BACARDI LIMITED
Corporate Responsibility Report
2017
A welcome from our Chairman

For the last 155 years, our values of Trust, Caring, Passion, and Excellence have guided how we have done business every day, the premium products we make, and how we respond to our consumers, employees, and communities. Our commitment to being a responsible corporate citizen extends into every aspect of our business and we are so proud that for the fifth consecutive year Bacardi Limited has been named among the most reputable companies in the world.

According to the annual Global RepTrak® 100 list released by Reputation Institute and published in Forbes, we are ranked at #84, moving up 8 spots from last year. On behalf of our 5,600 employees, I am pleased to share our Interim 2017 Corporate Responsibility (CR) Report.

FY17 Highlights

• In FY17 we commissioned independently conducted stakeholder research on our Corporate Responsibility program and our priority focus areas. Although there are some changes in the relative priority of issues, there was a consensus among stakeholders that all material issues remained important and should continue to be actively managed and reported upon. Findings from the research were incorporated in the updated materiality assessment, included in this report.

• FY17 represents the fourth year of the Beer, Wine and Spirits Producers’ Commitments to Reduce Harmful Drinking. For consecutive years, we achieved 100-percent compliance with marketing agency contracts and ensured at least 70% (more in many countries) of our measured advertising had an audience above the legal drinking age. Through active engagement in local level organizations, Bacardi-supported underage drinking prevention programs reached over a million underage individuals and 1.5 million influencers. In addition, 38 drunk driving programs were carried out across 19 countries. We know we have more work to do and remain committed to the five principles and reducing the harmful use of alcohol.

• Regarding our bold Good Spirited environmental sustainability initiative, we reached our goal early of reducing our greenhouse gas emission intensity by 50%, as compared to our baseline in FY06! Our work here won’t stop as we look to our overall value chain to continue the reduction journey. In addition, we achieved Zero Waste to Landfill status at four additional manufacturing facilities as we move towards our goal of every facility by 2022.

• All our sugarcane-derived product suppliers for BACARDÍ® rum will be sustainably certified by Bonsucro, a nonprofit that certifies suppliers who support fair labor and environmental protection in sugar producing communities, by the end of this calendar year, ahead of our original 2022 goal.
• We fielded our latest Global Primos Engagement Survey in FY17 and 89% of employees provided their input – a participation rate well above best-in-class. In addition, as compared with our FY15 survey, our Engagement Index score (consisting of items relating to satisfaction, pride, retention, and advocacy) rose two points from 67% to 69%.

• Our goal every year is to put “Safety First” to achieve an accident-free environment. In FY17 we had a total of 18 accident-free sites and the second-best year in our Company LTA (Lost Time Accident) rate both in our manufacturing sites and in our offices. We improved by 18.5% over our performance versus FY16.

• Through our Spirit for Life, Caring Together volunteer initiative, our offices and manufacturing sites supported charitable organizations to address the many issues facing our local communities. Through activities such as blood drives, clothing and food donations, disaster relief assistance, and cleaning our local parks, we remain committed to our communities in the more than 40 countries where we live and work.

• We are so proud that through BACARDÍ® NO COMMISSION events, and in collaboration with our Global Chief Creative for Culture, Swizz Beatz, 100% of the sale of artwork from the events go directly back to the artist. As of the end of FY17, through events in Miami, New York, and London, the movement has put $3 million directly back into more than 80 artists’ pockets!

At the time of publication of this report we have been in a transition process for the role of Chief Executive Officer from Michael J. Dolan to Mahesh Madhavan. Mike will be retiring as CEO and from our Board of Directors, and we thank him for his significant contributions to our Company. Under his leadership, we are proud of the strides Bacardi has made in Corporate Responsibility and look to Mahesh and his leadership and passion to drive our CR program forward.

In addition, many of our facilities, offices, and employees have been directly impacted by an active hurricane season and other natural disasters. In the wake of this devastation Bacardi Limited and the Bacardi family committed US$3,000,000 for disaster relief and recovery efforts in Puerto Rico, Florida, other islands in the Caribbean, The Bahamas, and Mexico. Bacardi will provide immediate relief and longer-term rebuilding efforts in collaboration with several non-profit partners and local governments, including the Government of Puerto Rico, in the affected communities.

We know our people are our best ambassadors of our corporate values and we will look to continue to empower them to do the right thing for Bacardi, our stakeholders, and for our communities moving forward.

It’s been an exciting year, but all of us at Bacardi are even more excited for what’s to come.

Facundo L. Bacardi
Chairman
About this Report
This is the 10th annual Corporate Responsibility report produced by Bacardi Limited, the largest privately held spirits company in the world. It focuses on our work to manage the social and environmental impacts of our business.

This is an interim report relating to fiscal year 2017 (April 1, 2016 to March 31, 2017). For comprehensive information regarding Corporate Responsibility at Bacardi Limited, please visit our website www.BacardiLimited.com/corporate-responsibility. This report contains Standard Disclosures from the GRI (G4) Sustainability Reporting Guidelines.

Reporting Content
The report provides an overview of our progress against targets in our five core pillars: Marketplace, Environment, Responsible Sourcing, People, and Philanthropy & Community Investment, as well as future targets in each area.

Data
There have been no significant changes in the scope or boundaries of the data we are reporting this year.

Data presented in the People and Philanthropy & Community Investment sections, as well as safety data from the People section, cover our offices and our directly-owned and managed production facilities.

Data on indirect GHG emissions cover our directly-owned and managed production facilities and large offices with 25 people or more. All other environmental data cover our directly-owned and managed production facilities.

Performance data from our suppliers, outsourced bottlers, and co-packers are not included.

Any restatements of data are noted in the relevant sections of this report. Data has been compiled following the GRI indicator protocols. Data measurement techniques and assumptions are cited in the relevant sections of the report. The WRI/WBCSD Greenhouse Gas Protocol was used to compile our GHG emissions data.

Boundary
Bacardi Limited refers to the Bacardi group of companies, including Bacardi International Limited. Any reference to "Bacardi" as a Company in this report refers to Bacardi Limited, one of its subsidiaries or a group of Bacardi companies. For more information on Bacardi Limited’s corporate structure, brand portfolio, and location of operations please visit www.BacardiLimited.com.

Request for Feedback
We would like to hear from our stakeholders on our 2017 Corporate Responsibility report. Please email us at CorporateResponsibility@Bacardi.com.

Thank you
UN Sustainable Development Goals

The 2015 United Nations Sustainable Development Goals were adopted by countries to address social, economic, and environmental issues, with each goal having specific targets to be achieved by 2030.

These targets provide benchmarks for measurement, and we believe that through partnerships with governments, other companies in the private sector, and civil society, we can have a positive impact on many of the goals. We will continue to review the targets set within each of the below goals relevant to our business, to integrate them into our long-term planning.
### United Nations Global Compact Principles

<table>
<thead>
<tr>
<th>UNGC Principle</th>
<th>BACARDI CR Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human Rights (Principles 1 &amp; 2)</strong>&lt;br&gt;Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.</td>
<td>Responsible Sourcing Standards&lt;br&gt;People Strategy&lt;br&gt;Our suppliers have to meet our Responsible Sourcing Standards, which were developed in line with the Universal Declaration of Human Rights, which commit our suppliers to complying with human rights principles. Through our Responsible Sourcing process, in connection with Sedex, suppliers undergo self-assessments and on-site audits. In addition, in FY17 we developed our Anti-Slavery and Human Trafficking Statement in compliance with the UK Modern Slavery Act.</td>
</tr>
<tr>
<td><strong>Labour (Principles 3, 4, 5 &amp; 6)</strong>&lt;br&gt;Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.</td>
<td>Responsible Sourcing Standards&lt;br&gt;People Strategy&lt;br&gt;Code of Conduct&lt;br&gt;Anti-Slavery and Human Trafficking Statement&lt;br&gt;Through our People Strategy and Responsible Sourcing Standards, we respect the right to freedom of association among all of our employees, require our suppliers to respect freedom of association, and the right to collective bargaining. In addition, we do not use forced or child labor in any of our operations. Our Company Code of Conduct includes a commitment to equal opportunity and non-discrimination. Our Responsible Sourcing Standards and Sedex self-assessments and audits set out the same requirements for our suppliers.</td>
</tr>
<tr>
<td><strong>Environment (Principles 7, 8, &amp; 9)</strong>&lt;br&gt;Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.</td>
<td>Environment Strategy&lt;br&gt;Our group-wide environmental policy adheres to the precautionary principle. We aim to drive continuous improvement in our facilities’ performance through a management systems approach. Bacardi’s Good Spirited initiative has specific environmental sustainability goals in sourcing, packaging and operations by 2022. The initiative covers more than 170 countries, including 75 offices and 29 manufacturing and bottling facilities, touching every employee. Within Bacardi, we have focused on energy, greenhouse gas emissions, water, and waste. This complements the efforts in our Responsible Sourcing pillar and the focus of sourcing and packaging. Through our Vendor Qualification Process and Responsible Sourcing Standards, our suppliers are required to protect the environment as part of business practice.</td>
</tr>
<tr>
<td><strong>Anti-Corruption (Principle 10)</strong>&lt;br&gt;Businesses should work against corruption in all its forms, including extortion and bribery.</td>
<td>Code of Conduct summary&lt;br&gt;Responsible Sourcing Standards&lt;br&gt;Our Company Code of Conduct details the behaviors we expect from our people and it addresses issues of conflicts of interest and bribery and corruption. Our Responsible Sourcing standards state that bribery and corruption are not tolerated.</td>
</tr>
</tbody>
</table>
Stakeholder Research

We commissioned independently conducted stakeholder research in FY12 as part of a more structured approach to stakeholder engagement. We recommissioned the research again at the beginning of FY17. Although there are some changes in the relative priority of issues, there was a consensus among stakeholders that all remained important and should continue to be actively managed and reported upon. Full findings from the research are incorporated in the updated materiality assessment below.

Research Approach
The research involved structured, one-on-one interviews with a global range of individuals from each of our main stakeholder groups: Customers, Employees, Industry Associations, Non-Governmental Organizations (NGOs), Regulators, and Suppliers. The interviews focused on a number of areas, including what stakeholders think are the most important areas to focus on for the beverage alcohol sector and Bacardi specifically.

Key Results
Bacardi and Responsibility
Stakeholders generally considered Bacardi in a positive light. Bacardi Limited’s Corporate Responsibility (CR) mission continues to be recognized by a majority of stakeholders interviewed. However, some were unaware of the extent of Bacardi’s CR engagement in recent years. External stakeholders and partners working with Bacardi were enthusiastic and positive about the support and engagement they experienced.

However, some stakeholders noted a lack of a visible connection between Bacardi’s CR activities and its consumer brand messaging. Our environmental initiative, Good Spirited, was seen as a strength internally and externally. Stakeholder feedback will continue to inform our CR work moving forward.
Key Areas of Interest for Stakeholders

There was a consensus that all current material issues remained important, and should continue to be actively managed and reported upon, with some suggestions about additional sub issues and groupings, including a variance of perception regarding what is understood by “Product Responsibility.” In order to clarify the issue, we have updated the definitions to better define what is meant by each issue area.

- **Responsible Marketing and Promotion** includes responsible commercial communications, marketing, advertising, labeling, and product composition (e.g., Ready To Drink) and promotion.

- **Alcohol Responsibility** includes actions to prevent the misuse of alcohol (underage drinking, drunk driving, and binge drinking) and promote responsible drinking.

- **Responsible Supply Chain** focuses on the whole procurement process, minimum responsibility standards required and relationships with our immediate suppliers.

- **Sustainable Agriculture** focuses on improvement in social and environmental standards for raw material suppliers and their communities.

- **Responsible Employer** includes “above and beyond” Human Resources initiatives – employee rights, health and safety, diversity, and training and development.

- **Direct Environmental Impacts** includes Bacardi’s direct carbon footprint, air emissions, effluent, water use, waste, and transport.

- **Good Governance** includes business ethics, transparency, and controls to achieve regulatory compliance.

- **Supporting Local Communities** includes employee volunteering, as well as charitable contributions and in-kind donations for our communities.

- **Sustainable Packaging** focuses on making our packaging more sustainable, including material type, packaging weight, and recyclability.
Materiality

The five pillars of our Corporate Responsibility program – Marketplace; Environment; Responsible Sourcing; People; Philanthropy & Community Investment – reflect our main areas of activity.

Our business and the world in which we operate are constantly changing, and the specific priorities, risks and opportunities within each of our Corporate Responsibility pillars need to reflect this. As a result, the Corporate Responsibility Leadership Team (CRLT) undertake a biennial review of our materiality assessment to determine whether it needs to be updated. We use stakeholder research to inform our materiality assessment, which prioritizes the relative importance of the issues within each pillar by combining the level of priority given by stakeholders with the current or potential impact of the issues on our business.

An updated materiality assessment was conducted by our CRLT in FY17 with the results shown on the matrix below. We use the results of these assessments to inform our Corporate Responsibility strategy and the specific approach taken within each pillar of our program.
Marketplace at Bacardi Limited

As the top priority for our Corporate Responsibility efforts, our Marketplace pillar includes our efforts to reduce the harmful use of alcohol. Through our role as a signatory of the Beer, Wine & Spirits Producers’ Commitments and our support of country-level social aspect organizations (SAOs) in the countries where we operate, we are actively engaged in responsible drinking initiatives at the local level.

As reported in the latest Producers’ Commitments Progress Report, Bacardi supported 45 underage drinking prevention education programs operating in 17 countries, reaching over a million underage individuals and 1.5 million influencers. In addition, 38 drunk driving programs were carried out across 19 countries.

In FY17 we conducted a mapping of priority countries and Company-led or industry partner responsible drinking initiatives. We found we were active in a responsible drinking program in 82% of identified priority countries. In FY18 we will work to address the gaps, as well as work with our industry partners to better collect data for Producers’ Commitments reporting. We also worked with our global marketing teams to include responsible drinking information on our brand-specific sites and developed a plan for label revisions to include at least one website, messaging, or logo on labels by end of FY18.

As part of our efforts on responsible marketing, in FY17 we developed an updated online training module based on our Responsible Marketing Principles. This module will be launched in FY18 with use by all relevant marketing, creative excellence, sales and agency staff. In addition, in partnership with our global advertising agency, BBDO, we implemented a new marketing compliance approval database system. These two updated online tools will better help us train and refresh staff, and track responsible marketing internally.
## MARKETPLACE

### MARKETPLACE TARGETS FOR FY17

- Launch updated Bacardi responsible drinking website and incorporate responsiblydrinking.org site on brand specific websites.
- Work directly with other industry members to support best practice responsible drinking initiatives in new countries where there are less established SAOs.
- Update Company marketing compliance e-training module in order to better track training completion data.
- Implement new marketing compliance approval database system for all Company marketing and creative excellence staff and BBDO personnel.
- Work with IARD and country-level SAOs to better collect evidence of successful underage drinking campaigns and share those in partnership with other SAOs and Trade Associations in order to reach more than 1.8 million underage persons with LDA campaigns, as measured through the Producers’ Commitment reporting.
- 100% of marketing agency contracts are in compliance with the Producers’ Commitments.
- 100% of ads placed by Company with at least a 70% minimum legal drinking age audience.
- Incorporate responsiblydrinking.org on Company websites and implement plan to include responsiblydrinking.org and responsibility messaging or logo on all labels by end of FY 18.

### MARKETPLACE PROGRESS IN FY17

- We agreed to incorporate responsible drinking site information on every brand-specific website and began the process of including additional responsible drinking information on BacardiLimited.com.
- Conducted a mapping of priority countries to include Company-led and other industry partners’ responsible drinking initiatives in each country. As of FY17, we are active within a social aspect organization (SAO) or trade association’s (TA) responsible drinking initiative in 82% of identified priority countries.
- Designed and developed updated e-training module based on Company’s Responsible Marketing Principles.
- System developed and tailored to Company’s needs. First trainings for project leaders and relevant staff completed by end of FY17.
- Participated on IARD’s program committee and worked with their Partnership Council to collect data globally. In FY17 45 Bacardi-supported education programs operating in 17 countries reached 1,148,045 underage individuals and 1,626,814 influencers.
- All marketing agency contracts are in compliance with Producers’ Commitments indicators.
- All traditional and digital media placements by Company had at least a 70% minimum legal drinking age audience (or higher where required).
- Planned, agreed, and developed label revisions that incorporate responsible drinking website, messaging or logo to be placed on all labels by end of FY18.
### MARKETPLACE TARGETS FOR FY18

- **Update Bacardi responsible drinking website information to incorporate International Alliance for Responsible Drinking facts, and other global and local alcohol responsibility resources, and link to BacardiLimited.com. Include nutritional information on BacardiLimited.com.**
- **Increase percentage of active priority country responsible drinking initiatives, whether in partnership with other industry members or Company led, including enhancing Slow Drinking.**
- **Launch updated marketing compliance training module globally for relevant marketing, creative excellence, sales and agency staff to use for new hires and as a yearly refresher for existing employees, with translation available in at least eight languages.**
- **Design and launch updated responsible marketing principles for all Company staff.**
- **100% use of new digital legal compliance system (Creative Approval Hub) by global marketing, creative excellence, legal teams, and BBDO personnel to track global marketing campaign compliance approval.**
- **Through partnerships with IARD and local SAOs and TAs, increase LDA and influencer reach by 20% through responsible drinking initiatives, as measured through the Producers’ Commitment reporting.**
- **100% of marketing agency contracts in compliance with the Producers’ Commitments.**
- **100% of traditional and digital media placements by Company with at least a 70% minimum legal drinking age audience.**
- **All Company products to have at least one responsible drinking website, messaging, or logo on label.**
- **Pilot Company employee responsible drinking pledge in select countries to ascertain value and viability for potential global roll-out.**
- **Ensure all six safeguards of the Producers’ Commitments Digital Guiding Principles are in place for all country-level brand social media platforms and websites.**
Key Highlights

Slow Drinking
Created by Bacardi in France in 2012, Slow Drinking was developed in response to the European slow movement - a cultural shift toward slowing down life’s pace and enjoying life’s pleasures. Applied to the consumption of beverage alcohol, it promotes responsible consumption by transforming a simple drink into the art of tasting by giving priority to quality over quantity.

Crafted together with lifestyle and culinary experts, 10 principles emerged that encourage savoring your cocktail with friends, with food, and always in the right amount. The Slow Drinking website is now in three languages (French, English and Italian) and in FY17 expanded to Spain and Italy. Through education on social media networks (with more than two million people reached in FY17) and Slow Drinking workshops, the goal of Slow Drinking is to engage our consumers, customers, and partners in a movement that promotes moderate, responsible, and enjoyable consumption, in line with the Producers’ Commitments. Visit SlowDrinking.com.
We recognize the environmental impact of producing our products and have implemented procedures to continually improve efficiency. The key potential areas of impact we focus on include:

- Water use
- Climate change
- Waste

In FY17 we hit our goal of 50% greenhouse gas (GHG) emissions intensity reduction (as compared to FY06) ahead of our target by end of 2017! We also worked to improve the efficiency and reliability of our three biomass boilers to ensure our GHG reductions were maximized. We will continue to work to reduce our emissions, taking into account our overall value chain moving forward.

While we haven’t hit our water use efficiency goal just yet (55% by end of 2017): in FY17 our overall improvement on our water use efficiency index was 46.5% vs. FY06; we will maintain our efforts, focusing on water consumption, to continue our journey to reach 55% improvement mark.

As of the end of FY17 99.65% of our waste from our production sites does not go to landfill, with 11 of our 29 facilities achieving Zero Waste to Landfill status. We will continue to eliminate landfill waste at all our production sites by focusing on reducing, reusing, and recycling by our goal of end of 2022.

In FY18 we will look to the UN Sustainable Development Goals and the Paris Agreement (COP21) targets to ensure our targets are in line with each. In order to appropriately measure in accordance with these international standards, we will set long-term targets for water using a context-based approach, and for GHG reduction we will use Science Based Targets (a partnership initiative between the Carbon Disclosure Project, UN Global Compact, World Resources Institute, and World Wide Fund for Nature, with the goal to enable leading companies to set ambitious and meaningful corporate GHG reduction targets).

For comprehensive information on our Environment strategy, including FY17 highlights, please visit our website at BacardiLimited.com/corporate-responsibility
## Targets and Progress

### ENVIRONMENT TARGETS FOR FY17

- **Continue implementation of resource efficiency action plans** to ensure we achieve a reduction of 55% in water use efficiency index and 50% in GHG emissions intensity index by Dec 2017 vs FY06.

- Improve the efficiency and reliability of the three existing biomass boilers to ensure GHG reductions maximized.

- Implementation of waste stream action plans, aiming to achieve less than 0.4% of total waste from production sites to landfill. Our long-term vision is to achieve Zero Waste to landfill in all our facilities by 2022.

- Expand the Green Champion rosters to increase employee involvement in additional functional areas outside of Operations.

### ENVIRONMENT PROGRESS IN FY17

- Due to extraordinary activities at some of our sites, only 0.2% improvement was achieved in water use efficiency vs. FY16, and an overall 46.5% improvement vs. FY06. We will maintain our efforts, focusing on water consumption to continue our journey to reach 55% improvement mark. For GHG emissions intensity, we achieved our 50% reduction target more than a year ahead of our target date.

- Although we suffered some biomass boilers downtime during this period, corrective and preventive actions have been implemented to improve efficiency reliability and minimize equipment downtime.

- Achieved 0.35% waste to landfill, which is on track to achieve our long-term zero waste to landfill by 2022. In addition, already 11 of our 29 facilities have achieved the Zero Waste to Landfill status, four more than FY16.

- The Green Champion roster was expanded to 42 employees, from 22 in FY16, to include representatives from functions beyond Operations. For the third year in a row, Good Spirited Awards were delivered in six award categories.

- Successfully pass our surveillance audits and get our new BOMBAY SAPPHIRE® manufacturing site in Laverstoke Mill in the scope of the “triple crown” certification (ISO 9001, ISO 14001, and OHSAS 18001).

- We successfully passed our surveillance audits for ISO 9001, ISO14001, and OHSAS 18001 management systems standards for existing sites. Our new site at Laverstoke Mill completed the pre-audit assessment.
Targets and Progress

ENVIRONMENT TARGETS FOR FY18

Implement specific action plans to reduce water consumption, with special focus at three of our main distilleries located in Puerto Rico (Cataño) and Scotland (Aberfeldy and MacDuff). Due to changes in our strategy, focusing more on consumption of water, versus overall usage, these action plans should put us on track to achieve a 50% reduction (vs. FY06) during the second half of this reporting period. We are still aiming to reach the original 55% reduction goal, but additional time is expected to get there.

Define new targets (short and long-term) for water use and GHG emissions, as part of our future sustainability strategy. The new scope will be expanded to go beyond our four walls, with additional focus on the upstream portion of our value chain. The target for water will use a context-based approach. A science-based method will be used for setting a target for GHG reduction.

Continue with the implementation of required waste stream action plans, aiming to achieve less than 0.32% of total waste from production sites to landfill, towards our goal of Zero Waste to Landfill of all sites by 2022.

Work on our transition plan to the new ISO 9001-2015 and ISO 14001-2015 management system standards at all manufacturing sites, in order to comply with the three-year transition process set by ISO to maintain our certification. Gap assessments to be completed and action plans in place to achieve full transition by September 2018.
Data & Performance – How We Measure Our Performance

Bacardi measures performance in two ways: absolute totals and efficiency metrics. Absolute measures are straightforward – for example, total quantity of water consumed. Efficiency metrics normalize these absolute totals against an appropriate business output – for example, water used per unit of product manufactured.

Bacardi Environmental Sustainability Tracking (BEST) uses a common accounting practice – flexible budgeting – to measure the performance in our reporting year against our base year. Full details of this approach are described in our 2013 report. In addition, we report on indicators from the Global Reporting Initiative G4 standards. Moving forward we will look to the UN Sustainable Development Goals and the Paris Agreement (COP21) targets to ensure we appropriately measure in accordance with these international standards.

Our targets are based on improvements in our performance against our efficiency index. These have been restated as required by the Greenhouse Gas Protocol published by the World Resources Institute and World Business Council for Sustainable Development, to reflect changes in the business, such as closures. Absolute baselines for all measures were established in FY06. We have not restated our absolute baselines and therefore do not make any claims based on absolute improvements against our baselines. As we develop our next cycle of long term targets during FY18 we intend to develop absolute as well as efficiency improvement targets.

Restatements: Base year figures, and those from previous reporting years, are sometimes recalculated to reflect significant changes within the Company (e.g. acquisitions, divestments, etc.). During FY17 we experienced some structural changes, including the addition of our new production site at Laverstoke, UK, and the consolidation of other manufacturing operations. Recalculation was done in accordance with protocols established by the World Resources Institute and World Business Council for Sustainable Development, and Beverage Industry Environmental Roundtable (BIER) guidance documents. In addition, emission calculation for fuel and electricity are recalculated, based on the latest emission factors (e.g. International Energy Agency).
Water

Water Use
Our total water used in FY17, measured by the efficiency index, was 0.2% better than FY16. This represents an overall improvement on our water use efficiency index of 46.5% vs. FY06. Absolute water use was down 15.9%, mostly due to consolidation of manufacturing activities.

Action Plans are in place at each of our manufacturing sites to continue to improve our water use efficiency.

Water Used

<table>
<thead>
<tr>
<th>Water Use Efficiency Index (per unit of production) (Baseline FY06 100)</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Water Used (000 cubic meters)</td>
<td>3,750</td>
<td>3,624</td>
<td>3,593</td>
<td>3,022</td>
</tr>
</tbody>
</table>

Water Discharge by Volume

<table>
<thead>
<tr>
<th>WATER SOURCE</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Discharge (m³)</td>
<td>729,679</td>
<td>759,426</td>
</tr>
<tr>
<td>Indirect Discharge (m³)</td>
<td>301,451</td>
<td>346,864</td>
</tr>
<tr>
<td>Beneficial Land Application (m³)</td>
<td>208,716</td>
<td>78,784</td>
</tr>
<tr>
<td>Total Volume Discharged (m³)</td>
<td>1,239,846</td>
<td>1,185,074</td>
</tr>
</tbody>
</table>

Changes in the production mix and manufacturing consolidations in FY17 affected water discharge in the same way as water use.

We manage used process water from our facilities in three ways:
1. Direct discharges of treated wastewater to local bodies of water following onsite treatment (64 percent)
2. Indirect discharges of treated wastewater to municipal treatment facilities (29 percent)
3. Beneficial land application, including irrigation and fertilizer to improve crop production (in countries where it is permitted) (7 percent)

Of the total water released by our production facilities, 1,106,290 cubic meters was discharged as wastewater and 78,784 cubic meters was applied to cropland as a fertilizer or for irrigation. The water that is applied to land for beneficial reuse is returned to the crops that provide our raw feedstock to make spirits in countries where regulatory authorities permit.

Changes in the production mix and manufacturing consolidations in FY17 affected water discharge in the same way as water use.
Waste

Waste Management
In FY 17:
• Only 0.35% of total waste was sent to landfill
• 11 manufacturing sites have achieved Zero Waste to Landfill

By characterizing the different waste streams, we’ve identified opportunities focusing on reduction at the source and then followed by reuse/recycling options. We are building on progress at our production sites to reduce landfill waste, and plan to work more closely with supply partners to ensure that all the packaging we receive can be recycled.

EN23 Total Weight of Waste by Type and Disposal Method (Metric Tons)

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>% CHANGE Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Hazardous Waste</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycling/Reuse/Recovery</td>
<td>163,189</td>
<td>184,984</td>
<td>13.2%</td>
</tr>
<tr>
<td>Incineration/Treatment</td>
<td>541</td>
<td>704</td>
<td></td>
</tr>
<tr>
<td>Landfill</td>
<td>876</td>
<td>642</td>
<td></td>
</tr>
<tr>
<td>Subtotal (and % YtY change)</td>
<td>164,606</td>
<td>186,330</td>
<td>13.2%</td>
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<tr>
<td><strong>Hazardous Waste</strong></td>
<td></td>
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<tr>
<td>Recycling/Reuse/Recovery</td>
<td>28</td>
<td>7</td>
<td></td>
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<tr>
<td>Incineration/Treatment</td>
<td>5</td>
<td>5</td>
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<tr>
<td>Landfill</td>
<td>23</td>
<td>1</td>
<td></td>
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<tr>
<td>Subtotal (and % YtY change)</td>
<td>56</td>
<td>13</td>
<td>-76.7%</td>
</tr>
<tr>
<td><strong>Total Waste</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycling/Reuse/Recovery</td>
<td>163,217</td>
<td>184,991</td>
<td>13.2%</td>
</tr>
<tr>
<td>Incineration/Treatment</td>
<td>546</td>
<td>709</td>
<td></td>
</tr>
<tr>
<td>Landfill</td>
<td>899</td>
<td>643</td>
<td></td>
</tr>
<tr>
<td>Total (and % YtY change)</td>
<td>164,662</td>
<td>186,343</td>
<td>13.2%</td>
</tr>
</tbody>
</table>
Energy

Energy Use

- 48.8% improvement in non-renewable energy intensity index since FY06
- 4.8% improvement on total energy intensity index since FY16
- Greatest improvements achieved in direct energy, by switching to renewable fuel sources (e.g. biomass boilers)

<table>
<thead>
<tr>
<th>Energy Intensity Index</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-renewable Energy Intensity Index (Total non-renewable energy per unit of production) (Baseline FY06 = 100)</td>
<td>71.5</td>
<td>68.8</td>
<td>57.1</td>
<td>51.2</td>
</tr>
<tr>
<td>Total Energy Intensity Index (Total energy per unit of production) (Baseline FY06 = 100)</td>
<td>85.0</td>
<td>84.2</td>
<td>82.8</td>
<td>78.8</td>
</tr>
</tbody>
</table>

EN3: Energy Consumption within the Organization (TJ)

<table>
<thead>
<tr>
<th>Energy Source</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy fuel oil</td>
<td>573</td>
<td>468</td>
<td>229</td>
<td>153</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>431</td>
<td>432</td>
<td>449</td>
<td>389</td>
</tr>
<tr>
<td>Total fuel from non-renewable sources</td>
<td>1,004</td>
<td>900</td>
<td>678</td>
<td>542</td>
</tr>
<tr>
<td>Biogas</td>
<td>213</td>
<td>208</td>
<td>231</td>
<td>166</td>
</tr>
<tr>
<td>Biomass</td>
<td>0</td>
<td>64</td>
<td>217</td>
<td>193</td>
</tr>
<tr>
<td>Total fuel from renewable sources</td>
<td>213</td>
<td>272</td>
<td>448</td>
<td>359</td>
</tr>
<tr>
<td>Total Electricity</td>
<td>221</td>
<td>222</td>
<td>246</td>
<td>216</td>
</tr>
<tr>
<td>Total Energy Consumption within Bacardi</td>
<td>1,438</td>
<td>1,394</td>
<td>1,372</td>
<td>1,117</td>
</tr>
</tbody>
</table>

Renewable Energy

In FY17, 38% of electricity was purchased through renewable contracts and 40% of fuel was from renewable sources. The overall proportion of renewable energy increased from 37% in FY16 to 40% in FY17.

Contract green electricity and wind power includes only that from dedicated contract suppliers. Grid electricity includes all forms of renewable and non-renewable energy on the national grids.
Emissions

Long term target – Reduce total GHG emissions intensity index by 50% versus FY06 by end of 2017. Current status – Total GHG emissions intensity index for FY17 is 54.7% lower than FY06.

In FY17:
• GHG absolute emissions (Direct and Indirect) reduced 16% versus FY16
• Direct GHG emissions reduced 14% vs. FY16
• Indirect GHG emissions (market-based) reduced 23% vs. FY16

EN15: Direct GHG Emissions (Scope 1)
EN16: Indirect GHG Emissions (Scope 2) (Market-based)

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct GHG Emissions (Tonnes)</td>
<td>58,100</td>
<td>52,400</td>
<td>36,600</td>
<td>31,300</td>
</tr>
<tr>
<td>Indirect GHG Emissions (Tonnes)**</td>
<td>26,800</td>
<td>24,800</td>
<td>24,200</td>
<td>18,700</td>
</tr>
<tr>
<td>Production Process Emissions (Tonnes)*</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>560</td>
</tr>
<tr>
<td>Offices (&gt;25 people) Indirect Emissions (electricity)(Tonnes)*</td>
<td>5,600</td>
<td>5,600</td>
<td>5,600</td>
<td>5,600</td>
</tr>
<tr>
<td>TOTAL (Tonnes)</td>
<td>91,000</td>
<td>83,300</td>
<td>66,900</td>
<td>56,160</td>
</tr>
<tr>
<td>GHG Intensity Index (GHG Emissions per unit of production) (Baseline FY 06 100%)**</td>
<td>67.4</td>
<td>64.5</td>
<td>51.1</td>
<td>45.3</td>
</tr>
</tbody>
</table>

EN221: NO, SO, and Other Significant Air Emissions (Tons)

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO₂</td>
<td>904</td>
<td>728</td>
<td>302</td>
<td>134</td>
</tr>
<tr>
<td>NO₂</td>
<td>109</td>
<td>92</td>
<td>55</td>
<td>40</td>
</tr>
<tr>
<td>Particulates</td>
<td>16</td>
<td>13</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Total Air Emissions</td>
<td>1,129</td>
<td>833</td>
<td>363</td>
<td>178</td>
</tr>
</tbody>
</table>

Significant reduction achieved on emission of conventional pollutants by increasing the use of renewable energy. By maximizing the use of biogas and the installation of biomass boilers, we reduced the use of fossil fuels responsible for these emissions.

*Estimated figures. We are in the process of defining a more accurate way to track these emissions
** Intensity index doesn’t include estimations for production emissions and offices
***Scope 2 emissions are calculated using market-based emission factors. Our FY17 total indirect located-based emissions were 25,100 tonnes.
Key Highlights

**Bacardi in India Good Spirited Initiatives**

Bacardi in India and its Good Spirited initiatives address internal and external improvements in its multifaceted strategy. Bacardi’s Nanjangud facility is the FY17 Good Spirited Production Facility Winner because of its extraordinary creative engagement of stakeholders and innovation in promoting eco-conscious and socially responsible initiatives.

The facility’s efforts, which included a reduction in energy use and a polluted riverbank cleanup exemplifies a full-circle commitment to our Company culture as the facility delivered the most balanced impact for the environment, the Company, and within the community where it exists.

Specifically, the Nanjangud facility reduced power consumption by 15 percent over the last two years as it optimized operations with a complete changeover to LED lighting from less-efficient CFL bulbs. The facility didn’t stop there—it promoted energy-saving tips and awareness on campus.

Additionally, it reached out to four nearby villages to work together to replace grossly inefficient and expensive incandescent lighting with 160 recycled CFL bulbs removed from the plant during the LED-bulb changeover.

Indian team members also illustrated their commitment to the Good Spirited culture as 15 employees worked tirelessly for several hours to clean up the bank of the Kapila River. The crew removed cloth debris as well as non-biodegradable trash and plastic.

Together, the facility’s activities show its dedication to live “Good Spirited” and responsibly help the next generation. Congratulations to Bacardi in India and our other 3rd Annual Good Spirited Award Winners.
Along with our own Responsible Sourcing Standards, our Vendor Qualification Process and our partnership with Sedex for audits and action plans, we work with our suppliers to meet global sourcing standards in the areas of labor standards, human rights, health and safety, environmental protection, and business integrity.

Responsible Sourcing continues to rank high among our stakeholders as a priority matter and it will remain a focus of our CR program. In FY17 we continued towards our original goal to achieve 100% of sugarcane-derived product suppliers for rum with Bonsucro certification by 2022, and expect to reach this goal by the end of 2017! We also worked with new suppliers on their standards to ensure they are on the Bonsucro certification path. For other raw materials, we developed action plans for a sustainable sourcing strategy, including botanicals, agave, and wheat. We achieved a 91% of Global Direct and 100% of Global Point of Sale Sedex-linked suppliers, working towards our goal of a completed Self Assessment Questionnaire and audit for each supplier by end of FY18.

We continued to work with all suppliers on our Good Spirited goals, ensuring we work together to reduce water use, greenhouse gases, and waste, as well as a reduction in packaging weight. We have achieved a 3.6% glass weight reduction since FY08, short of our original goal of reducing by 10% by the end of 2017. While the original goal of reduction was high, many of our products have undergone a redesign which presented challenges to weight reduction overall. As we move forward we will continue to aim to achieve weight reduction, while keeping in mind the wishes of our consumer and our marketing and branding strategy.

For FY18 we will continue to ensure 100% of suppliers assessed through our Vendor Qualification Process, and work with any new suppliers to be linked through Sedex. We will continue to implement action plans for grapes, agave, botanicals, wheat, and sugarcane-derived products.
# Responsible Sourcing

## Targets and Progress

<table>
<thead>
<tr>
<th>RESPONSIBLE SOURCING TARGETS FOR FY17</th>
<th>RESPONSIBLE SOURCING PROGRESS IN FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% of all new and existing suppliers to be assessed according to our Vendor Qualification Process.</td>
<td>100% of new and existing suppliers are VQP assessed and qualified.</td>
</tr>
<tr>
<td>85% of Global Direct suppliers and 100% of Global Point of sale suppliers linked to Bacardi through Sedex with process led by our Category Managers. A completed self-assessment questionnaire and audit to be completed by end of FY18 for each supplier.</td>
<td>91% of Global Direct and 100% of Global Point of Sale suppliers are linked to Bacardi through Sedex.</td>
</tr>
<tr>
<td>Define and implement sustainable agriculture sourcing strategy beyond sugarcane-derived products for rum. Focus crops include: LCD, Molasses, Botanicals, Agave, and Wheat. Category Managers are responsible for action plan implementation.</td>
<td>• Action plans developed for new LCD and Molasses suppliers and we are working with external auditors for LEBLON® Bonsucro certification.</td>
</tr>
<tr>
<td>100% of sugarcane-derived products suppliers for rum Bonsucro certified by the end of FY17 (The Good Spirited original goal was 40% certified by 2017 and 100% certified by 2022).</td>
<td>• We have also developed action plans for all botanicals, including developing farmer’s capabilities and support for environmental sustainability. As needed, we are working with local NGOs on implementation.</td>
</tr>
<tr>
<td>Deploy Good Spirited training program with our strategic direct suppliers to build awareness and develop action plans to meet the Good Spirited sourcing, environment, and packaging goals together.</td>
<td>• Developed a wheat yield improvement program with wheat supplier.</td>
</tr>
<tr>
<td>All molasses sources currently sustainably certified and have an action plan for all to receive Bonsucro certification by end of CY17, including new suppliers. More than 80% of LCD suppliers are Bonsucro certified, with plans to achieve certification for all by end of CY17.</td>
<td>• Agave action plan defined to include selecting a credible sustainable certification program.</td>
</tr>
<tr>
<td>• Twenty-seven raw material strategic suppliers have been trained and have agreed to collaborate and to provide data on water use reduction.</td>
<td>• All strategic packaging suppliers trained on Good Spirited program, including moving from weight to carbon intensity, energy, and water KPIs. We have achieved a 3.6% glass weight reduction since FY08.</td>
</tr>
</tbody>
</table>
# Targets and Progress

## RESPONSIBLE SOURCING TARGETS FOR FY18

Ongoing target to ensure 100% of our suppliers assessed to our Vendor Qualification Process.

95% of Global Direct spend and 100% of Global Point of Sales suppliers linked to Bacardi through Sedex. In addition, we will work with local teams to ensure local POS suppliers are using Sedex and completing SAQs.

**Raw Material Action Plans:**

- For grapes, work with Prosecco and Asti Consortiums to achieve highest level of standards with focus on environment, ethics, and economics; including for Asti a reduction of residual phito treatment (35%) and for white table wine a carbon footprint reduction (20%).

- Action plan defined for Agave suppliers to be sustainably certified.

- Botanicals action plan underway, our goal is for 60% of main botanicals sustainably certified by FY18, 100% by FY19.

- Continue to build on wheat supplier improvement programs.

- LEBLON® to achieve Bonsucro certification.

For sugarcane-derived products for rum, ensure VQP audits for new suppliers and work with them to achieve Bonsucro certification by end of CY17. This includes LEBLON®.

Train all new strategic raw materials and packaging suppliers on Good Spirited program goals. Work with suppliers to achieve Forest Stewardship Council certification for labels and corrugated packaging.
Key Highlights

**adm Partnership**

Bacardi has worked with adm since FY14 as our single partner for Global Point of Sale, and adm is our largest POS partner overall, accounting for 40% of total volume. adm CEO Justin Barton shares its CR philosophy, “We regard sustainable practice as a top priority…. we want to make a meaningful contribution to acting responsibly towards people and the environment. We are convinced that this is the only way to achieve business success.”

Recently, Bacardi worked to develop our Global POS Quality Manual together with adm. The manual provides a process for ensuring our global standards are met in regards to purchasing any POS material. These standards include:

- QMS (Quality Management System, based on ISO9001 requirement)
- CSR (Corporate Social Responsibility, based on CSR standard SMETA BPG - Best Practice Guidance requirement)
- EMS (Environmental Management System, based on ISO14000 requirement).

adm suppliers sign their Code of Conduct and submit an audit of their manufacturing site. In-house Sedex trained and certified auditors (unique to the POSM industry) use the SMETA 4 Pillar audit based on human rights, business ethics, environment, labor standards, and health and safety. adm works with suppliers on any non-compliance to ensure they are addressed in a given time period. As of FY17:

- 98% of adm suppliers are registered Sedex members and more importantly 96% of the factories used have a valid SMETA 4 Pillar CSR audit in place.
- adm achieved EcoVadis Gold rating with a ranking putting them in the top 1% of all 30,000 organizations assessed in all categories.
- adm is a signatory to UN Global Compact (as is Bacardi).

As a rapidly expanding organization, adm is committed to ensuring it implements a compliance framework that allows it to be alerted to any emerging risks and have appropriate systems and processes in place to eradicate such risks. We are proud to be their partner and will continue to develop and embed our CR framework with all suppliers.
People at Bacardi Limited

Bacardi employees are guardians of a tradition of excellence. We are a family owned company that embraces the spirit of family in the way we inspire and enable our people to perform every day.

Moving forward we have chosen not to use the word ‘employee’ for the people who contribute so significantly to our business, but rather ‘Primos’ which is the Spanish word for cousins. It carries with it the family spirit of Bacardi and reflects how connected we are to each other and how committed we are to each other’s success.

Our People strategy is built on the belief that outstanding people will deliver excellent results. We aspire to unleash the potential of our people by creating a working environment where every Primo can take advantage of the development opportunities Bacardi offers. We will inspire, engage and support our people and intend to become recognized internally and externally as the “Envy of the Industry” for our People, Brands and Performance. We do this by recognizing Primos for exemplifying the Bacardi values, equip them to excel within the company, and promote the importance of diversity at all levels.

In FY17 we successfully launched our Becoming Bacardi mobile application in more than 10 countries and made it available in 10 languages. In addition, we had 81 Primos participate across seven Coaching to Win workshops around the world. These workshops enable our Primos to accelerate professional development.

Also in FY17 we conducted our biennial Global Primos Engagement Survey, with a best-in-class participation rate of 89% (as defined by global HR and technology consulting firm IBM Kenexa). Our engagement index (a global HR measure that companies use to assess 4 key elements of employee engagement: satisfaction, pride, retention, and advocacy) increased by 2% points over FY15. While we are proud of the results, we know there is more work to be done to address some of the constructive feedback to ensure Bacardi is the place our Primos want to be.

We are proud that 36% of senior management roles are held by women; an example of our ambitious Women in Leadership initiative. In FY17 we successfully hosted the S.H.E. Summit Bacardi in Miami and New York and look forward to expanding the reach into other countries to support the women of Bacardi and position the Company as a relevant voice in the journey to increase gender equality.
Targets and Progress

PEOPLE TARGETS FOR FY17

- Globally launch Becoming Bacardi Mobile Application (in English) across five pilot countries. Make the Becoming Bacardi toolkit materials available in local languages for all countries.

- Improve communication of Workday resource as an internal search firm for Bacardi employees. Continue to achieve 70% internal hire ratio.

- Develop Women in Leadership (WIL) strategy and plan to ensure gender diversity continues among Bacardi leadership. Strive to maintain 33% of senior management roles held by women.

- Ensure Action Team (grassroots employee led teams who review survey results and build and implement action plans to address areas of greatest interest/concern) presence and engagement in all Bacardi hubs. Run 3rd Global Employee Engagement Survey in January 2017, with “best in class” participation and improved levels of engagement across key indices, including: satisfaction, pride, retention and advocacy.

- Roll-out Company “Coaching to Win” and “Bacardi Ready” internal training to employees to accelerate professional development of employees. Pilot Bacardi Ready in Emerging Markets and run at least 1 Coaching to Win in each region/function.

- Develop Company Human Rights Policy encompassing already existing standards and codes, including Universal Declaration of Human Rights, the UNCG, the SDGs, and the ILO, to showcase Bacardi’s commitment to workforce and community human rights.

- Build People scorecard to measure yearly KPIs. Indicators will include diversity, internal hire ratio, Becoming Bacardi uptake, Bacardi Ready and other training programs, talent review and succession planning efforts, implementation of Action Team efforts, performance management, and recognition programs.

PEOPLE PROGRESS IN FY17

- Becoming Bacardi is now available in more than 10 countries across all regions. In addition, toolkit materials are available in 10 languages covering all our countries.

- While we have improved communication and usage of Workday, and designed the Next Move internal search solution ready for pilot in FY18, our internal hire ratio is still under target and sits at 35.5%.

- 36% of senior management roles are held by women. We hosted S.H.E. Summits in Miami and New York and launched diversity initiatives in Southern Europe.

- FY17 participation rate in the Global Employee Engagement Survey was 89%, surpassing FY15 participation (86%). Globally 55 Action Teams were established as a result of the FY15 survey. These Action Teams, in addition to organization-wide initiatives, resulted in an increase in all 70 survey categories but one over FY15 results. The engagement index consisting of items relating to satisfaction, pride, retention, and advocacy increased by two percentage points.

- Eighty-one learners participated across seven Coaching to Win workshops in every region/function. Bacardi Ready South Africa included AMEA & APAC regions. We had strong program ratings in terms of both experience and skills enhancement. Bacardi Ready was launched and we also designed a joint graduate development program called ‘Volemos’ (‘to fly’ in Spanish) for Bacardi and its distributor in North America.

- Published Anti-Slavery and Human Trafficking Statement in compliance with UK Modern Slavery Act 2015. The statement, Bacardi Responsible Sourcing Standards, and our Code of Conduct encompass the Company’s commitment to workforce and community human rights.

- Built and tested People Scorecard. Ready to launch in FY18 and will be used in Q1 across all countries.
Targets and Progress

PEOPLE TARGETS FOR FY18

Globally embed Becoming Bacardi Mobile Application across all countries. 95% of new hires complete the four elements of Becoming Bacardi in all countries in the first 90 days (Mixology, Development Plans, Buddy, and Becoming Bacardi App).

Pilot Applicant Tracking System to increase our ability to tap into and select internal and external talent for Bacardi. Pilot Next Move solution (a proactive internal headhunting program to explore career interests of Primos after 2+ years in current position).

Maintain current Women in Leadership ratios and expand external presence through S.H.E. Summits to Asia and Latin America. Launch of Women in Leadership mentoring program in Eastern Europe and Northern Europe.

10% of employees globally involved in Action Teams, as a follow-up to the Primos Engagement Survey, in line with FY15 participation. Pulse Surveys deployed on a regional basis.

Continue to expand Coaching to Win through 2 workshops per region or function. In addition, we will certify 13 internal talents with the International Coach Federation (coaching certification body) to ensure high quality delivery. Build internal expertise extending Leadership Insights (a series of intensive diagnostic and coaching experiences at different leadership levels) across the organization. Roll out Bacardi Ready in India. Pilot Volemos and kick off second Rising Stars program.
Key Highlights

Primos Engagement Survey
Engagement at Bacardi is all about unleashing the passion and energy of our Primos. We have been asking for their opinions in a global census for the past five years. Their feedback is so critical in helping us to understand what we are doing well and what we should be doing differently to make Bacardi ‘the place they want to be’. We use the insights from our Primos Engagement Survey to prioritize actions on a global, functional, regional and local level that can be measured, monitored and celebrated.

We held our latest Global Primos Engagement Survey in FY17 and 89% of Primos provided their input – a participation rate well above best-in-class (as defined by global HR and technology consulting firm IBM Kenexa). In fact, for each global engagement survey our response rate has consistently been above 85% - a number that makes us proud. In our FY17 results all 70 survey items advanced except one. Compared with our FY15 survey, our Engagement Index score (a global HR measure that companies use to assess 4 key elements of employee engagement: satisfaction, pride, retention, and advocacy) rose two points from 67% to 69%.

As of the end of FY17, results began to be cascaded across the organization and priorities are being identified so Action Teams can be formed to allow the identification of employee-driven solutions for those areas of greatest interest. Just asking for feedback is not enough and our focus now is about supporting Primos-driven Action Teams to make a positive difference to their lives and those of others at Bacardi. Because the success of our Action Teams is so important to us, we have Action Team Champions across the world whose role it is to support and enable their success.

RESPONSE RATE EXCEEDED BEST-IN-CLASS.

89% Response Rate exceeds best-in-class. Up 3 points from 2015
Improved 94% of items. Reflects progress since last survey
Engagement is on the Upswing. Upward trend in satisfaction, pride, advocacy and retention
All demographics increased engagement. And Diversity and Inclusion up 5 points
Women in Leadership

The Women in Leadership (WIL) initiative is the cornerstone of our diversity commitment. Established in 2010, it has evolved to incorporate several programs that support women developing their careers within Bacardi at offices worldwide. This includes trainings and workshops, external partnerships, communications, workplace engagement, community relations, and a mentoring program that supports the advancement and success of female leaders to management and executive positions.

Our Women in Leadership (WIL) initiative has spread across the globe into offices in the U.S., Europe and Latin America. We focus our efforts on identifying and developing women in the organization who will enhance the long-term growth of Bacardi. These efforts are supported across multiple countries by WIL committees who work to build awareness and engagement on WIL activities.

The Inaugural S.H.E. Summit Bacardi was held in September 2016 in Miami, Florida. Inspired by S.H.E. Summit, the renowned global empowerment conference devoted to supporting thriving leaders and women’s movement champions around the world, this event was aimed at celebrating, convening, and cultivating rising top talent. More than 400 professionals attended, representing various industries including spirits, marketing, transportation, law, consulting, and more. The sold-out event featured a prestigious list of dynamic speakers with incredible (personal and professional) stories. Informative workshops, thought-provoking panel discussions and keynotes included topics such as showing up for your life, the power of intention, stories of motherhood, well-being, self-care and a new initiative to encourage participation among male employees: Engage the Village.
People Scorecard

G4-10
Total number of permanent employees by employment contract, employment type, region and gender.
At the end of FY17, our total workforce was 5,825, comprising 5,625 employees and 200 supervised workers.

Total Workforce
- Employees
- Supervised Workers

Employees by Type of Employment Contract
- Full Time
- Part time

Permanent Employees by Employment Type
- Permanent
- Temporary

Workforce by Region
- North America
- Europe
- Middle East & Africa
- Latin America
- Asia Pacific

At the end of FY17, our total workforce was 5,825, comprising 5,625 employees and 200 supervised workers.
**G4-LA1**

Total number and rates of new employee hires and employee turnover by age, group, gender, and region.

In FY17, 910 external new employees joined the business, representing a hire rate of 16%.

In FY17, 1105 employees left the company, representing a turnover rate of 20%.

432 promotions, 187 lateral moves (for a combined promotion/mover rate of 11%), 1105 turnover
**G4-11**
Percentage of total employees covered by collective bargaining agreements.

In FY17, 40% of employees were covered by collective bargaining agreements.

**G4-LA12**
Composition of governance and ethics bodies and breakdown of employees per employee category according to gender and age group.

**Employees Covered by Collective Bargaining Agreements:**
- **Covered**
- **Not Covered**

**Total Board Members**
- **Under 30**
- **30 to 50**
- **Over 50**

**Total Board Members by Gender**
- **Male**
- **Female**

**Total Employees**
- **Under 30**
- **30 to 50**
- **Over 50**

**Total Employees**
- **Male**
- **Female**
Safety

Safety Data
We have a responsibility to keep our people safe at work and our vision is an accident-free Bacardi. In FY17 we held 20 Safety Days at manufacturing sites around the world. In addition, our Safety Teams produced multiple resources to keep safety top of mind for all employees.

As part of a global benchmarking group (ORC HSE), representing multiple industries, we share best practices a few times a year to ensure our standards and programs will have the most impact.

Our goal every year is to put “safety first” to achieve an accident-free environment. In FY17 we had a total of 18 accident-free sites out of 31 measured (please note this total number includes the 29 manufacturing sites, as well as our Distribution Center in Jacksonville and our recently opened distillery in Louisville).

FY17 is the second-best year in our Company LTA (Lost Time Accident) rate both in our manufacturing sites and globally in our offices. We improved by 18.5% our overall performance versus FY16.

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of LTAs</td>
<td>2.6</td>
<td>1.1</td>
<td>1.5</td>
<td>1.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>22</td>
<td>8</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Non-Manufacturing</td>
<td>9</td>
<td>6</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>14</td>
<td>19</td>
<td>15</td>
</tr>
</tbody>
</table>

Total Recordable Incident Rate (Manufacturing Sites) Per Million of Worked Hours

In FY14 Bacardi introduced consolidated reporting of Total Recordable Incidents across all manufacturing sites. Total Recordable Incidents gives a broader picture of safety performance and is aligned with our vision of building an accident-free workplace. This additional indicator includes Lost Time Accident as well as any restricted work case and medical treatment case. This key performance indicator decreased by 35% for three years in a row between April 2013 and March 2016 ending at an annual average of 5.2 Total Recordable Incidents per million of worked hours. In FY17, there has been a slight increase, however, the rate is still 18% lower than when first introduced.
# Safety Targets and Progress

## Safety Targets for FY17

<table>
<thead>
<tr>
<th>Target</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve overall B-Safe Observations* rate by 10% vs FY16.</td>
<td></td>
</tr>
<tr>
<td>Overall LTA rate of less than 1 per million of worked hours by 2022</td>
<td></td>
</tr>
<tr>
<td>Safety First program** – work towards achieving Silver priority standards in all plants as a step towards achieving all Silver standards by FY18</td>
<td></td>
</tr>
</tbody>
</table>

## Safety Progress in FY17

<table>
<thead>
<tr>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall B-Safe Observations rate increased by 64% vs FY16. We overdelivered this leading KPI through the completion of +5,000 B-Safe Observations.</td>
</tr>
<tr>
<td>Overall company LTA rate in FY17 was 1.2 per million of worked hours. This is our second-best year performance.</td>
</tr>
<tr>
<td>Silver priority standards were achieved in all plants and plans defined to reach Silver level in full by FY18. We are on track with our company Safety First program implementation.</td>
</tr>
</tbody>
</table>

## Safety Targets for FY18

<table>
<thead>
<tr>
<th>Target</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve overall B-Safe Observations* rate by 30% vs FY17. While we started to report this rate globally in FY16, we believe our FY17 target was most likely set too low with activities expanding. Our FY18 target is reasonably ambitious as B-Safe Observations reinforce safe behaviors and correct unsafe behaviors through feedback. This is one of the key elements of our safety culture and is contributing to the improvement of our safety performance. This target will be supported by the training of 100% of our employees in all our manufacturing sites in conducting B-Safe Observations.</td>
<td>Improve overall LTA rate of less than 1 per million of worked hours by 2022</td>
</tr>
<tr>
<td>Safety First program** – achieving all Silver standards by FY18 in all plants</td>
<td></td>
</tr>
</tbody>
</table>

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* B-Safe Observations are behavioral based safety observations and feedback, based on best practice Behavioral Based Study programs, to positively reinforce safe behaviors at work, started at Bacardi in 2009. All employees at our manufacturing sites can conduct B-safe Observations as long as they receive the proper training.

** Safety First is our home built program to raise our safety culture, designed with four levels: Foundation, Bronze, Silver and Gold. Silver level corresponds to advanced practices that are rolled-out globally.
Philanthropy & Community Investment

Bacardi is committed to the communities in which we live and work. We encourage employees to volunteer their time in programs and activities to support local organizations and we support the many worthwhile charities in our towns working to better our communities.

Our FY17 annual reported CR Month activities were 2,500 volunteer hours in 20 countries; however, due to a lack of designated CR Ambassadors and insufficient tracking methods we believe the numbers are higher. These challenges encouraged us to identify a CR Ambassador at every Bacardi site where we have a group of employees. Through in-depth research and regional management outreach we were able to identify 57 CR Ambassadors in 40 countries for FY18 CR Month implementation. Our CR Month activities would not be possible without the hard work of these Ambassadors. Because of these updates, we are expecting a more accurate reported number next year.

Also this past year we reviewed external best practice and industry standards for company charitable policies and drafted a new global Company Policy to guide Company employees in the charitable organization selection, vetting, and tracking process, with roll-out in FY18.

To adequately track charitable donations and employee engagement activities, we implemented a new online tracking tool for all Company employees to use. This new CR Database will track charitable donations and employee engagement from FY18 onward.

Moving forward, in FY18 we will roll out a Charitable Donations & Sponsorships Policy with trainings, webinars, and other communications tools, to guide all employees in the process and be able to better report and capture our total community investment by end of FY18. In addition, CR Month activities will be tracked in the new online CR Database by CR Ambassadors, providing an easy way to report on country and site-specific activities.
## Targets and Progress

<table>
<thead>
<tr>
<th>PCI TARGETS FOR FY17</th>
<th>PCI PROGRESS IN FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through internal engagement and external benchmarking, Bacardi to update PCI guidelines and donations policy for community outreach, and communicate new policy globally to all employees.</td>
<td>Researched and drafted new global Company Policy to guide employees in the charitable organization selection, vetting, and tracking process.</td>
</tr>
<tr>
<td>Launch internal database and tracking system to adequately track Company community investment, aligned with internal financial reporting systems. Identify and train community champions to manage and report on these activities within all markets. This system will support benchmark reporting from FY 18 onwards.</td>
<td>Launched new internal CR Tracking Database through SharePoint to accurately account for all Bacardi community investment. The internal database, with easy access use by all Company employees, will track charitable donations and employee engagement activities.</td>
</tr>
<tr>
<td>Update CR Ambassador Program &amp; CR Month tool-kit in order to engage more Company employees worldwide.</td>
<td>Updated CR Ambassador and CR Month guidelines and tool-kit. Through in depth research, mapped all locations with Bacardi employees and enlisted help of regional management to identify 57 CR Ambassadors in 40 countries where Bacardi has employees.</td>
</tr>
</tbody>
</table>

### PCI TARGETS FOR FY18

- Roll out Charitable Donations policy globally through trainings, webinars, and other internal communications tools to all employees.
- 80% of CR Ambassadors to record employee engagement in CR Month activities.
- 95% of the 40 countries where Bacardi has employees to participate in a CR Month activity.
- Update financial systems to track all Bacardi philanthropic giving.
Key Highlights

Corporate Responsibility (CR) Month - Spirit for Life, Caring Together

CR Month took place from May - June 2016. This annual corporate event is held across Bacardi sites and offices and is an opportunity for employees to support projects in their local communities that are relevant to them. The company gives all employees at least one day to work on an activity together. CR Ambassadors in each region are provided with a toolkit that includes examples and ideas for encouraging local staff to take part in CR Month. Local sites have the freedom, within the CR Month guidelines and toolkit, to choose projects relevant to their staff and communities.

- In India, Bacardi provided 50 water tankers for one week to the drought hit villages in the Latur District of Maharashtra.
- In Russia, in support of the Way Out Foundation, a team of 50 worked with The Pushkin State Museum of Fine Art to provide art therapy for foundation recipients. The art work created was then auctioned off in Bacardi offices, with the earnings going back to the Foundation.
- Many offices around the world held donation drives to collect clothing, books, toys, household items, and food to give to organizations in their communities. Recipients included:
  - Brazil: Blankets and socks for local homeless population
  - China: Heart 2 Heart Foundation
  - Germany: Hanseatic Help
  - Singapore: MINDS Social Enterprise
  - Switzerland: Local food bank in Geneva
  - Ukraine: Laska Store
- Yearly blood drives were held during CR Month in Bacardi offices in India, the U.S., and Bermuda, with more than 60 employees donating blood and plasma to local blood banks.
- For the third year in a row, a team of 16 in Coral Gables, Florida, planted 26 oak and mahogany trees in partnership with American Forests. Bacardi has had a partnership with American Forests since 2015. Through a cause-marketing campaign with our BACARDÍ® rum brand in Idaho, Montana, Oregon, Wyoming, Washington, Virginia and California, we have helped plant almost 100,000 trees across the nation.
**No Commission**

Through BACARDÍ® NO COMMISSION events, and in collaboration with music producer Swizz Beatz, the Global Chief Creative for Culture for Bacardi, 100% of the sale of artwork from the events go directly to the artist. Since its launch in FY 16 and through events in Miami, New York, and London in FY 17, the movement has put $3 million directly back into artist pockets. Many of the more than 80 artists who have benefitted from NO COMMISSION have also gone on to receive requests for additional privately commissioned work. FY18 events include Shanghai, Berlin and back to where it all started, Miami, for Art Basel.

For info on upcoming No Commission events visit: https://nocommission.bacardi.com/