

BACARDI LIMITED
GREEN BOND REPORT
2024



GREEN *Report* BOND

2024

BACARDI LIMITED

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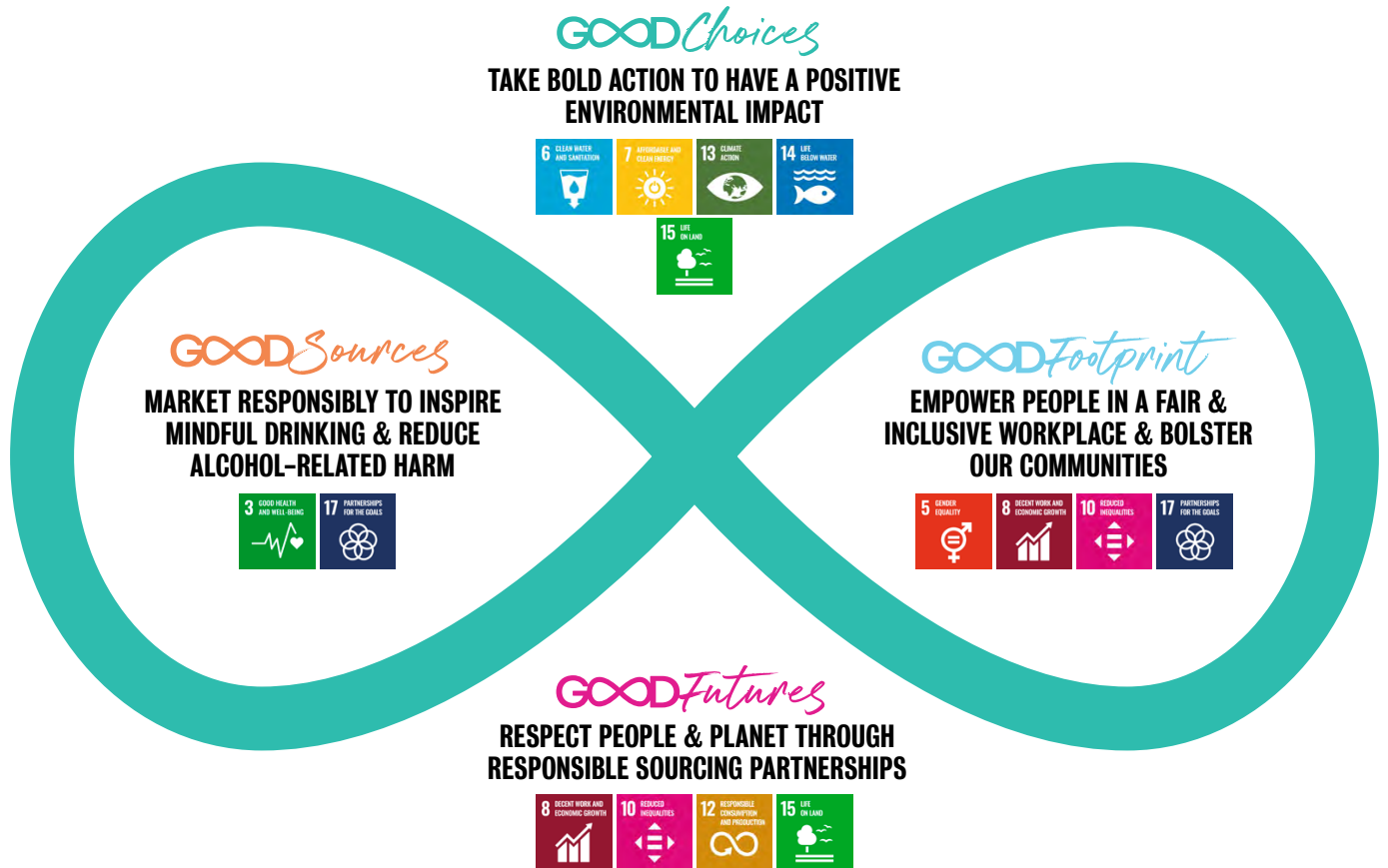


1. INTRODUCTION

On the surface, we're a spirits company with more than 200 brands and labels that make up the Bacardi portfolio. But dig a little deeper and you will find that we are using our position as the world's largest privately-held spirits company to drive positive change around the world.

Our sustainability strategy, which we call *Good Spirited*, is focused on doing the right thing for the long run. As a family-owned business, we care about the impact of what we do not just today but for the next century and beyond. We are committed to operating sustainably – for our people, our consumers, our partners, our brands, and our planet.

In June 2023, we issued our inaugural Green Bond to better align our financing instruments to our corporate sustainability commitments and initiatives via the *Good Spirited* strategy. We view sustainable finance as an enabling force towards progress on our environmental targets and a way to further align our sustainability ambitions with our stakeholders' expectations.










2. INAUGURAL GREEN BOND ISSUANCE WITH 100% PROCEEDS ALLOCATED

On June 6, 2023, we successfully priced a \$400.0 million (mm) five-year tenor debut Green Bond with a fixed coupon rate of 5.250% which resulted in the receipt of net proceeds of \$397.5mm. The net proceeds have been fully allocated to the eligible green project categories in the [Green Financing Framework](#) (Framework) with a two-year look-back period from issuance. The Framework received a Second Party Opinion (SPO) from S&P Global confirming the Framework’s alignment to the International Capital Market Association’s (ICMA) Green Bond Principles (2021) with “Strong” ratings across Use of Proceeds, Process for Project Evaluation and Selection, and Reporting.



Use of Proceeds

The eligible categories for the allocation of net proceeds, as outlined in the Framework, include:

ELIGIBLE GREEN PROJECT CATEGORY	ELIGIBILITY CRITERIA AND EXAMPLE PROJECTS	SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT
Green Buildings	Expenditures related to design, construction, and improvements of facilities such as distilleries, offices, factories, and other Bacardi facilities that have received or are expected to receive third-party sustainability certifications or verification such as: <ul style="list-style-type: none"> • LEED: Gold, Platinum • ENERGY STAR: Certification of 85 or greater • BREEAM: Very good or above • Additional recognized and equivalent certification 	 
Renewable Energy	Expenditures related to the construction, development, acquisition, maintenance, and operation of renewable energy derived from solar, wind and geothermal with direct emissions of less than 100g CO ₂ /kWh as well as energy derived from biogas with emissions less than 80% of fossil fuel equivalents or less than 58g CO ₂ /kWh. Example projects may include: <ul style="list-style-type: none"> • Sourcing expenditures pursuant to long-term (≥ 5 years), project-tied power purchase agreements (PPAs) or virtual power purchase agreements (VPPAs) at distilleries • On-site and off-site production and transmissions of electricity from renewable energy sources, such as solar rooftop panels and Combined Heat & Power (CHP) systems • Investments and costs related to the capture of biogas during wastewater treatment systems to power biomass boilers 	  
Circular Economy and Sustainable Packaging	Expenditures and investments related to reducing, preventing or removing the use of plastics in point-of-sale materials, secondary packaging and products as well as any investments and R&D in increasing the recyclability and reusability of packaging and products including the collection and replacement of glass bottles. Example projects may include: <ul style="list-style-type: none"> • Purchases, directly or via intermediary suppliers, of recycled PET (rPET) and renewable or bio-PET for use in product packaging • Investments and R&D into the use of biopolymers to reduce and/or replace plastics in packaging • Investments in glass recycling and bottling collection programs 	 

<p>Circular Economy and Sustainable Packaging (cont.)</p>	<ul style="list-style-type: none"> • Investments and expenditures related to the research, design, development, or procurement of sustainable packaging materials, such as recycled plastic, paper-based packaging (with third-party certification from the Forest Stewardship Council), recycled paper, compostable materials and reusable packaging • Other initiatives and programs to drive circularity and removal of plastics in product packaging 	
<p>Sustainable Water and Wastewater Management</p>	<p>Expenditures related to reducing water consumption across operations, watershed replenishment, returning water used in operations to its original sources, and onsite and offsite treatment of wastewater that will help Bacardi achieve water positivity across operations by 2030 and ensure more than 100% of the product water in our most water scarce areas will be restored back to the source by 2025. Example projects may include:</p> <ul style="list-style-type: none"> • Investments in water stewardship projects, such as Charco Bendito, which support the replenishment of watersheds in water-stressed communities in which we operate • Direct discharges of treated wastewater to local bodies of water following onsite treatment • Water consumption efficiency projects at all facilities • Investments in wastewater treatment technology at our PATRÓN facility • Investments in R&D for desalination technology in our Puerto Rico locations • Investments in rainwater harvesting and collection processes <p>Example social co-benefits:</p> <ul style="list-style-type: none"> • Our water stewardship projects, like Charco Bendito, serve additional social-impact purposes of replenishing watersheds in high water-stressed areas and providing communities in these areas with access to clean water and water-saving technologies 	 
<p>Energy Efficiency</p>	<p>Investments and expenditures related to equipment, systems and technologies that are designed to reduce energy consumption and GHG emissions and aim to improve the energy efficiency of our facilities by at least 30%, including:</p> <ul style="list-style-type: none"> • Energy efficiency improvements such as HVAC, LED lighting, temperature setpoint reduction, heat recovery systems, vacuum distillation, sub-metering systems, air compressors etc. • Energy management system software to monitor, control, and optimize the performance of the utility distribution and consumption in our manufacturing facilities 	 
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p>	<p>Expenditures related to providing technology and education to growers of key ingredients and procurement of sustainably produced ingredients such as agave, barley, wheat, grapes, sugar cane, and botanicals that meet the criteria of third-party certified labels that help Bacardi achieve its goal of sourcing 100% of key ingredients from sustainably certified suppliers by 2025. Example projects may include:</p> <ul style="list-style-type: none"> • Procurement of Equalitas Certified Asti Must, SAI Certified Alcohol (Wheat), Ecocert Certified Botanicals, Bonsucro/ProTerra Certified Sugar Cane Derivatives • Investments in education and technology centers in Italy, such as Osservatorio Erbe Aromatiche, to support the agriculture and create new perspectives for new generations of farmers of key botanical ingredients for MARTINI® <p>Example social co-benefits:</p> <ul style="list-style-type: none"> • Bacardi works with our suppliers to ensure that the raw ingredients that go into our products are sourced from suppliers that meet the highest standards of labor and human rights, health and safety, environmental, and ethical business practices • Bacardi works with our suppliers and farmers across the globe, promoting employment and more sustainable practices 	

Ineligible categories for the allocation of net proceeds include:

- Activities related to the exploration, production or transportation of fossil fuels (e.g., coal, oil and gas)
- Consumption of fossil fuels for power generation
- Large hydroelectric power generation (e.g., plants with a capacity of greater than 20 megawatts or dams with a height greater than ten meters)
- Activities related to the exploitation of human rights, forced labor, weapons and arms trafficking

Process for Project Evaluation and Selection

Bacardi has established an ESG Finance Committee with the responsibility of governing the selection and monitoring of the Eligible Green Projects. Projects eligible for Bacardi's Green Financing Instruments will be identified by representatives from the ESG Finance Committee using the following Eligibility Criteria:

- The projects are aligned with Bacardi's ESG Strategy and *Good Spirited* four priority areas
- The projects have been identified as a result of the environmental and social risk assessment process and have been reviewed by our SCLT (Supply Chain Leadership Team) and GLT (Global Leadership Team)
- The projects are new and/or have not been completed more than 24 months prior to the issuance of Green Financing Instruments
- The projects provide measurable and quantifiable environmental impact
- The projects fall within one of the selected Eligible Green Project Categories
- The projects do not meet any of the exclusionary criteria and will strive to achieve positive environmental impact

Management of Proceeds

Bacardi's Finance and Treasury department will manage the allocation of an amount equivalent to the net proceeds of its Green Financing Instruments to expenditures related to Eligible Green Projects. Prior to allocation, expenditures related to Eligible Green Projects will be tracked internally by the ESG Finance Committee via an enterprise resource planning system. Bacardi commits to achieve a level of allocation to the Eligible Green Project Portfolio that matches or exceeds the balance of net proceeds of its outstanding Green Financing Instruments within 36 months of issuance of each Green Financing Instrument.

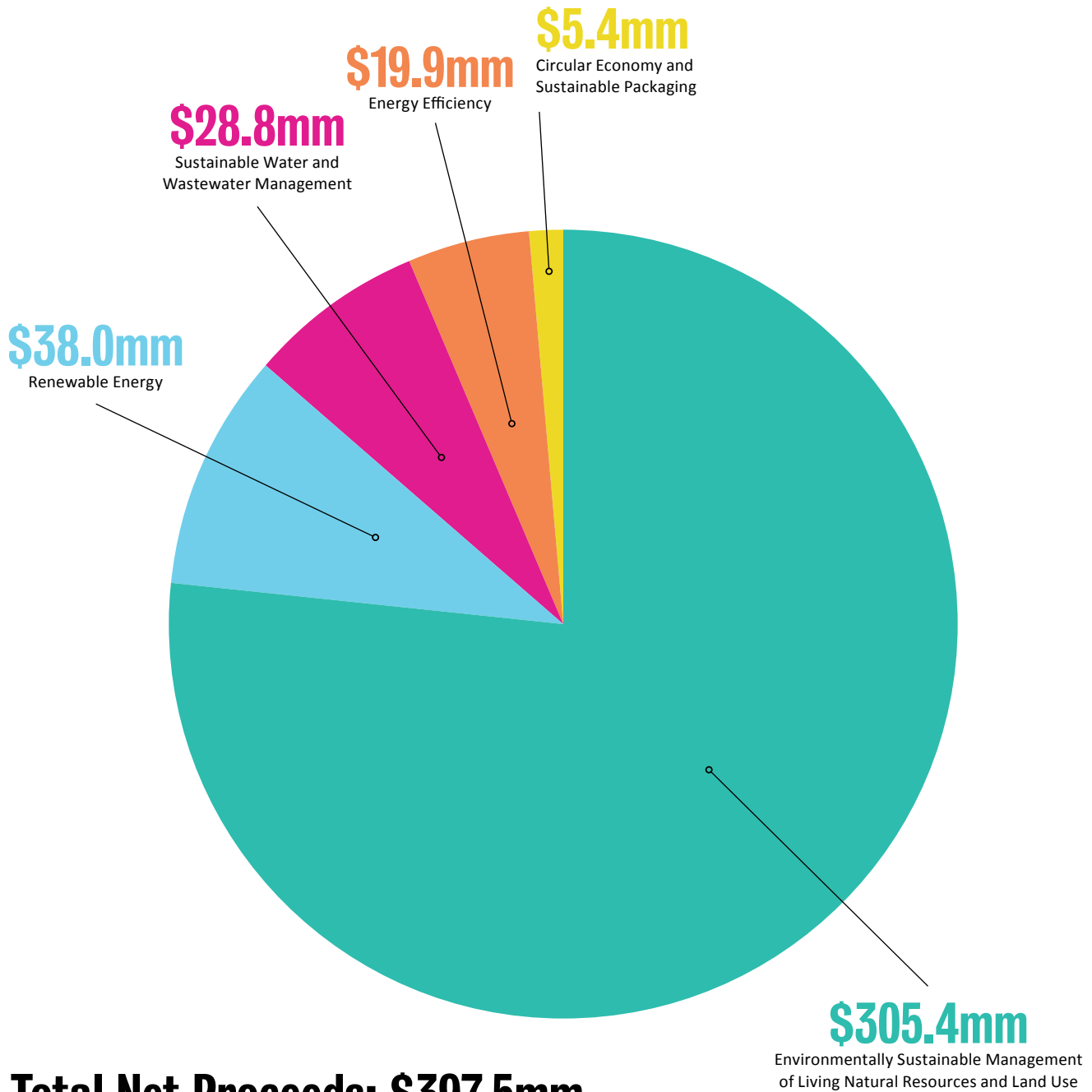
Reporting

Annually, until the full allocation of the net proceeds of its Green Financing Instruments, and on a timely basis in case of material developments, Bacardi commits to publish a report on the impact and allocation of proceeds that will be made publicly available on the Company's website. Where feasible, Bacardi will adopt the recommendations in the ICMA Harmonized Framework for Impact Reporting (June 2022).



3. ALLOCATION OF NET PROCEEDS

The spend has been allocated to the financing and refinancing of Eligible Green Projects in the following Eligible Green Project Categories outlined in the Framework from the beginning of the look-back period, starting two years prior to the date of issuance on June 6, 2023, to March 31, 2024.



4. CASE STUDIES

Environmentally Sustainable Management of Living Natural Resources and Land Use

Raw material purchases (\$305.4mm): At Bacardi, we recognize that our impacts on people and the planet go well beyond our direct operations. Our supply chain is a significant contributor to our environmental and social footprint, and we are dedicated to increasing engagement with our upstream and downstream partners. We have a target to fully source key raw materials from certified suppliers by the year 2025; approximately 77% of the green bond proceeds were allocated to advancing against this target, enabling us to source approximately 88% of our key raw materials at the end of Fiscal Year 2024 (FY24) from certified suppliers. Our primary progress to date has been on agave, grapes, wheat, sugarcane derivatives and botanicals through certifications such as Bonsucro, Equalitas, GLOBALG.A.P. and SAI. We will be focusing on further engagement with our suppliers to close the remaining gap.



Renewable Energy

Solar Panel Installations at Bacardi Global Headquarters (\$650k):

In October 2023, the Bacardi global headquarters in Hamilton, Bermuda, celebrated the culmination of a renovated rooftop, proudly showcasing 444 individual solar panels, each measuring 3 feet by 7 feet, with a collective wattage of 224 kilowatt (kW) direct current. In combination with the installation of a highly efficient chiller unit and LED lighting (Energy Efficiency Green Project Category), we reduced daily electricity consumption at the site by approximately 59% (based on kWh per day from March 2020 to 2024). We are proud to bring our commitment to sustainability to life through this important investment at our global headquarters in Bermuda.



Solar Panel Installations at Bacardi India (\$163k): In July 2022, Bacardi Nanjangud, India installed 300 kW-generating rooftop solar panels. This has resulted in approximately 55% of the Nanjangud facility's energy needs being sourced from solar panels in FY24.

Renewable Energy Power Purchase Agreements (\$10.5mm): In terms of Renewable Energy operating expenses, we have a 20-year contract (2014-2034) with Balcas Energy who, through the structure of a Heat Sale Agreement, leases their boiler and provides us with wood pellets for our operations at the Royal Brackla and Aberfeldy distilleries in the United Kingdom. The use of biomass at these distilleries allowed for a transition away from Heavy Fuel Oil (HFO) with biomass covering approximately 83% of the sites' heat requirements.

Sustainable Water and Wastewater Management

Water replenishment in our communities (\$891k): In pursuit of our goal of water positivity across all operations by 2030, we are working with local partners to replenish water back to the source and promote water stewardship at all our sites. The collaborative replenishment work began with our partnership with the Beverage Industry Environmental Roundtable (BIER) as part of a team that launched an initiative to address the shared water challenges in Tlajomulco de Zúñiga, Mexico. This first-of-its-kind watershed collaboration brings together global leaders in the beverage industry to advance the sector’s environmental sustainability targets. The initiative is called the Charco Bendito Project and is focused on the Santiago River Watershed. Together with industry partners, we are helping to route clean water to surrounding communities where there is none by introducing a hydraulic watershed. The scope of the project includes the restoration and conservation of land integral to the region’s water quality and quantity, planting native vegetation to increase groundwater levels and reduce soil loss, improving water infrastructure, and increasing awareness about the importance of water to healthy communities. Since the project’s inception in 2020, 78.6 million liters of water have been replenished to the local watershed based on our contribution alone.



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In 2023, we continued our work in Mexico while expanding our efforts geographically to support water basin restoration in India. We partnered with a local NGO, “That’s Eco Foundation”, to restore 11 acres of the Arasanakere Lake in the Mysore district of Nanjangud, close to the Bacardi Nanjangud facility. Over the years, the lake had suffered from an accumulation of silt, an absence of proper treatment and misuse of feeder drains which adversely affected the entire ecosystem, rendering the lake lifeless with no water-holding capacity. The lake was restored through the following methods: de-weeding and jungle removal; excavation of silt; bund strengthening; inlets reconditioning; silt trap construction; and ecosystem restoration through the removal of invasive species of trees and shrubs.



PATRÓN® Wastewater Treatment (\$13.5mm): In October 2023, we began operating a biodigester as part of the new wastewater treatment system in our PATRÓN® tequila facility. One of the benefits of this technology is the generation of biogas, a renewable fuel to generate steam for cooking and distillation in tequila production. This is expected to reduce carbon emissions associated with PATRÓN® production by up to 13% by FY26 (vs. FY23) through the replacement of non-renewable natural gas with biogas.

Energy Efficiency

Combined Heat and Power in Puerto Rico (\$17.4mm): In October 2023, we inaugurated our CHP (Combined Heat and Power) project at Casa BACARDÍ® a.k.a 'The Cathedral of Rum', our rum distillery in Cataño, Puerto Rico. By transitioning from oil to gas, we anticipate reducing the Puerto Rico production site's GHG emissions (Scopes 1 and 2) by approximately 50% once CHP is fully optimized by the end of FY25 (vs. FY23).

Installation of smart energy meters (\$515k): As of January 2024, we installed 59 energy smart meters and 70 water smart meters (\$251k - Sustainable Water and Wastewater Management Green Project Category) across our sites in Jacksonville, Florida; Cataño, Puerto Rico; Louisville, Kentucky; and Atotonilco, Mexico. Since their installation, we are able to identify which areas of production are less efficient and consequently target them for process improvement. We estimate these identified opportunities will reduce our energy and water consumption by approximately 3%. Additionally, switching to smart meters has automated our data collection process, making our reporting process more efficient and minimizing opportunities for error.

Hydrogen bottle trial (\$155k): In 2023, we trialed the production of 150,000 70cl ST-GERMAIN® glass bottles through a hydrogen-fueled furnace. By using a fuel composed of at least 60% hydrogen, we were able to reduce the total carbon footprint of production by approximately 10% compared to production without using hydrogen.

Circular Economy and Sustainable Packaging

ecoSPIRITS pilot with Carnival Cruise Line (\$40k): In 2023, we launched a pilot to introduce closed-loop packaging to the cruise industry, through a collaboration with Carnival Cruise Line ships and ecoSPIRITS, an innovative circular economy technology company. The three-month long pilot was conducted to determine if re-usable containers – the ecoTOTE™ 3.0SC Cruise Edition, specifically developed by ecoSPIRITS for the maritime environment – could be used to serve BACARDÍ® rum on Carnival Cruise Line ships. The concept was tested on three ships operating from Miami: Carnival Celebration, Carnival Horizon and Carnival Sunrise. In addition to reducing packaging waste, the initiative also resulted in GHG emissions reduction.



5. REPORT OF INDEPENDENT ACCOUNTANTS



Report of Independent Accountants

To the Management of Bacardi Limited

We have examined the accompanying management assertion of Bacardi Limited that an amount equal to the net proceeds of \$397.5 million from the June 6, 2023 issuance of the \$400 million 5.250% Notes due 2029 were allocated to finance or refinance new or existing Eligible Green Projects, during the period from June 6, 2021 to March 31, 2024, in accordance with the Eligibility Criteria defined in management's assertion. Bacardi Limited's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Only the information included in the management assertion of Bacardi Limited on page 10 is part of our examination engagement. The other information in this *Bacardi Limited Green Bond Report 2024* has not been subjected to the procedures applied in our examination engagement, and accordingly, we make no comment as to its completeness and accuracy and do not express an opinion or provide any assurance on such information.

In our opinion, management's assertion is fairly stated, in all material respects.

PricewaterhouseCoopers LLP

Miami, Florida
August 9, 2024

6. MANAGEMENT ASSERTION

Management of Bacardi Limited (Bacardi) is responsible for the accuracy and validity of this management assertion. Management asserts that an amount equal to the net proceeds of \$397.5 million from the June 6, 2023 issuance of the \$400 million 5.250% Notes due 2029 were allocated to finance or refinance new or existing Eligible Green Projects, during the period from June 6, 2021 to March 31, 2024, in accordance with the Eligibility Criteria described below.

ELIGIBLE GREEN PROJECT CATEGORY	ELIGIBLE GREEN PROJECTS AND ELIGIBILITY CRITERIA	NET PROCEEDS
Environmentally Sustainable Management of Living Natural Resources and Land Use	Expenditures related to the procurement of sustainably produced grapes and sugarcane that met the standards published by Equalitas (grapes) and Bonsucro (sugarcane). Ingredients were determined to be sustainably produced based on Equalitas and Bonsucro certifications, which were active at the time of the spend, received by the supplier of the ingredient.	\$305.4mm
Renewable Energy	Expenditures related to the: <ul style="list-style-type: none"> • Heat Sale Agreement whereby Bacardi leases boilers which are designed to provide energy through the burning of wood pellets as a replacement to heavy fuel oil • Construction, development, acquisition, maintenance, and operation of solar panels at the Bacardi global headquarter and Nanjangud facility in India • Acquisition of renewable energy that was used at various Bacardi sites 	\$38.0mm
Sustainable Water and Wastewater Management	Expenditures related to the: <ul style="list-style-type: none"> • Procurement and installation of a biodigester that is designed to perform onsite treatment of wastewater at the PATRÓN® tequila facility • Procurement and installation of smart water meters at various sites • Completion of restoration activities which aim to replenish water for local community use as part of the Charco Bendito Project 	\$28.8mm
Energy Efficiency	Expenditures related to the: <ul style="list-style-type: none"> • Procurement and installation of smart energy meters at various sites • Combined Heat and Power (CHP) project at the Casa BACARDÍ rum distillery in Cataño, Puerto Rico which involved installing new equipment which is designed to use gas versus oil to generate electricity • Procurement and installation of a chiller which is designed to improve energy consumption efficiency at our Bacardi global headquarters 	\$19.9mm
Circular Economy and Sustainable Packaging	Expenditures related to research and development and investments in the use of returnable and re-usable packaging for circular economy: <ul style="list-style-type: none"> • Pilot testing with Carnival Cruise Line to introduce re-usable containers to serve BACARDÍ® rum on Carnival Cruise Line ships • Returnable bottle program in India, where Bacardi has partnered with a bottle collection agency that gathers used bottles, then washes, cleans, and de-labels them, allowing them to be repurposed in the bottling of various local products 	\$5.4mm
TOTAL NET PROCEEDS		\$397.5mm