiary concerned, and after seeking legal advice, the provisions deemed to be necessary have been established to cover the estimated risks, where applicable.

Rémy Cointreau declares that it has not omitted any material off-balance sheet items in the presentation of its consolidated financial statements.

NOTE 25 RELATED PARTIES

NOTE 25.1 TRANSACTIONS WITH ASSOCIATES

At 31 March 2017, the Rémy Cointreau Group's main associates were Dynasty Fine Wines Group Ltd, Diversa and Spirits Platform Pty Ltd.

The transactions with these companies are described in note **5**.

NOTE 25.2 TRANSACTIONS WITH ORPAR AND ANDROMÈDE

Andromède is Rémy Cointreau's main shareholder, through Orpar. Transactions between Rémy Cointreau and these companies are as follows:

(in € millions)	**2017**	**2016**
Service fees paid	2.6	2.7
Current-account agreement[1]	60.0	60.0
Trade payables and other liabilities	-	-

(1) A shareholder current account advance agreement between Rémy Cointreau SA and Orpar SA was approved at the Shareholders' Meeting on 29 July. The agreement, signed on 31 March 2015, is for €60 million at an interest rate of 1.25%.

NOTE 25.3 TRANSACTIONS WITH COMPANIES WITH A COMMON SHAREHOLDER OR DIRECTOR

Andromède, shareholder of Orpar, is also a shareholder of Oeneo Group, which is listed on Euronext Paris and is a market leader in the cooperage and corking business. As such, various Oeneo Group subsidiaries are suppliers to the Rémy Cointr Group.

(in € millions)	**2017**	**2016**
Purchases of non-current assets	3.4	3.9
Other purchases	0.8	0.9
Trade payables	0.1	0.7

NOTE 25.4 MANAGEMENT BODIES

The Group's management bodies comprise the members of the Board of Directors and the Executive Committee.

The Executive Committee is comprised of the Chief Executive Officer and 11 members.

The data below includes the remuneration due to members of the management bodies during their term of office with these bodies.

Short-term benefits include fixed and variable remuneration, benefits in kind and all social security charges directly linked to these remunerations.

(in € millions)	**2017**	**2016**
Short-term benefits	8.8	9.0
End of contract indemnities	0.9	1.1
Post-employment benefits[1]	1.2	0.4
Share-based payments	1.1	0.6
Directors' fees paid to members of the Board of Directors	0.4	0.4
TOTAL	**12.5**	**11.5**

(1) Primarily a defined-benefit pension plan (note 23). The corresponding liabilities for the management bodies were €4.0 million at 31 March 2017.

NOTE 26 EVENTS AFTER THE REPORTING PERIOD

None.

NOTE 27 LIST OF CONSOLIDATED COMPANIES

At 31 March 2017, the scope of consolidation included 49 companies (49 at 31 March 2016). 46 companies were fully consolidated, and three were accounted for using the equity method. All companies have a 31 March year-end, except for Dynasty Fine Wines Group Ltd and Lixir, which have a 31 December year-end, and Spirits Platform Pty Ltd, which has a 30 September year-end.

		% interest	
Company	Activity	March 2017	March 2016
EUROPE			
France			
Rémy Cointreau SA[1]	Holding/Finance	100.0	100.0
Rémy Cointreau Services[1]	Holding/Finance	100.0	100.0
CLS Rémy Cointreau[1]	Production/ Distribution	100.0	100.0
Domaines Rémy Martin[1]	Agricultural production	100.0	100.0
E. Rémy Martin & Cie[1]	Production	100.0	100.0
Cointreau[1]	Production	100.0	100.0
Alliance Fine Champagne[2]	Special purpose entity	100.0	100.0
Rémy Cointreau International Marketing Services[1]	Other	100.0	100.0
Joint Marketing Services[1]	Holding/Finance	100.0	100.0
Storeco[1]	Production	100.0	100.0
Other countries			
Rémy Cointreau Nederland Holding NV (Netherlands)	Holding/Finance	100.0	100.0
Hermann Joerss GmbH & Co (Germany)	Distribution	100.0	100.0
Cointreau Holding GmbH (Germany)	Holding/Finance	100.0	100.0
Diversa Spezialitaten GmbH[3] (Germany)	Distribution	50.0	50.0
S. & E. & A. Metaxa ABE (Greece)	Production	100.0	100.0
Financière Rémy Cointreau SA (Belgium)	Holding/Finance	100.0	100.0
Rémy Cointreau Belgium (Belgium)	Distribution	100.0	100.0
Rémy Cointreau Europe & MEA SA (Switzerland)	Distribution	100.0	100.0
Rémy Cointreau Luxembourg SA (Luxembourg)	Distribution	100.0	100.0
Rémy Cointreau Slovakia sro (Slovakia)	Distribution	100.0	100.0
Rémy Cointreau Czech Republic sro (Czech Republic)	Distribution	100.0	100.0
Bruichladdich Distillery Company Ltd (UK)	Production	100.0	100.0
Rémy Cointreau UK Ltd (UK)	Holding/Finance	100.0	100.0
Rémy Cointreau UK Distribution Ltd (UK)	Distribution	100.0	100.0

		% interest	
Company	**Activity**	**March 2017**	**March 2016**
AMERICAS			
United States			
Rémy Cointreau USA Inc	Distribution	100.0	100.0
Rémy Cointreau Amérique Inc	Holding/Finance	100.0	100.0
Rémy Cointreau Travel Retail Americas Inc	Distribution	100.0	100.0
Barbados			
Mount Gay Distilleries Ltd	Production	95.2	95.2
Mount Gay Holding Ltd	Holding/Finance	100.0	100.0
Other countries			
Cointreau Do Brazil (licores) Ltda (Brazil)	Other	100.0	100.0
ASIA/PACIFIC/AFRICA			
China/Hong Kong			
Dynasty Fine Wines Group Ltd(3)	Production	27.0	27.0
Rémy Cointreau Shanghai Ltd	Distribution	100.0	100.0
E. Rémy Rentouma Trading Ltd	Distribution	100.0	100.0
Shanghai RC Trading Ltd	Distribution	100.0	100.0
Rémy Concord Ltd	Distribution	100.0	100.0
Rémy Pacifique Ltd	Holding/Finance	100.0	100.0
Caves de France	Holding/Finance	100.0	100.0
Other countries			
Rémy Cointreau Taiwan Pte Ltd (Taiwan)	Distribution	100.0	100.0
Rémy Cointreau Japan KK (Japan)	Distribution	100.0	100.0
Rémy Cointreau International Pte Ltd (Singapore)	Distribution	100.0	100.0
RM Cointreau Vietnam Company Ltd (Vietnam)	Distribution	100.0	100.0
Rémy Cointreau South Africa Pty Ltd (South Africa)	Distribution	100.0	100.0
Rémy Cointreau India Private Ltd (India)(7)	Distribution	100.0	100.0
Spirits Platform Pty Ltd (Australia)(3)	Distribution	37.0	37.0
CHANGES IN CONSOLIDATION SCOPE			
Rangit Ltd (Mauritius)(7)	Holding/Finance	-	100.0
Lixir (France)(6)	Distribution	-	50.0
DELB BV (Netherlands)(6)	Holding/Finance	-	100.0
Rémy Cointreau Nederland BV (Netherlands)(7)	Holding/Finance	-	100.0
De Bron 1575 BV (Netherlands)(7)	Holding/Finance	-	100.0
Rémy Cointreau Malaysia (Malaysia)(5)	Distribution	100.0	-
HDHG (France)(4)	Holding/Finance	100.0	-
Domaine des Hautes Glaces (France)(4)	Production	95.5	-
The Westland Distillery Company (United States)(4)	Production	100.0	-
Rémy Cointreau International Spirits Ltd (United Kingdom)(5)	Distribution	100.0	-

(1) Company included in the French tax group.
(2) Special purpose entity.
(3) Equity-accounted company.
(4) Acquired during the year.
(5) Created during the year.
(6) Sold during the year.
(7) Merged or liquidated during the year.

5.7 Statutory auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report should be read and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' annual general meetings, we hereby report to you, for the year ended 31st March 2017 on:

- the audit of the enclosed consolidated financial statements of Rémy Cointreau;
- the justification of our assessments;
- the specific verifications and information required by law.

These consolidated financial statements have been approved by your Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at 31 March 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Justification des appréciations

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

BRAND IMPAIRMENT TEST

Brands are subject to an impairment test, where applicable, according to the method described in note 3 of the notes to the consolidated financial statements. We have assessed the validity of the valuation method applied which is based on estimates and examined the data and assumptions used in making these valuations by your company. On that basis, we carried out the assessment of the reasonableness of these estimates.

USE OF ESTIMATES

Note 1.1 of the notes to the consolidated financial statements specifies the necessity for your company to make estimates and assumptions, in the context of the establishment of the consolidated financial statements, particularly on Dynasty shares. We examined the data and assumptions used by your company on which these estimates are based, reviewed the calculations made by your company, compared the estimates made during previous periods with actual realizations and assessed the approval process of these estimates by the management of your company. On that basis, we carried out the assessment of the reasonableness of these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

In accordance with professional standards applicable in France, we have also verified, as required by law, the information presented in the group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Paris-La Défense, the 14th June 2017

The Statutory auditors,

Auditeurs et Conseils Associés
represented by
François Mahé

ERNST & YOUNG et Autres
represented by
Pierre Bidart

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COMPANY FINANCIAL STATEMENTS AT 31 MARCH 2017

6.1 Balance sheet

For the years ended 31 March, in € millions	*Notes*	2017	2016
ASSETS			
Intangible fixed assets		-	32.4
Property, plant and equipment		-	-
Equity investments		1,550.9	1,519.1
Receivables relating to equity investments		-	-
Other long-term investments		-	-
Loans		90.0	90.0
Other financial assets		3.8	3.2
Total fixed assets	*2.1/2.2*	**1,644.7**	**1,644.7**
Other receivables	*2.3*	52.0	33.4
Marketable securities	*2.4*	7.8	7.2
Cash and cash equivalents		-	-
Prepaid expenses		0.3	0.1
Total current assets		**60.1**	**40.7**
Deferred expenses	*2.5*	3.3	1.7
Bond redemption premiums	*2.6*	-	0.5
Foreign currency translation reserve – assets		-	-
TOTAL ASSETS		**1,708.1**	**1,687.6**
LIABILITIES			
Share capital		79.5	78
Additional paid-in capital		758.6	695.3
Legal reserve		7.8	7.8
Regulated reserves		-	-
Other reserves		-	-
Retained earnings		87.3	98.1
Net profit/(loss) for the year		151.2	67.1
Regulated provisions		-	-
Equity	*2.7*	**1,084.5**	**946.3**
Provisions for liabilities and charges	*2.8*	**7.8**	**2.6**
Bonds	*2.9*	355.4	288.3
Borrowings and amounts due to financial institutions	*2.10*	-	30.0
Other borrowings	*2.11*	182.0	347.5
Borrowings		**537.4**	**665.8**
Trade payables		0.4	0.3
Tax and social security liabilities		6.0	0.2
Amounts payable on fixed assets and related accounts		-	-
Other liabilities	*2.12*	72.0	72.4
Payables		**78.4**	**72.9**
Deferred income		-	-
Foreign currency translation reserve – liabilities		-	-
TOTAL LIABILITIES		**1,708.1**	**1,687.6**

6.2 INCOME STATEMENT

As of 31 March, in € millions	*Notes*	2017	2016
Services provided	*3.1*	20.2	18.7
Reversals of depreciation, amortisation and provisions, transferred charges		2.3	-
Other income		-	-
Total operating revenue		**22.5**	**18.7**
Purchases and external charges		32.5	27.4
Taxes, duties and other levies		0.1	0.1
Wages and salaries		-	-
Social security charges		0.1	0.1
Depreciation and amortisation of fixed assets		0.7	0.5
Provisions for liabilities and charges		-	-
Other expenses		0.4	0.4
Total operating expenses		**33.8**	**28.5**
Operating results		**(11.3)**	**(9.8)**
Financial income from equity investments	*3.2*	165.1	73.7
Income from investment securities and equity investments		4.3	4.3
Other interest and related income		0.1	0.3
Reversals of provisions and transferred charges		0.7	-
Foreign exchange gains		-	-
Net gains on disposals of marketable securities		0.7	0.7
Total financial income		**170.9**	**79.0**
Charges for amortisation and provisions		0.5	1.0
Interest and similar expenses		14.1	19.2
Foreign exchange losses		-	-
Net losses on disposals of marketable securities		0.1	0.5
Total financial expenses		**14.7**	**20.7**
Net financial income/(expense)		**156.2**	**58.3**
Profit/(loss) on ordinary activities before tax		**144.9**	**48.5**
Exceptional gains on management transactions		-	-
Exceptional gains on capital transactions		5.6	-
Reversals of provisions and transferred charges		0.6	2.7
Total exceptional income	*3.3*	**6.2**	**2.7**
Exceptional gains on management transactions		-	0.3
Exceptional gains on capital transactions		1.1	2.7
Exceptional depreciation, amortisation and provisions		5.3	-
Total exceptional expenses	*3.3*	**6.4**	**3.0**
Net exceptional income/(expense)	*3.3*	**(0.2)**	**(0.3)**
Income tax	*3.4*	6.5	18.9
NET PROFIT FOR THE PERIOD	*3.4*	**151.2**	**67.1**

6.3 Cash flow statement

As of 31 March, in € millions	2017	2016
Net profit for the period	151.2	67.1
Depreciation, amortisation and provisions	**6.5**	**1.5**
Operating	-	-
Financial	0.5	1.0
Exceptional	5.3	-
Deferred charges	0.7	0.5
Reversals of depreciation, amortisation and provisions	**(1.3)**	**(2.7)**
Operating	-	-
Financial	(0.7)	-
Exceptional	(0.6)	(2.7)
(Gains)/losses on disposals	**(4.5)**	**0.0**
Proceeds from disposals	(5.6)	(1.7)
Carrying amount of assets sold	1.1	1.7
= OPERATING CASH FLOW	**151.9**	**65.9**
A - Resources		
Operating cash flow	151.9	65.9
Disposals of intangible fixed assets	-	-
Disposals of property, plant and equipment	-	-
Disposals or reductions of financial assets	-	-
Decrease in loans and other financial assets	-	-
Capital increase and share premium	-	-
Long- and medium-term borrowings	70.0	90.0
Total	**221.9**	**155.9**
B - Uses		
Dividends	78.0	72.9
Acquisitions of fixed assets:	-	-
▪ Intangible fixed assets	-	-
▪ Property, plant and equipment	-	-
▪ Financial assets	-	-
Increase in loans and other financial assets	2.9	0.2
Repayment of borrowings	30.0	140.1
Deferred charges	-	-
Bond redemption premiums	-	-
Reduction of shareholders' equity	-	-
Total	**110.9**	**213.2**
A - B = Change in working capital	**111.0**	**(57.3)**
Analysis of change in working capital		
Increase/(decrease) in trade payables	(0.1)	2.5
Increase/(decrease) in advance payments on orders	-	-
Increase/(decrease) in other current assets/liabilities, including bank overdrafts	111.1	(59.8)
TOTAL	**111.0**	**(57.3)**

6.4 Financial results for the last five years

As of 31 March, in € millions	2017[1]	2016	2015	2014	2013
1. Share capital at year-end					
Share capital	79.5	78.0	77.9	77.6	81.5
Number of shares in circulation	49,692,184	48,735,014	48,710,253	48,476,859	50,909,912
Maximum number of shares to be created through the conversion of bonds	-	-	-	-	-
2. Operations and results for the year					
Sales excluding taxes	20.2	18.7	21.9	23.4	24.9
Profit before tax, depreciation, amortisation and provisions	138.6	47.0	12.2	107.7	27.8
Income tax	6.5	18.9	5.9	11.2	8.5
Profit/(loss) after tax, depreciation, amortisation and provisions	151.2	67.1	11.5	117.5	34.8
Dividends	82.0	78.0	74.5	61.6	71.3
3. Earnings per share (in €)					
Profit/(loss) after tax, but before depreciation, amortisation and provisions	2.79	1.35	0.37	2.45	0.7
Profit/(loss) after tax, depreciation, amortisation and provisions	3.04	1.38	0.24	2.42	0.7
Net dividend distributed per share	1.65	1.60	1.53	1.27	1.4
4. Employees					
Number of employees	-	-	-	-	-
Total payroll	-	-	-	-	-
Staff benefits (social security and other benefits)	-	-	-	-	-
Profit sharing (included in total payroll)	-	-	-	-	-

(1) Subject to approval of the Ordinary Shareholders' Meeting.

6.5 NOTES TO THE FINANCIAL STATEMENTS

CONTENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with the accounting standards defined by the French national chart of accounts *(plan comptable général),* ratified by ministerial decree of 8 September 2014 pursuant to Articles L. 123-12 to L. 123-28 and R. 123-172 to R. 123-208 of the French Commercial Code.

Accounting conventions have been adopted on a prudent basis and in accordance with the following basic assumptions:

- going concern principle;
- consistency of accounting policies from one period to the next;
- independence of financial periods;

and in line with the general rules governing the preparation and presentation of financial statements.

The historical cost method was adopted as the basic method of accounting.

The valuation and presentation methods used for this year's financial statements remain unchanged from the previous period, with the exception of the adoption of ANC regulation 2015--06 applicable to accounting periods beginning on or after 1 January 2016 and related to the recognition of technical losses. These must now be recorded as unrealised capital gains on the underlying transferred assets.

The main accounting principles and valuation methods used are as follows:

a. non-current financial assets are measured at acquisition cost or transfer value, less any provisions necessary to reconcile them with their value in use. Value in use is determined using a number of criteria, including in particular net assets, unrealised capital gains and future earnings potential;
b. receivables and liabilities are recorded at their nominal value. Any such items that are denominated in foreign currency are translated at the closing exchange rate for the year. Where applicable, a provision for doubtful debts is recorded on receivables to cover any risk of non-collection;
c. the difference arising from the valuation of liabilities and receivables in foreign currencies, using the closing exchange rate, is recorded in the balance sheet as a foreign currency translation reserve;
d. interest-rate hedging instruments are recorded as off-balance sheet commitments.

NOTE 2 NOTES TO THE BALANCE SHEET

NOTE 2.1 FIXED ASSETS

(in € millions)	Gross value at the start of the year	Reclassification	Increase	Decrease	Gross value at end of year
Intangible fixed assets	32.4	(32.4)	-		-
Equity investments	1,519.6	32.4	-	1.1	1,550.9
Other financial assets	3.3	-	0.9	0.4	3.8
Loans	90.0	-	3.2	3.2	90.0
TOTAL	**1,645.3**	**-**	**4.1**	**4.7**	**1,644.7**

Pursuant to ANC regulation 2015-06, which came into force on 1 January 2016 (note **1**), the deficit of €32.4 million resulting from the merger with RC PAVIS (1990), originally recorded under "Intangible fixed assets", was allocated to the E. Rémy Martin SAS securities (in the amount of €19 million) and the Cointreau SAS securities (€14.4 million). The amounts have been reclassified into specific accounts under "Equity investments".

The €1.1 million decrease in equity investments is due to the disposal of Ducs de Gascogne securities in July 2016. These securities were sold for €0.3 million and a provision for impairment was recorded during the preceding financial years.

The "Other financial assets" item is comprised of the following:

- €3.3 million corresponding to a liquidity contract entered into with a liquidity provider. The liquidity provider's sole purpose is to promote the liquidity of the Company's securities and the regularity of their quotation on the market;
- €0.5 million corresponding to 6,202 securities held under the liquidity contract at the reporting date, placed in a liquidity account.

Under the contract for the sale of Piper-Heidsieck Compagnie Champenoise, a nine-year loan was granted to the purchaser in July 2011, in the amount of €75 million, to finance part of the acquisition. As of the date at which these funds were made available, and until the end of the third year of the loan, the annual interest payment was capitalised, bringing the principal amount to €86.8 million. As of the reporting date, a provision was made for the interest accrued, now payable on the anniversary date of the loan, in the amount of €3.2 million.

NOTE 2.2 AMORTISATION, DEPRECIATION AND PROVISIONS

(in € millions)	Opening balance	Increase	Decrease	Closing balance
Equity investments	0.6	-	0.6	-
Marketable securities	0.7	-	0.7	-
TOTAL	**1.3**	**-**	**1.3**	**-**

The decrease in the provision of €0.6 million is due to the disposal of the Ducs de Gascogne securities.

The provision for marketable securities recorded at 31 March 2017 was reversed in full following the increase in the market value.

NOTE 2.3 OTHER RECEIVABLES

(in € millions)	**2017**	2016
Income tax instalments	-	2.5
Tax group receivable	42.6	21.8
VAT receivable	0.7	0.2
Income receivable under the bonus share plan (note **2.6**)	7.8	2.6
Other debtors	0.9	6.3
TOTAL	**52.0**	**33.4**

At the reporting date, €7.8 million of income receivable was recorded, corresponding to the impact of the reassignment of the costs associated with issuing the shares allocated under the 2015A and 2015B bonus share plans (66,250 and 39,914 shares respectively) to the entities paying the beneficiaries of these plans (note **2.7**). Re-invoicing shall effectively take place at the end of the plan vesting period.

NOTE 2.4 MATURITY ANALYSIS OF RECEIVABLES

(in € millions)	Gross amount	Less than one year	More than one year
Fixed assets			
Receivables relating to equity investments	-	-	-
Loans	90.0	3.2	86.8
Other financial assets	3.8	3.8	-
Current assets			
Other receivables	52.0	52.0	-
Marketable securities	7.8	7.8	-
Prepaid expenses	0.2	0.2	-
TOTAL	**186.2**	**99.4**	**86.8**

Marketable securities correspond to treasury shares held to service bonus share plans. As at the reporting date, 106,164 treasury shares were held for this purpose. All of them are allocated to existing plans. The shares are held until the maturity of these plans (note **2.7**).

NOTE 2.5 MATURITY ANALYSIS OF DEFERRED EXPENSES

(in € millions)	Gross amount	Less than one year	More than one year
Syndicated loan expenses of €255 million	1.0	0.5	0.5
Private placement expenses of €80 million	0.2	0.0	0.2
OCEANE expenses of €275 million	2.1	0.2	1.9
TOTAL	**3.3**	**0.7**	**2.6**

The costs of issuing and extending the loan are amortised over the term of the loan. A total of €0.7 million was amortised over the period.

The maturities are as follows:

- syndicated loan: 11 April 2019;
- private bond placement: 27 February 2025;
- OCEANE bond: 7 September 2026.

The costs related to the OCEANE bond, issued in September 2016, amounted to €2.3 million.

NOTE 2.6 MATURITY ANALYSIS OF BOND ISSUE PREMIUMS

The issue premium of €4.6 million associated with the €205 million bond issued in June 2010 was settled upon maturity of the instrument in December 2016.

NOTE 2.7 SHAREHOLDERS' EQUITY

Breakdown of share capital

Share capital comprises 49,692,184 fully paid-up shares with a nominal value of €1.60.

During the year, 957,170 shares were issued following the option to receive payment of the dividend in shares.

Change in shareholders' equity

	Number of shares	Share capital	Share premium Additional paid-in capital	Legal reserve	Retained earnings	Net profit/ (loss)	Total
At 31 March 2015	**48,710,253**	**77.9**	**693.9**	**7.8**	**160.9**	**11.5**	**952.0**
Appropriation of earnings	-	-	-	-	11.5	(11.5)	-
Net profit/(loss) for the year	-	-	-	-	-	67.1	67.1
Dividend	24,761	0.1	1.4	-	(74.3)	-	(72.8)
At 31 March 2016	**48,735,014**	**78.0**	**695.3**	**7.8**	**98.1**	**67.1**	**946.3**
Appropriation of earnings	-	-	-	-	67.1	(67.1)	-
Net profit/(loss) for the year	-	-	-	-	-	151.2	151.2
Dividend	957,170	1.5	63.3	-	(77.8)	-	(13.1)
AT 31 MARCH 2017	**49,692,184**	**79.5**	**758.6**	**7.8**	**87.4**	**151.2**	**1,084.5**

Bonus share plans

Grant date[1]	Plan No.	Vesting period	Minimum retention period	Rights initially granted	Value per right on grant date	Lapsed rights	Rights granted after the vesting period	Rights outstanding at 31 March 2017
27 January 2015	2015A	3 years	2 years	82,500	64.26	16,250	-	66,250
24 November 2015	2015B	3 years	2 years	88,800	66.64	5,800	-	83,000
22 November 2016	2016	3 years	2 years	73,600	74.44	-	-	73,600
TOTAL				**244,900**		**22,050**	**-**	**222,850**

(1) The grant date is the date of the Board meeting which decided allocations under each plan. The 2015A, 2015B and 2016 plans were authorised by the Combined Shareholders' Meeting of 24 July 2014.

Plans 2015A, 2015B and 2016 are indexed plans. The shares issued to beneficiaries at the end of the vesting period are subject to their continued employment with the Group. The number of shares will depend on the achievement of external criteria.

Plan 2015A: the maximum number of shares will be granted if the share price increases by 30% or more between 27 January 2015 and 27 January 2018, with a target price of €75.39. The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. As at the reporting date, the plan was expected to be serviced by the delivery of shares held by Rémy Cointreau.

Plan 2015B: the maximum number of shares will be granted if the share price increases by 20% or more between 24 November 2015 and 23 November 2018, with a target price of €76.95. The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. As at the reporting date, the plan was expected to be serviced by the delivery of shares held by Rémy Cointreau up to the number of shares potentially outstanding after the service of plan 2015A and by the creation of new shares for the remainder.

Plan 2016: the maximum number of shares will be granted if the overall performance of Rémy Cointreau stock (TSR – Total Shareholder Return) as at the end of the vesting period is superior to that of a panel of nine luxury goods and/or premium spirits companies. The Board of Directors will set the share delivery terms (delivery of treasury shares or creation of new shares) when deciding on the final allocation of the plan. As at the reporting date, the plan was expected to be serviced by the creation of new shares.

NOTE 2.8 PROVISIONS

(in € millions)	Regulated provisions	Provisions for liabilities and charges	Provisions for impairment	Total
Opening balance	**-**	**2.6**	**1.3**	**3.9**
Increase	-	5.2	-	5.2
Reversals	-	-	(1.3)	(1.3)
CLOSING BALANCE	**-**	**7.8**	**-**	**7.8**

The provision for liabilities of €7.8 million covers the estimated cost of issuing treasury shares allocated to the 2015A and 2015B bonus share plans (note **2.7**). This provision was increased during the period to reflect changes in the expected performance of these plans.

See note **2.2** for information on provisions for impairment.

(in € millions)	Increase	Reversals
▪ Operating	-	-
▪ Financial	-	1.3
▪ Exceptional	5.2	-
▪ Tax	-	-
TOTAL	**5.2**	**1.3**

NOTE 2.9 BONDS

(in € millions)	2017	2016
Convertible bonds (OCEANE)	275.0	-
Bonds	-	205.0
Private placement bonds	80.0	80.0
Total nominal value	**355.0**	**285.0**
Accrued interest	0.4	3.3
TOTAL	**355.4**	**288.3**

OCEANE

In September 2016, Rémy Cointreau carried out a 10-year OCEANE convertible bond issue with a par value of €275.0 million. The 2,484,191 bonds issued, with a par value each of €110.7, bear interest of 0.125% payable annually on 7 September. They will be redeemed at par value upon maturity. The bonds carry a put option of seven years, exercisable from 7 September 2023.

The costs of issuing the bond (€2.3 million) are amortised over the term of the bond, and the charges for the first year are recorded on a full-year basis.

The proceeds from this issue have been notably used to repay the €205 million bond that reached maturity in December 2016.

This bond may be repaid in full from 30 September 2021, if the Rémy Cointreau share price exceeds, over a period of 20 consecutive days, 130% of the par value of the bonds, *i.e.* €143.91 per share.

€205 million bond issue

In June 2010, Rémy Cointreau carried out a 6.5-year bond issue with a par value of €205.0 million. The bonds have a par value of €50,000 each and were issued at 97.745% of par (issue premium of 2.255%), bearing interest of 5.18% payable on 15 June and 15 December of each year.

These bonds were repaid at par upon maturity on 15 December 2016.

Private bond placement

On 27 February 2015, Rémy Cointreau issued an €80 million bond in the form of a private placement. These 10-year bonds bear interest at 2.945%.

NOTE 2.10 BORROWINGS AND AMOUNTS DUE TO FINANCIAL INSTITUTIONS

(in € millions)	2017	2016
Syndicated loan	-	30.0
Accrued interest	-	-
TOTAL	**-**	**30.0**

Syndicated loan

Since 11 April 2014, Rémy Cointreau has had a syndicated loan with a pool of 10 banks. The loan matures on 11 April 2019 and has an outstanding balance of €255 million. Amounts drawn down bear interest at EURIBOR plus a margin that is subject to change according to Rémy Cointreau's rating.

This facility is unsecured.

The availability of the facility is contingent upon the "Average net debt/EBITDA" ratio (the "A ratio") being less than or equal to 3.5 at 30 September and 31 March of each year until maturity.

At 31 March 2017, the A ratio was 1.78 (March 2016: 2.29; March 2015: 2.64).

At 31 March 2017, no amounts are currently being drawn down on this facility.

NOTE 2.11 OTHER BORROWINGS

Borrowings and liabilities break down as follows:

(in € millions)	2017	2016
Current-account agreement	60.0	60.0
Borrowings and amounts due to Group subsidiaries	121.2	286.7
Total nominal value	**181.2**	**346.7**
Accrued interest	0.8	0.8
TOTAL	**182.0**	**347.5**

Current-account agreement

On 31 March 2015, Rémy Cointreau signed a current account agreement with its shareholder ORPAR for a €60 million interest-bearing advance for a maximum period of three years. This advance was fully paid up at 1 April 2015.

NOTE 2.12 OTHER LIABILITIES

(in € millions)	2017	2016
Tax instalments paid by companies within the tax group	20.9	23.7
Tax group balance	47.0	47.7
Accrued expenses	0.0	0.5
Other creditors	4.1	0.5
TOTAL	**72.0**	**72.4**

NOTE 2.13 DEBT MATURITY ANALYSIS

(in € millions)	Gross amount	Less than one year	One to five years	More than five years
Bonds	355.4	0.4	-	355.0
Borrowings and amounts due to financial institutions	-	-	-	-
Other borrowings	182.0	182.0	-	-
Trade payables	0.4	0.4	-	-
Tax and social security liabilities	6.0	6.0	-	-
Other liabilities	72.0	72.0	-	-
TOTAL	**615.8**	**260.8**	**0.0**	**355.0**

NOTE 3 NOTES TO THE INCOME STATEMENT

NOTE 3.1 ANALYSIS OF NET SALES

Net sales totalled €20.2 million and essentially comprised services billed to all Rémy Cointreau Group subsidiaries and sub-subsidiaries, of which €11.6 million to French companies and €8.6 million to foreign companies.

NOTE 3.2 FINANCIAL INCOME FROM EQUITY INVESTMENTS

Financial income from equity investments amounted to €165.1 million and related to dividends received from subsidiaries.

NOTE 3.3 EXCEPTIONAL INCOME AND EXPENSES

Exceptional income of €6.2 million is comprised of:

- €5.3 million representing an increase in the receivables recorded in relation to the allocation of treasury shares for the 2015A and 2015B share plans to the entities paying the beneficiaries of these plans (notes **2.3** and **2.7**);
- €0.9 million related to the disposal of Ducs de Gascogne securities.
- Exceptional expenses of €6.4 million correspond to€5.3 million related to an additional increase in the provision made for the estimated cost of issuing the treasury shares allocated to the 2015A and 2015B share plans (notes **2.3** and **2.8**);
- €1.1 million related to the disposal of Ducs de Gascogne securities.

NOTE 3.4 INCOME TAX

A) Income tax analysis

(in € millions)	Profit/(loss) before tax	Income tax	Net profit
Profit/(loss) on ordinary activities	144.9	-	144.9
Net exceptional income/(expense)	(0.2)	-	(0.3)
Net profit for the period	144.7	6.5	151.2

The net income tax gain recognised corresponds to:

- the Group's income tax saving for the year of €6.9 million;
- the exceptional contribution on dividends paid of €0.4 million.

B) Increase and reduction in future tax liabilities

The Company has no temporary differences in the calculation of its tax burden.

NOTE 3.5 TAX GROUP

Rémy Cointreau elected to form a tax group with effect from 1 April 1993 for Group companies as provided in Article 223A of the French General Tax Code.

The tax allocation agreement stipulates that the tax charge is borne by the companies within the tax group as if no such group existed, after applying any tax losses carried forward.

The following companies are included in the tax group:

- Rémy Martin, Cointreau, Rémy Cointreau Services, CLS Rémy Cointreau, Domaines Rémy Martin, Rémy Cointreau International Marketing Services, Storeco, Rémy Cointreau Libra, Joint Marketing Services;
- the company Domaine des Hautes Glaces and the holding company Domaine des Hautes Glaces acquired by the Rémy Cointreau Group at the end of the period will be included in the tax group from 1 April 2017.

NOTE 4 OTHER INFORMATION

NOTE 4.1 STATUTORY AUDITORS' FEES

The fees paid to Statutory Auditors recorded in the income statement for the period amounted to €347 thousand excluding tax.

(in € thousands)	Ernst & Young et autres	Auditeurs & Conseils Associés SA	Total
Statutory auditors	185	132	317
Ancillary assignments	20	10	30
TOTAL	**205**	**142**	**347**

NOTE 4.2 OFF BALANCE-SHEET COMMITMENTS

A) Financial commitments

At the reporting date, the Company's commitments concern guarantees granted to a Group subsidiary for €65 million and to bank establishments for various financing lines for €51.7 million.

The loan granted as part of the disposal of Piper-Heidsieck Compagnie Champenoise securities amounting to €86.8 million at the end of the financial year is guaranteed by a security interest over these securities.

B) Contingent liabilities relating to asset disposals

In connection with disposal transactions, guarantees in respect of liabilities are generally granted to the buyers for defined periods and amounts stipulated in the agreements. Liabilities for tax, excise duties and social security payments that may arise following audits covering periods prior to the sale are generally included until such liabilities lapse under the statute of limitations.

At 31 March 2017, no guarantees are outstanding.

NOTE 4.3 DISPOSALS OF TREASURY SHARES

At 31 March 2017, 6,202 treasury shares had been credited to the liquidity account. Income generated during the year by the manager of the liquidity account was recorded as financial income.

During the financial year, the Company did not dispose of any treasury shares under the bonus share plans (note 2.7).

NOTE 5 EVENTS AFTER THE REPORTING PERIOD

None.

NOTE 6 LIST OF SUBSIDIARIES AND EQUITY INVESTMENTS AS AT 31 MARCH 2017

(In thousands of foreign currency or € thousands)	Currency	Capital (in thousands of currency)	Shareholders' equity excluding capital (in thousands of currency)	Share of capital held %	Carrying value of capital held (in € thousands)	Provisions on securities (in € thousands)	Dividends received (in € thousands)	Sales ex-tax prior year (in thousands of currency)	Profit/(loss) after tax (in thousands of currency)	End of year date
A) French companies										
E. Rémy Martin & C°	EUR	6,725	382,347	100	381,708	-	10,109	248,507	24,834	31/03/2017
Cointreau	EUR	4,037	157,450	100	89,103	-	-	56,054	67,326	31/03/2017
Rémy Cointreau Services	EUR	1,114,805	21,690	93	1,046,700	-	155,020	-	59,620	31/03/2017
Total gross value					**1,517,511**	**-**	**165,129**			
B) Foreign companies										
Other foreign subsidiaries	EUR	-	-	-	990	2	-	-	-	-
Total gross value	**EUR**	**-**	**-**	**-**	**990**	**2**	**-**	**-**	**-**	**-**
Total gross value (A+B)					**1,518,501**	**2**				
TOTAL CARRYING AMOUNT					**1,518,499**					

6.6 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report should be read and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' annual general meetings, we hereby report to you, for the year ended 31st March 2017 on:

- the audit of the enclosed financial statements of Rémy Cointreau;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by your Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the procedures to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and financial position of the company as at 31st March 2017, and of the results of its operations for the year then ended in accordance with French accounting principles.

Without reconsidering the expressed opinion above, we draw yours attention to the notes to the financial statements regarding the accounting modification implemented by the ANC 2015-06 regulation, in the note 1 « Summary of significant accounting policies » and 2.1 « Fixed assets ».

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

The note 1a of the notes to the financial statements details the accounting principles and methods relating to the approach used by the Company for assessing the value of equity investments. As part of our assessment of the accounting rules and principles followed by the Company, we have verified the validity of the approach used and we have satisfied ourselves that it has been correctly applied.

The note 2.1 of the notes to the financial statements details the accounting principles and methods relating to the ANC 2015-06 regulation. As part of our assessment of the accounting rules and principles followed by the Company, we have verified the validity of the approach used and we have satisfied ourselves that it has been correctly applied.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law. We have no matters to report as to the fair presentation and the consistency with the financial statements of the information provided in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information provided in accordance with the requirements of article L.225-102-1 of French Commercial Code (*Code de commerce*) relating to compensations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with the French law, we have verified that the identity of the shareholders or voting rights holders have been properly disclosed in the management report.

Paris and Paris-La Défense, 14th June 2017
The Statutory auditors,

Auditeurs et Conseils Associés
Represented by
François Mahé

ERNST & YOUNG et Autres
Represented by
Pierre Bidart

7

INFORMATION ON THE COMPANY AND THE CAPITAL

7.1 General information about the Company

CORPORATE NAME, REGISTERED OFFICE AND MAIN ADMINISTRATIVE OFFICE

Corporate name: Rémy Cointreau

Registered office: rue Joseph Pataa (formerly rue de la Champagne), 16100 Cognac

Administrative office: 21 boulevard Haussmann, 75009 Paris

LEGAL FORM AND GOVERNANCE

Société anonyme (French limited liability company) with a Board of Directors governed by French law (in particular by the provisions of Book II of the French Commercial Code applicable to commercial companies) and by its Articles of Association.

APPLICABLE LEGISLATION

Rémy Cointreau SA (hereinafter called “Rémy Cointreau” or “the Company”) is a company subject to French law.

DATE ESTABLISHED – DURATION

The Company was established on 3 March 1975 and will end on 30 September 2073.

CORPORATE PURPOSE

Rémy Cointreau’s purpose pursuant to Article 2 of its Articles of Association is as follows:

- the creation, acquisition and operation of any commercial, industrial or other business;
- the direct or indirect equity investments of the Company, in any form whatsoever, in any company, association, business or grouping of any form whose object is a commercial, industrial, agricultural, real estate, design, research or development activity, or the acquisition, management or exploitation of all property or rights;
- the paid provision of qualified services in technical, commercial, administrative or financial fields, to any natural person or legal entity engaged in commercial, financial or industrial activities in France or other countries;
- in general, any commercial, financial, industrial, property or real estate transaction which is directly or indirectly related, in whole or in part, to the aforementioned objects or to any similar or related object.

REGISTER OF COMPANIES AND REGISTRATION NUMBER

Rémy Cointreau is registered under number 302 178 892 in the Angoulême Trade and Companies Register (APE code 7010Z).

PLACE OF INSPECTION OF THE COMPANY’S LEGAL DOCUMENTS

Legal documents may be inspected at the registered office whose address is provided above (the reception is located 20 rue de la Société Vinicole – 16100 COGNAC).

7.2 Memorandums and Articles of Association

FINANCIAL YEAR

The Company’s financial period commences on 1 April and ends on 31 March of the following year. The year runs for 12 months.

DISTRIBUTION OF PROFITS UNDER THE ARTICLES OF ASSOCIATION

Out of the Company’s profits in each financial year, after setting aside a provision to establish the legal reserve, which must be at least equal to the minimum required, the Shareholders’ Meeting may, profit permitting and on the proposal of the Board of Directors, allocate the profit to one or more reserve funds for which it regulates the allocation or use, carry forward or distribute as dividends among the shareholders.

After reviewing the reserves at its disposal, the Shareholders’ Meeting may decide to distribute amounts drawn from these reserves. In this event, the decision should expressly specify which reserve accounts have been drawn down.

DIVIDENDS (DISTRIBUTION POLICY OVER THE PAST FIVE YEARS)

The dividends distributed over the last five years are disclosed in section 6.4.

SHAREHOLDERS’ MEETINGS

Shareholders’ Meetings are called and held under the conditions stipulated by law.

These meetings are held either at the registered office or at another venue specified in the Notice of Meeting.

RIGHT OF ADMISSION TO MEETINGS

Pursuant to Article R. 225-85 of the French Commercial Code, the only people allowed to attend a meeting, to vote by post or to be represented, are shareholders who have previously furnished evidence of their status by an accounting record of securities in their name or in the name of an intermediary recorded for their account, on the second working day preceding the meeting by midnight, Paris time, either in registered share accounts held for the Company by its service provider, Société Générale, Service Assemblées Générales, CS 30812, 44308 Nantes Cedex 3, France, or in the bearer securities accounts held by an authorised intermediary, who holds their securities account. The registration or recording of bearer securities on the books of the authorised intermediary must be attested to by a certificate of shareholding issued by the latter, attached to the postal voting or proxy form, or to the application for an admission card in the name of the shareholder, or on behalf of the shareholder represented by the registered intermediary. A certificate is also issued to shareholders wishing to participate in person in the meeting and who have not received their admission card on the second working day preceding the meeting by midnight, Paris time.

Admission cards for the meeting will be sent to every shareholder who requests one from Société Générale, Service Assemblées Générales, CS 30812, 44308 Nantes Cedex 3, France, or at one of the authorised banking establishments, by producing, if they are bearer securities, a certificate of shareholding under the conditions referred to above.

Following a decision of the Board of Directors, shareholders may participate in meetings by videoconference or vote by any telecommunication and electronic transmission system, including the Internet, under the conditions envisaged by the applicable regulations at the time of their use. This decision is included in the Notice of Meeting published in the *Bulletin des Annonces Légales Obligatoires* (French Journal of Legal Notices) (BALO).

VOTING RIGHTS

Share voting rights are in proportion to the share of capital that they represent. At equivalent nominal value, each share entitles the holder to one vote.

However, a share entitles the holder to a double vote, in relation to the share capital that it represents, in the following cases:

- for all fully paid shares held in registered form in the name of the same shareholder for at least four years;
- for each registered share allotted free of charge to a shareholder, in the event of a capital increase by way of incorporation of reserves, profits or premiums, on the basis of existing shares for which such shareholder already enjoys double voting rights.

This double voting right ceases for all shares converted to bearer shares or whose ownership is transferred. However, the four-year timeframe set is not affected for acquired rights by any transfer by succession, liquidation of joint estate of spouses, or *inter-vivo* gifts, for the benefit of an inheriting relative. The same rules apply for transfer following a merger or share split of a corporate shareholder.

DECLARATION OF CROSSING OF THRESHOLDS

In accordance with the Articles of Association and independently of the legal requirements, any natural person or legal entity, acting either alone or in concert, who acquires in any manner whatsoever, as set out in Articles L. 233-7 *et seq*. of the French Commercial Code, a fraction equal to one per cent (1%) of the share capital or voting rights, or any multiple of this percentage, must notify the Company of the total number of shares and voting rights held within eight trading sessions of crossing one of these thresholds. This also applies in the same conditions as those described above each time that the fraction of share capital or voting rights held falls below one of the thresholds stated above.

In addition, this person must also specify in their disclosure to the Company:

(i) the number of shares owned giving future access to shares to be issued and the associated voting rights;

(ii) existing shares or the voting rights it may acquire under an agreement or financial instrument as outlined in Article L. 211-1 of the French Monetary and Financial Code, without prejudice to the provisions of 4° and 4°*bis* of I of Article L. 233-9 of the French Commercial Code.

In the event of non-compliance with the aforementioned provisions, and at the request of one or more shareholders holding at least 1% of the Company's share capital, shares exceeding the fraction that should have been declared will be deprived of voting rights at any Shareholders' Meeting that takes place until the end of the statutory and regulatory period following the date on which notification is made.

IDENTIFICATION OF SHAREHOLDERS

The Company is entitled to request, in accordance with the legal and regulatory terms and conditions, the full identity of those shareholders holding shares that give rise, immediately or in the future, to voting rights.

In order to identify shareholders, the Company is entitled to request from the share registrars at any time and at its own expense, as applicable, the name or corporate name, nationality, year of birth or establishment, and address of holders of securities that confer the right immediately or in the future to vote at the Company's Shareholders' Meetings, as well as the number of securities held by each of them and, where applicable, the restrictions that may apply to those securities and more generally to make use of the provisions of Article L. 228-2 of the French Commercial Code concerning identification of holders of securities that confer the right immediately or in the future to vote at the Company's Shareholders' Meetings.

ECKERT LAW ON DORMANT ACCOUNTS

In accordance with Articles L. 312-19 and L. 312-20 of the French Monetary and Financial Code which resulted from the law on dormant bank accounts and unclaimed life insurance contracts of 13 June 2014, known as the Eckert law, which came into force on 1 January 2016, every year the Company must publish the number of open, dormant accounts on its books, the total amount of assets in these accounts, as well as the account numbers and the amount of funds transferred to the Caisse des dépôts et consignations. In 2016, the Company introduced a system which made in possible to facilitate the comprehensive, prior identification of all shareholders deemed to be inactive within the meaning of this law. The number of inactive shareholders is relatively low. In the 2015/2016 financial year, seven shareholders had been identified as inactive according to the legislative criteria. In the current 2016/2017 financial year, only five shareholders were identified as having the status "inactive" according to the legislative criteria, totalling €35,811.84. For the time being, no funds have been transferred to the Caisse des dépôts et consignations but each of the holders has been duly informed of this possibility.

7.3 General information about the share capital

7.3.1 Changes to the capital and shareholders' rights

The share capital can be changed in accordance with legal requirements. It may be increased by a decision taken at an Extraordinary Shareholders' Meeting. However, where a capital increase is carried out by incorporation of reserves, profits or share premiums, the relevant Extraordinary Shareholders' Meeting which decides such an increase, rules under the quorum and majority conditions required for Ordinary Shareholders' Meetings.

Capital increases are decided or authorised by an Extraordinary Shareholders' Meeting which sets the terms for an issue of new shares and grants all powers to the Board of Directors to carry this out for a period that may not exceed 26 months.

The Extraordinary Shareholders' Meeting may decide to reduce the share capital, particularly by way of repurchase of shares or reduction in their nominal value, or again, by reduction in the number of shares in accordance with legal provisions.

The share capital may also be written down in accordance with the law.

7.3.2 Amount of share capital

At 31 March 2017, the share capital amounted to €79,507,494.40 divided into 49,692,184 shares, with a par value of €1.60 each, all in the same class, fully paid up and comprising 73,089,630 voting rights.

Form of the shares: fully paid shares are in registered or bearer form, as decided by the shareholder.

7.3.3 Authorised capital

AUTHORISATION FOR THE GRANT OF BONUS SHARES TO EMPLOYEES AND SOME CORPORATE OFFICERS

The 23rd resolution of the Combined Shareholders' Meeting of 26 July 2016 authorised the Board of Directors, for a period of 38 months from 26 July 2016, pursuant to the provisions of Articles L. 225-197-1 *et seq*. of the French Commercial Code, on one or more occasions, to grant employees of the Company or related companies within the meaning of Article L. 225-197-2 of the French Commercial Code or certain categories thereof, as well as corporate officers defined by law, bonus shares, whether existing or to be issued, subject to the statutory trading restriction periods.

The Board of Directors will determine the identity of the beneficiaries of the allocation as well as the conditions and, where appropriate, the criteria of allocation of shares.

The total number of shares thereby issued free of charge may not be such that the total number of shares granted free under this resolution represents more than 2% of the number of shares in the share capital on the date the Board of Directors resolves to award the bonus shares. Furthermore, the total number of bonus shares awarded to executive officers may not represent more than 0.2% of this limit of 2% of the share capital on the day of the decision by the Board of Directors to allocate the bonus shares.

The allocation of shares to their beneficiaries will become final at the end of a minimum vesting period of one year and the minimum period of retention of shares by the beneficiaries is set at one year.

The Board of Directors may, in accordance with legal requirements, place restrictions on the sale of bonus share allocations by executive officers prior to the termination of their position or may set the number of such shares to be held in the form of registered shares until the termination of their position;

The Board of Directors may make the grant of some or all of the shares conditional on the attainment of one or more performance conditions. In the case of executive officers, the bonus share grants will be subject to compliance with performance conditions determined by the Board of Directors.

The Board of Directors will proceed, where appropriate, during the vesting period with adjustments to the number of shares arising from transactions in the capital of the Company in order to preserve the rights of the beneficiaries.

The Board of Directors' meetings of 22 November 2016 and 24 January 2017 resolved to introduce a long-term incentive plan in the form of an indexed bonus share plan. This plan concerns 73,600 shares, with a maximum of 86,640 shares, the allocation of which will become final at the end of a three-year vesting period.

The retention period lasts for two years. The characteristics of this plan are mentioned in the notes to the consolidated financial statements contained in this document.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY INCORPORATION OF RESERVES, PROFITS OR PREMIUMS

The 21st resolution of the Combined Shareholders' Meeting of 29 July 2015 authorised the Board of Directors, pursuant to the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code, with the authority to sub-delegate under the conditions established in law, for a period of 26 months from 29 July 2015, to increase the share capital, on one or more occasions, at the times and on the terms of its choosing, by incorporation of reserves, profits or premiums, the capitalisation of which is permitted by law or the Company's Articles of Association, followed by the creation and bonus issue of shares or the increase in the par value of existing shares, or a combination of both.

In the event of the distribution of bonus shares, fractional rights are not negotiable and the corresponding shares will be sold, the amounts resulting from the sale being allocated to the holders of rights within legal and regulatory requirements.

The maximum share capital increase that may be carried out under this authorisation may not exceed a nominal amount of €20,000,000, it being specified that this amount shall be deducted from the ceiling provided for in the twenty-first resolution of the Combined Shareholders' Meeting of 24 July 2014 or, as the case may be, the limit provided for in any similar resolution that may supersede said resolution during the term of this authorisation. This amount does not take account of any adjustments required by law and regulation, and, where applicable, contractual provisions providing for other cases of adjustment, to preserve the rights of holders of securities or other rights giving access to the share capital.

The renewal of this authorisation will be proposed at the next Annual Shareholders' Meeting, with, however, a reduction in the above-mentioned ceiling to €20,000,000.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING SHARES WITH, OR WITHOUT, SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS AND/OR MARKETABLE SECURITIES GRANTING ENTITLEMENT TO THE ALLOCATION OF DEBT SECURITIES

The Combined Shareholders' Meeting of 26 July 2016, in its eighteenth, nineteenth and twentieth resolutions, authorised the Board of Directors, which may delegate such authorisation under legal and regulatory conditions, in accordance with the provisions of Articles L. 225-129 *et seq.* and L. 228.91 *et seq.* of the French Commercial Code, the powers required to increase the share capital and to issue, with or without shareholders' preferential subscription rights, the number of Company shares and the number of marketable securities of any kind, giving immediate or future access to the Company's share capital or giving entitlement to the allocation of debt securities, with a capital increase of a maximum nominal amount of €20,000,000, common to the eighteenth, nineteenth, twentieth, twenty-first, twenty-second, twenty-third and twenty-fourth resolutions of said Shareholders' Meeting and the twenty-first and twenty-second resolutions of the Combined Shareholders' Meeting of 29 July 2015. It is specified that this limit does not take account of Company shares to be issued in respect of any adjustments made in accordance with applicable legal and regulatory provisions, and, if applicable, with contractual provisions that provide for other cases of adjustment in order to preserve the rights of the holders of marketable securities and other rights giving access to the share capital. The total nominal amount of marketable securities representative of debt securities giving access to the share capital or marketable securities giving entitlement to the allocation of debt securities that the Board of Directors is empowered to issue further to the resolutions of said Extraordinary Shareholders' Meeting, may not exceed €500,000,000. Issues of preference shares and of marketable securities giving immediate or future access to preference shares are expressly excluded from this authorisation.

The Board of Directors may decide to use treasury shares as a replacement for the shares to be issued under this resolution.

The issues decided by virtue of these delegations of authority must be carried out within a period of 26 months from 26 July 2016.

The eighteenth resolution concerns share issues with the maintenance of shareholders' preferential subscription rights, the nineteenth resolution concerns the issue without preferential subscription rights, by way of a public offering, and the twentieth resolution permits the same type of issue within the framework of private placements, as referred to in Article L. 411-2 (II) of the French Monetary and Financial Code.

The Board of Directors may decide to use the treasury shares as a replacement for shares to be issued under these resolutions.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES REPRESENTING THE COMPANY'S SHARE CAPITAL AS A RESULT OF CONTROLLED COMPANIES ISSUING MARKETABLE SECURITIES WHICH CARRY FUTURE ENTITLEMENT TO THE COMPANY'S CAPITAL

The same Combined Shareholders' Meeting of 26 July 2016, in its nineteenth and twentieth resolutions, in view of the issue of shares and marketable securities giving access to the capital of the Company which would in turn carry entitlement to any marketable securities issued by companies in which Rémy Cointreau directly or indirectly holds more than 50% of the share capital, subject to the approval of the Board of Directors of Rémy Cointreau, delegated to the Board of Directors the necessary powers to proceed with the issue of capital securities in Rémy Cointreau to which these marketable securities give the right, subject to an overall maximum capital increase of a nominal €20,000,000, as set by the nineteenth resolution.

In this context, Rémy Cointreau shareholders do not have a preferential subscription right to these marketable securities issued by these companies.

The issues decided by virtue of this authority must be carried out within a period of 26 months from 26 July 2016.

AUTHORISATION FOR ANY CONTROLLING COMPANY TO ISSUE MARKETABLE SECURITIES CARRYING ENTITLEMENT TO THE COMPANY'S SHARES

The same Combined Shareholders' Meeting of 26 July 2016, in its nineteenth and twentieth resolutions, authorised any company directly or indirectly holding over 50% of the Company's capital, to issue marketable securities carrying the right to the allocation by any means, immediately or in the future, of existing Company shares, on the understanding that the number of existing shares thus remitted may not represent more than 10% of the Company's capital.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES OR MARKETABLE SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL IN CONSIDERATION FOR THE SECURITIES CONTRIBUTED TO ANY PUBLIC TAKEOVER OFFER LAUNCHED BY RÉMY COINTREAU

The nineteenth resolution of the Combined Shareholders' Meeting of 26 July 2016 granted the Board of Directors, for a maximum of 26 months from 26 July 2016, the powers required to issue shares or marketable securities giving access to the share capital in consideration for the securities contributed to any public takeover offer launched by the Company on the shares of any company whose shares are admitted for trading on a regulated market, including all marketable securities issued by Rémy Cointreau, subject to an overall maximum capital increase of €20,000,000, as set by the nineteenth resolution.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES, SECURITIES OR MARKETABLE SECURITIES, FREELY SETTING THE ISSUE PRICE

The twenty-first resolution of the Combined Shareholders' Meeting of 26 July 2016 authorised the Board of Directors, for a maximum of 26 months from 26 July 2016, within the framework of the nineteenth and twentieth resolutions on the issue, without shareholders' preferential subscription rights, by way of a public offering or offering referred to in Article L. 411.2 (II) of the French Monetary and Financial Code, to set, in the manner of its choosing, the issue price for any shares and marketable securities giving access to the share capital, within a limit of a maximum of 10% *per annum*. The twenty-first resolution of the Combined Shareholders' Meeting of 26 July 2016 authorised the Board of Directors to issue all forms of shares and marketable securities giving access to the share capital within a limit of 10% of the share capital *per annum* and within the limit set by the nineteenth and twentieth resolutions, by setting a different issue price to that selected for the issues authorised pursuant to the nineteenth and twentieth resolutions, which may not be less, at the discretion of the Board of Directors, than either (a) the average price weighted by the trading volume over the 20 trading sessions prior to the setting of the issue price or (b) the average price weighted by the trading volume on the trading session prior to the setting of the issue price, in both cases, reduced by a potential maximum discount of 10% and on condition that the amount to be received for each share is at least equal to its par value. Issues of preference shares and of marketable securities giving immediate or future access to preference shares are expressly excluded from this authorisation.

DELEGATION TO THE BOARD OF DIRECTORS TO ISSUE SHARES OR MARKETABLE SECURITIES GIVING ACCESS TO THE SHARE CAPITAL OF UP TO 10% OF THE EXISTING SHARE CAPITAL AS CONSIDERATION FOR CONTRIBUTIONS IN KIND

The twenty-second resolution of the Combined Shareholders' Meeting of 29 July 2015 authorised the Board of Directors, for up to 26 months as of 29 July 2015, with the authority to sub-delegate to any person permitted by law and where the provisions of Article L. 225-148 of the French Commercial Code do not apply, to issue all types of shares and marketable securities giving access to the share capital (excluding preference shares), within a limit of 10% of the share capital at the time of issue, in consideration for contributions in kind, the 10% limit being deducted from the ceiling set in the twenty-second resolution of the Combined Shareholders' Meeting of 24 July 2014, or as the case may be, deducted from the ceiling provided for in any similar resolution that may supersede said resolution during the term of this authorisation.

The renewal of this authorisation will be proposed at the next Annual Shareholders' Meeting.

AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE NUMBER OF SECURITIES TO BE ISSUED IN THE EVENT OF AN ISSUE WITH, OR WITHOUT, SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS

The Combined Shareholders' Meeting of 26 July 2016, in its twenty-second resolution, authorised the Board of Directors, under the eighteenth, nineteenth, twentieth and twenty-first resolutions of the same meeting, to increase the number of securities to be issued in accordance with the provisions of Articles L. 225-135-1 of the French Commercial Code within 30 days of the subscription closing date and, up to a limit of 15% of each issue, and at the same price as the one used for the initial issue up to the overall limit provided for in the resolution by virtue of which the issue was decided.

This authorisation is valid for a period of 26 months from 26 July 2016.

TABLE SUMMARISING CURRENT AUTHORISATIONS FOR THE BOARD OF DIRECTORS TO INCREASE THE CAPITAL

Description of the authorisation	Date of the Shareholders' Meeting	Nominal amount of the authorisation	Period of the validity of the authorisation	Use made of authorisation during the financial year
Grant of bonus shares	26 July 2016	Limited to 2% of the share capital and €1.6 million for shares to be issued(1)	38 months	Grant of 73,600 shares
Issue of shares or marketable securities giving access to share capital with preferential subscription rights and/or the issue of marketable securities granting entitlement to the allocation of debt securities	26 July 2016	▪ €20,000,000 capital increase(2) ▪ €500,000,000 in debt securities(3)	26 months	None
Issue of marketable securities giving access to share capital without preferential subscription rights and/or the issue of marketable securities granting entitlement to the allocation of debt securities: ▪ by public offering; ▪ by private placement.	26 July 2016	▪ €20,000,000 capital increase(4) ▪ €500,000,000 in debt securities(5)	26 months	None
Issue of shares, securities or marketable securities, freely setting the issue price	26 July 2016	Limited to 10% of the share capital(6)	26 months	None
Increase in the number of shares to be issued in the event of over-subscription	26 July 2016	Limited to 15% of each issue up to a maximum of €20,000,000	26 months	None
Capital increase by incorporation of reserves, profits or premiums	29 July 2015	€20,000,000(8)	26 months	None
Capital increase in consideration for contributions in kind	29 July 2015	Limited to 10% of the share capital(9)	26 months	None

(1) Deducted from the ceiling provided for in the nineteenth resolution of the Shareholders' Meeting of 26 July 2016.
(2) Deducted from the ceiling provided for in the nineteenth, twentieth, twenty-first, twenty-second, twenty-third and twenty-fourth resolutions of the Shareholders' Meeting of 26 July 2016 and the twenty-first and twenty-second resolutions of the Combined Shareholders' Meeting of 29 July 2015.
(3) Deducted from the marketable securities representative of debt securities giving access to the capital or granting entitlement to the allocation of debt securities likely to be issued in connection with the authorisations granted to the Board of Directors by the Shareholders' Meeting of 26 July 2016.
(4) Deducted from the ceiling provided for in the twentieth, twenty-first, twenty-second, twenty-third and twenty-fourth resolutions of the Shareholders' Meeting of 26 July 2016 and the twenty-second resolution of the Combined Shareholders' Meeting of 29 July 2015.
(5) Deducted from the ceiling provided for in the eighteenth and nineteenth resolutions of the Shareholders' Meeting of 26 July 2016.
(6) Deducted from the ceiling provided for in the nineteenth and twentieth resolutions of the Shareholders' Meeting of 26 July 2016.
(7) Under the legal and regulatory conditions decided upon by virtue of the eighteenth, nineteenth, twentieth and twenty-first resolutions of the Shareholders' Meeting of 26 July 2016.
(8) Deducted from the ceiling provided for in the eighteenth resolution of the Shareholders' Meeting of 26 July 2016.
(9) Deducted from the ceiling provided for in the eighteenth resolution of the Shareholders' Meeting of 26 July 2016.

NON-EQUITY SECURITIES

On 27 February 2015, Rémy Cointreau issued two 10-year, €80 million bonds and on 31 August 2016, issued 10-year bonds convertible into new and/or existing shares, in the amount of €275 million.

The features of these transactions are described in the notes to the consolidated financial statements and the notes to the parent company financial statements of Rémy Cointreau for 2016/2017.

AUTHORISATION TO ISSUE SECURITIES GIVING ACCESS TO THE SHARE CAPITAL

The latest Company stock option plan of 24 December 2008 matured on 24 December 2014. The table relating to options plans is included in the special report on options to subscribe for or purchase shares.

CHANGES IN THE SHARE CAPITAL OVER THE PAST FIVE YEARS

Dates	Type of transaction	Number of shares created (cancelled)	Share capital in €	Premiums in €	Capital cumulative in €	Number of shares in the share capital
31/03/2012	Exercise of share subscription options	52,860	84,576.00	1,236,924.00	79,407,299.20	49,629,562
25/09/2012	Payment of dividend in shares	1,190,350	1,904,560.00	90,383,275.50	81,311,859.20	50,819,912
23/11/2012	Capital increase by deduction from reserves following the allocation of bonus shares	90,000	144,000.00	-	81,455,859.20	50,909,912
19/11/2013	Capital reduction by cancellation of treasury shares	(1,150,000)	(1,840,000.00)	(73,758,578.20)	79,615,859.20	49,759,912
25/03/2014	Capital reduction by cancellation of treasury shares	(1,283,053)	(2,052,884.80)	(73,857,574.93)	77,562,974.40	48,476,859
25/09/2014	Partial payment of dividend in shares	233,394	373,430.40	12,981,374.28	77,936,404.80	48,710,253
24/09/2015	Partial payment of dividend in shares	24,761	39,617.60	1,401,472.60	77,976,022.40	48,735,014
22/09/2016	Partial payment of dividend in shares	957,170	1,531,472	63,307,223.80	79,507,494.40	49,692,184

7.3.4 Authorisation to trade in Company shares

At 31 March 2017, the balance of treasury shares under the share-trading plan authorised by the Shareholders' Meeting of 7 September 2004 was zero.

	Sale with repurchase clause	Options	Total	Exercise of options during the period	Treasury shares held at the end of the period
Number of shares that could potentially be purchased as of 24/03/2005	602,430	224,497	826,927	-	-
2005/2006[1]	(280,927)	-	(280,927)	280,927	-
2007/2008	(75,000)	-	(75,000)	70,295	4,705
2008/2009	(33,000)	-	(33,000)	20,500	17,205
2009/2010	-	-	-	4,605	12,600
2010/2011	(76,003)	(52,497)	(128,500)	119,790	21,310
2011/2012	(96,940)	(111,500)	(208,440)	222,100	7,650
2012/2013	(9,850)	(19,500)	(29,350)	26,500	10,500
2012/2013 – partial cancellation[2]	(24,000)	(35,000)	(59,000)	-	-
2013/2014	6,710	6,000	12,710	15,210	8,000
2014/2015	0	0	0	-	8,000
2015/2016	0	0	0	-	0
2016/2017	0	0	0	-	0
Balance at 31/03/2017	0	0	0	-	0

(1) *These shares were cancelled under the authorisation granted by the Shareholders' Meeting of 28 July 2005, since the options exercised corresponded to subscription rather than purchase plans.*

(2) *There was a partial cancellation during the period to adjust these hedging instruments to the number of stock options outstanding for current plans after lapsed options were taken into account.*

LIQUIDITY CONTRACT

The Company concluded a liquidity contract with a liquidity provider. As part of this mandate, the liquidity provider's sole purpose is to promote the liquidity of the Company's securities and the regularity of their quotation on the market. At 31 March 2017, the Company held 6,202 such shares.

SHARE BUYBACK PROGRAMME

Pursuant to the thirteenth and fifteenth resolutions of the Shareholders' Meeting of 26 July 2011, the Board of Directors resolved to retain an investment services provider to buy back Company shares within a limit of 10% of the share capital, net of treasury shares, particularly any acquired under the liquidity contract. The shares bought back in this way shall be allocated to the following objectives: (i) retention and subsequent use in exchange or as payment for acquisitions, up to legally established limits; and, (ii) cancellation as per the description in the share buyback programme.

This share buyback programme was terminated on 23 May 2012. At 31 March 2013, the Company held 1,428,794 of its own shares under this share buyback programme. On 19 November 2013, the Board of Directors decided to reallocate 278,794 of these shares to a grant of bonus shares to employees of the Company (or related companies) and corporate officers. The remaining 1,150,000 shares were reassigned for cancellation as part of a capital reduction made on the same day.

Pursuant to the eleventh and thirteenth resolutions of the Shareholders' Meeting of 24 September 2013, the Board of Directors resolved to retain an investment services provider to buy back Company shares within a limit of 10% of the share capital, net of treasury shares, particularly any acquired under the liquidity contract. The shares bought back in this way shall be allocated to the following objectives: (i) retention and subsequent use in exchange or as payment for acquisitions, up to legally established limits; and, (ii) cancellation as per the description in the share buyback programme.

Under this authorisation, the Board of Directors decided, on 19 November 2013, to grant a mandate to an investment services provider to purchase the Company's shares with a view to their cancellation, subject to a limit of 2,500,000 shares and a maximum price of €80.

The performance of the contract was terminated on 28 January 2014 and the 1,283,053 shares thus acquired were cancelled on 25 March 2014.

The Rémy Cointreau Combined Shareholders' Meeting of 26 July 2016, in its fifteenth resolution, authorised the Board of Directors to buy or sell Company shares, up to 10% of the share capital, *i.e.* 4,729,907 shares, less treasury shares, until the end of the Shareholders' Meeting to approve the financial statements for the financial year ending on 31 March 2017 and at the very latest, within 18 months starting from 26 July 2016. The maximum amount that the Company is liable to pay based on this number of shares is €709,486,050.

The share buyback programme is designed to achieve the following, in order of decreasing priority:

- to ensure liquidity or promote trading in the secondary market in Rémy Cointreau shares *via* an investment service provider, under the terms of a liquidity agreement that complies with the Ethics Charter recognised by the French Financial Markets Authority;
- to cancel shares as part of a share capital reduction;
- to cover obligations in respect of marketable securities giving access to share capital;
- to grant shares in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant bonus shares to employees and/or authorised corporate officers of the Company and/or companies related to it within the meaning of Articles L. 225-197-1 *et seq*. of the French Commercial Code;
- to purchase shares and retain them to be used subsequently in exchange or payment for acquisitions, in accordance with applicable regulations;
- to implement any market practices permitted by the French Financial Markets Authority and, more generally, carry out all transactions in compliance with the regulations in force.

The purchase of these shares, together with their sale or transfer, may be performed under legal and regulatory conditions at any time, subject to the lock-up periods set out in Article 631-6 of the General Regulation of the French Financial Markets Authority, or subject to other legal or regulatory provisions, and by any means, including on the market or off-market, on regulated or unregulated markets, *via* multilateral trading facilities, with systematic internalisers, or over the counter, including by public offering, block transactions, sale with repurchase options and the use of any derivative financial instruments traded on a regulated market or not, multilateral trading facilities, with systematic internalisers or over the counter, including under the conditions authorised by the competent market authorities, and during the periods that the Board of Directors, or the person acting on the authority of the Board of Directors, shall choose, most notably option transactions, except for the sale of put options, and inasmuch as such means do not contribute to a significant increase in the volatility of the share price. The maximum portion of the capital acquired or transferred in the form of block transactions may amount to 100% of the authorised share buyback programme. Payment may be made by any means.

As part of these objectives, the repurchased shares may be cancelled in accordance with the seventeenth resolution of the same Shareholders' Meeting, subject to a limit of 10% of the share capital per period of 24 months.

The maximum share purchase price was set at €150 by the Shareholders' Meeting.

The Board of Directors did not use this authorisation in the 2016-2017 financial year, apart from under the liquidity contract signed with an investment services provider.

The renewal of this authorisation will be proposed at the next Annual Shareholders' Meeting.

INFORMATION ON TRANSACTIONS PERFORMED UNDER THE SHARE BUYBACK PROGRAMME VALID FROM 1 APRIL 2016 TO 31 MARCH 2017

Pursuant to Article L. 225-211 of the French Commercial Code, the purpose of this section is to inform the Shareholders' Meeting of the share purchases made between 1 April 2016 and 31 March 2017 as part of the share buyback programme authorised by the Shareholders' Meetings of 29 July 2015 and 26 July 2016.

Between 1 April 2016 and 31 March 2017, the Company purchased 220,866 shares and sold 228,464 shares. During this same period, it did not transfer any shares to service bonus share grants for long-term performance incentive plans.

The table below summarises the purpose of the transactions carried out during the period 1 April 2016 to 31 March 2017:

		Average price
Percentage of the share capital held as treasury shares directly and indirectly at the start of the financial year	0.30%	
Number of securities held at the start of the year	143,594	
Number of securities purchased since the start of the year:		
▪ under the liquidity contract	220,866	€75.56
Number of securities sold since the start of the year as part of the liquidity contract	228,464	€76.86
Number of securities transferred since the start of the year:		
▪ to service stock options	0	
▪ grant of bonus shares	0	
Number of securities cancelled since the start of the year	0	
Number of shares held on 31 March 2017:		
▪ under the liquidity contract	6,202	
▪ as a result of the exercising of the repurchase clause	0	
▪ for bonus share grant (reassignment of shares for the share buyback programme dated 22 November 2011)	106,164	

BALANCE FOLLOWING COMPLETION OF THE SHARE BUYBACK PROGRAMME AUTHORISED BY THE COMBINED SHAREHOLDERS' MEETING OF 26 JULY 2016

		Average price
Percentage of treasury shares held directly or indirectly	0.00%	
Number of securities held at the start of the programme	116,717 0.24%	
Number of securities purchased since the start of the programme:		
▪ under the liquidity contract	164,825	€81.26
Number of securities sold since the start of the programme as part of a liquidity contract	167,225	€82.94
Number of securities transferred since the start of the programme:		
▪ to service stock options	0	
▪ grant of bonus shares	0	
Number of securities cancelled since the start of the programme	2,433,053	
Number of shares held at 31 May 2017:		
▪ under the liquidity contract	7,800	
▪ as a result of the exercising of the repurchase clause	0	
▪ for bonus share grant (reassignment of shares for the share buyback programme dated 22 November 2011)	106,164	

BREAKDOWN OF EQUITY SECURITIES HELD, BY OBJECTIVE

Shares held by the Company are used to promote trading in the secondary market or to enhance the liquidity of the Rémy Cointreau share by an investment services provider, *via* a liquidity contract that complies with the Ethics Charter recognised by the AMF. In addition, the shares held in connection with the mandate given to an investment service provider in accordance with the Board of Directors' decision of 22 November 2011 taken under the thirteenth and fifteenth resolutions, adopted by the Shareholders' Meeting of 26 July 2011, were reassigned by the Board of Directors' decision of 19 November 2013 in order to (i) grant bonus shares to employees and/or authorised corporate officers of the Company and/or related companies and (ii) cancel shares.

Since 1 April 2015, Rémy Cointreau has entrusted a different financial institution with managing its liquidity contract, also in line with the AMAFI Ethics Charter recognised by the AMF.

DESCRIPTON OF THE MAIN FEATURES OF THE BUYBACK PROGRAMME PUT BEFORE THE SHAREHOLDERS' MEETING OF 25 JULY 2017 IN THE SEVENTEENTH RESOLUTION

- Securities affected: shares issued by Rémy Cointreau.
- Maximum percentage that may be purchased by the Company: 10% of shares comprising the share capital on the date of the purchases.
- Maximum number of shares that may be purchased by the Company: 4,856,852 shares.
- Maximum unit price: €150 excluding purchase costs.
- Objectives:
  - to ensure liquidity or promote trading in the secondary market in Rémy Cointreau shares *via* an investment services provider, under the terms of a liquidity agreement that complies with the Ethics Charter recognised by the AMF,
  - to cancel shares as part of a capital reduction, subject to the adoption of the nineteenth resolution submitted to this Shareholders' Meeting,
  - to cover obligations in respect of marketable securities giving access to share capital,
  - to grant shares in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant bonus shares to employees and/or authorised corporate officers of the Company and/or companies related to it within the meaning of Articles L. 225-197-1 *et seq.* of the French Commercial Code,
  - to purchase shares and retain them to be used subsequently in exchange or payment for acquisitions, in accordance with applicable regulations,
  - to implement any market practices permitted by the AMF and, more generally, carry out all transactions in compliance with the regulations in force.

Term of the programme: until the Shareholders' Meeting called to approve the financial statements for the year ended 31 March 2018 and, at the latest, within 18 months of 25 July 2017.

7.3.5 Transactions carried out during the year

None.

7.3.6 Outstanding derivatives

None.

7.4 Shareholding and stock market information

7.4.1 Ownership of share capital and voting rights as at 31 March 2017

At 31 March 2017, after the Board of Directors had noted a change to the share capital that had occurred during the year, as disclosed in section 7.3 of this report, the share capital amounted to €79,507,494.40, divided into 49,692,184 shares with a par value of €1.60 each.

In compliance with Article L. 233-13 of the French Commercial Code, it is specified that:

- Orpar held more than one-third of the share capital and more than 45% of the voting rights of your Company as at 31 March 2017;
- Récopart held more than 10% of the share capital and more than 15% of the voting rights of your Company as at the same date;
- Fine Champagne Investissements held more than 2% of the share capital and more than 1% of the voting rights as at the same date;
- Andromède held more than 1% of the share capital and voting rights of your Company as at the same date.

See shareholding structure at 31/03/2017 presented in point 1.3.

The employee savings plans represent less than 1% of the share capital of Rémy Cointreau. It is the only form of collective shareholding by Rémy Cointreau Group employees.

VOTING RIGHTS, NUMBER OF SHAREHOLDERS, INFORMATION ON SHAREHOLDERS HOLDING 1% OR MORE AND ON THE NATURE OF THEIR INVESTMENT, SHAREHOLDERS' AGREEMENT, CAPITAL HELD BY EMPLOYEES, TREASURY SHARES

	Position at 31/03/2017			Position at 31/03/2016			Position at 31/03/2015		
Shareholders	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Orpar	18,689,324	37.61	49.06	18,258,071	37.46	47.99	17,455,661	35.84	46.93
Récopart	7,359,727	14.81	19.84	7,189,903	14.75	19.48	7,189,903	14.76	19.50
Andromède	576,184	1.16	1.03	562,888	1.15	1.01	562,888	1.16	1.01
Sub-total family shareholders	**26,625,235**	**53.58**	**69.93**	**26,010,862**	**53.37**	**68.48**	**25,208,452**	**51.76**	**67.44**
Fine Champagne Investissements	1,097,263	2.21	1.50	1,071,944	2.20	1.48	1,071,944	2.20	1.48
Sub-total shareholders acting in concert	**27,722,498**	**55.79**	**71.43**	**27,082,806**	**55.57**	**69.95**	**26,280,396**	**53.96**	**68.92**
BLACKROCK INC.[(0)]	3,720,239	7.49	3.39	-	-	-	-	-	-
APG Asset Management NV[(1)]	3,508,025	7.06	4.80	3,508,025	7.20	4.84	3,508,025	7.20	4.84
Schroders[(2)]	714,845	1.44	0.98	714,845	1.47	0.99	745,772	1.53	1.03
AMUNDI[(3)]	773,635	1.56	1.06	736,944	1.51	1.01	718,719	1.47	0.99
AXA Investment Managers[(4)]	709,174	1.43	0.97	709,174	1.46	0.98	709,174	1.46	0.98
Fidelity Management & Research Company[(5)]	499,893	1.01	0.68	499,893	1,026	0.69	606,850	1.25	0.84
Citigroup Global Markets Limited[(6)]	534,228	1.07	0.73	534,228	1.09	0.74	534,228	1.09	0.74
Rémy Cointreau (treasury shares)	112,366	0.23	0.00	143,594	0.30	0.00	129,794	0.27	0.00
Free Float	11,397,281	22.92	15.96	14,805,505	30.374	20.80	15,477,295	31.77	21.66
TOTAL	**49,692,184**	**100.00**	**100.00**	**48,735,014**	**100.00**	**100.00**	**48,710,253**	**100.00**	**100.00**

Based on the declaration of crossing thresholds provided by law or by the Articles of Association (1% of the share capital and voting rights).
(0) Declaration of 22 February 2017.
(1) Declaration of 30 March 2015.
(2) Declaration of 14 March 2016.
(3) Declaration of 16 March 2017.
(4) Declaration of 27 June 2014.
(5) Declaration of 6 May 2015.
(6) Declaration of 18 November 2013.

A number of shares possess double voting rights. A total of 24,755,868 shares had double voting rights at 31 March 2017. The main shareholders, Orpar and Récopart, hold such rights (*i.e.* 24,314,338).

At 31 March 2017, the Company held 112,366 treasury shares, 106,164 of them acquired under the implementation by the Board of Directors of a share buyback programme authorised by the Shareholders' Meeting of 26 July 2011 and allocated to the bonus share award. All shares acquired under the sale and repurchase contract signed on 24 March 2005 have been exercised to cover the share purchase options. 6,202 shares were held under the liquidity contract at 31 March 2017.

DECLARATIONS OF CROSSING OF THRESHOLDS OR INTENDED CROSSING OF THRESHOLDS

- Sale of 1,500,000 Rémy Cointreau shares (AMF decision no. 213C0550 of 14 May 2013)

  Andromède disclosed that, *via* the companies Orpar and Récopart which it controls, on 3 May 2013 it crossed the thresholds in the downward direction of two-thirds of the voting rights and 50% of the share capital of Rémy Cointreau, and that it held, both directly and indirectly, 25,314,615 Rémy Cointreau shares representing 49,604,552 voting rights or 49.72% of the share capital and 65.74% of the voting rights of the Company. On this occasion, Orpar had individually fallen below the threshold of 50% of the voting rights in Rémy Cointreau. The thresholds were crossed following the sale by Orpar of 1,500,000 Rémy Cointreau shares as part of a private placement via accelerated book-building).

- Shareholder agreement between Fine Champagne Investissements, Andromède, Orpar and Récopart (AMF decision no. 213C0586 of 23 May 2013). Fine Champagne Investissements (FCI) declared that it had exceeded, on 13 May 2013, along with Andromède, Orpar and Récopart, the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, one third of the share capital and 50% of voting rights of Rémy Cointreau and that it held, jointly, 25,385,619 Rémy Cointreau shares representing 49,675,982 voting rights, or 49.86% of the share capital, and 65.83% of voting rights of this company[1].

  The thresholds were crossed following the execution, on 13 May 2013, of a shareholders' agreement between the above-mentioned members acting in concert towards Rémy Cointreau[2].

  FCI also made a declaration of intention.

- Rémy Cointreau shares received by Andromède as a result of a merger-absorption (AMF decision no. 213C0862 of 8 July 2013)

  Andromède, acting in concert with Récopart, Orpar and Fine Champagne Investissements, disclosed that on 28 June 2013, it had exceeded the thresholds of 50% of the share capital and two-thirds of the voting rights in Rémy Cointreau and that it held, directly and indirectly, *via* the companies Orpar and Récopart which it controls, 25,942,283 Rémy Cointreau shares representing 50,389,513 voting rights or 50.96% of the share capital and 66.78% of the voting rights. The thresholds were crossed following Andromède's merger by absorption of four companies that are shareholders of Andromède and controlled by the Hériard Dubreuil family, as a result of which Andromède received 556,877 Rémy Cointreau shares representing 713,957 voting rights, resulting from the universal transfer of assets from the absorbed companies. This merger-absorption had no effect on the control of Andromède.

- Rémy Cointreau shares received by FCI after exercising a purchase option (AMF decision no. 213C1167 of 2 August 2013)

  The Group composed of the limited companies Andromède, Orpar and Récopart and the simplified limited company Fine Champagne Investissements (FCI) declared that on 31 July 2013, it had fallen below the threshold of two-thirds of voting rights in Rémy Cointreau and held 25,942,283 Rémy Cointreau shares representing 49,395,460 voting rights, or 50.96% of the share capital and 66.33% of the voting rights[3] in the Company. On this occasion, Andromède, through Orpar and Récopart, both companies it controls, indirectly fell below the thresholds of 50% of the share capital and two-thirds of the voting rights in Rémy Cointreau.

  The thresholds were crossed following the exercise, by FCI, of an undertaking to purchase 201,533 Orpar shares it held, which Orpar paid for by remittance to FCI of 994,053 shares in Rémy Cointreau, resulting in the loss of double voting rights attached to the aforementioned Rémy Cointreau shares.

- Cancellation of 1,150,000 Rémy Cointreau treasury shares (AMF decision no. 213C1783 of 22 November 2013)

  The Group composed of the limited companies Andromède, Orpar and Récopart and simplified limited company Fine Champagne Investissements[4] (FCI) declared that it had exceeded, on 19 November 2013, the threshold of 2/3 of the Rémy Cointreau voting rights and that it held 25,942,283 Rémy Cointreau shares representing 49,587,459 voting rights, *i.e.* 52.13% of the share capital and 67.46% of the Company's voting rights. This threshold was crossed due to a reduction in the total number of shares and voting rights in Rémy Cointreau resulting from the cancellation of 1,150,000 Rémy Cointreau shares.

- Cancellation of 1,283,053 Rémy Cointreau treasury shares (AMF decision no. 214C0472 of 28 March 2014)

  The limited company Andromède declared that on 25 March 2014, it had exceeded, directly and indirectly, through the companies Orpar and Récopart which it controls, the thresholds of two thirds of voting rights and 50% of the capital of Rémy Cointreau and that it held, directly and indirectly, 24,877,226 shares representing 48,522,402 voting rights, or 51.32% of the capital and 67.14% of the voting rights in the Company.

  This threshold was crossed due to a reduction in the total number of shares and voting rights in Rémy Cointreau resulting from the cancellation of 1,283,053 Rémy Cointreau shares.

  The Group composed of the limited companies Andromède, Orpar and Récopart and simplified limited company Fine Champagne Investissements (FCI) has not crossed any threshold and at 25 March 2014, held 25 Rémy Cointreau shares representing 49 voting rights, or 53.51% of the capital and 68.79% of the voting rights in the Company.

Exemption from the obligation to file a draft public offering (AMF decision no. 215C0387 of 1 April 2015)

In its meeting of 31 March 2015, the French financial markets authority (Autorité des marchés financiers) examined a request for exemptions to the obligation to file a draft public takeover offer on the shares of Rémy Cointreau, as part of the successive acquisitions of Rémy Cointreau shares by Orpar.

Through the cumulative effect of (i) the cancellation of 1,283,053 Rémy Cointreau shares which took place on 25 March 2014, (ii) the payment of part of the dividend for the 2013/2014

(1) On the basis of share capital consisting of 50,909,912 shares representing 75,460,124 voting rights, pursuant to the 2nd subparagraph of Article 223-II of the General Regulation.

(2) Note that the shareholders' agreement referred to above is included under D&I 213C0515 of 2 May 2013, the provisions of which are set out below (see section 7.4.1).

(3) On the basis of share capital consisting of 50,909,912 shares representing 74,466,099 voting rights, pursuant to the 2nd subparagraph of Article 223-II of the General Regulation.

(4) Simplified limited company (based at Maison des Viticulteurs, 25 rue de Cagouillet, 16100 Cognac) owned by the Alliance Fine Champagne (AFC) cooperative, a structure resulting from the merger of the Champaco and Prochacoop cooperatives.

financial year in Rémy Cointreau shares, and (iii) the acquisition, on 10 March 2015, by Orpar, of 174,000 Rémy Cointreau shares, the aforementioned members declared that they held, at 10 March 2015, 26,280,396 shares representing 49,921,377 voting rights, *i.e.* 53.95% of the capital and 68.90% of the voting rights in the Company[(1)].

Orpar thus increased its individual stake in the capital and voting rights, initially comprising 30% to 50%, by more than 1% over less than 12 consecutive months, placing itself under the obligation to file a public takeover offer on all of the capital of Rémy Cointreau, in accordance with Article 234-5 of the General Regulation.

Furthermore, Orpar issued, on 3 February 2015, zero coupon bonds exchangeable for existing Rémy Cointreau shares for a nominal amount of €170 million. The bonds, listed in Luxembourg, will be redeemed on 15 July 2019 with a premium of 102.3% on the initial price. According to the terms of the prospectus, Orpar will use around 80% of the proceeds of the transaction to buy back existing Rémy Cointreau shares.

Thus, Orpar could increase its individual stake in the capital and voting rights, initially comprising 30% to 50%, by more than 1% over less than 12 consecutive months[(2)], again placing it under the obligation to file a public takeover offer on all of the capital of Rémy Cointreau, in accordance with Article 234-5 of the General Regulation.

In this context, Orpar requested from the Autorité des marchés financiers exemptions from the obligation to file a public takeover offer on the Rémy Cointreau shares for each of the two aforementioned events causing the offer on the basis of Article 234-9, 6° of the General Regulation.

Considering that, prior to the aforementioned transactions, the members held a majority of the Rémy Cointreau voting rights, the *Autorité des marchés financiers* granted the requested exemptions on the aforementioned regulatory basis.

As a result of these exemptions, Orpar continued its purchases until 31 October 2015, without acceleration limit, as part of its commitment to allocate around 80% of the proceeds of the exchangeable issue to purchase existing Rémy Cointreau shares. Under the exemptions granted, Orpar acquired 802,400 Rémy Cointreau shares.

Information consecutive to an exemption from the obligation to file a draft public offering (AMF decision no. 215C1626 of 6 November 2015)

Pursuant to Article 234-5 of the General Regulation, the *société anonyme* Orpar notified the French Financial Markets Authority, that it held, at 31 October 2015, following acquisitions of Rémy Cointreau shares on the market under the aforementioned exemptions, 18,258,061 Rémy Cointreau shares representing 34,798,204 voting rights, or 37.46% of the share capital, and 47.93% of the Company's voting rights.

On this occasion, the Group composed of the *société anonyme* Orpar and the simplified limited companies Andromède, Récopart and Fine Champagne Investissements (FCI) declared that it held, on 31 October 2015, 27,082,796 Rémy Cointreau shares representing 50,730,752 voting rights, or 55.57% of the share capital, and 69.88% of the Company's voting rights.

Orpar has not acquired any Rémy Cointreau shares since 31 October 2015, apart from the dividend for the 2015/2016 financial year which was paid in Rémy Cointreau shares.

CONCERT PARTIES AND SHAREHOLDERS' AGREEMENTS

The Company is aware of the existence of the following concert parties and shareholders' agreements:

- between Orpar and the shareholders of Récopart:
  - under a Memorandum of Understanding signed on 21 and 22 July 2010, on 22 July 2010 Orpar acquired 721,995 Récopart shares, including 421,995 outright and 300,000 in bare ownership from Mr Pierre Cointreau and his children, thereby increasing its investment to 61.02% of the share capital and 61.02% of the voting rights in Récopart,
  - prior to this transaction, Orpar and Récopart were granted an exemption from the requirement to make a public takeover offer under Article 234-9-6 of the General Regulation set out in Decision and Notification 210C0520 published on the website of the AMF on 14 June 2010. The declaration of crossing of thresholds following this exemption was made by letter of 23 July 2010 and published on the website of the AMF in Decision and Notification 210C0694.

On that date, Récopart held 6,937,889 shares and 13,229,478 voting rights in Rémy Cointreau, *i.e.* 14.30% of the share capital and 17.08% of the voting rights in Rémy Cointreau. On that date, Orpar held 20,901,034 shares and 40,732,231 Rémy Cointreau voting rights, *i.e.* 43.09% of the share capital and 52.59% of the Rémy Cointreau voting rights. As a result, following this acquisition, Orpar directly or indirectly held a total of 27,838,923 shares and 53,961,709 voting rights in Rémy Cointreau, *i.e.* 57.39% of the share capital and 69.67% of the voting rights in Rémy Cointreau, and had thus indirectly exceeded the threshold of 50% of the share capital and 66.67% of the voting rights in Rémy Cointreau.

In application of the Memorandum of Understanding and as part of the implementation of the acquisition, Orpar and Mr Pierre Cointreau and his family entered into the following agreements to govern their relationship within Récopart:

- an undertaking to purchase was granted on 21 and 22 July 2010 by Orpar to the Cointreau family, in relation to the remaining Récopart shares held by the Cointreau family. The undertaking to purchase reflects Orpar's commitment to acquire, from members of the Cointreau family and at their request, a maximum of 2,378,005 Récopart shares;
- an undertaking to sell was granted on 21 and 22 July 2010 by the Cointreau family to Orpar, in relation to the remaining Récopart shares held by the Cointreau family. The undertaking to sell reflects the commitment of the members of the Cointreau family to sell to Orpar, at the latter's request, a maximum of 2,378,005 Récopart shares.

  The heirs of Mr and Ms Pierre Cointreau may exercise the aforementioned promises in one or more tranches, as of the expiry date of the commitments arising from the Dutreil agreement, given that the number of tranches will vary according to the date on which the commitments under the Dutreil agreement expire;

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(1) On the basis of share capital consisting of 48,710,253 shares representing 72,563,831 voting rights, pursuant to the 2nd subparagraph of Article 223-II of the General Regulation.

(2) That is, an increase of 3.56% in share capital and 2.40% in voting rights between 10 March 2015 and 31 July 2015.

- a shareholders' agreement was concluded on 21 and 22 July 2010. This agreement was entered into for a period of 20 years from the date of its signature. The agreement specified that Récopart, in order to streamline the Company's structure, would be turned into a simplified limited company (SAS) and that the Company Articles of Association would be redrafted accordingly, which was done in July 2011. The agreement also specified the annual dividend distribution policy.

Orpar also benefits from a preferential subscription right on any share transfer, except for certain types of so-called free transfers, it being specified that the preferential subscription right became automatically applicable from the date Récopart was turned into a simplified limited company and the corresponding amending of its Articles of Association.

Lastly, the agreement specifies that in the event Orpar were to receive a bid from a third party buyer for at least 51% of Récopart shares, which it would be prepared to accept, that all shareholders would be compelled to dispose of their shares jointly with Orpar, on the terms and conditions specified in the agreement.

On 20 December 2016, Orpar and Récopart shareholders signed a lock-up agreement, within the framework of the provisions of Article 885 I *bis* of the French General Tax Code, known as the "Dutreil agreement":

- between Andromède, Orpar and Fine Champagne Investissements (FCI):
  - Andromède, FCI and Orpar entered into a shareholder agreement on 3 April 2013 relating to Orpar and Rémy Cointreau, the main clauses of which were published in accordance with Article L. 233-11 of the French Commercial Code *via* AMF decision no. 213C0515 of 2 May 2013,
  - in decision No. 213C0515 of 2 May 2013, the AMF examined the consequences of the concert party between Fine Champagne Investissements (FCI) and Andromède, Orpar and Récopart and granted an exemption from the requirement to make a public takeover offer under Article 234-1, 1° of the AMF General Regulation.

  Main clauses of the agreement concerning Rémy Cointreau:

  - **governance**: Orpar and FCI will meet in reasonable time before any Shareholders' Meeting of Rémy Cointreau to examine the draft resolutions submitted to the meeting and agree on a common position. In any event, FCI agrees to attend the meeting in question or give proxy to Orpar and combine its votes with those of Orpar and vote as previously indicated to Orpar,
  - **Rémy Cointreau shares as payment**: if FCI sells its interest in the capital of Orpar to Andromède as a result of the undertaking to purchase agreed by Andromède relating to 201,533 Orpar shares held by FCI or the undertaking to sell relating to the same Orpar shares and agreed by FCI, Andromède may pay the price due to FCI in cash or in Rémy Cointreau shares[1].
  - **retention**: FCI agrees not to dispose of Rémy Cointreau securities used as payment for the aforementioned undertakings to purchase, for a period of two years from their delivery,
  - **preemption right**: Orpar will benefit from a pre-emptive right on the abovementioned Rémy Cointreau shares at the end of the two-year period set out in the retention obligation,
  - **ceiling**: FCI agrees not to increase its stake in Rémy Cointreau without the agreement of Orpar and not to enter into any agreement or more generally any concert party with any third party with respect to Rémy Cointreau,
  - **duration**: the agreement is valid for seven years, *i.e.* until 4 April 2020, it being specified that, in the event that Orpar or FCI carries out an act forcing the launch of a public takeover offer on Rémy Cointreau securities, the concert party linking them will immediately end and will, by law, become null and void.

7.4.2 Changes to the breakdown of the share capital over the last three years

During the 2014/2015 financial year, the exercising of the 2013/2014 dividend option in cash or shares resulted in the issue of 233,394 shares corresponding to a capital increase of €373,430.40, bringing the capital to €77,936,404.80. At closing, Orpar held more than one third of the share capital and voting rights. Récopart held more than 10% of the share capital and more than 15% of the voting rights.

During the 2015/2016 financial year, the exercising of the 2014/2015 dividend option in cash or shares resulted in the issue of 24,761 shares corresponding to a capital increase of €39,617.60, bringing the capital to €77,976,022.40. On the year-end date, Orpar held over one-third of the share capital and over 45% of the voting rights. Récopart held more than 10% of the share capital and more than 15% of the voting rights.

During the 2016/2017 financial year, the exercising of the 2015/2016 dividend option in cash or shares resulted in the issue of 957,170 shares corresponding to a capital increase of €1,531,472, bringing the capital to €79,507,494.40. On the year-end date, Orpar held over one-third of the share capital and over 45% of the voting rights. Récopart held more than 10% of the share capital and more than 15% of the voting rights.

7.4.3 Persons controlling the Company and details of their shareholdings

At 31 March 2017, Orpar was 100% controlled by Andromède, which is controlled by the Hériard Dubreuil family.

At 31 March 2017, Andromède held 576,184 shares corresponding to 750,979 voting rights, Orpar held 18,689,324 shares in Rémy Cointreau, or 37.61% of the capital, corresponding to 35,859,953 voting rights, or 49.06% of the voting rights. Orpar holds, directly and indirectly, the shares held by Récopart, or a total

(1) *FCI exercised the promise to purchase 201,553 Orpar shares held by FCI, and Orpar made the payment to FCI in July 2013 by the transfer of 994,053 Rémy Cointreau shares.*

of 52.42% of the share capital and 68.90% of the voting rights in Rémy Cointreau. Together Andromède, Orpar and Récopart hold 53.58% of the share capital and 69.93% of the voting rights in Rémy Cointreau.

Pursuant to European regulation No. 809/2004 of 29 April 2004, established pursuant to the "Prospectus" directive, Rémy Cointreau ensures that the control of the Company is not currently and will not ever be abused, by adopting corporate governance measures.

The Company refers to the recommendations of the Corporate Governance Code for Listed Companies published in June 2013 most recently revised in November 2016 by the AFEP/MEDEF and the guidelines for applying this Code by the Corporate Governance High Commission in December 2016. In particular, the Board of Directors comprises a significant proportion of independent Board members and has its own internal regulations.

7.4.4 Stock market information

Shares in Rémy Cointreau are listed on the NYSE Euronext Paris regulated market (ISIN code FR0000130395). Rémy Cointreau is included in the French CACMID 100 index and the European EuroStoxx 100 index.

At 31 March 2017, Rémy Cointreau had a market capitalisation of €4.56 billion.

In November 2005, Rémy Cointreau had entrusted a financial institution with the implementation of a liquidity contract that conforms to the AMAFI Ethics Charter recognised by the AMF. Since 1 April 2015, Rémy Cointreau has entrusted a different financial institution with the implementation of a liquidity contract that conforms to the AMAFI Ethics Charter recognised by the AMF.

NUMBER OF SECURITIES AND CAPITAL TRADED ON EURONEXT PARIS AND PRICE CHANGES IN THE LAST EIGHTEEN MONTHS

	Number of shares traded	Average price in €	High in €	Low in €	Trading volumes in €m
2015					
December	3,042,496	65.70	69.25	62.38	200.65
2016					
January	2,594,033	62.83	66.20	59.14	162.30
February	2,202,055	62.84	67.25	58.10	137.77
March	1,892,623	64.62	67.56	61.95	122.21
April	2,635,076	69.95	75.75	64.68	188.73
May	1,836,852	72.28	74.91	69.80	132.60
June	2,493,684	74.06	77.90	70.10	184.41
July	1,599,063	77.26	78.92	74.84	123.49
August	1,229,446	78.22	81.73	75.20	96.02
September	1,844,160	76.27	79.80	73.20	140.53
October	2,637,226	75.33	80.00	72.85	199.57
November	2,793,116	73.54	80.75	69.27	205.78
December	1,840,491	79.77	81.57	76.09	154.73
2017					
January	2,554,116	82.66	90.00	78.65	213.50
February	2,120,927	85.11	87.20	83.53	180.46
March	1,881,885	86.65	91.77	82.64	164.01
April	1,858,604	92.07	94.80	86.60	170.91
May	1,729,378	95.73	98.50	92.37	164.97

7.5 ITEMS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC TAKEOVER OFFER

In compliance with Article L. 225-100-3 of the French Commercial Code, we notify you of the factors liable to have an impact in the event of a public takeover offer:

- the structure of the Company's share capital is disclosed in section 7.4 of this report and refers to concert parties and to shareholders' agreements that had been brought to the Company's attention at the time of writing;
- the direct or indirect investments known to the Company are described in section 7.4 of this report;
- with the exception of the double voting rights allocated, pursuant to Article 23.2 of the Articles of Association, to fully paid-up shares which have been held in registered form for at least four years in the name of the same shareholder, no shares carry specific privileges;
- there is no restriction in the Articles of Association on the exercise of voting rights, except for failure to comply with the provisions in respect of crossing the statutory threshold of 1% of the share capital or voting rights or any multiple of this percentage, under the terms provided for by Article 8.2 of the Articles of Association; there are no restrictions on share transfers in the Articles of Association;
- the rules governing the appointment and dismissal of members of the Board of Directors are those of the prevailing laws and the Articles of Association;
- amendments to the Company's Articles of Association are made in accordance with the prevailing laws and regulations;
- the Company and some of its subsidiaries have entered into agreements containing a clause offering the parties the option of terminating those agreements in the event of a change of control of the Company, mainly under distribution agreements with third parties and the bonds of €80 million dated February 2015 and €275 million dated August 2016 described in note **11.6** to the consolidated financial statements;
- severance and non-compete compensations and the defined-benefit and defined-contribution pension commitments granted to Valérie Chapoulaud-Floquet, Chief Executive Officer, can be found in section 3.4.2 of this report;
- the various delegations and authorisations granted to the Board of Directors by the Shareholders' Meeting, notably concerning the issue and repurchase of shares, are disclosed in section 7.3.3 of this report.

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COMBINED SHAREHOLDERS' MEETING

8.1 Comments on the draft resolutions

Approval of the Company and consolidated financial statements

Once you have reviewed its report and the reports of the Company's Statutory Auditors, the Board of Directors asks that you first approve the Company financial statements for the financial year ending 31 March 2017, which show a profit of €151,190,361.97 and then the consolidated financial statements for the same period, which show net income attributable to the owners of the parent company of €190,298,000.

Appropriation of 2016/2017 income

In the third resolution, the Board of Directors asks that you approve the appropriation of distributable income for the financial year ending 31 March 2017 as follows:

▪ company profits at 31 March 2017:	€151,190,361.97
▪ retained earnings:	€87,379,895.72
▪ appropriation to the legal reserve:	€(153,147.20)
Total distributable amount:	**€238,417,110.49**
▪ dividend of €1.65 per share:	€81,992,103.60
▪ retained earnings:	€156,425,006.89
Total:	**€238,417,110.49**

The dividend of €1.65 per share will be paid as of 4 September 2017.

For individuals domiciled for tax purposes in France, the dividend is eligible for the proportional allowance of 40% of the gross amount received, as provided for in Article 158-3-2 of the French General Tax Code.

In the event that the Company holds any of its own shares as of the ex-dividend date, the amount corresponding to the dividend not distributed as a result of that holding shall be allocated to "Retained earnings".

In accordance with the law, we hereby advise you that the amount of net dividends paid in respect of the past three financial years, and the amount of the dividend payment eligible for the aforementioned tax allowance for individual shareholders who are tax residents of France, were as follows:

Financial years	2013/2014	2014/2015	2015/2016
Net dividend per share	€1.27	€1.53	€1.60
Eligible dividend paid	€1.27	€1.53	€1.60

Option for the payment of the dividend in shares

In accordance with the requirements of Articles L. 232-18 to L. 232-20 of the French Commercial Code and Article 27 of the Articles of Association, we ask that you grant each shareholder the option of receiving payment of the dividend in cash or in shares for the entire dividend paid.

Under this option, the issue price of the new shares will be equal to 90% of the average closing price in the 20 trading sessions preceding the Shareholders' Meeting of 25 July 2017, less the net dividend amount, in accordance with Article L. 232-19 of the French Commercial Code. The Board of Directors will have the option of rounding up the issue price thus determined to the nearest whole cent.

Shareholders may opt either for payment of the entire dividend in shares or the entire dividend in cash. Shareholders who opt for payment of the dividend in shares must request this from their financial intermediary between 1 August 2017 and 17:00 on 25 August 2017 at the latest. After this time, the entire dividend shall automatically be paid in cash.

If the amount of dividends on which the option is exercised does not correspond to a whole number of shares, shareholders may subscribe either for the next lowest number of shares and receive a cash payment for the balance, or the next highest number of shares and pay the extra in cash.

The new shares shall be subject to all provisions of law and the Articles of Association and shall be eligible for dividends from 1 April 2017, the start of the current financial year.

Finally, we ask that you vest every power in the Board of Directors to make, in accordance with Article L. 232-20 of the French Commercial Code, the necessary arrangements for payment of the dividend in shares, and specifically to set the issue price of the shares issued under the aforementioned conditions, to record the number of shares issued and the resulting capital increase, to amend the Articles of Association of the Company accordingly, to take every measure to ensure the successful outcome of the transaction and, in general, to do whatever may be useful or necessary.

Ratification of the continuation of the defined-contribution pension and welfare commitments paid since 16 September 2014 for Ms Valérie Chapoulaud-Floquet, the Company's Chief Executive Officer

Please note that the Shareholders' Meeting of 29 July 2015, in its eighth resolution, specifically approved the defined-benefit pension commitment for Ms Valérie Chapoulaud-Floquet, the Company's Chief Executive Officer.

Since her appointment as Deputy Chief Executive Officer on 16 September 2014, and then as Chief Executive Officer, Ms Valérie Chapoulaud-Floquet has also benefited from commitments of a similar nature to the collective welfare and pension schemes referred to in Article L. 242-1 of the French Social Security Code. These Group insurance schemes are for all CLS Rémy Cointreau managers and supervisors (other agreements being in force for other categories of personnel and for the Group's other French sites). The schemes relating to Ms Valérie Chapoulaud-Floquet are subject to regulated agreement rules but not to performance conditions, pursuant to Article L. 225-42-1, subparagraph 6, of the French Commercial Code.

Accordingly, Ms Valérie Chapoulaud-Floquet benefits from a defined-contribution Company pension scheme, representing 8% of her annual remuneration between eight and sixteen times the annual Social Security ceiling. The Company's commitment is limited to paying contributions to the insurance company that operates the scheme.

Ms Valérie Chapoulaud-Floquet also benefits from current Company disability, death, incapacity for work and healthcare plans. Contributions are paid by the employee and the employer in accordance with the caps and social provisions in force. The remuneration used to calculate the contributions is capped at eight times the annual Social Security ceiling for incapacity, disability and death benefits and at the annual Social Security ceiling for health benefits. The employer's contribution is 1.97% on Tranche A and 2.25% on Tranches B and C for incapacity, disability and death cover and 2.67% on Tranche A for health cover.

Since the continuation of these pension and welfare commitments, which commenced on 16 September 2014, was not subject to prior authorisation under regulated agreements, nor to performance conditions, it is today proposed that the Shareholders' Meeting ratify these commitments in accordance with Articles L. 225-38, L. 225-42 and L. 225-42-1, subparagraph 6 of the French Commercial Code, it being specified that the Board of Directors' meeting on 7 June 2017 authorised these two defined-contribution pension and welfare commitments for Ms Valérie Chapoulaud-Floquet, in accordance with the recommendations of the French Financial Markets Authority (Autorité des marchés financiers, AMF).

The characteristics of these commitments are described in section 3.4.4 of this document and in the Statutory Auditors' special report.

Agreements covered by Article L. 225-38 *et seq.* of the French Commercial Code

Please note that no agreements covered by Article L. 225-38 *et seq.* of the French Commercial Code (known as "regulated" agreements) were entered into in the year just ended. Agreements authorised and entered into in previous financial years and which continued to be performed in the past financial year, were reviewed by the Board of Directors at its meeting on 28 March 2017 in accordance with Article L. 225-40-1 of the French Commercial Code and reported to the Statutory Auditors for inclusion in their special report. This special report is reproduced in section 8.3.1 of this 2016/2017 registration document.

Please note that, in accordance with current legislation, regulated agreements already approved by the Shareholders' Meeting in previous financial years and which remain in force are not put to the vote at subsequent Shareholders' Meetings.

Deliberating on the special report of the Statutory Auditors, the Shareholders' Meeting is asked to take note of information relating to said agreements.

Reappointment of four Board members

Since the terms of Ms Dominique Hériard Dubreuil, Ms Laure Hériard Dubreuil and Ms Guylaine Dyèvre as well as that of Mr Emmanuel de Geuser are due to expire at the end of your Shareholders' Meeting, we ask that you reappoint them for a further three-year term (eighth to eleventh resolutions). Information about these four Board members is provided in section 3.1 of this registration document. The Board of Directors has five female members, which is higher than the 40% required by Article L. 225-18-1 of the French Commercial Code.

Directors' fees

We ask that you set the amount of Directors' fees awarded to members of the Board of Directors for the 2017/2018 financial year at €500,000. This amount is similar to that of the previous financial year and is consistent with the practice followed by several French multinationals of a similar size to our own.

Opinion on the elements of remuneration due or awarded for the year ending 31 March 2017 to each executive officer of the Company

In accordance with recommendation § 26.1 and § 26.2 of the AFEP/MEDEF Code revised in November 2016, the following elements of remuneration due or awarded to each of the Company's executive officers for the year just ended, are strictly subject to shareholder consideration:

- the fixed portion;
- the annual variable portion with performance criteria used to determine the amount;
- exceptional remuneration;
- stock options, Performance shares and multi-year variable remuneration plans with performance criteria intended to determine these elements of remuneration;
- benefits connected with taking up or leaving office;
- the supplementary pension plan;
- benefits of any kind.

By voting on the thirteenth and fourteenth resolutions, you are asked to issue a favourable opinion on the elements of remuneration due or awarded for the year ended on 31 March 2017 to each person who has held the post of executive officer of the Company during said financial year, namely Mr François Hériard Dubreuil as Chairman of the Board of Directors and Ms Valérie Chapoulaud-Floquet as Chief Executive Officer, as presented in section 3.4.1 and in the tables contained in sections 3.4.2 and 3.4.4 of this 2016/2017 registration document.

Shareholders are reminded that, on 27 January 2015, the Board of Directors set the gross annual fixed remuneration of Mr François Hériard Dubreuil, Chairman of the Board of Directors, at €200,000 and that Mr François Hériard Dubreuil receives no annual variable remuneration or benefits due or likely to be due for termination or change of office, within the meaning of Article L. 225-42-1 of the French Commercial Code, nor does he receive any stock options or Performance shares, nor does he benefit from any supplementary pension plan. Details of other elements of remuneration are provided in section 3.4.2 of this 2016/2017 registration document.

In 2016/2017, Ms Chapoulaud-Floquet received gross annual remuneration of €649,965. Her annual variable remuneration was €551,820. In addition, Ms Chapoulaud-Floquet is the beneficiary of commitments made in respect of benefits due or likely to be due as a result of termination or change of office, within the meaning of Article L. 225-42-1 of the French Commercial Code, approved by the Combined Shareholders' Meeting of 29 July 2015 and consisting of severance pay, a non-compete compensation and a defined-benefit pension scheme. These commitments were not subject to change during the 2016/2017 financial year. Details of other elements of remuneration are provided in section 3.4.2 of this 2016/2017 registration document.

Approval of the remuneration policy for executive officers

The purpose of the fifteenth and sixteenth resolutions is to submit for your approval, in accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria used to determine, distribute and allocate the fixed, variable and exceptional elements of the total remuneration and benefits of any kind attributable to the Chairman of the Board of Directors and the Chief Executive Officer for their services and constituting the remuneration policy applicable to them for the current financial year.

These principles and criteria, approved by the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, are presented in the Board of Directors' report on the remuneration policy for executive officers attached to the report referred to in Articles L. 225-100 and L. 225-102 of the French Commercial Code and appearing in section 3.4.7 of this 2016/2017 registration document.

In accordance with Article L. 225-100 of the French Commercial Code, the amounts arising from the application of these principles and criteria are subject to shareholder approval at the Shareholders' Meeting held to approve the 2017/2018 financial statements.

Purchase and sale of its own shares by the Company

We ask that you authorise the Board of Directors to purchase the Company's shares, within the limit of 10% of the share capital on the date such purchases are made, for a maximum period of 18 months from the date of this Shareholders' Meeting. For indicative purposes, based on the current share capital, this amount corresponds to a maximum number of 4,856,852 shares, including treasury shares held by the Company as of 31 March 2017.

Shareholders are reminded that, by law, if shares are repurchased for liquidity reasons, the number of shares included in the calculation of the 10% corresponds to the number of shares purchased, less the number of shares resold during the authorisation period.

The purpose of the buyback programme is to enable the following transactions to be performed, in decreasing order of priority:

- to ensure liquidity or promote trading in the secondary market in Rémy Cointreau shares *via* an Investment Service Provider (ISP), under the terms of a liquidity agreement that complies with the Ethics Charter recognised by the AMF. We remind you that your Company had originally entrusted an ISP with a liquidity agreement on 15 November 2005, for a period of one year, renewable by tacit agreement, and that Rémy Cointreau then entrusted a new ISP with management of its liquidity contract on 1 April 2015;
- to cancel shares as part of a capital reduction, subject to the adoption of the nineteenth resolution submitted to this Shareholders' Meeting;
- to cover obligations in respect of marketable securities giving access to capital;
- to grant shares in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant bonus shares to employees and/or authorised corporate officers of the Company and/or companies related to it within the meaning of Articles L. 225-197-1 *et seq.* of the French Commercial Code;
- to purchase shares and retain them to be used subsequently in exchange for payment for acquisitions, mergers or divisions, within the limits prescribed by law;
- to implement any market practices permitted by the AMF and, more generally, carry out all transactions in compliance with the regulations in force.

The purchase of these shares, together with their sale or transfer, may be performed under legal and regulatory conditions at any time, including during a public takeover offer involving the Company's shares, or during a public takeover offer initiated by the Company, subject to the lock-up periods specified in European Commission regulation 596/2014 of 16 April 2014 and Commission regulations delegated by any means, including through the use of any derivative financial instruments, except for the sale of put options, and inasmuch as such means do not contribute to a significant increase in the volatility of the share price. The maximum portion of the capital acquired or transferred in the form of block transactions may amount to 100% of the authorised share buyback programme. Payment may be made by any means.

We should remind you that since law No. 2014-384 of 29 March 2014 (known as the Loi Florange), companies can launch their buyback programmes during offer periods, even without express authorisation from the Shareholders' Meeting.

We request that you set the maximum purchase price per share at €150, excluding transaction expenses. The maximum amount that the Company would therefore be liable to pay is €728, 527,800, excluding trading fees.

The Board of Directors shall inform shareholders of the transactions performed in its annual management report, in accordance with the provisions of Article L. 225-211 of the French Commercial Code.

We should remind you that the Company sold and repurchased 602,430 shares during the 2004/2005 financial year. In order to maintain full coverage of its share purchase plans, and to manage part of the dilution resulting from the exercise of one of the stock option plans, this sale was subject to a cancellation clause. This transaction was supplemented by the Company's purchase, on 24 March 2005, of 224,497 call options from Barclays Capital Securities Ltd. The overall transaction enabled Rémy Cointreau to cover the exercise of a maximum of 826,927 share subscription or purchase options.

As such, Rémy Cointreau acquired, on 1 March 2006, 280,927 shares from Barclays Capital Securities Ltd in order to limit the dilutive impact of a stock-option plan. Pursuant to the authorisation granted by the Extraordinary Shareholders' Meeting of 28 July 2005 in its fifteenth resolution, the Board of Directors, at its meeting of 28 April 2006, decided to reduce the share capital by cancelling these 280,927 shares, in accordance with the terms of the aforementioned sale and repurchase agreement.

During the 2007/2008 financial year, Rémy Cointreau repurchased 75,000 shares from Barclays Capital Securities Ltd, at a price of €27.67 each, *i.e.* a total amount of €2,075,250. This repurchase enabled the Company to cover the exercise of 70,295 stock options arising from the 16 September 2003 plan, *i.e.* a total amount of €1,945,062.65.

During the 2008/2009 financial year, Rémy Cointreau repurchased 33,000 shares from Barclays Capital Securities Ltd, consisting of 15,000 shares at a price of €27.67 each and 18,000 shares at a price of €28.07 each, *i.e.* a total amount of €920,310. This repurchase enabled the Company to cover in full the exercise of 20,500 stock options arising from the 16 September 2003 and 24 December 2004 plans.

No shares were bought back from Barclay's Capital Securities Ltd. during the 2009/2010 financial year. A total of 4,605 shares purchased during the previous financial year were used to service stock options arising from the plans of 16 September 2003 and 24 December 2004. Information regarding the use of the buyback programme during the last financial year is provided in the Board of Directors' management report presented to the Shareholders' Meeting.

During the 2010/2011 financial year, Rémy Cointreau repurchased 118,500 shares from Barclays Capital Securities Ltd, consisting of 56,500 shares at a price of €27.67 each and 72,000 shares at a price of €28.07 each, *i.e.* a total amount of €3,584,395. This repurchase enabled the Company to cover in full the exercise of 119,790 stock options arising from the 16 September 2003 and 24 December 2004 plans.

During the 2011/2012 financial year, Rémy Cointreau repurchased 208,440 shares from Barclays Capital Securities Ltd, consisting of 96,940 shares in connection with the 16 September 2003 plan and 111,500 shares in connection with the 24 December 2004 plan, for a total amount of €5,756,062. Given the residual number of shares held as of 31 March 2011, this repurchase enabled the Company to cover the exercise of 222,100 stock options arising from these plans.

Furthermore, the Company purchased 1,421,003 shares as part of the implementation of the mandate entrusted to an investment service provider, in accordance with the decision of the Board of Directors at its meeting of 22 November 2011, which was taken pursuant to the thirteenth and fifteenth resolutions approved by the Shareholders' Meeting of 26 July 2011.

During the 2012/2013 financial year, Rémy Cointreau repurchased 9,850 shares from Barclays Capital Securities Ltd under the 16 September 2003 plan and exercised 19,500 options under the 24 December 2004 plan, for a total amount of €804,427. Given the residual number of shares held as of 31 March 2012, this repurchase enabled the Company to cover the exercise of 26,500 stock options arising from these plans.

Furthermore, the Company purchased 7,791 shares as part of the implementation of the mandate entrusted to an investment service provider, in accordance with the decision of the Board of Directors at its meeting of 22 November 2011, which was taken pursuant to the thirteenth and fifteenth resolutions approved by the Shareholders' Meeting of 26 July 2011.

During the 2013/2014 financial year, Rémy Cointreau repurchased 6,710 shares from Barclays Capital Securities Ltd under the 16 September 2003 plan and exercised 6,000 options under the 24 December 2004 plan, for a total amount of €343,966. Given the residual number of shares held as of 31 March 2013, this repurchase enabled the Company to cover the exercise of 15,210 stock options arising from these plans.

Furthermore, the Company purchased 1,283,053 shares as part of the implementation of the mandate entrusted to an investment service provider, in accordance with the decision of the Board of Directors at its meeting of 19 November 2013, which was taken pursuant to the eleventh resolution approved by the Shareholders' Meeting of 24 September 2013.

During the 2014/2015 financial year, Rémy Cointreau exercised 8,000 options under the 24 December 2004 plan, for a total of €224,560 (1 August 2014 and 5 December 2014).

In 2015/2016, no shares were transferred by Rémy Cointreau to service stock options.

In 2016/2017, no shares were transferred by Rémy Cointreau to service stock options.

As of 31 March 2017, the number of shares held by the Company stood at 112,336, of which 106,164 were destined for the bonus share award for employees and/or corporate officers of the Company and/or related companies (reassignment, for this purpose, of shares held under the repurchase programme implemented by the Board of Directors on 22 November 2011 in accordance with the decision taken by the Board of Directors on 24 November 2015 in application of the eighteenth resolution passed by the Shareholders' Meeting of 29 July 2015). As of 31 March 2017, the Company holds 6,202 shares under the liquidity contract.

This authorisation cancels the authorisation granted by the ordinary session of the Combined Shareholders' Meeting of 26 July 2016 in its fifteenth resolution, in respect of the amounts unused to date.

Authorisation to reduce the share capital *via* the cancellation of treasury shares held by the Company

The nineteenth resolution submitted to you allows the Board of Directors the option of cancelling, in accordance with Article L. 225-209 of the French Commercial Code, the shares purchased by the Company pursuant to the authorisation granted by the Shareholders' Meeting under the seventeenth resolution, or purchased under prior authorisations to buy and sell its own shares.

Its aim is to enable the Board of Directors to reduce the share capital as a result of this cancellation. In accordance with the law, such transactions may not cover more than 10% of the share capital in each 24 month period.

The authorisation is for a maximum period of 18 months and will expire at the end of the Shareholders' Meeting called to approve the financial statements for the next financial year. This authorisation therefore renews the seventeenth resolution adopted at the Shareholders' Meeting of 26 July 2016.

Delegation of authority given to the Board of Directors to increase the share capital by the incorporation of reserves, profits or premiums

In the twentieth resolution, you are asked to renew the delegation given to the Board of Directors, for a 26-month period, to increase the share capital, on one or more occasions, at the times and on the terms of its choosing, by incorporation of reserves, profits or premiums, followed by the creation and bonus issue of shares or the increase in the par value of existing shares, or a combination of both.

The nominal amount of capital increases that may be carried out under this delegation may not exceed €20,000,000, it being specified that (i) this amount will be deducted from the ceiling provided for in the eighteenth resolution of the Combined Shareholders' Meeting of 26 July 2016 (or, as the case may be, from the ceiling provided for in any similar resolution that may supersede said resolution during the term of this delegation) and (ii) that this amount does not take account of any adjustments required by law and regulations, and, where applicable, contractual provisions providing for other cases of adjustment, to preserve the rights of holders of securities or other rights giving access to the share capital.

This authorisation renders ineffective the unused portion of the authorisation given by the Combined Shareholders' Meeting of 29 July 2015 under the terms of its twenty-first resolution.

Delegation to the Board of Directors to issue shares or marketable securities giving access to the share capital of up to 10% of the existing share capital as consideration for contributions in kind

Article L. 225-147 of the French Commercial Code permits the Extraordinary Shareholders' Meeting to authorise the Board of Shareholders, for a maximum of 26 months, to issue all types of shares and marketable securities giving access to the share capital (excluding preference shares), within a limit of 10% of the share capital at the time of issue, in consideration for contributions in kind made to the Company and comprising equity securities or marketable securities giving access to the share capital. This authorisation makes it possible to avoid cash outflows for acquisitions of limited scope.

This request for authorisation under the twenty-first resolution replaces the authorisation granted by the Combined Shareholders' Meeting of 29 July 2015 in its twenty-second resolution, by rendering ineffective the portion that is unused to date.

Please note that the 10% ceiling provided for above is deducted from the ceiling set under the terms of the nineteenth resolution of the Combined Shareholders' Meeting of 26 July 2016 (or, as the case may be, from the ceiling provided for in any similar resolution that may supersede said resolution during the term of this authorisation).

You are asked to cancel, as necessary, shareholders' preferential right to shares and marketable securities thus issued, for the benefit of the holders of the shares contributed in kind.

This authorisation entails the waiver by shareholders of their preferential subscription right to the shares to which the marketable securities that would then be issued confer entitlement.

Authorisation to increase the share capital *via* the issue of shares reserved for members of an employee savings scheme

Pursuant to Article L. 225-129-6 of the French Commercial Code, the Extraordinary Shareholders' Meeting must, whenever any decision is taken to proceed with a capital increase in cash, vote on a draft resolution regarding the issue of shares reserved for employees belonging to an employee savings scheme (PEE).

This obligation, which is of a very non-specific nature, applies to all joint-stock companies, regardless of whether they have an employee savings scheme, and to any decision regarding a cash capital increase, including deferred capital increases. Furthermore, when an Extraordinary Shareholders' Meeting authorises the Board of Directors to proceed with a capital increase, it must also vote on a draft resolution providing for a capital increase reserved for employees (Article L. 225-129-6 of the French Commercial Code). This stipulation thereby avoids the need to call an Extraordinary Shareholders' Meeting to vote on such a resolution each time that the Board of Directors decides to increase the share capital.

Such a requirement is only required when a cash capital increase is proposed.

Furthermore, law No. 2011-525 of 17 May 2011 amended Article L. 225-129-6 of the French Commercial Code, requiring the Shareholders' Meeting to vote on such a resolution "if the Company has employees".

The Company has no employees, and as such no employee savings scheme; nor is there a group employee savings scheme.

In this respect, the Company does not fall within the scope of this obligation. However, in view of the penalties attached to non-compliance with this obligation, and despite the absence of employees within Rémy Cointreau SA, the parent company of the Group, we put this resolution to you in case the need arises.

Furthermore, Article L. 225-129-6, subparagraph 2 of the French Commercial Code also stipulates that a Shareholders' Meeting must vote on such a resolution every three years (extended to five years where the meeting has voted on a draft resolution under paragraph 1 of Article L. 225-129-6 of the French Commercial Code since the promulgation of law No. 2012-387 of 22 March 2012) where the management report makes it clear that the shares held by employees of the Company and related companies, within the meaning of Article L. 225-180, amount to less than 3% of the Company's capital.

To ensure that the authority delegated and the authorisation granted to the Board of Directors to issue shares and various marketable securities giving access to the capital remain fully valid, and to fulfil the requirements of the second subparagraph of Article L. 225-129-6 of the French Commercial Code and, should your Shareholders' Meeting opt to pay the dividend in shares, resulting in a cash capital increase, we put this resolution to you resulting from a non-specific legal obligation, while at the same time asking you to reject it, as at the Combined Shareholders' Meeting of 26 July 2016, inasmuch as it does not apply to our Company.

Amendments to the Articles of Association for the purposes of harmonisation with the provisions of law No. 2016-1691 of 9 December 2016

Law No. 2016-1691 of 9 December 2016 amended a number of provisions of the French Commercial Code.

In consideration of the power now invested in the Board of Directors by Article L. 225-36 of the French Commercial Code, as amended by law No. 2016-1691 of 9 December 2016, to transfer the registered office to any location on French territory, its decision being subject to ratification by the next Ordinary Shareholders' Meeting, in the twenty-fourth resolution you are asked to amend the stipulations of Article 4, second paragraph, and Article 17.3 of the Articles of Association accordingly.

Law No. 2016-1691 of 9 December 2016 also amended Articles L. 225-47 subparagraph 1 and L. 225-53 of the French Commercial Code so that it is now specified that the Board of Directors' determination of the remuneration of the Chairman and Chief Executive Officer or the Deputy Chief Executive Officer is in accordance with the terms and conditions provided for by Article L. 225-37-2 of the French Commercial Code. Article L. 225-37-2 of the French Commercial Code, created by law No. 2016-1691 of 9 December 2016, introduces an ex ante Shareholders' Meeting vote on the remuneration policy for executive officers. Consequently, the proposed amendments to Articles 18, 19.2 and 19.3 of the Articles of Association aim to align the wording with the texts of the new laws.

Law No. 2016-1691 of 9 December 2016 amended Article L. 225-40 of the French Commercial Code to specify that the Chairman must advise the Statutory Auditors of agreements that have been authorised and signed, this last clarification being proposed as a consequence of Article 20, paragraph five, of the Articles of Association.

Lastly, law No. 2016-1691 of 9 December 2016 amended Article L. 225-124 of the French Commercial Code by specifying how the double voting rights of companies acquired or split into a third company would be handled. It is proposed that Article 23.2 of the Articles of Association be amended to this effect.

Full powers to be given to the Board of Directors to bring the Articles of Association into compliance with legislation and regulations, subject to ratification by the next Shareholders' Meeting

The aim of the twenty-sixth resolution is to propose that, in accordance with the new provisions of Article L. 225-36 of the French Commercial Code, amended by law No. 2016-1691 of 9 December 2016, you invest the Board of Directors with full authority to make the necessary amendments to the Articles of Association to bring them into compliance with legislatory and regulatory provisions, subject to ratification of such amendments by the next Extraordinary Shareholders' Meeting.

We ask you to vote in favour of the resolutions put to you.

The Board of Directors

8.2 Draft resolutions

8.2.1 Within the competence of the Ordinary Shareholders' Meeting

FIRST RESOLUTION

(Approval of the Company financial statements for the 2016/2017 financial year)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

having reviewed the Board of Directors' report on the financial year ending 31 March 2017 and the report of the Statutory Auditors,

approves the financial statements for the year ending 31 March 2017, which include the balance sheet, the income statement, and the notes thereto, as presented, which show a profit of €151,190,361.97 together with all the transactions reflected in the aforementioned financial statements or summarised in these reports.

In accordance with the provisions of Article 223 quater of the French General Tax Code, the Shareholders' Meeting notes that no expenditure or expenses referred to in Article 39-4 of said Code were incurred during the financial year ending 31 March 2017.

SECOND RESOLUTION

(Approval of the consolidated financial statements for the 2016/2017 financial year)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

having reviewed the Board of Directors' report and the report of the Statutory Auditors on the consolidated financial statements,

approves the consolidated financial statements for the year ending 31 March 2017, which include the statement of financial position, the income statement, and the notes thereto, as presented, which show a net profit attributable to the owners of the parent company of €190,298,000, together with all the transactions reflected in the aforementioned financial statements or summarised in these reports.

THIRD RESOLUTION

(Appropriation of income and setting of the dividend)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

on the proposal of the Board of Directors, hereby approves the appropriation of the distributable income for the financial year ending 31 March 2017 as follows:

▪ company profits at 31 March 2017:	€151,190,361.97
▪ retained earnings:	€87,379,895.72
▪ appropriation to the legal reserve:	€(153,147.20)
Total distributable amount:	**€238,417,110.49**
▪ dividend of €1.65 per share:	€81,992,103.60
▪ retained earnings:	€156,425,006.89
Total:	**€238,417,110.49**

The cash dividend will be paid as of 4 September 2017.

For individuals domiciled for tax purposes in France, the dividend is eligible for the proportional allowance of 40% mentioned in Article 158-3-2 of the French General Tax Code.

In the event that the Company holds any of its own shares as of the ex-dividend date, the amount corresponding to the dividend not distributed as a result of that holding shall be allocated to "Retained earnings".

In accordance with the law, we hereby advise you that the amount of net dividends paid in respect of the past three financial years, and the amount of the dividend payment eligible for the aforementioned tax allowance for individual shareholders who are tax residents of France, were as follows:

Financial years	2013/2014	2014/2015	2015/2016
Net dividend per share	€1.27	€1.53	€1.60
Eligible dividend paid	€1.27	€1.53	€1.60

FOURTH RESOLUTION

(Option for the payment of the dividend in shares)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

having reviewed the Board of Directors' report and in accordance with the requirements of Articles L. 232-18 to L. 232-20 of the French Commercial Code and Article 27 of the Articles of Association, resolves to grant each shareholder the option of receiving payment of the dividend in cash or in shares for the entire dividend due.

Shareholders may opt for either payment method, although this option will apply in the same way to all shares held.

The issue price of the new shares, the subject of this option, will be equal to 90% of the average closing price in the 20 trading sessions preceding the date of this Shareholders' Meeting, less the net dividend amount, in accordance with Article L. 232-19 of the French Commercial Code. The Board of Directors will have the option of rounding up the issue price thus determined to the nearest whole cent.

Shareholders who opt for payment of the dividend in shares must request this from their financial intermediary between 1 August 2017 and 17:00 on 25 August 2017 at the latest. Consequently, any shareholder who has not exercised this option at the end of this period will receive the entire dividend in cash.

If the option to receive payment in shares is not taken up, the dividend will be paid in cash as of 4 September 2017.

If the amount of dividends on which the option is exercised does not correspond to a whole number of shares, shareholders may subscribe either for the next lowest number of shares and receive a cash payment for the balance, or the next highest number of shares and pay the extra in cash.

The new shares shall be subject to all provisions of law and the Articles of Association and shall be eligible for dividends from 1 April 2017, the start of the current financial year.

The Shareholders' Meeting vests every power in the Board of Directors to make, in accordance with Article L. 232-20 of the French Commercial Code, the necessary arrangements for payment of the dividend in shares, and specifically to set the issue price of the shares issued under the aforementioned conditions, to record the number of shares issued and the resulting capital increase, to amend the Articles of Association of the Company accordingly, to take every measure to ensure the successful outcome of the transaction and, in general, to do whatever may be useful or necessary.

FIFTH RESOLUTION

(Ratification of defined-contribution pension scheme, death, incapacity for work, disability and healthcare plan commitments for the benefit of Ms Valérie Chapoulaud-Floquet, the Company's Chief Executive Officer, under regulated agreements and in accordance with Articles L. 225-38, L. 225-42 and L. 225-42-1, subparagraph 6 of the French Commercial Code)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

having reviewed the Board of Directors' report and the special report of the Statutory Auditors, in accordance with the provisions of Article L. 225-42-42 of the French Commercial Code;

approves the findings of the special report setting out the reasons why the authorisation procedure for commitments of a similar nature to the collective welfare and pensions schemes referred to in Article L. 242-1 of the French Social Security Code was not followed and expressly approves, under regulated agreements and in accordance with Articles L. 225-38, L. 225-42 and L. 225-42-1, subparagraph 6, of the French Commercial Code, said defined-contribution pensions and welfare commitments of which Ms Valérie Chapoulaud-Floquet, the Company's Chief Executive Officer, is the beneficiary.

SIXTH RESOLUTION

(Agreements covered by Articles L. 225-38 *et seq*. of the French Commercial Code authorised in previous financial years and which continued to be performed during the 2016/2017 financial year)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

having reviewed the Board of Directors' report and the special report of the Statutory Auditors on the agreements covered by Articles L. 225-38 *et seq*. and Article L. 225-40-1 of the French Commercial Code,

deliberating on the special report of the Statutory Auditors, takes note of the information relating to agreements entered into and authorised in previous financial years and which continued to be performed in the past financial year mentioned therein and reviewed by the Board of Directors at its meeting on 28 March 2017 in accordance with Article L. 225-40-1 of the French Commercial Code.

SEVENTH RESOLUTION

(Discharge of the Board of Directors)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

as a consequence of the preceding resolutions,

grants members of the Board of Directors full, final and unqualified discharge for their management for the year ending 31 March 2017. Furthermore, it takes note of the fact that the Statutory Auditors have completed their assignment.

EIGHTH RESOLUTION

(Reappointment of Ms Dominique Hériard Dubreuil as Board member)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

on a proposal put forth by the Board of Directors,

resolves to reappoint Ms Dominique Hériard Dubreuil as Board member for a three-year term, *i.e.* until the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending 31 March 2020.

Ms Dominique Hériard Dubreuil has let it be known that she accepts this mandate, and that she does not exercise any responsibilities and is not affected by any measures likely to prevent her from fulfilling it.

NINTH RESOLUTION

(Reappointment of Ms Laure Hériard Dubreuil as Board member)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

on a proposal put forth by the Board of Directors,

resolves to reappoint Ms Laure Hériard Dubreuil as Board member for a three-year term, *i.e.* until the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending 31 March 2020.

Ms Laure Hériard Dubreuil has let it be known that she accepts this mandate, and that she does not exercise any responsibilities and is not affected by any measures likely to prevent her from fulfilling it.

TENTH RESOLUTION

(Reappointment of Ms Guylaine Dyèvre as Board member)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

on a proposal put forth by the Board of Directors,

resolves to reappoint Ms Guylaine Dyèvre as Board member for a three-year term, *i.e.* until the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending 31 March 2020.

Ms Guylaine Dyèvre has let it be known that she accepts this mandate, and that she does not exercise any responsibilities and is not affected by any measures likely to prevent her from fulfilling it.

ELEVENTH RESOLUTION

(Reappointment of Mr Emmanuel de Geuser as Board member)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

on a proposal put forth by the Board of Directors,

resolves to reappoint Mr Emmanuel de Geuser as Board member for a three-year term, *i.e.* until the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending 31 March 2020.

Mr Emmanuel de Geuser has let it be known that he accepts this mandate, and that he does not exercise any responsibilities and is not affected by any measures likely to prevent him from fulfilling it.

TWELFTH RESOLUTION

(Determination of Directors' fees)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, in accordance with Article 18 of the Articles of Association,

sets the total annual amount of Directors' fees awarded to members of the Board of Directors for 2017/2018 at €500,000.

THIRTEENTH RESOLUTION

(Opinion on the elements of remuneration due or awarded for the year ending 31 March 2017 to Mr François Hériard Dubreuil)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

consulted in application of the recommendation of section 26.2 of the AFEP/MEDEF Corporate Governance Code for Listed Companies of November 2016,

issues a favourable opinion on the elements of remuneration due or awarded for the year ending 31 March 2017 to Mr François Hériard Dubreuil, Chairman of the Board of Directors, as presented in sections 3.4.1, 3.4.2 and 3.4.4 of the 2016/2017 registration document.

FOURTEENTH RESOLUTION

(Opinion on the elements of remuneration due or awarded for the year ending 31 March 2017 to Ms Valérie Chapoulaud-Floquet)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

consulted in application of the recommendation of § 26.2 of the AFEP/MEDEF Corporate Governance Code for Listed Companies of November 2016,

issues a favourable opinion on the elements of remuneration due or awarded for the year ending 31 March 2017 to Ms Valérie Chapoulaud-Floquet, Chief Executive Officer, as presented in section 3.4.1, 3.4.2 and 3.4.4 of the 2016/2017 registration document.

FIFTEENTH RESOLUTION

(Approval of the remuneration policy for the Chairman of the Board of Directors, in accordance with Article L. 225-37-2 of the French Commercial Code)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

having reviewed the report on the remuneration policy for executive officers compiled in accordance with Article L. 225-37-2 of the French Commercial Code,

approves the principles and criteria used to determine, distribute and allocate the fixed elements of the total remuneration and benefits of any kind presented in this report and attributable to the Chairman of the Board of Directors for services rendered.

SIXTEENTH RESOLUTION

(Approval of the remuneration policy for the Chief Executive Officer, in accordance with Article L. 225-37-2 of the French Commercial Code)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

having reviewed the report on the remuneration policy for executive officers compiled in accordance with Article L. 225-37-2 of the French Commercial Code,

approves the principles and criteria used to determine, distribute and allocate the fixed, variable and exceptional elements of the total remuneration and benefits of any kind presented in this report and attributable to the Chief Executive Officer for services rendered.

SEVENTEENTH RESOLUTION

(Authorisation for the Board of Directors to buy and sell Company shares in accordance with the provisions of Articles L. 225-209 *et seq*. of the French Commercial Code)

The Shareholders' Meeting,

deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

having reviewed the Board of Directors' report and the elements referred to in the registration document, comprising all the information that must be included in the programme's prospectus, authorises the Board of Directors, which may delegate such authorisation under legal and regulatory conditions, in accordance with the provisions of Articles L. 225-209 *et seq*. of the French Commercial Code and provisions for the direct application of European Commission regulation No. 596/2014 of 16 April 2014, to purchase the Company's shares on one or more occasions, subject to the following limits.

The purchase of these shares, together with their sale or transfer, may be performed subject to the legal and regulatory provisions at any time, subject to the lock-up periods specified by European Commission regulation No. 596/2014 of 16 April 2014, and its delegated regulations, and by any means, including on the market or off-market, on regulated or unregulated markets, *via* multilateral trading facilities, with systematic internalisers, or over the counter, including by public offering, block transactions, sale with repurchase options and the use of derivative financial instruments traded on a regulated market or not, multilateral trading facilities, with systematic internalisers, or over the counter, including under the conditions authorised by the competent market authorities, and during the periods that the Board of Directors, or the person acting on the authority of the Board of Directors shall choose. These transactions may include option transactions, except for the sale of put options, and inasmuch as such transactions do not contribute to a significant increase in the volatility of the share price. The maximum portion of the capital acquired or transferred in the form of block transactions may amount to 100% of the authorised share buyback programme. Payment may be made by any means.

The maximum purchase price per share is set at €150 (excluding acquisition expenses) subject to the adjustments relating to potential transactions in the Company's share capital and/or on the par value of the shares.

In the event of a capital increase *via* the capitalisation of reserves, the allocation of bonus shares, a split or reverse split of the par value and/or the shares, the price indicated above shall be adjusted by a multiplying factor equal to the ratio between the number of shares comprising the share capital before the transaction and the number following the transaction.

Purchases may involve a number of shares such that the number of shares held by the Company following these purchases does not exceed 10% of the share capital on the date such purchases are made. For indicative purposes, this corresponds to a maximum number of 4,856,852 shares based on the current share capital, including the treasury shares held by the Company as of 31 March 2017.

It is specified that where the shares are repurchased in order to ensure liquidity in Rémy Cointreau's shares under the conditions defined below, the number of shares taken into account in order to calculate this 10% limit shall correspond to the number of shares purchased, less the number of shares resold during the period of this authorisation.

The maximum overall amount that the Company is liable to pay based on this number of shares will be €728,527,800, excluding trading fees.

The purpose of this programme is to enable the following transactions to be performed, in decreasing order of priority:

- to ensure liquidity or promote trading in the secondary market in Rémy Cointreau shares *via* an investment service provider, under the terms of a liquidity agreement that complies with the Ethics Charter recognised by the French Financial Markets Authority;
- to cancel shares as part of a capital reduction, subject to the adoption of the nineteenth resolution submitted to this Shareholders' Meeting;
- to cover obligations in respect of marketable securities giving access to share capital;
- to grant shares in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant bonus shares to employees and/or authorised corporate officers of the Company and/or companies related to it within the meaning of Articles L. 225-197-1 *et seq*. of the French Commercial Code;
- to purchase shares and retain them to be used subsequently in exchange for payment for acquisitions, mergers and divisions, in accordance with applicable regulations;
- to implement any market practices permitted by the French Financial Markets Authority and, more generally, carry out all transactions in compliance with the regulations in force.

This authorisation will expire at the end of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 March 2018, and at the latest within 18 months from today.

This authorisation cancels the authorisation granted by the ordinary session of the Combined Shareholders' Meeting of 26 July 2016 in its fifteenth resolution, in respect of the amounts unused to date.

The Shareholders' Meeting grants all powers to the Board of Directors, which may delegate same under legal and regulatory conditions, to place all stock market orders, to sign all sale or transfer agreements, to enter into all agreements and option agreements, to make all declarations and complete all formalities with all bodies, and generally to do whatever is necessary for the execution of the decisions it takes under this authorisation. The Shareholders' Meeting grants all powers to the Board of Directors to adjust the unit price and the maximum number of the shares to be purchased, in accordance with the change in the number of shares or in the par value resulting from potential financial transactions performed by the Company.

The Shareholders' Meeting takes note that the Board of Directors shall inform shareholders of the transactions performed under this resolution each year, in accordance with the provisions of Article L. 225-211 of the French Commercial Code.

EIGHTEENTH RESOLUTION
(Powers to accomplish formalities)

The Ordinary Shareholders' Meeting confers all powers to accomplish all legal filing and public notice formalities to the bearer of a copy or a certified excerpt of these minutes.

8.2.2 Within the competence of the Extraordinary Shareholders' Meeting

NINETEENTH RESOLUTION

(Authorisation enabling the Board of Directors to reduce the share capital *via* the cancellation of treasury shares held by the Company)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Extraordinary Shareholders' Meetings,

having reviewed the Board of Directors' report and the Statutory Auditors' special report,

authorises the Board of Directors, which may delegate such authorisation under legal and regulatory conditions, in accordance with Article L. 225-209 of the French Commercial Code, to reduce the share capital by cancelling, in one or more instalments, in the amount and at the time of its choice, some or all shares in the Company acquired or held pursuant to the authorisation for the Company to purchase its own shares, the subject of the seventeenth resolution of this Shareholders' Meeting, or acquired pursuant to previous authorisation for the Company to buy or sell its own shares.

The Shareholders' Meeting grants all powers to the Board of Directors to perform this or these capital reduction(s), to determine their amount, of up to 10% of the share capital for each 24-month period, on the understanding that this limit applies to an amount of the Company's share capital that will be adjusted, where applicable, in order to take into account the transactions subsequent to this meeting that affect the share capital, to determine their terms and conditions, to charge the difference between the par value of the cancelled shares and the purchase price surplus to any reserve and paid-in capital items available, to make the corresponding amendments to the Articles of Association, to issue all publications and complete all formalities required, to delegate all powers for the implementation of its decisions, all according to the legal provisions in force when this authorisation is used.

This authorisation will expire at the end of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 March 2018, and at the latest within 18 months from today.

This authorisation terminates, for the unused portion, and replaces the seventeenth resolution adopted by the Combined Shareholders' Meeting of 26 July 2016.

TWENTIETH RESOLUTION

(Delegation of authority given to the Board of Directors to increase the share capital by the incorporation of reserves, profits or premiums)

The Extraordinary Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings,

having reviewed the Board of Directors' report,

authorises the Board of Directors, pursuant to the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code, with the authority to sub-delegate under the conditions established in law, to increase the share capital, on one or more occasions, at the times and under the terms of its choosing, by incorporation of reserves, profits or premiums, the capitalisation of which is permitted by law or by the Company's Articles of Association, followed by the creation and bonus issue of shares or the increase in the par value of existing shares, or a combination of both.

The new shares will be subject to all the provisions contained in the Articles of Association, will have the same rights and privileges as existing shares as of the date of completion of the capital increase and their first dividend entitlement will be from any profit distributions that may be decided for the current financial year on the date of completion of the capital increase.

The Shareholders' Meeting resolves that the nominal amount of the capital increases that may be carried out under this resolution may not exceed €20,000,000, it being specified that (i) this amount will be deducted from the ceiling provided for in the eighteenth resolution of the Combined Shareholders' Meeting of 26 July 2016 (or, as the case may be, from the ceiling provided for in any similar resolution that may supersede said resolution during the term of this authorisation) and (ii) that this amount does not take account of any adjustments required by law and regulation, and, where applicable, contractual provisions providing for other cases of adjustment, to preserve the rights of holders of securities or other rights giving access to the share capital.

The Shareholders' Meeting grants the Board of Directors, in particular, but not limited to, full authority, with the option to delegate in accordance with legal requirements, if this authorisation is used, and in particular:

- to determine the terms and conditions of authorised transactions and, in particular, to set the amount and nature of the sums to be incorporated into the capital, to set the number of new shares to be issued or the amount by which the par value of existing shares making up the share capital is to be increased, to approve the date from which the new shares rank for dividend, even retroactive or the date on which the increase in par value will take effect;
- to resolve, in the event of bonus shares being distributed, that fractional rights are not transferable and that the corresponding shares are to be sold under the terms provided for by applicable regulations and that the proceeds of the sale are to be allocated to rights holders within thirty days of the of the date of registration of the number of whole shares allocated to their account;
- to make any adjustments required by law and regulation, and, where applicable, contractual provisions providing for other cases of adjustment, to preserve the rights of holders of securities or other rights giving access to the share capital;
- to record each capital increase and make the corresponding amendment to the Articles of Association;
- to take all necessary measures and enter into any agreements to ensure the successful outcome of the proposed transactions and, generally speaking, to do all that is deemed necessary, perform all acts and formalities required in order to finalise the capital increase or increases that may be conducted under this authorisation.

This authorisation, which supersedes the authorisation granted under the terms of the twenty-first resolution of the Combined Shareholders' Meeting of 29 July 2015, depriving it of effect for the portion unused to date, shall be valid for a period of twenty-six months from this meeting.

TWENTY-FIRST RESOLUTION

(Authorisation for the Board of Directors to issue shares or marketable securities giving access to the share capital of up to 10% of the existing share capital in consideration for contributions in kind made to the Company and comprising equity securities or marketable securities giving access to the share capital)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Ordinary Shareholders' Meetings, and in accordance with the provisions of Article L. 225-147 of the French Commercial Code,

after having reviewed the Board of Directors' report and the Statutory Auditors' special report,

gives the Board of Directors full authority, with the option to sub-delegate to any person permitted by law and where the provisions of Article L. 225-148 of the French Commercial Code do not apply, for a period of twenty-six months from this Shareholders' Meeting, to issue all types of shares and marketable securities giving access to the share capital (excluding preference shares), within a limit of 10% of the share capital at the time of issue, in consideration for contributions in kind made to the Company and comprising equity shares or marketable securities giving access to the share capital and resolves, as necessary, to cancel shareholders' preferential right to shares and marketable securities thus issued, in favour of the holders of the shares contributed in kind.

This decision entails the waiver by shareholders of their preferential subscription right to the Company shares to which the marketable securities issued on the basis of this authorisation would confer entitlement, in favour of the holders of these shares.

The 10% ceiling provided for above is deducted from the ceiling set under the terms of the nineteenth resolution of the Combined Shareholders' Meeting of 26 July 2016 (or, as the case may be, from the ceiling provided for in any similar resolution that may supersede said resolution during the term of this authorisation).

The Shareholders' Meeting gives the Board of Directors full authority, with the option to sub-delegate this authority in accordance with legal and regulatory requirements, to give effect to this authorisation, notably in order to:

- approve the report of the Contribution Auditor(s);
- approve all the terms and conditions of authorised transactions and, in particular, to evaluate contributions as well as the grant, as the case may be, of specific benefits;
- set the number of shares to be issued in consideration for contributions as well as the date on which such shares rank for dividends;
- make any deductions from additional paid-in capital and, in particular, costs arising from issues;
- record the capital increase and amend the Articles of Association accordingly; and
- more generally speaking, take all necessary measures and enter into any agreements, perform any formalities required for the admission to trading of the shares issued and carry out any publication formalities required.

This authorisation supersedes the authorisation granted under the twenty-second resolution of the Combined Shareholders' Meeting of 29 July 2015, depriving it of effect for the portion unused to date.

TWENTY-SECOND RESOLUTION

(Authorisation for the Board of Directors to increase the share capital *via* the issue of shares reserved for members of an employee savings scheme)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Extraordinary Shareholders' Meetings,

having reviewed the Board of Directors' report and the Statutory Auditors' special report,

authorises the Board of Directors, which may delegate such authorisation under legal and regulatory conditions, subject to the provisions of the French Commercial Code and specifically in accordance with the provisions of Article L. 225-129-6 subparagraphs 1 and 2 and Article L. 225-138-1 as well as, in addition, Articles L. 3332-1 and L. 3332-18 *et seq*. of the French Labour Code, to increase the share capital, on one or more occasions, at its sole discretion, in the amount and at the time or times of its choice, *via* the issue of shares (other than preference shares) reserved for members of an employee savings scheme, and resolves to cancel the preferential rights to subscribe for the shares authorised to be issued under this resolution, in favour of the beneficiaries;

resolves that the beneficiaries of the capital increases authorised hereunder shall be the members of an employee savings scheme of the Company or related companies within the meaning of Article L. 225-180 of the French Commercial Code, and who also fulfil the conditions potentially set by the Board of Directors;

sets the validity period of this authorisation at 26 months from today;

resolves that the maximum nominal amount of the overall capital increase that can be made by issuing shares shall be €1,500,000. It is stipulated that this maximum amount is included in the maximum capital increase allowed under the nineteenth resolution of the Shareholders' Meeting of 26 July 2016 (or where applicable, the maximum amount envisaged in such other resolution that may potentially replace said resolution during the period of validity of this authorisation);

resolves that the price of the shares subscribed by the beneficiaries referred to above, pursuant to this authorisation, shall be determined in accordance with legal and regulatory provisions, and that, in the case of shares that are already listed on a regulated market, the price shall not be higher than the average share price for the 20 trading sessions prior to the date on which the decision establishing the opening date of the subscription period was taken, nor more than 20% lower than this average, or 30% where the vesting period provided by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labour Code is equal to or more than 10 years;

resolves that the Board of Directors may also provide for the allocation of bonus shares or other marketable securities giving access to the Company's share capital pursuant to this authorisation, under the conditions specified in Article L. 3332-21 of the French Labour Code;

resolves that the shares may be subscribed and paid for either in cash, or by set-off, under conditions approved by the Board of Directors;

authorises the Board of Directors to issue any shares giving access to the Company's share capital that may be authorised by the law or regulations in force pursuant to this authorisation;

resolves that the Board of Directors shall have all powers to give effect to this authorisation, with the authority to delegate same under legal and regulatory conditions, within the limits and subject to the conditions specified above, specifically in order to:

- draw up a list of the beneficiaries and the conditions that the beneficiaries of the new shares resulting from the capital increases pursuant to this resolution shall be required to meet;
- approve the conditions of the issue(s);
- decide on the amount to issue, the issue price, and the dates and terms and conditions for each issue;
- determine the length of time granted to subscribers to pay for their securities;
- approve the date from which the new shares rank for dividend, even if it is retroactive;
- record or arrange for the recording of the capital increase corresponding to the number of shares actually subscribed for;
- at its sole discretion, charge the cost of the capital increase against the corresponding share premiums, and deduct from such proceeds the amounts necessary to bring the legal reserve up to one-tenth of the new share capital after each increase;
- in general, take all measures to perform the capital increases, complete the formalities resulting from these increases, and make the corresponding amendments to the Articles of Association.

TWENTY-THIRD RESOLUTION

(Authorisation for the Board of Directors to charge the expenses generated by the capital increases performed to the premiums relating to these transactions)

The Shareholders' Meeting, deliberating under the quorum and majority requirements of Extraordinary Shareholders' Meetings,

authorises the Board of Directors to charge the expenses, duties and fees resulting from the capital increases performed pursuant to the authorisations granted by the above resolutions, as well as by the resolutions of previous Shareholders' Meetings that are still valid, to the amount of the premiums relating to such transactions, and to deduct the amounts required to bring the legal reserve up to one-tenth of the new capital from those premiums, after each capital increase.

TWENTY-FOURTH RESOLUTION

(Amendment of Articles 4 and 17.3 of the Articles of Association to bring them into compliance with the provisions of Article L. 225-36 of the French Commercial Code amended by law No. 2016-1691 of 9 December 2016)

The Shareholders' Meeting, ruling under the quorum and majority requirements of Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' report, resolves to amend Article 4, paragraph two and Article 17.3 of the Articles of Association in consideration of the provisions of Article L. 225-36 of the French Commercial Code, as amended by law No. 2016-1691 of 9 December 2016, modifying the powers of the Board of Directors, as follows:

Article 4, paragraph two, of the Articles of Association, on the "Registered office":

"It may be transferred to any other location on French territory by decision of the Board of Directors, subject to this decision being ratified by the next Ordinary Shareholders' Meeting."

The other stipulations of Article 4 of the Articles of Association remain unchanged.

Article 17.3 of the Articles of Association on the "Powers and remit of the Board of Directors":

"The decision to move the registered office to any other location on French territory is subject to ratification by the next Ordinary Shareholders' Meeting"

The other stipulations of Article 17 of the Articles of Association remain unchanged.

TWENTY-FIFTH RESOLUTION

(Harmonisation of the Articles of Association with law No. 2016-1691 of 9 December 2016)

The Shareholders' Meeting, ruling under the quorum and majority requirements of Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' report, resolves to amend Articles 18, 19.2, 19.3, 20 and 23.2 of the Articles of Association for the purposes of harmonisation with the provisions of Articles L. 225-47 subparagraph 1, L. 225-53, L. 225-40 and L. 225-124 of the French Commercial Code, as amended by law No. 2016-1691 of 9 December 2016, as follows:

Article 18, paragraph three, of the Articles of Association on the "Remuneration of members of the Board of Directors":

"The remuneration of the Chairman is determined by the Board under the terms provided for by Article L. 225-37-2 of the French Commercial Code."

Article 19.2, paragraph one, of the Articles of Association on "senior management":

"The Chief Executive Officer may, or may not, be one of the Board members. The Board determines the term of the Chief Executive Officer's mandate and remuneration, under the terms provided for in Article L. 225-37-2 of the French Commercial Code. The Chief Executive Officer must not be over 70 years of age. If older, the Chief Executive Officer shall be deemed to have resigned."

Article 19.3, paragraph one, of the Articles of Association on "senior management":

"At the Chief Executive Officer's proposal, the Board of Directors may appoint one or more natural persons charged with assisting the Chief Executive Officer. Said person(s) shall have the title of Deputy Chief Executive Officer and their remuneration shall be determined by the Board under the terms provided for by Article L. 225-37-2 of the French Commercial Code."

Article 20, paragraph five, of the Articles of Association on "Agreements subject to authorisation":

"The Chairman of the Board of Directors advises the Statutory Auditors of any authorised and signed agreements and submits such agreements for the approval of the Shareholders' Meeting."

Article 23.2, paragraphs four and five, of the Articles of Association on "Shareholders' Meetings":

"The merger or division of the Company shall have no effect on the double voting rights that may be exercised within the acquiring company or the beneficiary company, if the Articles of Association of these companies have instituted such rights.

Double voting rights in third party companies to which the acquiring company or the company that has been divided are entitled shall be maintained in the event of merger or division, for the benefit of the acquiring company or the company benefiting from the division or, as the case may be, the new company resulting from the merger or division."

The other stipulations of the aforementioned articles of the Articles of Association remain unchanged.

TWENTY-SIXTH RESOLUTION

(Full powers given to the Board of Directors to bring the Articles of Association into compliance with legislatory and regulatory provisions, subject to ratification by the next Extraordinary Shareholders' Meeting)

The Shareholders' Meeting, ruling under the quorum and majority requirements of Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' report and in accordance with the new provisions of Article L. 225-36 of the French Commercial Code, amended by law No. 2016-1691 of 9 December 2016, resolves to give the Board of Directors full authority to make the necessary amendments to the Articles of Association to bring them into compliance with legislative and regulatory provisions, subject to the amendments being ratified by the next Extraordinary Shareholders' Meeting.

TWENTY-SEVENTH RESOLUTION

(Powers to accomplish formalities)

The Extraordinary Shareholders' Meeting confers all powers to accomplish all legal filing and public notice formalities to the bearer of a copy or a certified excerpt of these minutes.

8.3 Statutory Auditors' special reports

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

8.3.1 Statutory auditors' report on regulated agreements and commitments

Year ended March 31st 2017

To the Shareholders,

In our capacity as statutory auditors for your company, we present to you our report on the agreements and commitments with related parties.

We are required to inform you, on the basis of the information provided to us, of the terms, conditions and reasons justifying the company interest of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any other agreements and commitments. It is your responsibility, in accordance with the terms of Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) on the implementation, during the year, of agreements and commitments previously approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

1. AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE GENERAL MEETING

1.1. Agreements and commitments allowed during the past year

We inform you that we were not advised of any agreements or commitments, authorized during the most recent financial year, to be submitted to the approval of the general meeting of shareholders in accordance with the provisions of Article L. 225-38 of the French Commercial Code (*Code de commerce*).

1.2. Agreements and commitments not allowed previously

In accordance with articles L. 225-42 and L. 823-12 of the French Commercial Code (*Code de commerce*), we inform you that the following agreements and commitments were not allowed previously by the general meeting.

It is our duty to communicate you the reasons why the procedure has not being followed.

1.2.1. Pension, retirement plans and death benefits, work incapacity disabilities and healthcare

Person concerned: Mrs Valérie Chapoulaud-Floquet, Executive Director of Rémy Cointreau.

Mrs Valérie Chapoulaud-Floquet has a pension plan with defined benefits authorized by the Board of Directors. This plan provides for payment of a pension of 8% of her annual gross income included between eight and sixteen time the Social Security limitation paid by the company. The Company commitment is limited to the payment of the contribution to the insurance company that manages the plan.

As of for the year ended on the 31st of March 2017, the contributions paid by the entity to the insurance is €24,904.

Due to an omission of the Board of Directors, the agreement mention as above have not been subject to prior authorization as required by the article L. 225-38 of the French Commercial Code.

We would like to inform you that after the meeting of the 7th of June 2017, the Board of Directors have authorized this agreement retrospectively.

2. AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING.

2.1. Agreements and commitments approved in prior years which continued during the past year

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we were informed that the execution of the following agreements and commitments, already approved by the general meeting of shareholders in prior years continued during the past year.

2.1.1. Service provision agreement with Andromède

Persons concerned: Mr. François Hériard Dubreuil, Chairman of the Board of Directors of Rémy Cointreau and Chairman of the Management Board of Andromède; Mr. Marc Hériard Dubreuil, Member of the Board of Directors of Rémy Cointreau and member of the Management Board of Andromède; Mrs. Dominique Hériard Dubreuil, Member of the Board of Directors of Rémy Cointreau and Chairman of the Supervisory Board of Andromède.

Andromède and Rémy Cointreau signed a service provision agreement on 31 March 2011 under which Andromède provides to Rémy Cointreau services in the field of management strategy and finance, institutional and commercial relationship, development and external growth, and directors' management. This contract was subject to an amendment authorized by the Board of Directors of 24 March 2015.

The agreement provides for compensation calculated on the basis of the service cost plus a 5% mark-up. During the year ended 31 March 2017, the amount charged by Andromède to your company under this agreement is €2,642,658 euros excluding taxes.

2.1.2. Cash management agreement with Orpar

Persons concerned: Mr. François Hériard Dubreuil, Chairman of the Board of Directors of Rémy Cointreau SA and Chairman and Chief Executive Officer of Orpar; Mr. Marc Hériard Dubreuil, Member of the Board of Directors of Rémy Cointreau SA and Vice-president and Board member of Orpar; Mrs. Dominique Hériard Dubreuil, Member of the Board of Directors of Rémy Cointreau SA and Orpar.

Rémy Cointreau and Orpar entered into an open-ended cash management agreement on 14 December 2004, under which they agreed the terms for management of their cash surpluses. An endorsement made on 4 July 2007, approved by the Board of Directors on 5 June of the same year.

This agreement provided for payment of advances granted by Orpar and your Company. The calculation is based on Euribor, increased by a margin on the conditions of the syndicated credit applicable to your company.

During the financial year ended March 31st 2017, the interest expenses charged to your company by Orpar under this agreement amounts to €19,032. The daily interest expense supported by your company for the year 2016/2017 is €533.

2.1.3. Current-Account agreement with Orpar.

Persons concerned: Mr. François Hériard Dubreuil, Chairman of the Board of Directors of Rémy Cointreau SA and Chairman and Chief Executive Officer of Orpar; Mr. Marc Hériard Dubreuil, Member of the Board of Directors of Rémy Cointreau SA and Vice-president and Board member of Orpar; Mrs. Dominique Hériard Dubreuil, Member of the Board of Directors of Rémy Cointreau SA and Orpar.

On 31 March 2015, your company signed a current-account agreement with Orpar authorized by the Board of Directors of 24 March 2015.

This agreement provides the provision of 60 million euros by Orpar for a 3-year period from the payment date. This advance bears interest at 1.25% per annum. It is refundable in fine, or at any time at the request of Orpar with a notice of three months.

During the financial year ended 31 March 2017, the interest expense charged to your company under this agreement amounts to €750 000.

2.2. Agreements and commitments approved in prior years with no execution during the past year

Moreover, we were informed of the continuation of the following agreements and commitments, already approved by the general meeting of shareholders in prior years which did not give rise to performance during the past year.

2.2.1. Commitment to a retirement with defined services

Mr. Marc Hériard Dubreuil, member of the Board of Directors, has a pension plan with defined benefits for which funding is assured by Andromède.

This plan provides for payment of a pension calculated according to the average gross annual remuneration of the last two years of activity, and is paid with a condition concerning presence at the time of retirement.

2.2.2. Defined pension obligation of Mrs. Valérie Chapoulet-Floquet

Mrs. Valérie Chapoulaud-Floquet, Executive Director, has a pension plan with defined benefits authorized by the Board of Directors of 27 January 2015.

This plan provides for payment of a pension from 8 to 15% of the average gross annual remuneration of the last two years of activity depending on seniority, and is paid with a condition concerning presence at the time of retirement. It is capped so that all replacementincome received does not exceed 50% of the remuneration of activity.

2.2.3. Severance and non-compete clause indemnities of Mrs. Valérie Chapoulaud-Floquet

The Board of Directors of 25 September 2014 authorized the establishment of indemnities that may be due to Mrs. Chapoulaud-Floquet, Executive Director, in the event of the termination of her position. These indemnities include:

- a severance payment of a maximum of twenty-four months of gross fixed and variable earnings submitted to performance conditions;
- a compensation payable under the non-compete clause, corresponding to twelve months of gross fixed and variable earnings.

The total amount of severance and non-compete clause indemnities is limited to twenty-four months of earnings.

Paris et Paris-La Défense, 14 June 2017

The statutory auditors,

Auditeurs et Conseils Associés	ERNST & YOUNG et Autres
Represented by	Represented by
François Mahé	Pierre Bidart

8.3.2 STATUTORY AUDITORS' REPORT – COMBINED SHAREHOLDERS' MEETING OF JULY 26TH 2017 – 19TH, 21ST AND 22ND RESOLUTIONS

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

To the Shareholders,

In our capacity as statutory auditors of the company Rémy Cointreau, we hereby present our report on the following operations, on which you are called to vote.

1. SHARE CAPITAL REDUCTION (19TH RESOLUTION)

As required under the provisions of Articles L. 225-209 of the French Commercial Code (*Code de Commerce*) in the event of a reduction of capital by cancellation of purchased shares, we hereby submit this report on our assessment of the reasons and conditions of the proposed capital reduction.

Your Board of Directors requests you to delegate to it, until the general shareholders' meeting called upon to approve the accounts for the financial year ended 31 March 2018, and no later than within a eighteen months period starting from the general shareholders' meeting of 25 July 2017, full authority so as to cancel the shares purchased under the proposal share repurchase program, up to a maximum of 10 % of the share capital per twenty-four months period.

We performed procedures that we considered necessary in accordance with professional guidance issued by the French institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this operation. These procedures require that we verify whether the reasons and the conditions of the capital reduction, which is not liable to compromise the equal treatment of shareholders, are appropriate.

We have no matter to report concerning the reasons and the conditions of the proposed capital reduction.

2. ISSUING OF SHARES OR OF SECURITIES WITH EQUITY COMPONENT TO PAY CONTRIBUTIONS IN KIND (21ST RESOLUTION)

In accordance with Articles L.228-92 of the French Commercial Code *(Code de Commerce*), we hereby submit our report on the proposed authorisation granted to the Board of Directors in order to issue, with cancellation of shareholders preferential subscription rights, of shares or of securities with equity components to pay contributions in kind granted to the company and constituted of capital shares or securities with equity components, within the limit of 10% of the capital. This operation is submitted to your approval.

This 10% limit of capital increase shall set off the maximum amount of capital increase decided in 19th resolution of July 26th 2016 shareholder's meeting (or, on the maximum amount set in a same kind of resolution that shall replace this resolution).

Your Board of Directors proposes, on the basis of its report, that it be delegated power to decide, for a term of 26 (twenty six) months, that you authorize it to proceed with a share issue.

It is your Board of Directors' role to prepare a report in accordance with the provision of Articles R. 225-113 and the following of the French Commercial Code (*Code de Commerce*). Our role is to report to on the fairness of the financial information extracted from the financial statements, on the proposal to waive your preferential subscription rights and on certain other information related to the issue, provided in this report.

Our work was conducted in accordance with professional doctrine of the French National Company of Statutory Auditors applicable to this mission. These procedures consisted in verifying the Board of Directors' report on the proposed resolution and the methods for determining the share issue price.

As the Board of Directors' report does not specify the methods used to determine the issue price of the securities to be issued, we cannot express an opinion regarding the calculation of the issue price of the securities to be issued.

As the final terms of the share capital increase has not yet been set, we do not express an opinion on the final conditions on the capital increase.

In accordance with Article R.225-116 of the French Commercial Code (*Code de Commerce*), we shall prepare an additional report, if need be, when the authorization is used by your board of Directors in case of issuance of securities that are equity securities giving access to other shares or entitling the allocation of debt securities, and in the event of securities giving access to capital.

3. INCREASE IN CAPITAL OF THE COMPANY RESERVED FOR MEMBERS OF A COMPANY SAVING PLAN (22ND RESOLUTION)

In accordance with the engagement set forth in Articles L. 225-135 and following of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposal to delegate to the Board of Directors the authority to perform a share capital increase, by issuing shares with waiver of the preferential subscription rights, reserved for members of a company savings plan or company that are affiliated with it within the meaning of Article L.225-180 of the French Commercial Code, operation upon which you are called to vote.

The maximum nominal amount of capital increase is set at €1,500,000. It is being specified that this maximum amount set off the maximum amount of capital increase decided in the 19th resolution of the 26 July 2016 shareholder's meeting (or, on the maximum amount set in a same kind of resolution that shall replace this resolution during the term of this authorization).

This share capital increase is submitted to your approval pursuant to Articles L. 225-129-6 of the French Commercial Code (*Code de commerce*) and Article L. 3332-18 and following of the French Labor Code (*Code du travail*).

On the basis of its report, the Board of Directors asks you to delegate, for a period of 26 months, the authority to decide a share capital increase and to waive your preferential subscription rights to the shares to be issued. Where appropriate, the Board of Directors shall set the terms and conditions of the share capital increases.

It is the Board of Directors' role to prepare a report in accordance with the provisions of Articles R. 225-113 and R. 225-114 of the French Commercial Code (*Code de commerce*). Our role is to report to you on the fairness of the financial information extracted from the accounts, on the proposal to waive your preferential subscription rights and on certain other information concerning the issue provided in this report.

We performed the procedures that we considered necessary in accordance with the professional guidance issued by the French institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this assignment. These procedures involved verifying the content of the Board of Directors' report in respect of this transaction and the condition for determining the share issue price.

Subject to a subsequent review of the terms and conditions of any share capital increase as may be decided upon, we have no matters to report regarding the terms and conditions for determining the issue price of the shares to be issued as set forth in the Board of Directors' report.

As the final terms of the share capital increase has not yet been set, we do not express an opinion on them and, as a result, on the proposal made to you to waive your preferential subscription rights.

Pursuant to the Article R.225-116 of the French Commercial Code *(Code de commerce*), we shall prepare an additional report at such time as your Board of Directors makes use of this authorization.

Paris et Paris-La Défense, June 14th 2017

The statutory auditors,

Auditeurs et Conseils Associés	**ERNST & YOUNG et Autres**
Represented by	Represented by
François Mahé	Pierre Bidart

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ADDITIONAL INFORMATION

9.1 Documents on display

The Articles of Association, minutes of the Shareholders' Meetings, Statutory Auditors' reports and other corporate documents may be consulted at the Company's registered office.

The Rémy Cointreau registration document filed with the AMF, together with the Company's press releases regarding sales and net income, the annual and half-yearly reports, the Company and consolidated financial statements, and the information regarding transactions in treasury shares and the total number of shares and voting rights may be viewed on the Company's website, at the following address:

www.remy-cointreau.com

9.2 Information incorporated by reference

Pursuant to Article 28 of (EC) regulation No. 809/2004, the following information is incorporated in this document for reference purposes:

- the consolidated financial statements for the 2015/2016 financial year, prepared in accordance with IFRS, together with the related Statutory Auditors' report, can be found on pages 99 to 148 of the registration document filed with the AMF on 27 June 2016 under number D. 16-0639;
- the consolidated financial statements for the 2014/2015 financial year, prepared in accordance with IFRS, together with the related Statutory Auditors' report, can be found on pages 95 to 146 of the registration document filed with the AMF on 29 June 2015 under number D. 15-0678;
- Rémy Cointreau SA's financial statements for the 2015/2016 financial year, prepared in accordance with French legislation, together with the related Statutory Auditors' general and special reports, can be found on pages 149 to 164 respectively of the registration document filed with the AMF on 27 June 2016 under number D. 16-0639;
- Rémy Cointreau SA's financial statements for the 2014/2015 financial year, prepared in accordance with French legislation, together with the related Statutory Auditors' general and special reports, can be found on pages 147 to 162 respectively of the registration document filed with the AMF on 29 June 2015 under number D. 15-0678;

9.3 Statement by the person responsible for the registration document and annual financial report

"I hereby certify that, to the best of my knowledge, and after taking all reasonable measures to this end, the information contained in this registration document is accurate and contains no omissions likely to affect the import of that information.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the net assets, financial position and results of the Company and of all companies included in the scope of consolidation, and that the management report, included in this document, in accordance with the cross-reference table in section 9.5.3, provides a true and fair view of the business trends, results and financial position of the Company and of all companies included in the scope of consolidation, together with a description of the main risks and uncertainties that they face.

I have obtained a letter from the Statutory Auditors, upon completion of their work, in which they state that they have verified the information relating to the financial position and financial statements, as provided in this registration document, and have read the registration document in full.

The historical information presented in this document is covered in the Statutory Auditors' reports on pages 173 and 190 for the 2016/2017 financial year and incorporated by reference in this document for the 2015/2016 and 2014/2015 financial years."

Valérie Chapoulaud-Floquet
Chief Executive Officer of Rémy Cointreau

9.4 Persons responsible for the audit and fees

9.4.1 Current mandates

STATUTORY AUDITORS

Firm	Ernst & Young et Autres 1/2 Place des Saisons 92400 Courbevoie Paris la Défense 1	Auditeurs & Conseils Associés 31 rue Henri Rochefort 75017 Paris
Represented by	Pierre Bidart	François Mahé
Date of first appointment	22/09/1988	26/09/1990
Date appointment renewed	26/07/2012	24/07/2014
Date appointment expires	Shareholders' Meeting to consider the 2018 financial statements	Shareholders' Meeting to consider the 2020 financial statements

ALTERNATE STATUTORY AUDITORS

Holder	Auditex 1/2 Place des Saisons 92400 Courbevoie Paris la Défense 1	Pimpaneau et Associés 31 rue Henri Rochefort 75017 Paris
Date of first appointment	22/09/1988	26/09/1990
Date appointment renewed	26/07/2012	24/07/2014
Date appointment expires	Shareholders' Meeting to consider the 2018 financial statements	Shareholders' Meeting to consider the 2020 financial statements

9.4.2 Fees paid to the Statutory Auditors

The fees paid to the Statutory Auditors and members of their network for the year ended 31 March 2017 amounted to €1,580 thousand. They break down as follows:

	Ernst & Young et Autres				Auditeurs & Conseils Associés SA			
	Amount		%		Amount		%	
	2017	2016	2017	2016	2017	2016	2017	2016
Audit								
Auditing of the parent company (separate) and consolidated financial statements	1,122	1,082	90%	96%	328	266	97%	100%
▪ *Rémy Cointreau SA*	*185*	*186*			*132*	*130*		
▪ *Fully consolidated subsidiaries*	*937*	*896*			*196*	*136*		
Ancillary assignments	86	20	7%	2%	10	-	3%	0%
▪ *Rémy Cointreau SA*	*20*	-			*10*	-		
▪ *Fully consolidated subsidiaries*	*66*	*20*			-	-		
Sub-total	**1,208**	**1,102**	**97%**	**98%**	**338**	**266**	**100%**	**100%**
Other services								
Other services	34	28	3%	2%	-	-	0%	0%
Sub-total	**34**	**28**	**3%**	**2%**	**-**	**-**	**0%**	**0%**
TOTAL	**1,242**	**1,130**	**100%**	**100%**	**338**	**266**	**100%**	**100%**

9.5 Cross-reference tables

9.5.1 Cross-reference table with the headings of Annex 1 of EU regulation 809/2004

		Page number	Chapter number
1.	**Persons responsible**	**230**	**9.3**
2.	**Statutory Auditors**	**231**	**9.4**
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3.2	Interim financial information	n/a	n/a
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5.	**Information about the issuer**		
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5.2	Investments	10	1.4.3
6.	**Business overview**		
6.1	Principal activities	7-10	1.4
6.2	Principal markets	7-10	1.4
6.3	Exceptional events	n/a	n/a
6.4	Any dependence on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	12-16	1.6
6.5	Competitive positioning	7-9	1.4.1
7.	**Organisational structure**		
7.1	Summary description	6	1.3
7.2	List of significant subsidiaries	171-172	5.6 note 27
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9.	**Operating and financial review**		
9.1	Financial position	117, 120	4.2, 4.3.2
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10.	**Capital resources**		
10.1	Capital resources of the issuer	127, 141	5.4, 5.6 note 10
10.2	Source and amounts of the issuer's cash flows	119	4.2.3
10.3	Borrowing requirements and funding structure	144, 152	5.6 note 11 and note 14.6
10.4	Restrictions on the use of capital resources	n/a	n/a
10.5	Anticipated sources of funds	n/a	n/a
11.	**Research and development, patents and licences**	**10**	**1.4.3**
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13.	**Profit forecasts or estimates**	**n/a**	**n/a**

		Page number	Chapter number
14.	**Administrative bodies and senior management**		
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16.3	Information on the Audit Committee and the Remuneration Committee	78-84	3.2.2
16.4	Corporate governance	77	3.2.1
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17.1	Number of employees	25-25	2.2.2
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17.3	Arrangements involving the employees in the capital of the issuer	194	7.3.3
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18.1	Shareholders owning more than 5% of the share capital and voting rights	202, 203	7.4.1
18.2	Existence of different voting rights	193, 203	7.2, 7.4.1
18.3	Control of the issuer	202, 206	7.4.1, 7.4.3
18.4	Arrangements known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	204-206	7.4.1
19.	**Related-party transactions**	**10, 225-228**	**1.5, 8.3.1**
20.	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
20.1	Historical financial information	124-170	5
20.2	Pro-forma financial information	n/a	n/a
20.3	Rémy Cointreau SA annual financial statements	176-189	6
20.4	Auditing of historical annual financial information	230	9.2
20.5	Age of latest financial information	230	9.1
20.6	Interim and other financial information	n/a	n/a
20.7	Dividend policy	179	6.4
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20.9	Significant change in the issuer's financial or trading position	n/a	n/a

		Page number	Chapter number
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21.1.1	Issued capital and information for each class of share capital	194	7.3.2
21.1.2	Shares not representing capital	194	7.3.3
21.1.3	Shares held by the issuer or its subsidiaries	199-202	7.3.4
21.1.4	Convertible securities, exchangeable securities, or securities with warrants	n/a	n/a
21.1.5	Acquisition rights, capital subscribed but not paid in, undertakings to increase capital	194-198	7.3.3
21.1.6	Options on the capital, and agreements providing for placing the capital under option	n/a	n/a
21.1.7	History of the share capital	198	7.3.3
21.2	**Memorandum and Articles of Association**		
21.2.1	Corporate purpose	192	7.1
21.2.2	Provision with respect to the members of the administrative, management and supervisory bodies	78-84	3.2.2
21.2.3	Rights, preferences and restrictions attaching to each class of the existing shares	193	7.2
21.2.4	Actions required to alter shareholders' rights	194	7.3.1
21.2.5	Conditions governing Shareholders' Meetings	192	7.2
21.2.6	Provisions liable to delay, defer, or prevent a change of control of the issuer	n/a	n/a
21.2.7	Provisions governing the ownership threshold above which shareholder ownership must be disclosed	193	7.2
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9.5.2 Cross-reference table for use with the annual financial report

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5.	**Management report**		
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9.	**Statement by the persons assuming responsibility for the annual financial report**	**230**	**9.3**

9.5.3 Cross-reference table for use with the management report

Reference texts		Comments on the financial year	Page number	Chapter number
French Commercial Code	L. 225-100, L. 225-100-2, L. 232-1, L. 233-6 and L. 233-26	Objective and comprehensive analysis of change in the business, earnings and financial position of the Company and Group	112-121	4
French Commercial Code	L. 225-100 and L. 225-100-2	Key performance indicators of a non-financial nature relating to the specific activity of the Company	n/a	n/a
French Commercial Code	L. 233-6	Significant stakes acquired during the year in companies with their registered office in France	n/a	n/a
French Commercial Code	L. 232-1 and L. 233-26	Important events occurring between the balance sheet date and the date of the report	121	4.4.1
French Commercial Code	L. 232-1 and L. 233-26	Foreseeable change in the situation of the Company and the Group	121	4.4.2
French General Tax Code	243 bis	Dividends paid in respect of the last three financial years and the amount paid in respect of said financial years eligible for the allowance of 40%	179	6.4
		Elements of presentation of the Group		
French Commercial Code	L. 225-100 and L. 225-100-2	Description of the principal risks and uncertainties that the Company faces	12-16	1.6
French Commercial Code	L. 225-100 and L. 225-100-2	Use of financial instruments by the Company: objectives and policy for the management of financial risks	14-16, 147-151	1.6.3 5.6 note 14
French Commercial Code	L. 225-100 and L. 225-100-2	Company exposure to price, credit, liquidity and cash risk	12-16, 147-151	1.6 5.6 note 14
French Commercial Code	L. 225-102-1, L. 225-102-2 and R. 225-104	Social and environmental consequences of the activity (including "Seveso" facilities)	16, 32-33	1.6.4 2.3.2
French Commercial Code	L. 232-1	Research and development activities	10	1.4.3
		Items bearing on corporate governance		
French Commercial Code	L. 225-102-1	List of all holdings held in any company by each of the Board members during the year	66-73	3.1.1
French Commercial Code	L. 225-102-1	Total remuneration and benefits of all kinds paid to each corporate officer during the year	93-106	3.4
French Commercial Code	L. 225-102-1	Commitments of all kinds made by the Company for the benefit of its corporate officers, corresponding to remuneration, allowances or benefits due or liable to be due upon the assumption, termination or change of these functions by the persons in question or subsequent thereto	93-106	3.4
French Commercial Code	L. 225-184	Options granted, subscribed or purchased during the year by the corporate officers and each of the top ten employees of the Company who are not corporate officers, and options granted to all eligible employees, by category	82-83	3.4
French Commercial Code	L. 225-185	Conditions for the exercise and conservation of options by executive officers	n/a	n/a
French Commercial Code	L. 225-197-1	Conditions for the retention of bonus shares awarded to executive officers	n/a	n/a
French Monetary and Financial Code	L. 621-18-2	Transactions by executives and related parties on the Company's shares	106	3.4.5

Reference texts		Comments on the financial year	Page number	Chapter number
		Information on the Company and the capital		
French Commercial Code	L. 225-100-3	Rules applicable for the appointment and replacement of members of the Board of Directors or Executive Board and for amendments of the Articles of Association of the Company	75, 78	3.1.4, 3.2.2
French Commercial Code	L. 225-100-3	Powers of the Board of Directors or the Executive Board, in particular to issue or repurchase shares	195-198	7.3.3
French Commercial Code	L. 225-211	Detail of purchases and sales of treasury shares during the year	199-202	7.3.4
French Commercial Code	R. 228-90	Any adjustments to securities giving access to the capital in the event of share buybacks or financial transactions	n/a	n/a
French Commercial Code	L. 225-100	Table summarising the authorisations currently in force granted by the Shareholders' Meeting to the Board of Directors or Executive Board in respect of capital increases	197	7.3.3
French Commercial Code	L. 225-100-3 and L. 233-13	Structure of and change in the Company's capital	198	7.3.3
French Commercial Code	L. 225-100-3	Statutory restrictions on the exercise of voting rights and share transfers or agreement clauses brought to the knowledge of the Company	193, 202-206	7.2 7.4.1
French Commercial Code	L. 225-100-3	Direct or indirect shareholdings in the capital of which the Company has knowledge	202-203	7.4.1
French Commercial Code	L. 225-102	State of employee shareholdings in the share capital on the last day of the financial year and the proportion of capital represented by the shares held by employees under the Company savings plan and by employees and former employees in company mutual funds	202	7.4.1
French Commercial Code	L. 225-100-3	List of holders of any securities with special control rights, and description thereof	203	7.4.1
French Commercial Code	L. 225-100-3	Control mechanisms provided for in any employee shareholding scheme where the control rights are not exercised by it	n/a	n/a
French Commercial Code	L. 225-100-3	Agreements between shareholders of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights	204-206	7.4.1
French Commercial Code	L. 225-100-3	Agreements concluded by the Company that are modified or terminated in the event of a change of control of the Company, unless such disclosure, except in the case of a legal duty of disclosure, would seriously harm its interests	208	7.5
French Commercial Code	L. 225-100-3	Agreements providing for compensation for members of the Board of Directors, senior management or employees if they resign or are dismissed without just cause or if their employment ceases because of a public offer	103	3.4.2
French Commercial Code	L. 464-2	Injunctions or penalties for anti-competitive practices	n/a	n/a
		Items bearing on the financial statements		
French Commercial Code	L. 232-6	Any changes in the presentation of financial statements or in the valuation methods used	130	5.6 note 1
French Commercial Code	R. 225-102	Results of the Company over the last five financial years	179	6.4

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