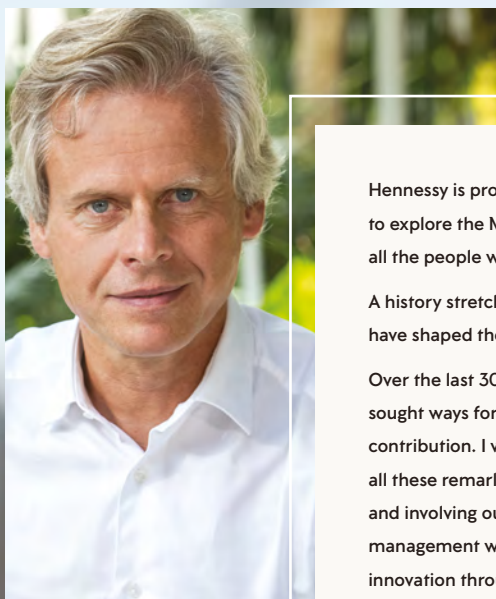




SUSTAINABLE
DEVELOPMENT
REPORT
2020 – 2021



Hennessy is proud to publish its first Sustainable Development report, a valuable tool to explore the Maison and everything that constitutes it, from vine to bottle, and meet all the people who are bringing about its transformation.

A history stretching back more than 250 years and a tradition of embracing the future have shaped the spirit of our Maison and our search for excellence.

Over the last 30 years, the women and men of Maison Hennessy have constantly sought ways forward to reduce our environmental impact and enhance our societal contribution. I would like to take this opportunity to thank them and pay tribute to all these remarkable initiatives, ranging from sustainable viticulture good practices and involving our partners in our research to combining rigorous energy consumption management with developing our activity. Other initiatives include renewable energy innovation through the use of biogas in our distilleries; transition to greener transport and our inspirational sail-powered cargo ship project, as well as all the local solidarity actions attesting to our strong attachment to our home region of Cognac. With the aim of amplifying these actions and stepping up our commitments I felt it was time to create a Sustainable Development Department within the Management Committee of the Maison.

2020 also saw the launch of our commitment to protect forests, which not only contribute to the excellence of our products but are also home to 80% of terrestrial biodiversity. They also help to regenerate soils, mitigate the effects of climate disruption and promote harmonious community development. Both in Cognac, where our vineyards are located, and worldwide, we have made a 10-year commitment to preserving and regenerating forest ecosystems.

The other high point of the year was the meticulous crafting of our Raison d'Être. Much like a constitution, its principles define Hennessy's core values and ethos, and lay down the broad lines of the company we want to become in the future. It clarifies what we believe in and what we stand for, collectively. It is intended to act as a compass in guiding our actions. It commits us to cultivating the best for a more sustainable world.

Enjoy reading the report!

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Because when you have
come such a long way,
why wouldn't you seek to go
still further tomorrow?

Because we have come such a long way down through history, following on from all the generations that preceded us.

And for over 250 years men and women have been harvesting, distilling and exporting Maison Hennessy cognacs to the four corners of the world.

Because our tasting committee has welcomed its 8th generation of Master Blenders, who have orally handed down their invaluable knowledge from time immemorial.

Because we have come such a long way, cultivating this Jurassic landscape.

And for hundreds of millions of years, this land has been constituted, nurtured and transformed to form the distinctive ochre, clay-limestone, stony soils of the Cognac region.

And still its natural ecosystems and biodiversity continue to nourish and regenerate, season upon season.

Because we have come such a long way, from the point of view of the people who discover our brandies. With just a sip of one of our brandies, a host of diverse and distant communities can forge an emotional bond with our land and our know-how - and with the taste of an age-old art of living..

And from this small area of land, we radiate the same sublime emotion over and over again, in every continent, country or place where people enjoy our cognacs.

Our Raison d’Être

Over the generations, we have excelled in creating exceptional cognacs, resulting from a unique encounter of nature and human talent, that are served all over the world.

Our pioneering spirit still drives us to invest in the future by cultivating the best.

In line with our relentless focus on excellence, we are committed to:

- 1 Integrate the preservation of the earth and the climate in all our decision-making processes,
- 2 Innovate ceaselessly without failing to transmit the essential,
- 3 Bring on board talents in our collective adventure,
- 4 Share a deeply meaningful taste experience,
- 5 Reach out to all cultures around the world.



Our sustainable development strategy

Our Maison is united in a **collective journey that has already come a long way** - and our horizon stretches far into the future. Our 30-year-old commitment and our teams' desire to take positive action are reflected in the 3 pillars of our responsibility policy. We have set ourselves the target of achieving the relevant goals for our ambitions by 2030.



VITICULTURE & LIVING SOILS



AMBITION

TO BECOME A REFERENCE FOR VIRTUOUS PRACTICES IN THE WINE INDUSTRY & TO REGENERATE **50,000** HECTARES OF FOREST.

- COMMITMENTS
- 1

REDUCE CHEMICAL INPUTS

100% of our partners CEC certified by 2025
- 2

FOSTER BIODIVERSITY & AGROFORESTRY

1,000 km of hedgerows planted in Charente
- 3

REGENERATE FORESTS

50,000 hectares of regenerated forests around the world



PRODUCTION & CLIMATE



AMBITION

TO BE IN LINE WITH THE 1.5° TRAJECTORY THROUGH **A 50% REDUCTION** IN OUR EMISSIONS COMPARED TO 2019*.

- COMMITMENTS
- 1

REDUCE ENERGY CONSUMPTION

100% renewable energy by 2023
- 2

PROMOTE CLEAN TRANSPORT

<0.5% air transport and ground-breaking low carbon transport
- 3

ECO-DESIGN PACKAGING AND POSM

100% of new products to be eco-designed by 2028
- 4

GO FOR GREATER TRANSPARENCY

Launch of digital platform in 2022



SOCIETY & COMMITMENTS



AMBITION

MAKE HENNESSY A REAL **LABORATORY** FOR SOCIAL INNOVATION

- COMMITMENTS
- 1

PROMOTE EQUALITY, DIVERSITY AND INCLUSION
- 2

SUPPORT LOCAL COMMUNITIES:

both in Cognac and internationally
- 3

ENCOURAGE RESPONSIBLE CONSUMPTION

*For scopes 1, 2 and 3.



Over to...

SANDRINE SOMMER, SUSTAINABLE DEVELOPMENT DIRECTOR, HENNESSY & MOËT HENNESSY

« I discovered the Maison's pioneering spirit in action in the areas of ecological and social transition.

When I first joined the company, I was impressed by the wealth of existing actions, but above all by the engagement, motivation and energy of our teams:

I discovered the Maison's famous pioneering spirit in action in the areas of ecological and social transition.

My mission is to build on all these environmental, social and societal initiatives, to structure them into a global, coherent approach; and to set out a roadmap with ambitious objectives for 2030. This programme is in line with the LVMH LIFE 360 environmental initiative.

Having the privilege of driving sustainable development for both Hennessy and Moët Hennessy (the Wines & Spirits division of LVMH) makes me realise all the more how effective our ambitious commitments for Hennessy will be in allowing us to lead the way and foster positive emulation throughout our business. ■

LIFE 360, THE LVMH ENVIRONMENTAL INITIATIVE

"An new alliance of Nature and Creativity"

Featuring a series of strategic action plans, LIFE 360 becomes the new environmental performance roadmap for the LVMH Group for the coming ten years, organized around the following 4 pillars: creative circularity, traceability, biodiversity and the climate.

Our key dates

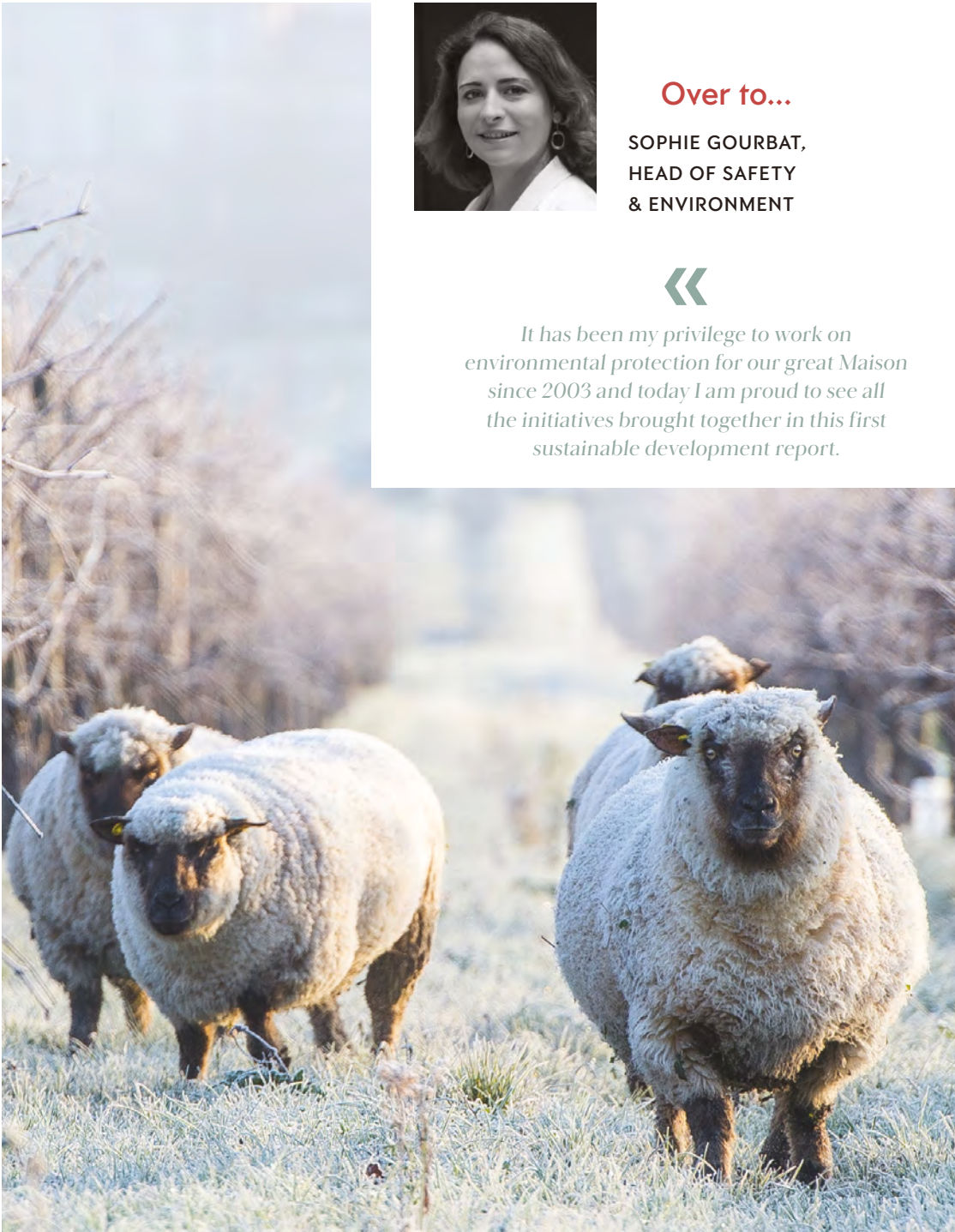


Over to...

SOPHIE GOURBAT,
HEAD OF SAFETY
& ENVIRONMENT



It has been my privilege to work on environmental protection for our great Maison since 2003 and today I am proud to see all the initiatives brought together in this first sustainable development report.





Viticulture & Living soils

Our ambition:

Be a reference for virtuous practices within the wine industry and regenerate 50,000 hectares of forests around the world.

The quality of our cognacs is directly related to the quality of our grapes and vines as well as the land on which they are grown.

Through transforming our practices, we know we are helping to maintain natural soil fertility and resilience, which is absolutely essential to counter the effects of climate change.

All of our initiatives are focussed on this aim: using appropriate environmental certifications for viticulture as a basis to reduce our impact, keeping chemical substances to a minimum, seeking alternative, natural solutions and even experimenting with agroforestry to promote biodiversity.

As soils are naturally interconnected, these measures can only have a significant impact if we act collectively with all of our wine-grower partners. This is the purpose of our work with them: a common aspiration to cultivate the future and pass on healthy soils to future generations.

Results & objectives

RESULTS FOR OUR VINEYARDS

- **180 HVE (High Environmental Value) and CEC (Cognac Environmental Certification) certified pilot hectares** in 2018, 100% confined spraying and HVE since 2016, Dephy network reference vineyard since 2011
- **Over 25% of the net usable area is taken up by agro-ecological infrastructure** including 685 m of hedgerows
- **Land left fallow** while awaiting replanting: between 10 and 15 hectares each year
- **Widespread use** of plant cover
- **30 sheep** eco-grazing over an area of 7 hectares

OBJECTIVES

2021

Agroforestry project in our vineyards. 5,300 individual trees and shrubs of about 30 different species planted in **hedgerows for a total length of over 4 kilometres**, and **spread over a 60-hectare** area of vines

Our Hennessy vineyard is **herbicide-free**

2030

Planting of **500 kilometres of hedgerows** by 2025 in the Cognac AOC area and 1,000 kilometres by 2030

Regeneration of 50,000 hectares of forests in France and internationally

Sustainable viticulture

For more than 30 years, Hennessy teams have been seeking to reduce the environmental impact of viticulture. Cognac & HVE Environmental Certification was designed to include specific requirements for our vineyard. The process involves long, complex administrative procedures and we therefore wished to put our own experience to good use by assisting our wine-grower partners in obtaining their certification. At the same time, the Maison launched the "Cap 0 herbicide" project, co-built with 16 Cognac AOC wine-growers, with the objective of banning the use of chemical herbicides across the 33,000 hectares from which the Maison's supplies are sourced. Our target is to achieve a significant overall reduction in phytosanitary inputs.

SUSTAINABLE VITICULTURE AND COGNAC ENVIRONMENTAL CERTIFICATION (CEC)

Sustainable viticulture encompasses a whole range of essential practices for the preservation of soil, water, air, energy and biodiversity, as well as for maintenance and landscape enhancement.

The CEC was launched in 2016 by the wine-growers and Cognac Houses belonging to the BNIC* interprofessional organisation. Giving concrete form to the Cognac region's sustainable viticulture policy, it aims to ensure that wine-growers are actively involved in adapting to climate change and new societal challenges, including respect for the environment, the local area and the health of consumers. It is based on a framework of compliance with regulatory standards (phytosanitary room, washing platform, treatment of organic and phytosanitary effluents) and virtuous practices (fertilization, vineyard protection and biodiversity).



Over to...

FLORENT MORILLON,
DIRECTOR OF INSTITUTIONAL
AFFAIRS

« Sustainable viticulture is the only strategy that can keep the sector viable in the long term.

The evolution of our organization chart shows the increasingly strategic importance given to sustainable viticulture. The Upstream Department, which I headed until 2020, has been split into two: a Sales Department and a Vines & Wines Department, specifically responsible for sustainable viticulture.

Personally, I work inter-professionally to lead the entire industry towards more sustainable viticulture methods, which alone can ensure the long-term viability of the sector. This is how we succeeded in getting all the Cognac wine-growers on board to commit to achieving Cognac Environmental Certification by 2030. Whilst we obtained this certification in 2018, other wine-growers are not all at the same stage in their methods. But everyone is aware of the issues. As a leader, our role is to be exemplary and our mission is to be at the forefront of change. ■



Adapting and transforming our production model is a major issue for sustainability and transmitting our vines to future generations

For 2021, you set yourselves a "0 herbicide" objective for your vineyards. How are you going about achieving this?

This objective features in the Ecophyto plan to reduce plant protection inputs by 50%. We joined the scheme in 2011 when we integrated the Dephy farm network.

It all started with the use of confined spraying in 2012, which reduced the need for vine protection products by 30 to 40%.

We then tested and adopted natural alternatives such as mating disruption and biocontrol products. Finally, in 2018, we decided to take the next step which was to completely eliminate the use of



2 questions to...

MATHILDE BOISSEAU, DIRECTOR OF VINE AND WINE

herbicides. A three-year transition period combined two approaches:

1. Technological innovation: in partnership with Naïo Technologies, a specialist in agricultural robots, we developed TED, a straddle robot for the mechanical weeding of vines.

2. New viticulture practices: we experimented with grassing techniques between rows and different types of ground cover.

We reached our "0 herbicide" objective this year, in 2021. We are nevertheless continuing our efforts and experiments.

Now that the experiments have been completed, what support do you give your wine-grower partners to put theory into practice?

We offer them both individual and collective support, which comes in three forms.

1. Within the framework of the Cognac/HVE environmental certification, we finance collective support from

registered facilitators such as chambers of agriculture and various other partners, as well as the cost of certification. We also provide them with IT tools. For wine-growers located in priority areas, we cover part of the preliminary diagnostics for upgrading effluent management.

2. From a technical point of view, our local advisors are available to respond personally to wine-growers' queries or put them in touch with relevant experts. Various forums, thematic working groups and equipment demonstrations are also organised at our vineyards.

3. We organise regular technical meetings and distribute a monthly newsletter. Our reference guide to sustainable viticulture and technical factsheets are also available. We also offer targeted training on standards and good rinsing practices, and the collection and treatment of organic and phytosanitary effluents. ■

KEY INFORMATION

- 1,600 wine-grower partners covering a certified area of 33,000 hectares
- A 180-hectare Hennessy-owned vineyard (SODEPA) certified High Environmental Value Certification level 3, option A (HVE3) in 2016, and CEC (Cognac Environmental Certification) in 2018Cognac (CEC)

COMMITMENTS

- 2021: 100% of Hennessy partners to be engaged in a CEC certification process
- 2025: 100% of Hennessy partners to be CEC certified
- 2028: All Hennessy partners to be herbicide-free
- 2030 – BNIC objective: 100% of Cognac AOC wine growers to be CEC certified

MODEL

- 2012 Launch of **confined spraying**
- 2015 **Banning** of blanket use of weedkillers (Hennessy contract)
- 2016 **100% of Hennessy vines** are treated by confined spraying

*National Interprofessional Cognac Bureau

Measures to encourage biodiversity

Convinced of the need to go beyond the CEC standard to protect soils and improve fertility, we have committed to several biodiversity programmes. These projects, which aim to enhance our plant heritage, landscapes and soils, also help to forge strong links between wine-growers and their local area. This policy is applied through three main actions.



Our projects to encourage biodiversity in our vineyards

Ensuring that soil can breathe is an essential principle for promoting the development of biodiversity. For this reason, we are experimenting with sowing flowers over several hectares of land left fallow after vines have been uprooted. The use of plant cover with species such as oats, clover, alfalfa or mustard also significantly improves soil structure and biological activity. In another measure to promote biodiversity, in 2020 the Maison Hennessy launched eco-grazing in its vineyards: two flocks of Shropshire sheep and Ouessant ewes can be seen roaming among the rows of vines until spring. This ecological maintenance technique helps to preserve and develop biodiversity and soil life.

Encouraging biodiversity at all our sites and throughout the region

In the area that links our Haut Bagnolet and Bas Bagnolet sites, we have launched a 1.6-hectare reforestation programme. We have also begun planting the first Hennessy micro-forest in Pré Dinât, which has a much greater diversity of species than a typical forest. We have also initiated a large-scale, 5-year sponsorship programme with the French National Office of Forests to carry out the maintenance of 5 hectares of the Braconne forest each year. In 2020, we launched a wine agroforestry project aimed at restoring ecological corridors between various pockets of biodiversity. This involved planting hedges over a 60-hectare area of vines. We have also planted hedgerows along roadsides, around houses and plots of land, and interspersed between islets of vines.

Participating in international forest regeneration

Maison Hennessy has a particularly strong commitment to forests. The roots of this go back a long way as the Maison has a special relationship with oakwood, a key «element» in the manufacturing process of cognac. In 2020, the Maison decided to deepen its commitment to forest regeneration in partnership with Reforest'Action. Together, we aim to participate in reforestation projects where appropriate in those areas where we operate. In 2021, a series of large-scale projects are due to kick off in Kenya, South Africa, Nigeria, Inner Mongolia in China, and Oregon, USA. Convinced of the need for collective action to bring about significant change, Laurent Boillot has spearheaded the creation of Imagine, a movement which aims to reach out to businesswomen and men and encourage them to finance the preservation or regeneration of forests on a huge scale.

KEY INFORMATION – PROJECTS TO ENCOURAGE BIODIVERSITY IN OUR VINEYARDS
<ul style="list-style-type: none">• 12% of vineyards are laid fallow• 70% of vineyards are grassed
AGROFORESTRY PROJECT OBJECTIVES
<ul style="list-style-type: none">• A 60-hectare islet of vines• Over 4,000 metres of hedgerows and landscaped alleys• Over 5,300 new individual plants
IN PROGRESS – OUR OTHER PROGRAMMES
<ul style="list-style-type: none">• Biodiversity and bioclimatic study of hedge replanting• + 25% of net surface given over to agro-ecological infrastructures: hedges, wildflower-sown fallow land, trees, etc.• 25 hectares of the Braconne forest to be regenerated by 2025 in partnership with the ONF• 580 sq m of new forest created with the Pré Dinât micro-forest

OUR COMMITMENT TO RESEARCH

As a leading producer in our local area, we believe our role is to encourage all local wine-growers to move towards increasingly virtuous practices. With this aim in view, we are using our La Bataille vineyard as a pilot site to experiment techniques to support our wine-grower partners.

We are working on several research programmes:

- GTD Free Chair: research on the main diseases affecting wood which lead to loss of production in Charente. This is an ambitious research programme in partnership with the INRAE in Bordeaux involving a team of 25 researchers who are seeking to understand the biological mechanisms of fungi responsible for wood disease. They are also studying the influence of cultural practices, such as vine pruning.
- Study on how grape varieties adapt to climate change: partnership with the INRAE in Bordeaux and funding of a



WHY AGROFORESTRY?

Equating production with environmental protection, agroforestry increases and enriches the native biodiversity of our vineyards. The system enhances soil biodiversity by encouraging aeration, drainage, microbial life, earthworms and microfauna, all of which are beneficial to soil as they provide it with essential nutrients. A range of parameters are being studied such as the effects of shade and windbreak. Agroforestry also contributes to carbon capture and storage, which enriches the humus in soils with organic matter. It promotes avian biodiversity by providing shelter for birds. Finally, it contributes to the overall improvement of our landscapes by returning to traditional varied configurations, and serves as refuge for functional biodiversity.

doctoral thesis focussed on determining the capacities of different grape varieties to adapt to drought conditions.

- Study on new grape varieties: in collaboration with the BNIC, the Maison is testing new, more resistant varieties based on wild, naturally-occurring vines with the aim of reducing the use of phytosanitary products.

HENNESSY'S COMMITMENT TO FOREST REGENERATION



«
We demand very high standards when we select the wood for our casks.

Over to...

BENOIT GINDRAUD,
EXPERT IN BRANDY QUALITY,
MATURATION AND COOPERAGE

Hennessy's reserve of over 500,000 oak casks of cognac brandies is the largest of its kind in the world. The casks are kept for as long as possible (sometimes up to 50 years), for as long as they continue to enhance the ageing process of our brandies.

Each year, the Maison requires around 30,000 casks, or the equivalent of 560 hectares of oak forest. Trees are

harvested individually to avoid clear-cutting as much as possible. This forestry technique ensures natural regeneration by means of gaps in the canopy. We demand very high standards when we select the wood for our casks. We use exclusively French oakwood, of the Limousin type, sourced from sustainably managed forests.

Hennessy owns a 456-hectare oak forest located 40 km from Bourges, which was one of the very first to be labelled PEFC in France. ■*



LAURENT BOILLOT,
PRESIDENT AND CEO,
HENNESSY

Parallel Perspectives

STÉPHANE HALLAIRE,
PRESIDENT,
REFOREST'ACTION



What connects Hennessy to forests?

L.B. "The Maison has a profound connection to forests. First, during the all-essential aging phase, it is the coming-together of the oak of the casks and the brandy that gives our cognacs their unique taste. To guarantee wood resources and our annual supply of 30,000 casks, we are investing in sustainable forest management. For 50 years, the Maison has also been the owner of a forest, and the responsible management and varied biodiversity of this area are a key part of our sustainable development

policy. Forests are the richest ecosystem for biodiversity: they provide protection and nourishment for birds, insects and small animals, while contributing to soil fertility and to the overall ecological balance of the surrounding area."

SH: "In view of the fact that the greatest cognac vintages derive their delicate and rounded taste from the wood of Charentais oak casks, the project entrusted to us by the Maison to plant a micro- forest of 4,500 trees, with a diversity of species that includes a majority of oaks, at its Bagnolet site in Charente, is particularly appropriate."

Why have you chosen to regenerate forests elsewhere than in France?

L.B. «Hennessy is remarkable in that it is enjoyed all over the world. It therefore seemed logical that the Maison's actions should extend to other countries with which it has a connection. We are committed to preserving natural resources and protecting the environment worldwide. Climate change and biodiversity loss are global issues; all our markets are affected. In developing countries, forests create jobs and provide a whole range of services to local inhabitants; a well-tended forest provides oxygen, water,

wood, energy, food, and income. It is our responsibility as an international economic player to help guarantee their future for the generations to come."

S.H. "This year, our first project was in Kenya, where the Maison is very well-established. Alongside our local partner, Trees for Kenya, Hennessy financed the reforestation of a part of the Mount Kenya forest reserve (250,000 trees of various species). The objective is to contribute to the restoration of Mount Kenya National Park, and to help create forest gardens that will enable local communities to protect their crops, diversify their sources of income and provide schooling for younger members of the community. The Maison's 10-year commitment will enable it to invest in a range of projects in all the regions of the world where it operates. This long-term commitment will allow the Maison to ensure the viability and sustainability of projects and have a truly significant impact."

What is the concrete outcome of this responsibility?

LB: "In line with my commitment to forest regeneration, I discovered a newly-published study by Thomas Crowther according to which adding 1 billion hectares of forest cover to the planet over an available area the size of United States could bring about a 25% reduction in the level of CO2 in the atmosphere. I thought there was

something to be done here and approached Reforest'Action to create the Imagine movement."

S.H. "When I first met Laurent Boillot we immediately talked about forests. I discovered he was very knowledgeable and keen to take action. He needed an expert partner both to connect to real-life needs on the ground and to further his understanding of the subject. I then presented the Reforest'Action model, which connects funding to project leaders and guarantees the seriousness and quality of projects. Since our creation in 2010, we have done more than just plant trees, we have worked more globally on the regeneration of forests and preservation of biodiversity worldwide."

Why did you create a movement?

L.B. "Adding another 1 billion hectares of forest to the planet requires funding of around 3 trillion euros. Only a coalition of players can succeed in raising such a huge amount. So I decided to create a new, agile framework for bringing people on board that is neither an association nor a foundation, but a movement that brings together various parties who really want to take action. We pool the benefits of funded projects based on the indicators contained in the rigorous specifications of Reforest'Action. This provides us with a global way to observe and measure progress."



S.H. "Yes, whenever we restore forests or create new ones, our specifications set out precise criteria to ensure that the forests contain a diversity of species, preserve biodiversity and provide services for local communities. Species-rich forests have the great advantage of being more resilient to natural hazards and future climate phenomena. They also provide more ecosystem services than single-species forests. Apart from technical and financial assistance, we carry out the long-term monitoring of forests. This is very important."

ONGOING PROJECTS IN FRANCE:

- 580 sq m of micro-forests in Pré Dinât
- ONF partnership for the regeneration of the La Braconne forest: 25 hectares with 27,055 oak trees planted over 5 years

ONGOING PROJECTS IN KENYA:

- Reforestation of 400 hectares of the Mount Kenya forest reserve, i.e., 250,000 trees (various species)

2030 OBJECTIVES

- 50,000 hectares of forests restored or regenerated
- These projects will generate a positive impact on the living conditions of several thousand people in local communities.

*Programme for the Endorsement of Forest Certification



Production & Climate

Our ambition
Reduce our carbon emissions by 50% by 2030* (versus 2019) and offset our residual emissions

In 2002, Maison Hennessy began participating in the creation of a carbon reporting method with ADEME and since then our teams have been constantly striving to reduce our carbon footprint. The Maison has therefore set itself a very challenging target compared to 2019.

Hennessy has aligned itself with the 1.5° C trajectory targeted by Moët Hennessy. Our Maison accounts for over half of the carbon footprint of this branch. This trajectory is currently in the process of being validated by Science Based Targets. We have identified three areas which, together with viticulture, account for 96% of our emissions: transport, energy and packaging. In our drive to reduce our emissions as much as possible, we are seeking to support all our various partners in the deployment and evaluation of sustainable approaches, with a view to continuous improvement. This is the reasoning behind, for example, our participation in the construction of a sail-powered cargo ship; our switch to 100% biogas in our distilleries, and our eco-design improvement system based on the Environmental Performance Index. Comprehensive information on our commitments will soon be brought to consumers via our upcoming Transparency Platform.

Results & Objectives

RESULTS

- The Maison has been certified ISO 14001 since 1998
- 2019 breakdown of carbon footprint: **Viticulture: 34%, Distillation: 16%, Packaging: 25%, Freight: 21%**
- **Global emissions in 2019:** 362,606 tonnes CO₂ equivalent
- **Transports:** 95% transport with reduced carbon impact (90% maritime plus 5% rail)
- **Energy: -11% kWh** per standard crate produced between 2013 and 2020 based on data updated in October 2020: **100% biogas in our 3 distilleries**
- **100%** of new products and packaging assessed according to **the eco-design index**

- **2022**
Heating at all sites and at head office to be switched to **biogaz** (- 90% CO₂ compared to mains gas)
- **2023**
100% renewable energy 6% of products transported to the US by sail-powered cargo ship
- **2025**
2 ranges of eco-designed products
0 fossil-fuel-derived virgin plastic for POSM

*On scopes 1, 2 and 3



Over to...

MARC SORIN,
DIRECTOR OF OPERATIONS



Both within the LVMH group and in France, Hennessy's environmental commitment has always been ground-breaking.

In 1991, the Maison set up an Environment Commission. In 1997, we implemented an environmental management system which enabled us, the following year, to become the first producer of spirits to be ISO 14001 certified.

The Maison also broke new ground in drafting its first Carbon Footprint in 2002. In 2015, our vehicle fleet became the first private electric fleet in France. For my Division, the issue of reducing our carbon footprint is therefore primordial. ■

Energy and transport

So that our brandies can continue to travel around the world, all the while keeping our CO₂ emissions to a minimum, we have been working for many years on an ambitious sustainable transport policy. Reducing the energy consumption of our production is also a key point in our environmental policy, and one on which we work in close collaboration with our partners.



ENERGY

In 1998, we were the first producer of spirits to achieve ISO 14001 certification. Since 2013, including a period in which we have opened two new sites, Pont-Neuf and Bas-Bagnolet, energy consumption has only increased by 2%, adjusted to ISO sales, thanks to the rigorous management of teams across all our sites.

Biomethane: - 90% of greenhouse gas emissions compared to natural gas

In terms of energy, our deployment objective is focused primarily on our three professional distilleries and on our 250 individual distillers connected to mains gas, the other

550 using propane. Since October 2020, the distilleries have been running entirely on biogas. To this end, we opted for a partnership with Save, a company based in New Aquitaine, which produces biomethane from agricultural waste. Another advantage is that supply, production and use all take place within a circular economy which has the added effect of boosting job creation in the region.

To explore further potential improvements in distillation, research and development work is underway on hydrogen injection.

Wide-ranging energy reduction measures

Electric energy: in 1991, we started using soft start motors for equipment

at our Vignerie site. Since 2017, the site has had a contract for renewable electricity and uses geothermal energy to cool its filtration processes.

Lighting: LED relamping is systematic. Some areas use reflective solar light wells to replace conventional light fixtures.

Heating: our heating systems now use condensing boilers instead of conventional gas boilers.

Incentivising our people: in 2020, a new criterion relating to electricity consumption was included in our employee incentive scheme.

In line with this, we are aiming for ISO 50001 Energy Management System certification by 2022.

SUSTAINABLE TRANSPORT

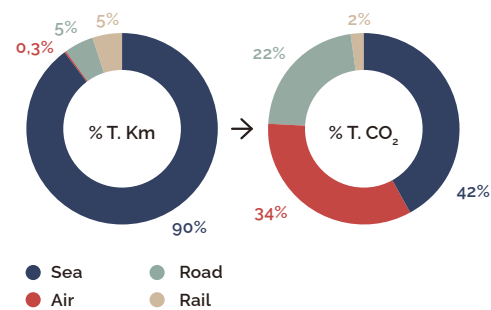
As 99% of our sales are international, spread across 160 countries throughout Europe, the United States and Asia, transportation accounts for a major part of our carbon footprint. All the choices that guide our policy in this area converge in a single goal: that of identifying the most sustainable alternatives possible. Three objectives arise from this aim: giving priority to sea and rail transport, ensuring that air transport is kept to a minimum, and constantly being on the lookout for innovative alternatives (sail-powered cargo ship, new rail destinations, own fleet of trucks, etc.)

A sail-powered cargo ship “to go further”

In its quest to find a maritime solution with the lowest environmental impact, in late 2020 the Maison signed a commitment to use the low-carbon NEOLINE maritime transport service as soon as it becomes operational. This innovative company uses clean, renewable wind energy as the main means of propulsion of its cargo ships, reducing CO2 emissions by 80% - 90% compared

to a similarly-sized conventional vessel. It also reduces the risk of maritime pollution and collisions with marine mammals, as well as being less demanding in terms of port infrastructure. To ensure the viability of the project, alongside other international partners the Maison has committed to transporting a volume of 240 containers per year from 2023 to 2025 to the United States, accounting for 6% of our flows to this destination.

Hennessy transport figures 2020



Over to...
MATHIEU TESTUD,
SUPPLY CHAIN DIRECTOR

We also ensure that air transport is strictly limited to emergencies, under 0.5%.

Maritime shipping accounts for 90% of volumes transported. We are aiming to go further by participating in the construction of a sail-powered cargo ship. We are also interested in rail, which has an impact that

is 19 times lower than road transport. Nationally, we transport around 40% of our products by rail from Bordeaux to the ports of Le Havre and Marseille. Internationally we are studying, as a pilot at this stage, the possibility of implementing a rail transport solution to China that would follow the Silk Road. We also ensure that air transport is strictly limited to emergencies, under 0.5%.

KEY INFORMATION

- Priority to stay below 0.5% air freight
- Neoline construction partnership to develop a fully sail-powered cargo ship; 80 - 90% less CO₂ than classic maritime transport methods
- Partnership with transporter Veynat to use ED95, a bioethanol made from grape residue, to transport brandies
- In 2015: 1st private fleet of electric vehicles, in France. Today, 108 vehicles, or 75% of the fleet, run on electricity



Electric vehicles for employees

Transporting people is also a key part of our environmental strategy. Our fleet of electric vehicles provides our employees with a more environmentally-friendly way of travelling between our various production sites in the Cognac region. This measure is backed up by actions to raise awareness on eco-driving. Similarly, the boat which carries visitors between the two banks of the River Charente was adapted to run on solar electricity in 2013.



Eco-designed products



Since 2011, under the leadership of the LVMH Group, and in order to encourage the exchange of good practices and innovation, all our packaging has been assessed according to the Environmental Performance Index (EPI) validated by ADEME. In 2016, a decision was made to go further by improving the index and deploying the process systematically.

PRODUCTS, PACKAGINGS AND POSM

Eco-design is now fully integrated into the development process of all new products, packaging and POSM (point of sales materials).

In 2016, we set about implementing a process of continuous improvement. The Wines and Spirits branch of the group has since added product life cycle analysis criteria to the EPI (see box). One of our main concerns is the impact of our glass bottles. To address this issue, in partnership with glass manufacturers, we are examining solutions such as recycled glass, reducing glass weight and the possibility of using alternative energy sources for glassmaking ovens.

100% of electronic POSM projects and service items have also been evaluated. As a result, we have lowered the energy consumption of lighting material and ensured that elements can be separated more easily to facilitate recycling. Our goal is to phase out plastic packaging from POSM completely. To achieve this, we are working with an eco-design agency which has developed a training module for our packaging design teams.

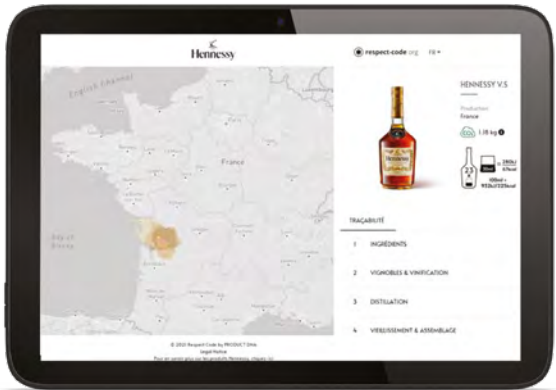
SETTING UP AN ECO-DESIGN COMMITTEE

In 2020 the Maison Hennessy strengthened its commitment by setting up an Eco-design committee to steer and monitor these projects. Chaired by our President Laurent Boillot and with representatives from all the relevant departments (Marketing, Development, Environment and Purchasing), the role of this committee is to speed up initiatives and affirm the ambitious nature of our eco-design strategy.



TRANSPARENCY PLATFORM: BRINGING CLEARER PROOF OF OUR ACTIONS

Consumers today want more than claims - they want proof. We have therefore decided to do more to share information on each of our products and its packaging. Our new Transparency Platform will therefore showcase all the stages of the life cycle of each product: from viticulture and vinification to distillation, oak casks, aging, blending, dry materials, bottling, transport and distribution. Designed to be highly informative and provide detailed information, it can be accessed through our website or by scanning a QR code on bottles or at points of sale.



WHAT IS THE EPI?

The EPI is a tool for the continuous assessment of the carbon impact of product and packaging projects. It is based on 4 criteria: weight, volume, separability of elements, and the number of layers. We also use an evolving bonus / penalty mechanism. In 2016, we introduced additional criteria including eco-design in the marketing brief - zero use of plastic bags, locally-sourced materials, and zero use of air freight.



Eco-designed buildings

Since 2017 and the construction of our Pont-Neuf site, all our renovations and constructions have met the HQE (High Environmental Quality) building standard criteria.



100% HQE CERTIFIED BUILDING PROJECTS

HQE certification covers all aspects of sustainable development, from energy management to quality of life at work, including landscaping, building site hygiene and, of course, carbon impact. We attach particular importance to all these criteria, and our projects are now designed not only to preserve the environment but to ensure we actually have a positive impact on it.

Our teams have long been committed to environmental protection, and it is heartening to see that today we have the opportunity to go even further, not just by offsetting or reducing carbon, but by bringing tangible **improvements to the environment and the quality of life at work.**



Over to...

SAFETY & ENVIRONMENT MANAGER



Our atypical regulatory context requires a demanding risk prevention approach.

The production of Cognac Hennessy (classified as an alcoholic beverage) falls under ICPE (Installations Classified for the Protection of the Environment) regulations. Our facilities are therefore subject to either declaration or authorisation from the appropriate authorities.

Hennessy has 12 classified facilities, some of which are subject to authorisation and have Seveso status. This imposes stringent surveillance, security and prevention measures as well as regular internal drills.

To be able to respond rapidly to any hazard on our premises, the Maison has also set up its own «fire station»: 19 firefighters are permanently on call to intervene at any one of our sites. Our cellars are also equipped with EIPS (Important Safety Equipment) which is regularly tested and serviced.

Since alcoholic beverages are now considered as flammable liquids rather than agri-food products as was formerly the case, they are subject to industrial risk regulations. This rigorous health and safety framework pivotal as it affects a large part of our production chain: distillation, storage, transfers and transport. As a result, we are also providing support for our individual and professional distilling partners. ■

PONT-NEUF: A GROUND-BREAKING ECO-RESPONSIBLE SITE

Inaugurated in 2017, Hennessy's Pont-Neuf packaging and logistics site illustrates our ambition to break new ground in terms of building sustainability.

Designed for packaging that conforms to our standards of excellence and for the shipping of 8 million cases a year, this site is an outstanding example of eco-construction and provides employees with a quality working environment. It has been certified HQE NF Haute Qualité Environnementale Bâtiment Tertiaires (French High Environmental Quality standard for Tertiary Buildings) at "Exceptional" level – the highest possible rating. It was the first LVMH Group industrial building to achieve this.

Certification covers four areas: eco-construction, eco-management, comfort and health. Different levels of performance are attributed to each category, ranging from «Basic» to «Very efficient». Out of the 14 HQE targets evaluated, 10 were rated "Efficient", and 4 "Very efficient". The best-rated categories were the integration of the building into its surrounding environment, and energy, water and waste management, which are all environmental criteria.

Other noteworthy advantages of this site are its integrated landscape, full LED, sound and visual comfort provided by natural light, the olfactory comfort of a seaweed-based paint that does not reject VOCs (Volatile Organic Compounds) and the use of renewable geothermal energy.

Employees are proud to work at this site which is a byword for operational and environmental excellence. They benefit from optimal working conditions in terms of health, safety and comfort.

This exemplary site forms the basis of a construction model that has now become the norm for all upcoming projects.

KEY INFORMATION ON THE PONT-NEUF SITE

-40% of energy savings related to HQE certification	
26,000 sq m in a 30-hectare site	230 energy and water meter points
Site certified HQE EXCEPTIONAL level	240,000 sq m of wildflower meadows





Our ambition:
To make Hennessy a real laboratory
for social innovation

To make Hennessy a real laboratory for social innovation

DIVERSITY & INCLUSION

- ## SUPPORT FOR LOCAL NON-PROFITS

- Our Maison's
commitment to the most
diverse populations
is deeply rooted
in our history.

the life of the many local communities with which they had dealings. It is also the story of the culture of a Maison which places humanity at the heart of its responsibilities and cultivates the future by bringing together varied talents.

This is the responsibility we assume with respect to our employees, partners and consumers, as well as with all the communities worldwide with which we are connected. In Cognac, the House supports a number of local non-profits, such as L'Arche, which promotes the professional integration of people with disabilities. We also encourage consumers to enjoy our products in a discerning, meaningful way.

Diversity and inclusion

Assembling a wide-range of talents from diverse and varied backgrounds is firmly anchored in the Raison d'être of our Maison. And we are convinced that this mix is an asset for our company. This culture of diversity is what has guided our long-standing support for a range of inclusion programmes.

INTEGRATION OF PEOPLE FURTHEST FROM THE LABOUR MARKET

We have a pioneering regional integration programme, and on July 9, 2020, Hennessy was privileged to become the first private company in the area to be officially approved as an Entreprise d'Insertion (Integration Company).

This accreditation allows us to provide people in difficulty with a productive activity and to build together a long-term path to socio-professional integration. There is currently a person benefitting from this scheme in our vineyard. Another aspect of the programme is training, the aim being to enable all our wine-grower partners to benefit from a trained workforce.

At the same time, we maintain our continued commitment to local professional integration players such as "100 chances 100 emplois", a non-profit that works to promote the employment of young people under 25, and Nos Quartiers ont des Talents (Our Neighbourhoods have Talent), another non-profit.



Over to...

SYLVIE ATIENZA, DIRECTOR OF HUMAN RESOURCES

I joined the company as HR Director at the start of 2021 and was favourably impressed by the integration initiatives of the Maison - particularly those concerning disability. I fully intend to pursue this approach, while seeking to step up our diversity and

inclusion initiatives. Our policy in this area not only underlines our responsibility as a major economic player in our employment area, but our desire to put our values and principles into practice over the long term, as we have stated in our Raison d'être, by bringing together a wide variety of talents in our collective adventure. ■



Bringing together talents in our collective adventure.

INTEGRATION OF PEOPLE WITH DISABILITIES

Our historic commitment to people in situations of disability has now been formalised in the signing of a series of 4 company agreements.

Since 2010, we have been in compliance with the obligation to include 6% of employees with disabilities in the workforce, and an average turnover of nearly € 800,000 a year goes to the sheltered sector. Every year, we organise the «DuoDay» operation. In 2020, 17 employees hosted jobseekers with disabilities at their workplace, 9 of whom are now included in our CV database. We have also appointed employees with disabilities as disability ambassadors to act as intermediaries between management and colleagues in similar situations.

In 2020, we signed a service contract with AKTISEA, a specialized recruitment firm for people with disabilities, and in 2020, 3 people with were recruited through this system.

Responsible consumption

Our brandies are produced with great care and their noble and exceptional character epitomises a culture of excellence, as well as French style and elegance, around the world. We also have a responsibility to set clear internal guidelines for tasting products, and raise customer awareness on the importance of moderate and discerning consumption.



2 questions to...

CÉCILE FRANÇOIS, DIRECTOR OF CORPORATE COMMUNICATION

« We have defined meaningful enjoyment as one of the principles of our Raison d'Être.

How does the Maison Hennessy define meaningful consumption?

Savouring one of our cognacs means tasting the fruit of the labour of all the generations of men and women who have gone before us in planting, harvesting and distilling. It also connects us to the history of the land which, season after season, nourishes and regenerates our ecosystem. We want our products to be enjoyed and shared in full awareness of this long process. Consequently, this year, this notion of meaningful enjoyment was included in the principles of our Raison d'Être: a tasting experience that gives pleasure to all our senses and lends meaning to our unceasing search for excellence. And, of course, as spirits,

our cognacs can have a wider impact on health and society, and so we have a responsibility to encourage consumers to savour our cognacs with discernment.

What is the concrete outcome of this vision of responsible consumption?

The Moët Hennessy Code of Self-discipline is a valuable tool which we use to help managers communicate on responsible consumption at Hennessy. The Transparency platform will soon provide another essential medium for ensuring consumers are aware of the noble character of our products and how they should be enjoyed in a thoughtful way. Further awareness-raising actions are planned. Our aim is not only to inform and prevent, but to promote the scope and variety of our brand universe to consumers - all the different ranges in our collection, our limited editions, the infinite variety of our cocktails. There are as many tastes as there are ways of tasting. ■

THE MOËT HENNESSY CODE OF SELF-DISCIPLINE

Both at our own internal events and those organized by our customers, the Maison's employees are responsible for ensuring that our measures for responsible consumption are respected, for example:

- Before the event a preventative text message is sent to all participants
- Breathalyser tests are available at reception at events
- "Responsible consumption" stickers are handed out
- Number of units strictly respected
- Alcohol-free cocktails available
- Tasting finishes half an hour before the end of the event
- Possibility of lift to the nearest public transport stop

These measures are set out in the Moët Hennessy Code of Self-discipline, which aims to discourage excessive or inappropriate consumption.

Community Support

The Maison has always worked alongside local non-profits and carried out long-term solidarity actions to come to the aid of minorities and disadvantaged people. In 2020, due to the global health crisis, we decided to go further and made new commitments. This year, in Charente, the engagement and generosity of our employees has never been more apparent. In the United States, the creation of the Unfinished Business programme has helped minorities weather the crisis.



IN OUR REGION, THE #SOLIDARITÉSCOV19 COGNAC EMERGENCY PROGRAMMES

In accordance with the agreement of April 2, 2020 providing flexibility arrangements for paid leave in the specific context of the health crisis, during the first lockdown each employee donated a day's leave to colleagues coping with family members in difficulty.

As part of this "Solidarity Days" operation, for each day of leave involved, the House donated an equivalent sum of money to Charente non-profits working with the most disadvantaged people. During the second lockdown, the budget earmarked for seasonal events (Hennessy en Fête, and Christmas tree event), was donated either to local non-profits working with the under-privileged or to support local businesses. In December, employees were able to donate another day's leave, with equivalent sums being allocated by Hennessy, to generate new funds.

IN THE UNITED STATES, THE UNFINISHED BUSINESS PROGRAMME

With a strong presence in the United States, the Maison decided to launch a programme to support those communities most affected by the fallout from the COVID-19 crisis.

To carry out this initiative, Hennessy reached out to 3 non-profits with expertise in the sector: the Asian American Business Development Center, the Hispanic Federation and One Hundred Black Men. Not only does this assistance provide a lifeline for small retail businesses, it also helps foster the unity and solidarity of local communities. A second round of grants was launched in November 2020, and it is expected that the programme will be renewed.

KEY INFORMATION

1,600

minority-owned small businesses helped since June 2020. Beneficiaries selected by the Asian American Business Development Center, the Hispanic Federation and One Hundred Black Men.



In the United States, minority-owned SMEs are affected by serious inequalities in the distribution of the Covid emergency fund

What is the background to the launch of Unfinished Business?

In the United States, minority-owned SMEs are affected by serious inequalities in the distribution of the Covid emergency fund. We therefore launched this initiative to help these communities cope with the severe medical, emotional and economic impact that the crisis has had on them. The long-term goal is to highlight and take on the deep-rooted inequalities within the country. Hennessy has always valued the spirit of resilience that is such a strong feature of these small businesses. They are generally a cornerstone of their local community, which is why they deserve our support and assistance to get through this difficult period.



3 questions to...

SETH KAUFMAN,
PRESIDENT AND CEO, MOËT HENNESSY,
NORTH AMERICA

How was this initiative implemented?

We organised two rounds of applications. Candidates complete a questionnaire on their long- and short-term business goals. They must be American, at least 21 years old, and identify as African American, Hispanic and / or Asian. Their companies must have been created before March 2018, have a workforce of less than 50 employees and an annual turnover of less than \$ 3M.

We rely on the expertise of our partnering non-profits to help us identify the companies which are most in need and to determine the appropriate amount of subsidy. In addition to our funding, there were a number of other fundraising operations: an auction at Sotheby's of a Hennessy XO bottle designed by Frank Gehry, the Hennessy «Make Your Move»

chess tournament (with celebrities such as the grand chess master Maurice Ashley, RZA, GZA, and members of the hip-hop group Wu-Tang Clan) with a call for donations to which Hennessy pledged to contribute; Wu-Tang Clan also made a donation and there were contributions from long-standing partners such as the rapper Nas and Canelo Alvarez, the boxer.

What are the results?

We are proud to have provided financial support to over 1,600 small businesses across the country and to have shared resources with thousands more through our partners. Don't hesitate to check out some of these inspiring stories on www.unfinishedbusiness.us.



Key Indicators 2020

ENVIROMENTAL INFORMATION

Percentage of ISO 14001 certified sites

100%

Total energy consumption

36,384.3 MWh

Greenhouse gas emissions linked to energy consumption - scope 1 & 2 (tonnes of CO₂ equivalent)

3,258 Tonnes CO₂

Greenhouse gas emissions generated by downstream transport - scope 3 (tonnes of CO₂ equivalent)

23,582.2 Tonnes CO₂

Total water consumption for process needs

105,285 m³

Total waste products

3,691.50 Tonnes

Total hazardous waste produced

192.76 Tonnes

Recycling rate

96.62%

SOCIETAL INFORMATION

Percentage of grape supply (in kg) from own vineyards or purchased from vineyards with sustainable viticulture certification

Own grapes:

2,867 Tonnes

Percentage of own grapes produced with sustainable viticulture certification

100%

QUALITATIVE INFORMATION

• VITICULTURE POLICY:

180

pilot hectares certified HVE and Cognac Environmental Certification (CEC) in 2018

100%

confined sprayers since 2016

685 m

of hedgerows in vineyards

30 sheep

eco-grazing over 7 ha

Sowing of bee-friendly flowers on land left fallow before replanting: between

10 and 15 ha

annually

12%

of vineyard left fallow

50%

of vineyard grassed

1,600 wine-grower partners

over a 33,000-hectare area

A Hennessy-owned vineyard (SODEPA):

180 ha certified

• UPDATE ON THE EPI RATING

100%

of our packaging is assessed according to the Environmental Performance Index.

Since 2016 new criteria have been introduced: integration of eco-design in the marketing brief, zero use of plastic bags, locally-sourced materials and zero use of air freight.



DOWNSTREAM TRANSPORT:

Transport: 94.5%

"clean" transport (maritime and rail)

• 5%

road and 0.3% air 22g de CO₂ emitted by T/Km of Cognac transported

• 5%

rail

• 90%

maritime

2021 :

108

108 electric vehicles,

or 75%

of fleet

• FOREST REGENERATION PROJECTS

+ 25%

of net surface given over to agro-ecological infrastructure: hedges, wildflower meadows, trees, etc.

5 hectares

of regenerated forests in the Braconne forest in partnership with the ONF

580 sq m

580 reforested with the Pré-Dinan micro-forest. Reforestation of 400 ha of the Mount Kenya forest reserve, i.e.,

250,000 trees

(diverse species)

• UNFINISHED BUSINESS PROGRAMME

1,600

minority-owned businesses assisted since June, 2020. Selection made by the Asian American Business Development Center, the Hispanic Federation and One Hundred Black Men

\$ 6 million

total budget

EY & Associates assurance report

The audit firm EY has carried out an independent review of the reporting processes of a selection of key Hennessy 2020 qualitative and quantitative CSR indicators. Methodological details (scope, collection and consolidation of data, choice of indicators, methodological limits, monitoring and verification of indicators) can be viewed on <https://fr.hennessy.com/> in the "our commitments" section, as well as in the moderate assurance report published by EY.



<https://www.hennessy.com/>

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