



SUSTAINABLE
DEVELOPMENT
REPORT 2021



Cultivating the future



Foreword	5
Our Raison d'être	6
Cultivate the future	8
Our key dates	10

Forest Destination 12

Hennessy and our forests	14
Hennessy and local forests	16
Hennessy and forests worldwide	18

Transparency platform 20

Mitigate our environmental impacts 22

Sustainable viticulture	24
Biodiversity	31
Production & climate	32

Protect & empower people 44

Taking care of people	46
Social inclusion	48
Development through culture	51

Key indicators 2021	52
---------------------	----



**Cultivate
the future**

Maison Hennessy set out on a path of Sustainable Development 20 years ago. Although we have already taken great strides forward, we have not yet gone far enough. Now time is running out for us. It's urgent. To rise to the great challenges of our time, we must drastically improve our social and environmental impacts, perfect our knowledge, step up our investment and involve everyone who contributes to the production and distribution of our products. It's a real responsibility. The responsibility of sharing a common ambition for the future with our winegrowing and industrial partners, employees and customers.

Since it was first created by Richard Hennessy, our Maison has developed a unique culture - that of seeing further. Further in space and in time. Amid the current climate and biodiversity crises, together with important social issues, it is our aim - our duty - to involve as many people as possible in a common vision of the future. The future we all want - greener and more inclusive.

This vision is the starting point of our Agroforestry Viticulture programme, launched in March 2021, which contributes to preserving the soil and biodiversity in the Cognac region by creating ecological corridors. This forms the basis of our Hennessy Collectives scheme which enables us to progress alongside other professionals in the sector, such as chambers of agriculture, local distributors, distillers and winegrowers. It is also the philosophy behind our Forest Destination programme which contributes to the regeneration of forest ecosystems, both in France and around the world.

Alone, we can achieve nothing. Together, there is so much we can do.

Together, let's cultivate the future!

A handwritten signature in green ink, appearing to read 'L. Hennessy', is positioned in the lower right area of the page.

OUR RAISON-D'ÊTRE IN ACTION

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**.





Cécile François,

DIRECTOR,
COMMUNICATIONS

“Our Raison d’être is a living force that defines and guides us all. It was developed in co-construction with employees in 2020. Sustainable development is firmly embedded in our identity and consequently in our Raison d’être. Already a feature of our various commitments, we have decided to go further by naming our sustainable development strategy “Cultivate the Future”, in line with the formal definition of our Raison d’être. In 2021 we focussed on its dissemination throughout the organisation in order to ensure that everyone has a good grasp of its principles and uses them as guidance in their professional missions.

To achieve this, we organised a series of deployment meetings on the theme of our Raison d’être. In small, interdepartmental groups of 30 people, almost all of the Maison’s 1,000 employees had the opportunity to look into and discuss the implications of our Raison d’être and its commitments on their daily lives.

In addition, we have incorporated our Raison d’être into our annual objective development process. All individual objectives must at least be compatible with our 5 commitments and, if possible, contribute to bringing about significant progress regarding them.

A combination of all these factors creates a real dynamic for coherent transformation that unites our teams.” ■

«
*Our Raison d’être is a living
force that defines and
guides us all.*



OUR SUSTAINABLE DEVELOPMENT STRATEGY:

Cultivate the future

Our ambition

**BECOME A BENCHMARK FOR SUSTAINABILITY
IN LUXURY WINES & SPIRITS**



**By limiting our
environmental impact**

Sustainable viticulture

- SUPPORT SUSTAINABLE VITICULTURE
- DEVELOP A NEW WINE-GROWING MODEL

Biodiversity

- FOSTER BIODIVERSITY ON OUR LOCAL TERROIR
- REGENERATE FORESTS IN FRANCE AND WORLDWIDE

Production & climate

- REDUCE THE CARBON FOOTPRINT OF OUR PRODUCTION



Nathalie Meurer,

SUSTAINABLE DEVELOPEMENT DIRECTOR
AND COORDINATOR OF H2030 PROJECTS



*These two pillars are
underpinned by a process
of traceability and
transparency which guides
all our actions.*

“This second edition of our sustainable development report provides us with an opportunity to share progress on our sustainable development policy. Our programme has been reorganised into two main pillars.

The first covers our plan to mitigate our environmental impacts by all possible means; these encompass sustainable viticulture, preserving and regenerating biodiversity, together with efforts to reduce our carbon footprint, including eco-designing our packaging and future buildings, promoting sustainable transport and reducing our energy consumption.

This is an ambitious plan for which we do not as yet hold all the solutions to allow us to achieve our objectives. We are actively exploring all potential innovations and changes in practices to ensure we succeed. It is a

long-term project involving all our various stakeholders – we will be sharing our progress in future editions.

Secondly, we focus on people: protecting and empowering people through 3 programmes centred on caring for people, social inclusion and development through culture. These long-term actions yield regular concrete results.

These two pillars – in line with LVMH's LIFE 360 environmental programme and Moët Hennessy's Living Soils Living Together – are interconnected and are underpinned by a process of traceability and transparency that guides all our actions.” ■



By protecting and empowering people

Taking care of people

- PRESERVE THE HEALTH AND SAFETY OF EMPLOYEES, PARTNERS AND CONSUMERS
- FOSTER EFFICIENCY & WELL-BEING AT WORK
- ENCOURAGE RESPONSIBLE CONSUMPTION

Social inclusion

- PROMOTE EQUITY, DIVERSITY AND INCLUSION
- GROW EMPLOYEES THROUGH TAILORED SUPPORT AND TRAINING
- CONTRIBUTE TO THE LOCAL ECONOMY AND SOLIDARITY

Development through culture

- SHOW SOLIDARITY AND SUPPORT COMMUNITIES

Our key dates





I've been very fortunate to be able to work on environmental issues for this great Maison since 2003. I'm proud of the way one improvement follows another at Hennessy with no let-up, and of how our professions and practices are continuing to evolve, giving us a real impact on the course of events, especially locally. And, above all, of the way we're assuming our responsibilities.



Sophie Gourbat,

DEPUTY DIRECTOR,
SUSTAINABLE DEVELOPMENT







Forest Destination

With strong roots in the Cognac region and a worldwide presence, Maison Hennessy has committed to the Forest Destination programme, which aims to regenerate 50,000 hectares of forests in France and internationally by 2030.

Both at home and further afield, forests are a precious asset for local communities.

Despite their value as a source of wood for human activities, and as a reservoir of biodiversity and vital filter of our atmosphere, forests are today endangered.

Our Maison has a specific connection with forests, as they make an essential contribution to the excellence of our Cognacs.

This is due to the fact that Hennessy Cognacs derive their unique aroma and characteristic woody colour from the essential interaction between the oak of our barrels and our eaux-de-vie.

But, more generally, it is because forests are home to 80% of terrestrial biodiversity, contribute to fertilising soil by producing humus, provide 75% of our water, store CO₂ and produce oxygen. Forests are quite simply essential to life on Earth. Their countless benefits are of the utmost importance to all of us.

In France, we have launched initiatives in our own forests at La Celle and Bagnolet (p. 14), as well as in other forests in the Cognac region. Hennessy has made a commitment to work with the ONF on the sustainable and reasoned management of Braconnie forest (p. 16).

Worldwide – in Kenya, South Africa, China and the USA – Maison Hennessy has joined forces with Reforest'Action to assist local NGOs in setting up local agroforestry and reforestation programmes that are appropriate to the needs of local communities and respectful of ecosystems and biodiversity (p. 18–19).

The initiatives on this pathway are wide-ranging and vary according to local conditions. But they all head in the same direction: fighting against global warming, enhancing soil fertility and preserving biodiversity through the regeneration of 50,000 hectares of forest ecosystems worldwide by 2030. By ensuring that forests are handed down to generations to come, we are cultivating the future.

FOCUS ON - FOREST DESTINATION

Hennessy and our forests: the Bois de la Celle and Bagnolet Forests

A key ingredient in the long process of cognac production, the oak that our barrels are made from brings tannins and aromatic compounds. Responsible and sustainable forest management work supported by Hennessy has allowed for the provision of quality wood that is then transformed into barrels by coopers. By undertaking the management of several of our own forests, notably the Bois de la Celle, since the 1970s Hennessy has played a significant role in the forestry sector, making an essential contribution to the biodiversity and ecological balance of the region.



2 questions to...

Arthur Maudet,

FORESTRY ENGINEER,
HENNESSY

What are the characteristics and management method of the Bois de la Celle forest?

It's a 95% oak forest providing wood of ideal quality for the production of barrels. It was one of the first PEFC-certified private forests in France and we strive to be exemplary in the way it's managed, both in terms of the quality of the wood it produces and its resilience to climate change. To achieve this, we ensure we maintain a careful balance in the age-classes of trees – with no production gaps – and are diversifying species to future-proof the forest against global warming. For this reason, we are also diversifying the natural regeneration of our oak trees by promoting the growth of broadleaf trees which are beneficial because of their essential contribution to biodiversity.

How does Hennessy benefit from owning its own forest?

Owning a forest ourselves allows us to understand what the challenges are, and that's an asset in our exchanges with our partners. There is an inseparable link between Hennessy and

forests since, after eau-de-vie, wood is the second most important ingredient in the composition of cognac. Hennessy also owns the Bagnolet forest near its production sites in the Cognac region, the primary purpose of which is to preserve the naturally very rich biodiversity of the Charente valley. ■



There is an inseparable link between Hennessy and forests since after eau-de-vie, wood is the second most important ingredient in the composition of cognac.

KEY INFORMATION

- **Bois de la Celle (Allier):** 460-hectare forest, 40km from Bourges
- **Bois de Bagnolet:** 78 hectares



1974

Purchase of the Bois de la Celle Forest (Allier) de la Celle (Allier)

2002

PEFC certification (pioneer in France)

2021

Implementation of a new management plan (the 4th since Hennessy acquired the forest)

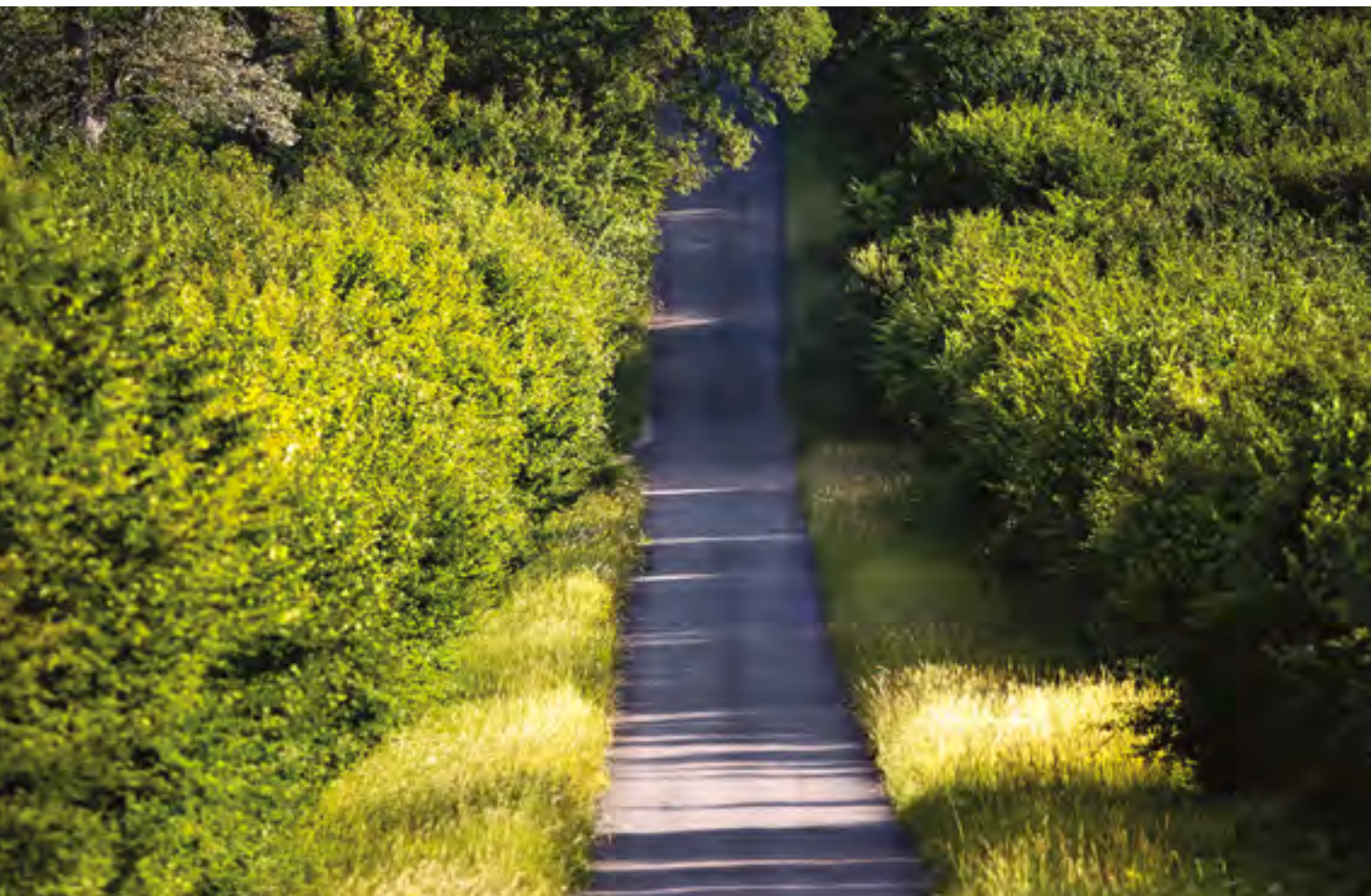
2021

Donation of 39 oak trees, of which 36 are to be used for the restoration of the Notre Dame Cathedral in Paris (largest private donor)

FOCUS ON - FOREST DESTINATION

Hennessy and local forests: the Braconne Forest

In the heart of the Cognac region, the Maison has committed to a sponsorship programme with the ONF* to guarantee the sustainable and responsible management of the Braconne Forest. This long-term project involves Hennessy employees who make a genuine contribution by harvesting the precious acorns that ensure the forest can continue to thrive and be enjoyed by future generations.



*Office National des Forêts/National Office of Forests



3 questions to...

Antoine Bled,

DIRECTOR,
ONF CHARENTE

What is the framework and objective of the sponsorship agreement between the ONF and Hennessy?

In May 2021, we signed a 5-year sponsorship agreement with Maison Hennessy. The objective is to work together to restore the national forest of La Braconnne which has been damaged by a series of successive storms since the severe windstorm of 1999. 7 plots are concerned - plots of coppice under high forest. The high forest was formerly a mature oak forest that was uprooted. The sponsorship programme is particularly interesting for us as it's being built in a long-term perspective and enables us to work sustainably. From this point of view, we have shared values with Hennessy.

What exactly does this action consist of?

We are replanting oak trees from acorns from the Braconnne Forest, with the aim of maintaining local species in the area. The Braconnne Forest is one of the closest to the Cognac region, and like all forests with a majority of oak trees, it has long supplied quality wood that can be used to make - among other things - barrels. Our objective at the ONF is to regenerate up to 85% of forest naturally, but unfortunately

in the case of the Braconnne Forest this is difficult because seed-producing trees have also been destroyed by the storms. So, to compensate for this, we organise the harvesting of acorns by Hennessy employees. The acorns are then replanted and grown for two years at the ONF's experimental nursery before being planted out in the Braconnne Forest. In mid-October 2021, for example, we harvested 3,000 good-quality acorns which will be planted in winter 2022-2023, between November and February.

What area are you aiming to reforest with local varieties?

Our ultimate goal is to cover an area of 25 hectares (about thirty football pitches!) - or a total of 35,000 trees that will first be grown in ONF nurseries and then - in the hope they will prove to be resilient - replanted in their place of origin. ■

«
*Our ultimate goal is to cover
an area of 25 hectares (about
thirty football pitches)*

KEY INFORMATION

- **5 ha** of oak groves managed each year for 5 years
- **3,000 acorns** due to be planted in the ONF nursery in winter 2022-2023.

FOCUS ON - FOREST DESTINATION

Hennessy and forests worldwide

Because forests are not only a source of oxygen, water, wood and energy but also of food and income, Hennessy's responsibility as an international economic player is naturally to help preserve them for future generations. Our "Forest Destination" programme is the practical manifestation of the Maison's goal to regenerate 50,000 hectares of forest worldwide by 2030 with the help of the expertise of Reforest'Action.

In 2020 and 2021, a total of 3,141 hectares were regenerated thanks to this programme: in other words, 1.6 million trees of 113 different species were funded. 13,490 people directly benefitted from the 6 concrete actions.



HOW REFOREST'ACTION WORKS

Projects always target two inseparable objectives: firstly, the ecological benefits of forest preservation and regeneration, and, secondly, the socio-economic benefits for local communities. To achieve its objectives, Reforest'Action supports local players and technical expertise, ensuring that forests can resume their multifunctional role as a source of biodiversity and local food resources.

HOW FORESTS BENEFIT SOIL, WATER RESOURCES AND AGRICULTURE

Forest ecosystems ensure that rainwater permeates the soil to form groundwater. Trees help regulate the water cycle and preserve resources. They also prevent soil erosion. By planting trees on agricultural land – with agroforestry methods – soil quality and yields are improved, and agriculture is more sustainable overall.

TAYLOR CREEK, OREGON, UNITED STATES : Restoration of an area following forest fires

In Oregon, hundreds of wildfires occur every year. Led by the Arbor Day Foundation, the objective of this project is to reforest these fragile areas to allow vegetation to grow back, while creating habitats for local wildlife. The planting of various resinous species will allow for the constitution of stronger stands composed of species that are more resistant to forest fires.

KEY INFORMATION ON PROJECT

- **94 ha** regenerated
- **100,000** trees planted in 2021

NIGERIA :

Develop agroforestry among local producers.

KEY INFORMATION

- **1,250** ha regenerated
- **250,000** trees planted, including **128,000** in July and August 2021
- **4,400** direct beneficiaries

INNER MONGOLIA, CHINA :

Reforestation of abandoned agricultural sites and prevention of desertification.

KEY INFORMATION

- **787,500** trees planted in 2021
- **891** ha regenerated



MADAGASCAR :

Reforestation of degraded ecosystems and agroforestry, Analamanga region.

In recent years, between 50,000 and 100,000 ha of forests have been destroyed each year in Madagascar. Working alongside two non-profits in the field, this programme aims to regenerate forest cover, especially by means of fruit trees which provide a source of additional income and also make a valuable contribution to the preservation of water points, improving resistance to periods of drought.

KEY INFORMATION

- Launched in **2021**
- **390** ha regenerated
- **600** bénéficiaires directs

SOUTH AFRICA :

Reforestation of the banks of the River Breede.

KEY INFORMATION

- Launched in **2020**
- **60** ha regenerated

KENYA :

Develop agroforestry and restore the Mount Kenya forests.

The forests of Mount Kenya are a food resource for 300,000 local people who over recent years have suffered under a severe drought brought on by deforestation. Local NGO Trees For Kenya develops agroforestry systems and trains local communities and younger generations on the importance of planting trees and their preservation.

KEY INFORMATION

- Launched in **2019**
- **415** ha regenerated
- **8,350** direct beneficiaries

Transparency platform

TRANSPARENCY: TRUST IS BASED ON PROOF

Ensuring product traceability is a regulatory obligation which Hennessy already complies with.

However, the Maison has decided to step up its efforts even further by giving customers the possibility of finding out all about the production and distribution of our cognacs.

In January 2022, Hennessy started providing direct access to detailed information on the environmental and social impacts associated with each stage of the life cycle of our VS, VSOP and XO products, as well as nutritional information and ingredients. A unique QR code allows people to access our Transparency Platform where they can find comprehensive details on the story behind each bottle of

Hennessy, ranging from our partners' sustainable viticulture initiatives in the Cognac region to the energy impacts of our distilleries, as well as the origin of the wood of the barrels in which our eaux-de-vie are aged.

This ground-breaking sharing initiative showcases the efforts and energy that both the Maison and its partners devote to their quest for continuous improvement.

This initiative to engage with people is unprecedented and highlights just how much can be achieved collectively when a sector and region join forces.



3 questions to...

Robin Cornelius,

FOUNDER,
PRODUCT DNA

What does Product DNA do?

For 17 years now, we have been helping companies respond to a strong consumer demand: providing maximum traceability and transparency. We map every step of a company's business and then report information on our proprietary software. The company then receives a shareable link for internal use and consumers. We are unique in "tracing" the value chains of this type of company, but it's the first time we have done so for a Cognac Maison.

How did the collaboration with Maison Hennessy begin?

In summer 2020, shortly after he took up his post at the Maison, Laurent Boillot commissioned us to develop the platform. From the outset, he was clear on the high level of granularity he expected for each stage of the cognac manufacturing process and his desire

to empower all stakeholders to participate by indicating their geographical location. The overall aim was to allow all employees and partners to gain a thorough understanding of the value chain of the Maison. As the platform was also designed to be viewed by the general public, we had to ensure it was informative and user-friendly.

What is the added value of Product DNA?

We are first and foremost a trusted third party: we collect data by means of interviews and a documentary study and check every element we collect either by cross-referencing data or organising on-site visits and stakeholder interviews. We also check the validity dates of certifications and update the information shared on the platform annually. It therefore provides a valuable overview for the Maison, enabling it to control and improve its value chain. It also helps in the fight against counterfeit products which concerns all luxury brands. This information is accessible to anyone who wishes to consult it, simply by scanning the QR code on their bottle. ■

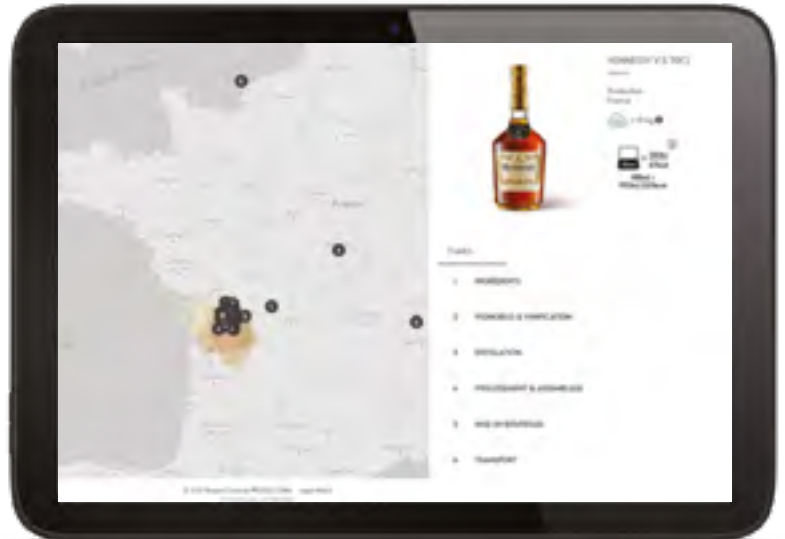


QR CODE

Redirects people to the online platform, allowing them to follow the life story of each bottle.

INTERACTIVE MAP

Allows people to trace the life cycle of each bottle and shares key product information (nutritional and carbon emissions).



KEY STEPS

Gives direct access to details on the environmental and social impacts of each step of manufacturing process.



Mitigate our environmental impacts

1. SUSTAINABLE VITICULTURE
2. BIODIVERSITY
3. PRODUCTION & CLIMATE

Our ambition :

- Develop new viticultural models based on the principle of agroecology.
- Increase biodiversity in our region and regenerate 50,000 ha of forests internationally.
- Reduce our carbon footprint with an objective of -50% by 2030*.

*For Scopes 1,2,3 in absolute value

2030 objectives & 2021 intermediary results

VITICULTURE OBJECTIVES

- Reduce chemical inputs, and **100% of our winegrowing partners to be CEC certified by 2025.**
- Develop **agroforestry** in our vineyards and involve our partners.
- Foster **biodiversity in our vineyards by:**
 - Replanting ecological corridors in partners' vineyards,
 - Reducing chemical inputs,
 - Developing practices that promote an increase in pollinators and improved soil life.

VITICULTURE RESULTS

IN OUR VINEYARDS:

- Generalised use of **plant cover**.
- Land left fallow: **between 10 and 15 ha per year.**
- Agroforestry: late 2021 - early 2022 at our La Bataille site, planting of **5,300 native trees and shrubs over 40 ha: 4km of hedgerows** (of a total of 7km planned for 2023).
- **10%** (by area) of our winegrower partners CEC* certified at end of 2021.

BIODIVERSITY OBJECTIVES

- Regenerate **50,000 ha of forests.**
- Foster **biodiversity in our region** by planting 1,000km of hedgerows by 2030 and enhancing biodiversity across all our sites.

BIODIVERSITY RESULTS

- See "Forest Destination" section, p. 13

PRODUCTION & CLIMATE OBJECTIVES

- Reduce our **carbon footprint** with an objective of -50% by 2030.
- Implementation of our **decarbonisation actions** for viticulture, distillation, transport and packaging

PRODUCTION & CLIMATE RESULTS

- **100% renewable energy (gas and electricity)** at our industrial and administrative sites since October 2021.
- **24% reduction in CO₂** in 2021 (baseline year 2020) ** for Scopes 1 et 2.
- **11% reduction in our energy consumption** in kWh/standard case between 2013 and 2021.
- Record performance for the decarbonisation of transport of finished products with **less than 0.2% air transport in 2021 and 95% lower-carbon-impact transport** (90% maritime and 5% rail).

*Certification Environnementale Cognac / Cognac Environmental Certification

**2020 emissions of 3,521 tCO₂eq and 2021 emissions of 2,668 tCO₂eq equal to a 24% reduction

Sustainable viticulture

The challenge of rolling out virtuous practices

Because the long-term quality of our Cognacs is intrinsically linked to nature and the art of cultivating vines, we have committed to a sustainable viticulture approach that respects both people and the environment. Our ambition is to make our Cognac vineyard a byword for virtuous practices throughout the wine-making sector while ensuring our products meet the highest criteria for quality. Consequently, we support our winegrowing partners in their agroecological transition by sharing environmentally-friendly practices and deploying a range of R&D programmes in our own vineyards.

A MODERN AGRO-ECOLOGICAL APPROACH THAT COMBINES EMPIRICISM AND INNOVATION



Our vineyard is a priceless asset. The Maison, together with our partners, takes great care of it by bringing in new practices to boost natural soil fertility, and seeking solutions that protect and promote biodiversity and increase our resilience to global warming. These practices also contribute to improving the quality and diversity of landscapes (wildflowers on fallow land, hedgerows, etc.).

This requires, above all, a strong agro-ecological commitment and the deployment of methods directly inspired by nature, such as agro-forestry, planting trees and shrubs, leaving land fallow, and generalising a strategy of plant cover to enhance soil life. It also involves sharing results obtained on our own estate with our winegrowing partners, in a perspective of large-scale deployment.

SUSTAINABLE VITICULTURE AND COGNAC ENVIRONMENTAL CERTIFICATION (CEC)

The first step in deploying sustainable viticulture consists of CEC certification. This label was created in 2016 by winegrowers and Cognac Maisons belonging to the BNIC (National Interprofessional Bureau of Cognac). Its objective is to give winegrowers an active role in adapting to climate change and new societal challenges. It is based on a set of guidelines on regulatory compliance and virtuous practices. Maison Hennessy aims at the collective improvement of practices, and consequently we support our partners in the process of obtaining Cognac Environmental Certification (CEC) and HVE (High Environmental Value).

CONVERGING PERSPECTIVES: CEC & HVE CERTIFICATION



Raphaël Brisson,

HEAD OF SUSTAINABLE VITICULTURE,
HENNESSY

How does Hennessy assist its winegrowing partners in qualifying for Cognac Environmental Certification (CEC)?

In February 2021, we launched the “Hennessy Collectives” support scheme, a collective approach bringing together a range of professionals in the sector, such as chambers of agriculture, and local distributors and distillers, with the Maison providing financial support for our winegrowers. In the first session, groups of 10 to 20 participating winegrowers are informed about the various criteria for certification. They are then monitored for at least one year by a

dedicated technical guide who carries out a diagnostic assessment of their vineyard to identify the degree of maturity of their practices and highlight potential areas for improvement. Access is provided to digital tools (Certiweb) to store certification audit data.

Finally, when they are fully compliant, they can become part of the collective BNIC (National Interprofessional Bureau of Cognac) structure which provides the framework for Cognac Environmental Certification.

What are the results a year after the project was launched?

Every single one of our winegrowing partners has committed to the project, by carrying out an initial self-assessment and participating in the introductory session on certification: our initial objective has therefore been achieved! ■



Stéphane Augustin,

WINEGROWER COMMITTED TO RESPONSIBLE PRACTICES
SINCE 2015 AND MEMBER OF A CEC COLLECTIVE

HIS SUSTAINABLE VITICULTURE PATHWAY

- **1999** Takes over the family business (6th generation).
- **2015** New cellar equipped with washing platform and effluent management system.
- **2016** Acquisition of a confined sprayer leading to halving of use of phytosanitary inputs.
- **2015-17** Launch of a process to reduce the use of herbicides and use plant cover (alfalfa and clover sown among vines and in surrounding hedgerows).
- **2021**
 - 0 herbicide, 100% mechanical weeding.
 - + 400 hedging trees planted and maintained for the last 5 years.
 - Achieved CEC and HVE certification.

When you joined a Hennessy Collective to qualify for CEC certification, were you already aware of sustainable viticulture?

As the sixth generation on our family vineyard, I committed to a sustainable approach in 2015 after a long period of mulling over the project to break with old practices, and above all due to having the financial means to do so. My action

is structured around 4 major pillars: upgrading my production site to meet current environmental standards, investing in more cost-effective phytosanitary treatment equipment (confined sprayers), developing the use of mechanical weeding without herbicides and finally working on plant cover. It's a journey that requires time and commitment – a challenge that my employees and I have taken up step by step.

What has Hennessy contributed to your journey?

In 2019, the Maison contacted me to offer support towards gaining CEC certification, a wider-ranging certification than HVE. Hennessy then assisted me in the administrative part and financed the audit which took place in February 2021. Despite a difficult year in 2021, I managed to be well below the authorised treatment frequency rates for CEC certification and succeeded in reducing my use of phytosanitary products by 50%. I've been CEC certified since May 2021.

What benefits do these more virtuous practices bring?

Above all, the knowledge that I'm reducing the risk of negatively impacting the health of the local environment and people, so I consider it to be an essential commitment, especially with regard to local residents and my employees. We know that through these practices we're reducing pollution of the nearby river, and my employees also enjoy maintaining the hedgerows. It takes skill, but it's rewarding. ■



CAP O HERBICIDE

Due to Maison Hennessy's status as an Ecophyto index farm since 2011 and the fact that we have already achieved our initial objectives, we have been selected to participate in the Ecophyto 2 plan. This plan aims to get 30,000 vineyards to commit to transition to agroecological methods using low levels of plant protection products. The objective is to disseminate results obtained on both DEPHY and other network vineyards and to move on from the experimental stage to large-scale roll-out. This 30,000-vineyard project, entitled "Cap o herbicide", has been co-built with 17 winegrowers who are representative of the Cognac AOC as a whole. Its main target is to promote non-chemical solutions (mechanical, agronomy, improvement of soil fertility) in order to eventually eliminate the use of herbicides on the 33,000 ha of vineyards that supply the Maison. More broadly, the project seeks to gradually phase out the use of phytosanitary inputs by moving on from the experimental stage to large-scale roll-out.

KEY INFORMATION ON CEC CERTIFICATION

- 100% of winegrowing partners **made aware of the CEC programme**
- 1/3 of them (650 out of 1,600 winegrowing partners) committed to a **"Hennessy Collective"**, and benefitting from support for certification
- **153 winegrowers** (10% of vineyard areas) certified as at end of 2021

Objective: 100% of winegrowing partners to be CEC certified by 2025.

Raphaël Brisson,

HEAD OF SUSTAINABLE VITICULTURE,
HENNESSY

What is the “Cap o herbicide” programme?

It's a pilot programme co-constructed with 17 winegrowers whose vineyards – in terms of size and soil type – are representative of our wine-growing region as a whole. Concretely, the principle is to provide them with the knowledge and skills they need to be more autonomous in how they work the soil, using appropriate methods for the precise place and time, etc. In order to do so, we call on external expertise, ranging from mechanisation – mechanical weeding with different types of tools – to agronomy, which improves their understanding of the composition, both mineral and biological, of their soils and soil fertility.

How was this programme organised in 2021?

We organised mechanisation workshops on mechanical weeding including practical onsite demonstrations of equipment. By

studying the microbiological composition and biomass of their soils, combined with field observations and technical input from an expert, participants were able to enhance their knowledge of agronomy in terms of soil fertility, and particularly regarding the benefits of plant cover. This programme also includes a regular visit to participants from a technical expert from May to August to troubleshoot diseases and pests in their vines.

What were your results for 2021?

2021 was a complicated year because of heavy rainfall, but the deployment of the programme meant that our winegrowing partners were able to adopt the techniques and 108 ha have already been worked without using herbicides. More generally, these winegrowers have committed to a process of agroecological transition. To further extend the acquisition of know-how, we provide concrete tools (videos, technical factsheets, articles, etc.) to ensure that these

best practices are shared with all our 1,600 winegrowers. ■

KEY INFORMATION CAP O HERBICIDE

- **108 ha worked without herbicide**
- **4 mechanisation workshops and two agronomy days focussing on soil fertility**
- **Biodiversity day in the wine-growing region**
- **3 technical factsheets, 1 article in the newsletter for deliverers and a video**

Objective: 230 ha herbicide-free in 2022



Sustainable viticulture

Developing a new agricultural model

To be able to meet future environmental and climate-change-related challenges, at Hennessy we are fully aware that we need to adapt our practices. The Maison is therefore experimenting with new lines of exploration and committing to innovative research programmes, trialling initiatives at our own domain with the aim of transforming it into a centre of learning and innovation.



BIODIVERSITY IN THE VINEYARD: NEW LANDSCAPING APPROACHES

Soil life depends on biodiversity, and soil fertility guarantees the overall health and sustainability of land and vineyards. Hennessy is developing the use of **plant cover** to aerate, drain and enrich soil through the seasons. Similarly, to foster soil regeneration and promote biodiversity, the Maison **sows wildflowers on fallow plots** before vines are replanted.

In 2020, again in the aim of encouraging biodiversity and soil life, we opted to maintain our vineyards by eco-grazing, and introduced flocks of Shropshire sheep and Ouessant ewes.



VITICULTURAL AGROFORESTRY: COMBINING PRODUCTION AND THE PROTECTION OF BIODIVERSITY FOR RESILIENT VINEYARDS

Through the companion planting of our vines with trees, either bordering or inside agricultural plots, Hennessy is contributing to fostering a microfauna of crop auxiliaries, bringing more diverse tree species to our vineyards. The Maison's "Viticultural Agroforestry" programme, launched in March 2021, is part of the European Union's green belt landscape ecology initiative. It aims to restore ecological corridors - areas that connect reservoirs of biodiversity to each other - to promote the mobility and life cycle of different species. The effects of these transformations of the landscape are many and varied, ranging from shade and windbreak effects, carbon capture and soil enrichment to providing shelter for birds. Hedgerows also make our countryside more attractive by

going back to traditional diversified landscape configurations. Since March, 5,300 trees and shrubs from 30 different native local species have been planted, including walnut, elm, field maple, medlar, dogwood, juniper and wild pear. More southern species (such as holm oak and almond) were also selected, in anticipation of global warming. A wide diversity of species has been planted to provide habitats and cover for as many insects and animals as possible. Preliminary studies on functional biodiversity, mesofauna, birds, chiroptera and mammals have been carried out in cooperation with Vitinnov and the LPO* in order to be able to measure the positive effects of these measures over time and benefit from their advice and experience.

*Ligue de Protection des Oiseaux / League for the Protection of Birds

GENERALISING THE USE OF PLANT COVER

At the end of summer, sowing species such as oats, alfalfa, clover or mustard between rows of vines helps drain the soil and captures excess nitrates and phytosanitary products. In the spring, they serve as green manure and enrich the soil with nitrogen, reducing the need for fertiliser input.

R&D FOCUSED ON CUTTING-EDGE PRODUCTION MODELS

As a major regional economic player, it is the responsibility of the Maison not only to anticipate climate change and its consequences, but also to provide scientific evidence to legitimise our deployment of relevant measures to our partners.

To this end, we are carrying out research programmes based on a systemic approach that focusses on 3 categories:

1. Soil life

Funding of a thesis on the impacts of technical viticultural patterns and the functional biodiversity of soils, at the INRAE (National Institute of Agricultural Research) in Dijon.

2. Production of quality grapes

Support for a GTD FREE programme in partnership with the INRAE of Bordeaux, where research is being conducted into wood diseases and the impact of cultural practices.

3. Plants as a material to leverage adaptation

- The Maison is trialling, in collaboration with the BNIC, new varieties based on wild vines.
- Funding of a doctoral thesis on the capacity of different grape varieties to cope with drought conditions in the context of global warming, with Bordeaux Sciences Agro and the INRAE of Bordeaux.

KEY INFORMATION

The Hennessy vineyard, a tool for experimenting and learning

- **180 ha of pilot vineyards certified HVE and Cognac Environmental Certification (CEC) in 2018**
- **Testing of new technologies:** the eco-responsible robot Naio, biocontrols, improvement of traditional practices such as vine pruning and eco-grazing
- **Techniques to promote biodiversity** and soil life, and to preserve air and water quality (plant cover, fallow land, etc.)
- **Herbicide-free since 2021**
- **Generalisation of confined spraying since 2016**
- **Experiments with new grape varieties**

New approaches to landscaping

- **Land left fallow** on plots prior to replanting: between 10 and 15 ha per year
- **100% of vineyards using plant cover techniques since 2021**

"Viticultural Agroforestry" programme

- **Launch in March 2021**
- **5,300 trees and shrubs of 30 different native species**
- **4 km of hedgerows** on a 40-ha islet of vines

Biodiversity

All the soils, forests, plants and wildlife that compose the living world are linked together in one huge interconnected chain. Maison Hennessy's actions to foster biodiversity are therefore based on a holistic approach to the natural environment of our sites. Previously, in the "Forest Destination" section, we have seen how the Maison cares for forests through regeneration and sustainable management programmes – both in our home territory and forests, and internationally. The care we take of biodiversity within our vineyards also extends to the areas surrounding our production sites.

PRODUCTION SITES THAT CARE ABOUT BIODIVERSITY

Ahead of each project, whether it is a new development or site extension, a comprehensive flora and fauna inventory is carried out in order to assess the initial state of the area and ensure that any new development is biodiversity-friendly. Our sites are therefore run on a system of differentiated landscape management that is appropriate to each case: differentiated mowing, bee-friendly fallows, and a ban on pruning from March 15 to July 31 in line with LPO recommendations. In addition, following a Capinnovation project initiated by Hennessy employees, our Bagnolet and Bas Bagnolet sites have been maintained by eco-grazing and have been home to a flock of sheep since May 2021.

Our new Pont Neuf packaging site was designed to feature bee-friendly wildflower meadows, and a vast tree planting project was initiated in October 2021. It is due to be extended across the entire site over the next three years. After tree-lined car parks, a micro forest was created in March 2022 at the entrance to the site. On this occasion, our employees had the opportunity to get together to learn more about the importance of forests on the occasion of a friendly, informal awareness-raising session. By hosting a diversity of species far greater than that of a regular forest, micro-forests benefit biodiversity while enhancing the landscape, something which the employees who work there can enjoy every day.

Our Bagnolet site, when recent extension work was carried out, benefitted from a forest regeneration programme that included the creation of a wildlife passage under the road

that connects the different parts of the site. At the Domaine de Bagnolet, gardeners use various biological pest control methods (bluetit nesting boxes, pheromone traps, etc.). Mulching, wildflower fallows, collecting rainwater and differentiated mowing patterns are all practices that have now been adopted.

KEY INFORMATION

Pont Neuf site

- **30 endemic varieties of tree**, of which 55% are melliferous
- **6.2 ha of honey-producing fallow**
- **Micro-forest of 5,000 trees** covering 2,500 sq m
- **2,500 shrubs and 29 shade trees** planted in 2021 on car parks at the site
- **580 sq m of micro-forests** created at Pré Dinât

Bagnolet / Bas Bagnolet site

- **Forest regeneration over 1.6 ha**
- **21 sheep** for eco-grazing since May 2021
- **Flora and Fauna inventories** on regular basis since 2014
- **Wildlife passage with plant cover** under the road between Haut Bagnolet and Bas Bagnolet

Production & climate

Energy

Hennessy is aligned with the Moët Hennessy 1.5°C SBTi* trajectory. Back in 2002 with our first Carbon footprint, the Maison was already demonstrating its ambition to commit to a process of reducing the energy and carbon impacts of our production (Scopes 1 and 2). Since then, as part of our constant quest for innovation and excellence, the Maison has been applying a tailored strategy to each of our sites. The objective is to optimise carbon-efficiency by reducing energy consumption as far as possible and deploying renewable energy solutions. In October 2021, all the company's industrial and administrative sites switched to biogas, with an emission factor that is 80% lower than for fossil gas.

OPTIMISING THE CONSUMPTION OF EAUX-DE-VIE DISTILLATION PROCESSES



Cognac AOC rules stipulate that distillation must take place over an open flame, which requires a significant energy input. We have already succeeded in reducing this in recent years by adjusting burners and using forced air burners.

Alongside our measures to reduce consumption, our 3 distilleries switched over entirely to biogas in 2020 with a guarantee of origin contract. Biomethane is produced by the methanisation of agricultural waste in the Niort area, less than 100 km away, boosting the local circular economy and creating local jobs. The greenhouse gas emissions of biogas are at least 80% lower than those of fossil natural gas.

And in order to roll out our decarbonisation roadmap to our distiller partners, we identify and test the best local energy solutions in New Aquitaine.



ENERGY REDUCTION ACTIONS ADAPTED TO EACH CONTEXT

To reduce our impact, Hennessy has set up an Energy Management System, led by a dedicated project manager responsible for diagnostic assessments and progress on the measures implemented. The Maison's objective is to achieve ISO 50001 certification in the course of 2022.

As part of an approach based on a combination of traditional farming common sense and cutting-edge technologies, we assess each site and apply an appropriate specific energy strategy. For example, on the Pont Neuf bottling site, the presence of deep groundwater makes the use of geothermal energy possible.

In buildings, more efficient condensing boilers are gradually replacing old models to accompany the reduction in our impact due to our 100% biogas supply. On the La Vignerie bottling site, electricity consumption decreased by 10% between 2019 and 2021 thanks to a range of actions such as LED relamping and targeted power cuts per line. All new building is now low-carbon and HQE* certified, which aims at high-performance to very high-performance energy targets, as well as a low-carbon policy whenever this is possible. For example, our 2021 Le Peu distillery extension is the object of an ongoing HQE audit.

In March 2022, our Le Peu distillery experimented with the hybridisation of hydrogen produced from water and green electricity.

KEY INFORMATION

Results:

- **First carbon footprint in 2002**
- **11% reduction** in our energy consumption in kWh/standard case between 2013 and 2021
- **Green electricity contract** for all our sites since 2017
- **100% renewable energy (gas and electricity)** on our industrial and administrative sites since October 2021

And Objectives:

- **Deployment of an Energy Management System** to achieve ISO 50001 Certification in 2022
- **2022: experimentation of hydrogen hybridisation** at the Le Peu distillery

Production & climate

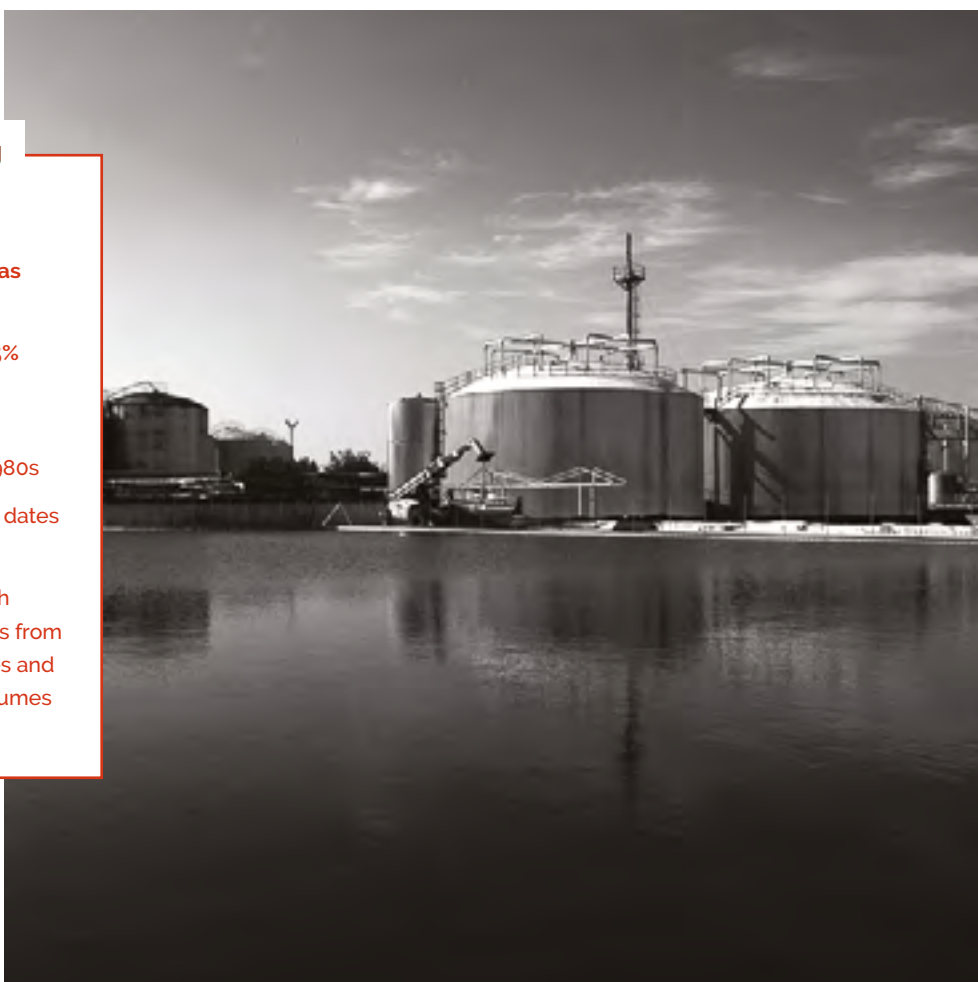
Circular economy

To reduce the impact of organic viticultural by-products (vinasses), a structure was set up 50 years ago in the Cognac vineyards by various sector players. Delivering solutions to the challenges of depolluting distillation residues and – since 2009 – converting them into energy, it is a shining example of the local and circular economy. Along with other Cognac Maisons, Hennessy is a shareholder and co-manager of this smart, low-carbon local ecosystem and 100% of our vinasses are therefore processed by Revico.

KEY INFORMATION

Hennessy and Revico

- The Revico company was created in 1971
- The Maison has a 20-25% shareholding in Revico
- Technology in use was developed in the late 1980s
- Conversion into energy dates from 2009
- **Today:** Revico deals with 100% of vinasse volumes from the Maison's 3 distilleries and 50% of local vinasse volumes not used for spreading



3 questions to...



**Nicolas
Pouillaude,**
DIRECTOR, REVICO



What is Revico's activity?

Revico is a centre for the recovery and depollution of organic wine-growing by-products. As soon as the grapes are harvested, the grape must produced from white grape varieties is vinified. During the winter following its production, the wine is distilled in Charentais stills. The distillation of Charentais white wine leads to the production of an exceptional eau-de-vie which, after being aged in barrels, becomes cognac. The distillation process produces a de-alcoholised white wine called "vinasses charentaises". Roughly, for every 10 volumes of wine there is 1 volume of eau de vie and 9 volumes of vinasse full of organic matter, which, if discharged without treatment, negatively impacts the natural environment. There are two solutions to dealing with these organic residues: either spreading them on land as a fertiliser or entrusting the vinasse to a recovery company such as Revico.

Small-scale structures and vintage distillers have enough agricultural land for spreading to be an effective solution, but professional distillers like Maison Hennessy need all or part of their vinasse to be reprocessed.

Vinasses go through a two-staged treatment process: first, we recycle them in terms of material and energy, then they're depolluted so that they can be safely discharged into the natural environment (in accordance with the applicable prefectural decree).

We recover the natural organic acid contained in vinasses – a molecule widely used in the food industry – and methanise the remainder of the vinasses to make biogas which is then transformed into green electricity and sold to EDF. Although we know that the resulting electricity goes into local grids, we'd ideally like to be able to inject biomethane from biogas directly into the network.

In what way is Revico a model of the circular economy?

Our structure was set up 50 years ago through an alliance of sector players who decided to pool their resources to deal with the depollution and recycling of vinasses. Result: this intelligent, non-competitive model proved to be very effective, because it allowed players to benefit from more innovative and efficient technologies than a simple depollution station would enable. It's a virtuous model because the Revico system produces energy while consuming very little of it. Today the company captures, recycles and depollutes half of the region's vinasse volumes that can't be used for spreading.

How could recycling extend to all vinasse volumes?

Our objective is to raise awareness, throughout the region, of the added value we bring, which should enable us to capture the remaining 50% of volumes. However, there is still an obstacle for us to overcome: the average distance travelled by Revico customers so that their vinasses can be treated is 15 km. A small number of customers are located 30, 40 and even 100 km away. However, at this distance, the model is no longer as efficient from an environmental point of view, because the impact of transport is not offset by the recycling of the vinasses. We're therefore currently in the R&D phase of a project for a lower-impact mode of transport to allow for the recycling of residue without transport-related carbon expenditure increasing our overall carbon footprint. ■

Production & climate

Eco-design

Under the leadership of the LVMH Group, in 2011 the Maison undertook to conduct research into innovative solutions to limit the impact of our packaging. All packaging is now evaluated according to the Environmental Performance Index (EPI). Since 2016, several new criteria have been added to the index, ranging from a systematic eco-design brief to locally-sourced materials. Continuous life cycle analysis of our packaging leads to constant improvement. In this respect, more specifically, we are working to reduce the impact of the glass in our bottles, which accounts for 70% of the overall impact of our packaging.



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.



3 questions to...



Laetitia Fabre,

SUSTAINABLE DEVELOPMENT
DIRECTOR, VERALLIA

What is the background to the collaboration between Verallia and Maison Hennessy?

At the beginning of the 20th century, Claude Boucher invented the first semi-automatic machine for the industrial manufacture of bottles, which until then had been hand-blown. This invention led to increased production and the Claude Boucher glassworks started to supply Cognac customers such as Hennessy. The glassworks then became part of the Saint Gobain group and later of Verallia. In fact, the story of our cooperation goes back more than 100 years!

How do you work with Hennessy and what level of production do you supply them with?

We sell Hennessy 90 million bottles a year. Hennessy is real partner for us and communication is transparent at all levels of the company, ranging from educational visits for our/their employees to the visit of the CEO. The high standards demanded by Maison Hennessy in terms of design, quality and sustainable development encourage us to progress and constantly drive us to innovate.

What are Verallia's targeted commitments and progress levers, more specifically in its collaboration with Hennessy on sustainable development issues?

Like Hennessy, Verallia is on a pathway to limit global warming to +1.5°C by 2030. Verallia is the first glassmaker to align their commitments to this level, which represents a 46% reduction in CO₂ emissions over the 2019-2030 period. All our teams have contributed to building the various action plans to achieve this objective, and in March 2022 it was validated by the SBTi (Science Based Target Initiative).

Our Raison d'être, "Reimagine glass for a sustainable future", defines our ambition and strategy. In order to achieve our objective, Verallia has launched an ambitious investment policy to transform the technologies, resources and industrial equipment used on our sites. It's based on three main levers:

- Changing the mix of raw materials: Verallia actively supports the FEVE (European Container Glass Federation) target to collect 90% of cullet in Europe and reuse it in the production process; a large number of projects for the collection and processing of recycled glass have been initiated. The Group has already made significant progress with a cullet rate of 55% for production in 2021, compared to 49% in 2019. The 2030 target is to use 66% external cullet.
- Reducing energy consumption: Verallia is implementing technological solutions that aim to drastically reduce the energy needs of our factories, for example with innovative projects for new electric or hybrid ovens.
- Increasing the use of renewable or low-carbon energy: with the signing of long-term low-carbon electricity supply contracts in most countries where our Group operates, while continuing research on sustainable renewable fuel sources to find alternatives to natural gas in the longer term. The Group has set itself the goal of using at least 60% renewable or low-carbon electricity by 2025. ■

KEY INFORMATION

- **Since 2011** all Hennessy packaging is EPI-evaluated, and 10 new criteria were added in 2016
- **Hennessy uses 100 million glass bottles a year on average**
- **Glass accounts for 70%** of the impact of the Maison's packaging:
 - > **The current VS 70 cl bottle is one of the lightest** in the premium category as glass weight was reduced by 10% several years ago, allowing for a saving of 284 tonnes of CO₂ a year
- **Paradis upgrade:** the new Paradis, due to be launched in 2022, has been eco-designed: a 12% reduction in glass weight (saving of 2 teqCO₂ a year), FSC-labelled oak box and cloth binding.

Production & climate

Eco-design of buildings

Since 2017 and the construction of our “Pont Neuf” packaging and logistics site, all renovation and construction work carried out by the Maison meets High Environmental Quality (HQE) specifications for buildings.

100% HQE CONSTRUCTION SITES

This certification covers all aspects of sustainable development: eco-construction, eco-management, comfort and health. In practical terms, this ranges from energy management of the building to quality of life at work and ensuring the building blends into the landscape. The building site must be exemplary in terms of cleanliness and of course the carbon impact of the project is primordial. As we attach great importance to all of these criteria, all our major renovation and construction projects are carried out in compliance with HQE principles.



OUR LE PEU SITE RESTRUCTURING PROJECT: A FUTURE CENTRE FOR EXCELLENCE AND KNOW-HOW FROM VINE TO DISTILLATION



This ongoing building project is also part of our overall HQE approach and, from the outset, included a waste sorting charter, provisions for the monitoring of energy and water consumption, and an acoustic study. Time was also set aside to discuss the expectations and concerns of local residents.

The new design for the premises features an important sensory dimension (sound comfort, access to natural daylight) and has been designed to fit into the landscape. In addition to virtuous energy choices (biogas, green electricity, LED lighting, energy-efficient heating/air conditioning system, low-impact refrigerant, etc.), the project includes systems such as recovering rainwater for sanitary facilities and vineyards, the recovery of waste heat for the preheating of hot water, and the use of cork for the insulation of wine vats.

KEY INFORMATION

- **Area of 5,844 sq m of buildings** on site of 18,670 sq m (excluding vineyards)
- **Planned length of hedgerows:** 134 metres (61m of single hedges and 73m of double hedges)
- **2 water butts of 120 m³** equalling a rainwater recovery capacity of 240 m³
- **Reuse of cobblestones from the square courtyard** in front of the old house to pave certain parking spaces

Production & climate

Reduction of the impact of transport

Transport is a major source of our carbon emissions, accounting for 21%. This is due to the fact that 99% of our sales are international, mainly in Europe, the United States and Asia. To reduce the impact of our freight, we therefore look into all possible sustainable alternatives. This has given rise to three key priorities: opting for sea and rail transport rather than air transport, while ensuring that air transport is kept to a minimum, experimenting with innovative solutions, such as a sail-powered cargo ship, and optimising our logistics flows.

OPT FOR AND DEVELOP THE USE OF THE LOWEST EMITTING MODES OF TRANSPORT



Maritime transport accounts for 90% of our shipments of cognac. For the same route, it emits 250 times less carbon than air transport, which, for this reason, we have always reserved for emergency situations only. The Maison also fully intends to continue to keep air freight to below 0.5%.

In 2020, with the joint aim of pursuing our efforts to decarbonise our maritime transport and supporting an innovative project, the Maison signed a partnership with Neoline, a company that is developing a cargo ship that uses wind as its main means of propulsion. Scheduled to operate the 2-week crossing between Montoir-de-Bretagne (near Saint-Nazaire) and Baltimore in the United States from 2024 onwards, the transatlantic logistics company is due to transport 4 million Hennessy bottles per year, i.e., 6% of our flows to this destination.

By its use of sail-powered propulsion, this cargo ship which, from 2024, will be carrying 20 Hennessy containers on each trip to our major market, is due to bring an 80%-90% reduction in carbon emissions compared to conventional shipping.

On land, Hennessy prioritises rail transport – which has an impact that is 25 times lower than road transport- and is seeking to maximise its use. Rail transport currently represents 40% of our national flows between Bordeaux and the ports of Le Havre and Marseille. This is the largest flow of cognacs transported by rail in France.



LOWER-CARBON MODES OF TRANSPORT: PILOT STUDY ON BIOFUELS

Since there are many different paths to achieving decarbonisation, the Maison is trialling the use of biofuels both with local transport partners and internally. A relevant pilot study has been ongoing since 2021 and is continuing in 2022. It focusses on non-reducible road transport between the Maison's sites (own fleet), as well as transport subcontracted to partner carriers, as these emissions are included the Maison's carbon footprint. The measures being studied are as follows:

- ED95 bioethanol is made from grape stalks and is therefore part of the circular economy. It is produced by Raisinor, a company in south-west France, and is used for the transportation of certain tanks. On the Cognac-Bordeaux route, it could enable Hennessy to reduce carbon emissions by 90%. In July 2022, the Maison intends to purchase 2 tractors running on ED 95 and install an ED95 filling station at one of its sites.

OPTIMISING LOGISTICS FLOWS

Hennessy makes full use of a handling technique that dispenses with wooden pallets, and uses slip sheets – kraft paper dividers – saving on both space and weight. 15 times lighter than a wooden pallet and taking up less space, the slip sheet allows products to occupy 100% of the available volume. Optimised loading for transport automatically leads to a reduction in Hennessy's carbon impact.

- Biofuels and in particular second-generation oil-based residues (XTL / HVO) have been trialled by the House since the beginning of 2022 for internal flows between our bottling and shipping sites with a view to achieving decarbonisation.

- New electric truck technology is also in the process of being acquired in order to transport our wooden barrels.

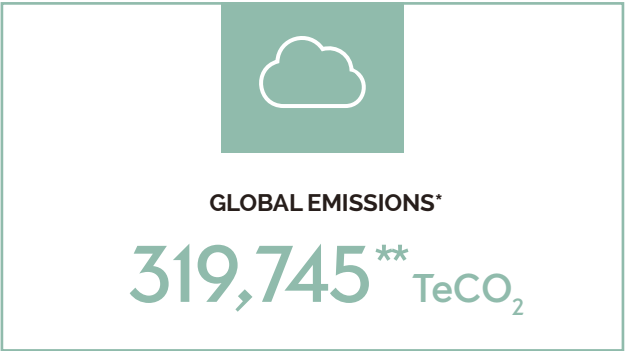
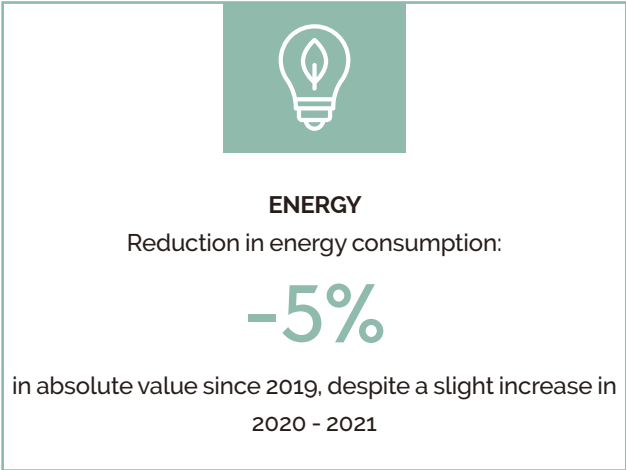
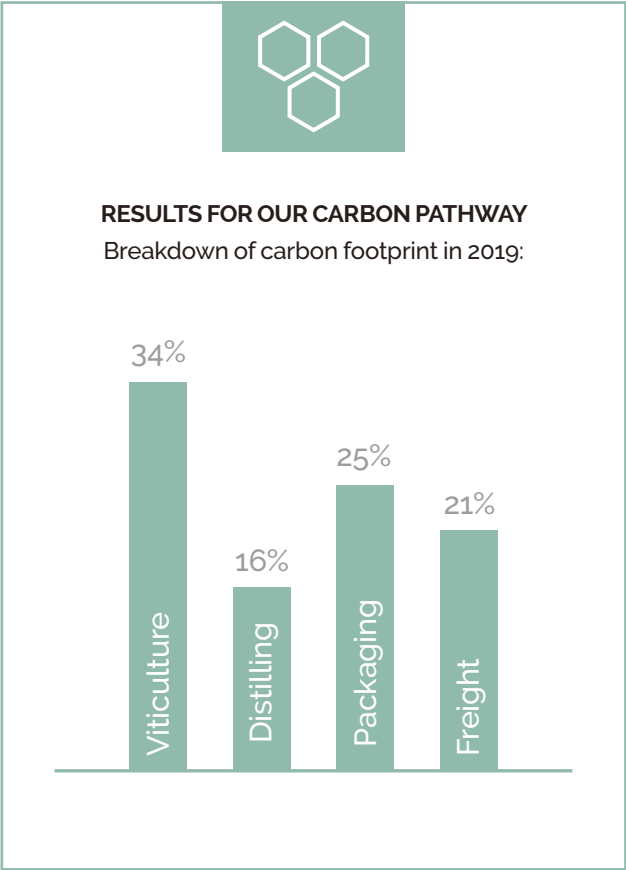
Finally, with the aim of ensuring that our employees are stakeholders in our environmental commitment, since 2015, Hennessy has provided a fleet of electric vehicles for transport between our production sites and around our vineyards. Similarly, Hennessy employees benefit from actions to raise awareness on eco-driving and encourage soft mobility.

KEY INFORMATION

- **Less than 0.2%** of air freight in 2021
- Partnership with the shipbuilding enterprise, Neoline, to develop a sail-powered transatlantic cargo line:
80 - 90% less CO₂ than conventional shipping
- 108-vehicle electric fleet since 2015 - **74% of our fleet**
- **95% of Hennessy freight** uses the "full loading" method (no empty spaces in loads)

Our carbon roadmap

Hennessy is fully committed to the 1.5° pathway targeted by Moët Hennessy, which is currently in the process of SBTi validation. The Maison’s 2019 carbon footprint shows that 90% of our emissions are Scope 3 – mainly due to the impact of the 34,000 ha of vineyards necessary for our production. Since our first carbon assessment in 2002, Hennessy has been constantly fine-tuning the actions to be implemented in our decarbonisation roadmap and is engaged in a process of continuous improvement in this respect.



*SCOPES 1,2 and 3
** 2018 carbon footprint evaluated on 2018 sales of 65,587,200L and 69,081,600L sold in 2019



**DECARBONISATION PERFORMANCE
OF FINISHED GOODS TRANSPORT**

< 0,2%
air freight

95%
lower-impact transport (90% sea and 5% rail)

- 24%
less CO₂ for Scopes 1 and 2 in 2020 - 2021





Protect and empower people

1. TAKING CARE
OF PEOPLE
2. SOCIAL
INCLUSION
3. DEVELOPMENT
THROUGH
CULTURE





The story of our Maison is intrinsically linked to diversity and culture, and people have always been at the heart of our responsibilities. To cultivate the future, our story depends more than ever on talent.

Hennessy takes its responsibilities as an employer seriously, and this attitude also extends to our partners and consumers. Health, safety and risk prevention are core to our dealings with all of our stakeholders. From a social point of view, the Maison is engaged in a process of inclusion to allow for the integration of people who are excluded from the labour market, people with disabilities, and those in difficulty. Our quest for excellence, both in this area and others, leads the Maison to support a wide range of projects, non-profits and events making a social or cultural contribution.

Results & objectives

RESULTS

TAKING CARE OF PEOPLE

- **90% of favourable opinions** among Hennessy employees in 2020 compared to 84% in 2017 (MH survey)
- **The Maison is committed to the ISO 45001 standard** on workplace health and safety risks
- **Teleworking agreement** - 2 days
- **Training of partners** with the MSA (Agricultural Mutual Society) on the evaluation and prevention of CO2-related risks

SOCIAL INCLUSION

- **100 participants** in our Diversity and Inclusion Charter awareness workshops
- **7 million dollars donated** to the Unfinished Business programme (November 2021)
- **Solidarity with Ukraine:** Hennessy donated €600,000 to humanitarian non-profits in aid of communities impacted by the war and refugees

DEVELOPMENT THROUGH CULTURE

- **150,000 of funding** for the renovation of the Tour Saint-Jacques in Cognac
- **47,500 euros of support** for cultural structures and events (locally and nationally)

OBJECTIVES

- **Improve the results of** the LVMH employee survey
- **Train 100% of employees** in sustainable development by the end of 2023
- **Implement the diversity and inclusion actions** identified in workshops

Taking care of people

Hennessy is particularly attentive to quality of life and the safety of work environments for both our employees and partners. Similarly, cognac tasting takes place within a framework underpinned by a strict code of self-discipline that is followed by all our employees as part of our responsible consumption policy.

3 questions to...



Sylvie Atienza,

DIRECTOR,
HUMAN RESOURCES

What is Hennessy's approach to well-being at work?

Hennessy considers that quality of life at work is an essential performance lever. At the moment, we're putting the emphasis on work environments. Our "Maison" and "Village" workplace restructuring projects for our employees based in rue de la Richonne aim to provide a bright and energising working atmosphere, fostering increased cross-functionality and agility in our operating methods.

What are the various stages of the workplace remodelling project?

We're aiming to ensure that the workplaces we design effectively meet the needs and operating uses of both current and future generations. For this reason, our project is largely based on workshops, designed in a process of "collective intelligence" that features employee participation. Their vision of how the building is to be used in the future will inspire the architects to put their design creativity at the service of the users of tomorrow. In 2023, we're looking forward to the first example of these new, enhanced work environments produced by our "Village" project with our new building on the Pont Neuf site.

How do you measure employee engagement at Hennessy?

All LVMH group employees complete an "Employee Survey" approximately every two years. The survey measures levels of commitment, leadership, image, and quality of life at work against an external benchmark. In our Maison, the 4 themes that showed the greatest improvement in terms of employee appreciation between 2017 and 2020 were the encouragement of teamwork by managers, organisational efficiency, employee recognition and rewards (financial or otherwise). The percentage of overall favourable opinions, across all themes, rose from 84% in 2017 to 90% in 2020. The next study is planned for 2023. ■

ENSURING THE HEALTH AND SAFETY OF EMPLOYEES DURING THE HEALTH CRISIS

The health of our employees is a priority for Hennessy. During the health crisis, our Occupational Health teams set up onsite Covid-19 testing and employees were given time off to be vaccinated. Finally, negotiations with our social partners resulted in an agreement on flexible teleworking for 2 days a week, for types of work that can be carried out remotely.

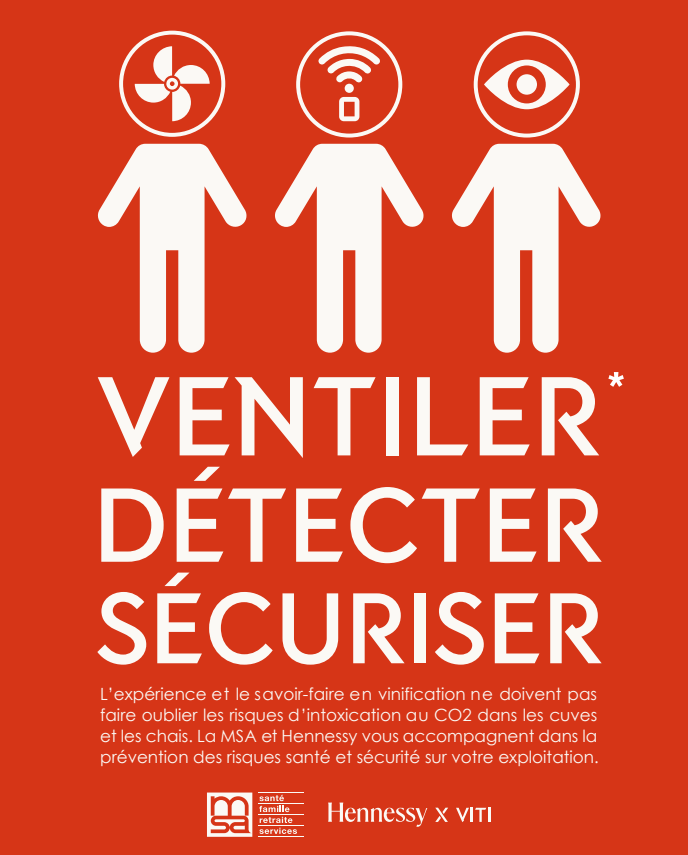
HENNESSY PARTNERS WITH THE FRENCH AGRICULTURAL HEALTH INSURANCE (MSA IN FRANCE) FOR A RISK PREVENTION CAMPAIGN

Health and safety are by definition one of the key factors in the sustainability of winemaking. Unfortunately, nearly 400 workplace accidents still take place in the Charente vineyards each year. By joining forces with the MSA to train partners in risk assessment and prevention, Hennessy aims to provide support to our winegrowing partners. Communication and training tools with annual themes have been implemented. In 2021, they focussed on CO₂-related risks.

RESPONSIBLE CONSUMPTION

Our eaux-de-vie are the fruit of the labour and traditional know-how of men and women that has been handed down through generations. The Maison attaches great importance to sharing our culture and ensuring that our products are enjoyed in a meaningful way. This vision is coupled with an approach to responsible consumption based on two main levers: our Transparency site (p. 20) and the company-wide code of self-discipline shared by all Moët Hennessy teams. The code includes a set of specific prevention and information measures to avoid encouraging the excessive or inappropriate consumption of alcohol. For example, at evening tasting events, a shuttle service is available to allow people to get home safely.

LES RISQUES D'INTOXICATION AU CO₂



**VENTILER*
DÉTECTER
SÉCURISER**

L'expérience et le savoir-faire en vinification ne doivent pas faire oublier les risques d'intoxication au CO₂ dans les cuves et les chais. La MSA et Hennessy vous accompagnent dans la prévention des risques santé et sécurité sur votre exploitation.

MSA santé famille retraite services **Hennessy x VITI**



**GARDEZ TOUJOURS
LES BONNS REFLEXES
EN TÊTE.**

SCANNEZ CE QR CODE POUR ACCÉDER À LA VIDÉO DE PRÉVENTION.

*Ventilate, detect, secure

KEY INFORMATION

- **Hennessy is committed to the ISO 45001** standard on ensuring the safety of employees by reducing risks and creating better and safer working conditions.
- **90% of favourable opinions in 2020** compared to 84% in 2017 (Employee survey)
- **A teleworking agreement signed in 2021 (01/07/2021)** provides for 2 days of remote working a week
- **Equity: an additional 15 days of maternity leave and 9 days of paternity leave**

Social inclusion

With the arrival of Sylvie Atienza as Director of Human Resources and in line with Hennessy's Raison d'être, the Maison seeks to ensure that principles of diversity, equity and inclusion permeate all our actions and commitments. This aim is shared by the entire Management Committee and finds expression in a range of specific support actions for employees, as well as societal actions that reach out to underprivileged communities and groups.

PROMOTING DIVERSITY, EQUITY AND INCLUSION

Underpinned by the determination of the Management Committee and formally summarised as: "Explore cultures, embrace differences, nurture the imagination, in the service of collective excellence and sustainable performance."

A programme on unconscious bias and its impact on our decisions and ways of functioning was initiated in 2021. A majority of our managers took part in 6 workshops from July to September. The programme included discussions on the data from the inclusion and diversity survey, improving understanding of unconscious bias, and sharing our real-life experiences. It elicited a wide range of ideas and proposals for concrete actions. These actions involving all our employees will be deployed from 2022 onwards with the aim of putting diversity, equity and inclusion at the very heart of our organisation.

HENNESSY COMMITS TO SUPPORTING WOMEN ALONGSIDE THE NGO "SOROPTIMIST"

After an initial collaboration with the non-profit, Soroptimist, in the form of financing vine-pruning training for women recovering from domestic abuse, the Maison participated in a further event organised by the non-profit on November 27 and 28, 2021. This was dedicated to showcasing women's know-how, craftsmanship and talents with volunteer employees from Hennessy's manual workshops sharing their knowledge and passion for calligraphy.

CONTRIBUTION TO THE LOCAL ECONOMY AND LOCAL SOLIDARITY



To reach out to the most underprivileged people in our local area, in 2021, the Maison undertook to work with Emmaüs Cognac by donating furniture to be sold. Any furniture in need of repair was restored by the Association de Régie Urbaine (A.R.U.) and Valdelia, before being sold on the label-Emmaüs.co online platform or in a sale for local residents. Each year, during the festive season, the Maison also has a special thought for seniors, and gifts the town of Cognac packets of chocolates to be distributed to older residents.



TAILORED SUPPORT AND PROGRESS FOR EMPLOYEES

For the last 20 years, Hennessy has offered employees relevant training on quality, health, safety and the environment in line with their activity (for example, eco-driving for drivers, regulations on waste), with a refresher course every 5 years.

In order to ensure that sustainable development is uppermost in all the Maison's decisions, from 2022 all employees on permanent contracts are due to benefit from more general sustainable development training. The objective is for 100% of employees to be trained in these issues by the end of 2023. Ultimately, our ambition is for this sustainable approach to generate virtuous actions and behaviour, thereby becoming an intrinsic part of Hennessy's managerial culture.

HENNESSY FELLOWS, GIVING EVERYONE THE OPPORTUNITY TO SURPASS THEMSELVES

This programme, in partnership with the Thurgood Marshall College Fund, champions the highest-achieving graduate students from historically African American colleges and universities by offering them professional experience or providing them with financial assistance. In 2019, Hennessy pledged to donate \$10 million over 10 years to the foundation. In 2021, out of the third promotion to benefit from our support, 18 scholarship holders had already completed the programme and found full-time employment. These young graduates epitomise Hennessy's motto "Never Stop, Never Settle" by pushing the boundaries of their career potential.



KEY INFORMATION

- **Coaching** on an individual basis
- **Access to online training**, networking events, work experience and mentoring
- **Up to \$ 30,000 annual grant** (educational expenses and university fees)



UNFINISHED BUSINESS

With a strong presence in the United States, the Maison decided to support those communities most impacted by the fallout of the Covid-19 health crisis by creating the "Unfinished Business" programme, in association with local non-profits. This programme to support small minority-owned businesses was a huge success, with over 31,000 applications and 75,000 views of the website. 1,959 applicants received help in 2021 and 1,600 the previous year. In November 2021, grants totalling 7 million dollars had already been allocated, with a third going to businesses owned by Asian Americans. Hennessy is building on the success of this initiative by launching, in 2021, its "Make Moves That Start Movements" campaign, featuring NBA All-Star, Russell Westbrook, "Literally Balling" artist Victor Solomon, and the founder of Hoop York City, Alex Taylor. To set the seal on this new relationship, Russell Westbrook made a donation to Unfinished Business. This programme marks the beginning of a broader collaboration between Hennessy and the NBA, and is set to positively impact the Unfinished Business initiative in 2022.

KEY INFORMATION

- **76% of respondents** agree that Hennessy management is actively seeking to create a diverse and inclusive workplace (Employee survey)
- **7 million dollars** donated to the Unfinished Business programme (November 2021)
- Gender equality index: **88**

2022: SUPPORTING PEOPLE IMPACTED BY THE CONFLICT IN UKRAINE

To show our solidarity with communities affected by the war and those who have had to flee their homes, the Maison donated 600,000 euros to French non-profits such as the Secours Populaire and the Red Cross which benefit from national and local structures allowing them to respond appropriately to the actual needs of Ukrainian people.



THE "NEVER STOP NEVER SETTLE SOCIETY" ACCELERATION FUND

In the United States, Hennessy has partnered with the Marcus Graham Project NGO to co-create the "Never Stop Never Settle Society", a growth accelerator that champions African-American entrepreneurs. With total funding amounting to 1 million dollars, 20 African-American entrepreneurs were selected to benefit from awards of up to €50,000. The aim is to invest and empower these entrepreneurs to develop a project with a lasting impact on the whole community.

Development through culture

Wherever we are present, Maison Hennessy is always closely involved in local cultural life and supports the vitality and diversity of a wide range of structures and events. This support comes in several shapes and forms.

PATRONAGE OF LOCAL ART AND HISTORY

In Cognac, Hennessy is financing the renovation of the Tour Saint-Jacques so that it can be opened to the public. 150,000 euros were allocated in 2021, with an equivalent sum due to be donated in 2023. The House is also a patron of the Museum of Arts and History of Grand Cognac, where it contributes to the restoration of works of art.

SPONSORSHIP OF CULTURE AND CULTURAL EVENTS

In our local area, the Maison contributes financially to the Cognac European Literature Festival, and to the Théâtre de l'Avant-Scène for the Cognac Coup de Chauffe Festival and its live performing arts. Similarly, for the last 30 years the Maison has been promoting our values of excellence and transmission through the Hennessy Award for Literary Journalism. 2 years ago, it was joined by the Hennessy Book Award, which in 2021 went to Mohamed Mbougar Sarr's "The Most Secret Memory of Men", which then went on to win the prestigious Prix Goncourt.

The importance we attach to being open to the wider world is further underlined by our commitment to "Live Magazine", which reports on a range of current affairs and cultural events.

PRESERVING TRADITIONAL CRAFTSMANSHIP

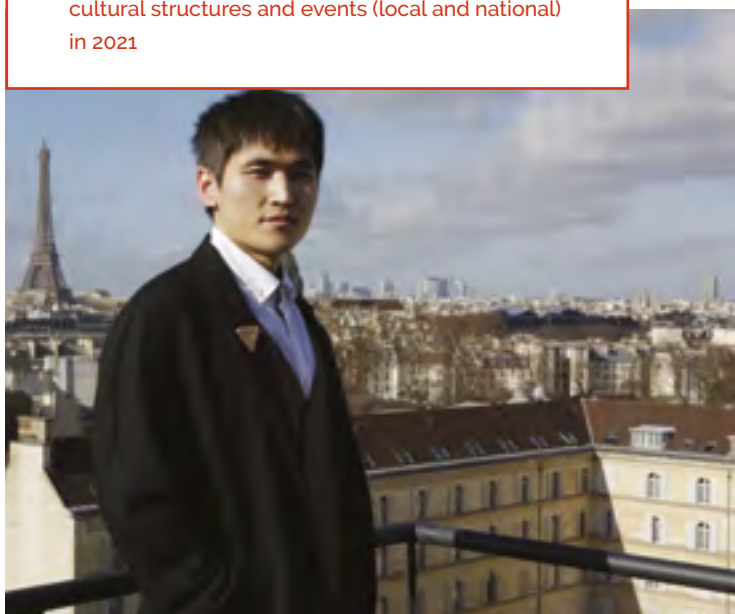
Since excellent workmanship, techniques and know-how are all part of Hennessy's heritage, it is only natural for the Maison to recompense the winner of the Hennessy Prize for Chinese craftsmanship, and invite them to visit France.

PASSING ON TRADITIONAL BARREL-MAKING HERITAGE

To satisfy Hennessy demand, which totals no fewer than 30,000 barrels a year, the Maison works with seven partnering cooperages. The coopers who work there continue to make barrels entirely by hand in the time-honoured way, as well as managing repairs to our stock of barrels that can remain in use for up to 50 years. They are real custodians of the traditional craftsmanship which is an essential part of the Maison's heritage.

KEY INFORMATION

- **150,000 euros of funding** in 2021 for the renovation of the Tour Saint Jacques in Cognac
- **47,500 euros of financial support** for various cultural structures and events (local and national) in 2021



Key indicators – 2021

ENVIRONMENTAL INFORMATION

Percentage of industrial sites ISO 14001 certified

100%

Total energy consumption

40,347 MWh

Energy-related greenhouse gas emissions - Scopes 1&2

2,669 tonnes CO₂

Greenhouse gas emissions generated by downstream transport - Scope 3

21,852 tonnes CO₂

Total water consumption for "processing" needs

96,478 m³

Total waste produced

3,801.59 tonnes

Total of hazardous waste produced

161 tonnes

Waste recycling rate

96%

Percentage of sites using green electricity since 2017

100%

Percentage of industrial and administrative sites using renewable energy - gas and electricity

100%

SOCIETAL INFORMATION

Share of grape supply (in kg) produced in our own vineyards, certified sustainable viticulture

Own grape production

2,591 tonnes

Percentage of (own) grape production certified sustainable viticulture

100%

QUALITATIVE INFORMATION

Viticulture policy

Pilot programmes certified High Environmental Value (HVE) and Cognac Environmental Certification (CEC) in 2018

180 ha

Confined sprayers since 2016

100%

Hedgerows in vineyards (in metres)

4,685 m

Sheep eco-grazing in our vineyards

21

Sheep eco-grazing at our Bagnolet site

36

Winegrowing partners

1,600

Equivalent in hectares of winegrowers partners

32,000

Area of Hennessy's own vineyard (SODEPA) certified

180 ha

Number of winegrowing partners informed of CEC support scheme

1,600

Number of winegrowing partners having joined a certification support "Collective"

650/1,600

Number of herbicide-free hectares in our own vineyards

180

Number of winegrowing partners already certified

153

equivalent area

13%

Square metres of melliferous fallow land at the Pont-Neuf site

64,000 sq m

Viticultural Agroforestry programme

Number of trees and shrubs

5,300

Number of different species

30

Kilometres of hedgerow

4 km

Hectares of vineyard islets

40 ha

Follow-up of EPI rating

For our packaging assessed by the Environmental Performance Index

100%

Annual savings in tonnes of CO₂ (improvements on 70 cl bottle)

284

Downstream transport policy

Lower carbon modes of transport (maritime and rail)

95%

Road transport

5%

Air freight

0,18%

Maritime

90%

Rail

4,5%

Electric vehicles

113

Percentage of electric vehicles in 2021

74%

Unfinished Business programme

Number of small, minority-owned businesses selected by the Asian American Business Development Center, the Hispanic Federation and One Hundred Black Men and assisted between June and December 2020.

1,959

Millions of dollars of budget

7

Forest regeneration project 2021

Total area benefitting from agro-ecological infrastructures (hedgerows, wildflower fallows, trees)

49%

Hectares of forest regenerated in partnership with the ONF in the Braconnie forest

5

Pont-Neuf Site

Hectares of forest regenerated in partnership with Reforest'Action

0.05 ha

Tonnes of CO₂ stored

750 tonnes of CO₂ equivalent

Juillac le Coq site

Hectares of forest regenerated in partnership with Reforest'Action

0.2 ha

Tonnes of CO₂ stored

225 tonnes of CO₂ equivalent

Pré-Dinât site

Hectares of forest regenerated in partnership with Reforest'Action

0.05 ha

Tonnes of CO₂ stored

420 Tonnes of CO₂ stored

La Bataille site

Hectares of forest regenerated in partnership with Reforest'Action

40 ha

Tonnes of CO₂ stored

821 tonnes of CO₂ equivalent

Overseas regeneration programme

Total number of hectares of forest protected overseas

3141.3

Equivalent number of trees

1,562,275

Tonnes of CO₂ stored

234,341 tonnes of

CO₂ equivalent

Number of direct beneficiaries

13,490

Kenya project

Hectares of forest regenerated in partnership with Reforest'Action

416 ha

Number of direct beneficiaries

8,350

Tonnes of CO₂ stored

37,500 tonnes of

CO₂ equivalent

Madagascar project

Hectares of forest regenerated in partnership with Reforest'Action

390 ha

Number of direct beneficiaries

600

Tonnes of CO₂ stored

9,000 tonnes of

CO₂ equivalent

South Africa project

Hectares of forest regenerated in partnership with Reforest'Action

60 ha

Number of direct beneficiaries

70

Tonnes of CO₂ stored

15,000 tonnes of

CO₂ equivalent

Nigeria project

Hectares of forest regenerated in partnership with Reforest'Action

1,250

Number of direct beneficiaries

4,400

Tonnes of CO₂ stored

37,500 tonnes of CO₂ equivalent

United States project, Oregon

Hectares of forest regenerated in partnership with Reforest'Action

94

Tonnes of CO₂ stored

15,000 tonnes of

CO₂ equivalent

Inner Mongolia project, China

Hectares of forest regenerated in partnership with Reforest'Action

891

Tonnes of CO₂ stored

118,125 tonnes of

CO₂ equivalent

EY & Associates – insurance report

The audit firm EY has conducted an independent review of the reporting processes for a selection of Hennessy's key qualitative and quantitative CSR indicators for 2021. The methodological details and all the consolidation and calculation rules are defined in the LVMH environmental reporting protocol, updated annually and available to the public. The methodological note for the 2021 environmental indicators as well as the EY limited insurance report are available respectively in the 2021 CSR report and the LVMH universal registration document on the LVMH Group publications webpage. Any request for consultation can also be sent to the following address: contact.environment@lvmh.com.





Final word

We're still a long way from where we want to be, but each initiative, each action, is a step forward. We don't yet have all the solutions but we will tirelessly carry on seeking out pivotal transformations. To achieve this, I firmly believe that our collective spirit is our best asset.

Laurent Boillot.



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

Printed on FCS certified paper - 100% recycled - Photo credits: Antoine Bagout, Alain Benoît, Christophe Mariot, Clotilde Le Guay,

Gabriel de la Chapelle, iAko Randrinanarivelo, JasHennessy&co, Laurent Freyss, Neoline, Olivier Roux, Richard Schroeder.

Filmography, Kevin Lucbert (Illustration MBS4)

Design and production: Sidièse - July 2022