



BACARDI LIMITED



2014
CORPORATE
RESPONSIBILITY
REPORT



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A welcome from our Chairman and our Chief Executive Officer

It is with pride and great pleasure we convey the significant progress made in our social and environmental programs over this past fiscal year ending March 31, 2014.

As in previous years, this Corporate Responsibility Report is in line with the comprehensive framework developed by the Global Reporting Initiative (GRI). These internationally recognized guidelines enable us to measure and state our economic, environmental, social and governance performance.

We also are aligned with principles, set forth in the United Nations Global Compact, that encourage the adoption and reporting of sustainable and socially responsible policies. These standards guide our overall approach to Corporate Responsibility and how we communicate our progress.

We believe that with responsible management of our social and environmental impacts, Bacardi will be an even better and more sustainable business in the long term.

Through our Corporate Responsibility programs, we regularly introduce new ways to promote responsible alcohol consumption, increase efficiencies, reduce our environmental global footprint, and support our communities, partners and employees.

We are proud to be included in the Reputation Institute's 2013 Global RepTrak® 100, recognizing the world's most reputable companies, and look forward to maintaining this title as we work hard toward achieving our social and environmental ambitions across the business.



Facundo L. Bacardi
Chairman



Mike Dolan
President and CEO

Like any company with operations around the globe, and especially one with more than 200 brands and labels, we regularly review all aspects of our operations, facilities, processes and efficiencies. To better meet the demands of the global marketplace, starting October 1, we put in place a new organizational model. This model enables us to have the greatest possible connection with the front line of our business – sales, marketing, innovation, advertising and promotion. By making these changes, we are working to ensure the sustainability of the business and the Bacardi name for many years to come.

Bacardi's Corporate Responsibility program comprises five core pillars:

- 1. Marketplace**
- 2. Environment, Health and Safety**
- 3. Responsible Sourcing**
- 4. People**
- 5. Philanthropy and Community Involvement**

Through our Marketplace activities, we continued to strengthen our commitment to promote responsible drinking and the responsible marketing of alcoholic beverages. This was the first year of the Producers' Commitments to Reduce Harmful Drinking, a five year initiative agreed to by global alcohol producers to reduce harmful use of alcohol on a global scale. Bacardi made substantial strides in the first year of this five year

program. Some notable achievements included 100% of our marketing agency contracts and 97% of all television ads placed and measured across seven markets were found in compliance with these new Commitments. Other challenging issues, our principles are in line with stakeholder interests.

In addition, we voluntarily launched the third edition of the Bacardi Global Marketing Principles to address changes in digital marketing and the power of social media, and significantly increased awareness of our award-winning Champions Drink Responsibility campaign.

In the area of Environment, Health and Safety, we strive for continual improvement in best practices, seeking to minimize our impact on the natural world around us. In fiscal 2014, we launched a sweeping new, global sustainability initiative: Good Spirited: Building a Sustainable Future. The focus of this new sustainability initiative encompasses responsible sourcing, operational efficiencies and global packaging.

Manufacturing sites, suppliers, offices, operations and commercial teams all play an important role to ensure this ambitious new program delivers on its promise to build a more sustainable future. Also in fiscal 2014, we initiated an upgraded five-year health and safety plan.

After more than 150 years of growth, still core to our Corporate Responsibility is being part of the solution when it comes to sourcing, packaging and operational efficiency. Our Vision for Sustainability is to have a balanced impact on the environment in which we operate, putting back as much as we take away.

FACUNDO L. BACARDI | Chairman



We are committed to promoting sustainable sourcing practices across our business. Through our Responsible Sourcing program, and as a founding member of the multi-stakeholder initiative, Bonsucro, our goal to obtain 100 percent of sugarcane- derived products from sustainably certified sources is well within reach of our 2022 goal.

In our People section, you will see our dedication to building Bacardi as a place where our employees can grow their careers and build great brands. We also are advancing employee feedback channels, enhanced coaching from line managers and targeted training programs to support career progression and development.

Our Philanthropy and Community Involvement continues to focus on supporting local community initiatives across four core areas: arts and architecture, education, environment and health and social services. In fiscal 2014, we were able to provide more than 7,900 hours of volunteer time from Bacardi employees as part of our annual Corporate Responsibility Month, in addition to nearly US \$3.3 million in donations to local communities around the world.

As we move forward, we will continue to address key global issues such as harmful use of alcohol, responsible sourcing and climate change. We realize that as we deal with these and other challenging issues, the principles we apply need to be in line with stakeholder interests.

We thank our employees and our stakeholders for all you do – and will continue to do – for the world-class spirit of Bacardi – and our ongoing focus on sustainability.

As ever, your feedback on any aspect of Corporate Responsibility at Bacardi is most welcome.

Facundo L. Bacardi
Chairman

Michael J. Dolan
President and CEO

Corporate Responsibility at Bacardi Limited

Our approach to Corporate Responsibility encompasses our whole value chain, from raw materials to end product.

In this Section:

**Our Corporate
Responsibility Program**

Stakeholders

Materiality

Our Impacts

Our corporate values of Trust, Passion, Caring, and Excellence guide our approach to Corporate Responsibility. We are focused on developing a leading Corporate Responsibility position by delivering continual improvement and excellence in our performance and by creating a Corporate Responsibility program that is best in class.

Corporate Responsibility Governance and Management

Overall responsibility for Corporate Responsibility rests with the office of the Chief Executive Officer (CEO), which updates the Board and Chairman once yearly.

The Corporate Responsibility Leadership Team (CRLT) sets and delivers the goals of our Corporate Responsibility strategy. It updates the CEO and Bacardi Global Leadership Team (GLT) on a regular

basis. The CRLT comprises senior managers from various global functions and business units and is led by the Senior Vice President, External Affairs and Corporate Responsibility.

CRLT members work with their functions and regions to develop action plans to achieve the objectives of our Corporate Responsibility pillars.

Our Governance Structure:



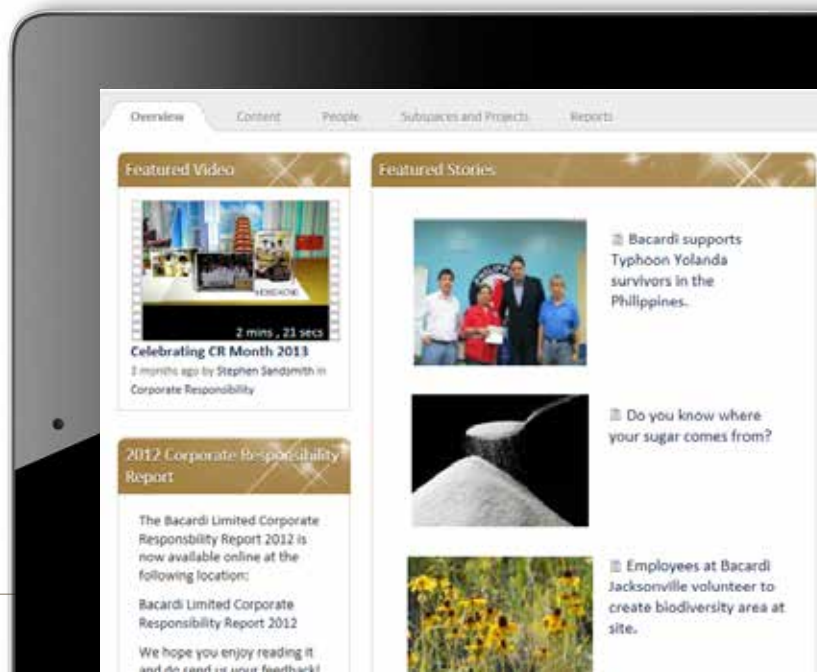
Each of the five pillars has its own strategies and targets, delivered through coordinated activity by the relevant global functions and/or operating companies.

Senior executives from across Bacardi's business functions contribute to the CRLT, and are drawn from global operations, human resources, legal, sales, corporate communications and external affairs departments.

This group is led by the Senior Vice President, External Affairs and Corporate Responsibility

Communicating Corporate Responsibility Internally

We use the Corporate Responsibility community on our ONE Bacardi intranet to communicate with employees on a regular basis. The Corporate Responsibility community is one of the most popular on ONE Bacardi and is a good way of raising awareness across the Company.



Reporting Progress

The CRLT reviews progress on Corporate Responsibility on an ongoing basis and provides regular updates to the GLT.

Integrating Corporate Responsibility

We have made significant improvements in aligning business processes across our global organization and have increased efficiency by focusing more sharply on the strategic objectives of the Company.

For Corporate Responsibility, this enhanced business alignment and strategic focus takes two forms. First, Corporate Responsibility has begun to evolve from

being a specialist program within Bacardi to becoming an essential way of working that will be integrated throughout our entire business by 2015. By involving our people and functions in Corporate Responsibility activities, and engaging with our brands on aspects of sustainability, we will embed Corporate Responsibility within the core of our operations.

Second, we have updated the individual strategies for each of the Corporate Responsibility pillars, setting targets for 2015 and beyond in some cases. By aligning this program with other business initiatives across the Company, Corporate Responsibility will be better able to support our wider business goals.

Our Corporate Responsibility Program

Our overall aim is to achieve a leading Corporate Responsibility position for Bacardi. We will do this by developing and delivering a Corporate Responsibility program that is best in class.

Our Five Key Pillars

Within our Corporate Responsibility program, there are five pillars reflecting our main areas of activity. The table below introduces the five pillars. More information can be found in each pillar section of this report.

Marketplace

We are proud of the quality and heritage of our brands and do not want them to be consumed inappropriately. Our ambition is to encourage consumers to enjoy our products on a regular basis in moderation.

Pillar Overview:

Drinking alcohol is a matter of personal choice, and most consumers choose to drink in moderation. Alcohol can cause harm, however, if it is misused. Encouraging responsible decision-making by legal drinking age consumers and discouraging inappropriate consumption of our products is, therefore, a key priority for Bacardi. It is the focus of our activity within the Marketplace pillar.

Our ambition is to be best in class in promoting responsible drinking and in ensuring that we market our products in a responsible way. To this end, we aim to build on the recognition already received for our award-winning, responsible drinking campaigns and to continue to uphold our excellent record of compliance with responsible marketing codes.

[Read more about Marketplace](#)

Measuring Results:

1,111,313

fans liked the “Champions Drink Responsibly” Facebook™ by March 2014

100%

In fiscal 2014, 100 percent of our marketing agency contracts were in compliance with the Producers’ Commitments

Environment, Health and Safety

We have a responsibility to minimize environmental impacts across our value chain and to ensure our people are safe at work. These key business objectives, reduce risk, increase efficiency and make sound business sense.

Pillar Overview:

Our values of Excellence and Caring underpin our goal to achieve best-in-class environmental and safety performance. Most of our products' environmental impacts are in our supply chain – and we work in our own facilities and with our suppliers to reduce impacts and risks across our whole value chain. Ensuring the safety of our employees is of vital importance to us.

Within the Environment, Health and Safety pillar, we have developed a new environmental sustainability strategy that will guide us in creating industry-leading programs to reduce our environmental impact. From a safety point of view, we have a long-term vision for an accident-free Bacardi.

[Read more about Environment, Health & Safety](#)

Measuring Results:

100%

of our manufacturing sites actively implementing behavior-based safety programs

46.5%

increase in water-use efficiency since the benchmark index was set in 2006

Responsible Sourcing

We source high-quality ingredients and raw materials from many countries around the world, including those where achieving good workplace standards, environmental protection and sound governance can be complex.

Pillar Overview:

Our vision for Responsible Sourcing is for all of our raw materials and packaging to come from sustainably sourced, renewable or recycled materials – reducing environmental and social impacts, while maintaining or enhancing the economic status of growers and suppliers. Our Responsible Sourcing program, now in its sixth year, aims to deliver this vision.

Bacardi's Responsible Sourcing standards outline the standards we require of our suppliers in the areas of labor, human rights, health and safety, environment and business integrity. We ensure that our suppliers comply with our standards through our internal procurement processes or by suppliers' membership in Sedex®, the database for sharing supplier information on ethical business practices.

[Read more about Responsible Sourcing](#)

Measuring Results:

23

direct spend suppliers commissioned to undertake SMETA 4 Pillar third-party audits in Fiscal 2014 (vs target of 10)

82%

level of spend represented by the Global Webshop and Bacardi USA Point of Sale suppliers linked to Bacardi in Sedex (vs target of 80 percent)

People

We aim to connect and align all of our employees across the globe behind one set of values, strategies and common ways of working.

Pillar Overview:

Our People strategy is built on the belief that outstanding people will deliver excellent results. To Bacardi, outstanding people make talented and engaged employees who are valued for their individual contributions to their teams and to the Company. By demonstrating high-level performance in addition to a commitment to our values of trust, passion, caring and excellence are crucial, our people are the best ambassadors for our brands and our Company.

Within the People pillar, we believe that performance and values are equally important in delivering results. We are building a culture where Performance + Values equal Yes – that is $P + V = Y$ – Yes for Performance and Yes for Values.

We continue to strive to support, engage and inspire our People. Our goal is to build on our local recognition awards and become globally recognized, both internally and externally, as a great place to work.

[Read more about People](#)

Measuring Results:

98%

retention rate of leaders demonstrating high potential with sustained, strong performance while upholding the Bacardi values

31%

of management positions filled by women, exceeding our target for end of fiscal 2014

Philanthropy and Community Involvement

Bacardi has a more than 150-year history of quality, excellence, ethics and social involvement. These values were important to our founder, Don Facundo Bacardí Massó, and are still important to us today.

Pillar Overview:

As part of the Bacardi commitment to the communities where it operates, employees are encouraged to participate in programs and activities on behalf of the Company. This participation by employees increases the public's awareness of the nature and extent of Bacardi community involvement and also generates among our people a strong sense of pride in themselves and in our Company.

Within the Philanthropy and Community Involvement pillar, we engage our employees – and through their participation, raise awareness of our approach to Corporate Responsibility. We hold a global flagship community event each calendar year. Initiatives are managed by local operations, which are closer to their communities. We provide support in four broad areas:

- arts and culture
- education
- environment
- health, social services and disaster assistance

[Read more about Philanthropy and Community Involvement](#)

Measuring the Results:

US \$3.28 million

The total value of support given by Bacardi companies and brands in fiscal 2014

7,950 hours

Bacardi employees in 37 countries around the world contributed 7,950 hours of their time during Corporate Responsibility Month in fiscal 2014

Stakeholders










We recognize the need to connect with our stakeholders – those who affect or are affected by our business. Listening to stakeholders helps prioritize the most important Corporate Responsibility issues for us to address.

Stakeholder engagement has been central to our Corporate Responsibility strategy and to the approach we take within each of our five pillars of activity. Stakeholder feedback informs our assessment of the most material Corporate Responsibility issues and helps us determine which topics to include in this report.



Stakeholder Groups:

We have identified a wide range of stakeholders important to Bacardi:

GROUPS	DESCRIPTION	PRIORITIZED AREAS OF INTEREST
 Consumers	Identifying and understanding consumer trends, including attitudes to alcohol, is essential to ensure our responsibility messages resonate with consumers.	<ul style="list-style-type: none"> • Responsible drinking • Responsible marketing • Sustainable agriculture and sourcing • Sustainable packaging
 Customers	Our customers expect us to manage Corporate Responsibility issues, just as we expect the same from our suppliers. We seek to work together on areas of mutual concern.	<ul style="list-style-type: none"> • Responsible drinking • Responsible supply chain • Sustainable agriculture and sourcing • Product responsibility
 Employees	We keep our people updated on important issues about Bacardi with CEO webcasts, management roadshows and our global ONE Bacardi intranet.	<ul style="list-style-type: none"> • Employer responsibility • Product responsibility • Responsible drinking • Responsible marketing
 Industry Associations	Sharing knowledge and experiences with industry partners promotes a collective response on industry-wide matters, such as responsible marketing and responsible drinking.	<ul style="list-style-type: none"> • Responsible marketing • Responsible drinking • Managing direct environmental impacts • Sustainable agriculture and sourcing
 Local Communities	Bacardi always has seen itself as part of the communities where we operate. We engage with our local communities to understand and respond to their concerns.	<ul style="list-style-type: none"> • Responsible drinking • Responsible marketing • Managing direct environmental impacts • Sustainable agriculture and sourcing
 Non-governmental Organizations (NGOs)	We exchange views with NGOs on alcohol issues at various forums, including the World Health Organization (WHO), the EU Alcohol and Health Forum and a range of trade associations.	<ul style="list-style-type: none"> • Responsible marketing • Responsible drinking • Good governance • Supporting local communities
 Regulators	We engage with regulators through trade bodies, one-to-one meetings and written responses to policy consultation documents.	<ul style="list-style-type: none"> • Responsible marketing • Good governance • Responsible supply chain • Responsible drinking
 Shareholders	As Corporate Responsibility becomes more important to business, our shareholders are increasingly interested in how we are planning for a sustainable future, as well as protecting our current reputation.	<ul style="list-style-type: none"> • Good governance • Product responsibility • Responsible marketing • Being a responsible employer
 Suppliers	We engage suppliers on our Responsible Sourcing standards both through our regular procurement processes and our Responsible Sourcing program.	<ul style="list-style-type: none"> • Responsible drinking • Product responsibility • Responsible marketing • Sustainable agriculture and sourcing

Stakeholder Research

We undertook independently conducted stakeholder research in fiscal 2012 as part of a more structured approach to stakeholder engagement. The results of this research, which are summarized below, remain applicable in fiscal 2014.

Stakeholder Research

The research involved structured, one-on-one interviews with a global range of individuals from each of our main stakeholder groups, except for shareholders. The interviews focused on a number of areas, including:

- What Corporate Responsibility means for the spirits sector
- How stakeholders view Bacardi in relation to Corporate Responsibility
- What stakeholders think are the most important responsibilities for the sector

Key Results:

Responsibility in the Spirits Sector

The results showed larger companies in the spirits sector were generally considered to be responsible. There was a sense, however, that the industry will face greater expectations and scrutiny of its behavior with ongoing political, NGO and public debate and with the growing awareness and expectation in developing markets.

Bacardi and Responsibility

Stakeholders generally considered Bacardi in a positive light. With regard to our approach to Corporate Responsibility, the results were mixed. While many stakeholders felt that Bacardi strived to be a responsible business, others were unsure, due to their limited awareness of our Corporate Responsibility activity. This was particularly the case with new stakeholders, who were less familiar with the Bacardi family of brands and are more likely to link the Company solely with our BACARDÍ rum brand.

Suggested areas for improvement in our approach to, and communication of, Corporate Responsibility included:

- Practical solutions for responsible drinking, not just education
- Further work on responsible consumption with those who sell and serve our brands
- Measuring and managing social and environmental supply chain issues
- Improving the environmental credentials of our packaging

Key Areas of Interest for Stakeholders

Although the main priorities and concerns of stakeholders differed, based on their interests or expertise - there was broad consensus on key Corporate Responsibility issues for the spirits sector, as shown below.

It was also felt that while responsible drinking and responsible marketing were the highest priority issues and are most clearly linked with responsibility in the sector, other issues are becoming more important, such as managing direct environmental impacts.

Issue Prioritization – Global, All Stakeholders (Weighted Scores)

Responsible Drinking	121
Responsible Marketing	106
Product Responsibility	59
Managing Direct Environmental Impacts	58
Sustainable Agriculture and Sourcing	56
Responsible Supply Chain	43
Good Governance	43
Sustainable Packaging	40
Being a Responsible Employer	37
Supporting Local Communities	32

The score for each issue is derived from the top five issues identified by each stakeholder weighted by their level of priority.

Working with the Results

We used the stakeholder research to inform our biannual, materiality assessment. The assessment prioritized key Corporate Responsibility issues for Bacardi by combining the level of priority given by stakeholders with the current or potential impact of the issues on our business. Find out more about our **materiality process**.

Engaging Employees

During fiscal 2012, we completed our first-ever Global Employee Engagement Survey. Since then, we have set up Action Teams to address challenges and gaps identified in the survey. Read more on the follow-up to the survey in the **People Section** of this report.

Materiality

The five pillars of our Corporate Responsibility program –
1) Marketplace 2) Environment, Health and Safety 3) Responsible Sourcing 4) People 5) Philanthropy and Community Involvement – reflect our main areas of activity.

Our business and the world in which we operate are constantly changing, and the specific priorities, risks and opportunities within each of our Corporate Responsibility pillars need to reflect this. As a result, we undertake a biannual materiality assessment to prioritize the importance of the issues within each pillar.

Our last materiality assessment, undertaken in fiscal 2012, used the results of the **independent stakeholder research**. We have reviewed the materiality rankings and concluded that they remain relevant for fiscal 2014. Our next assessment will be conducted in fiscal 2016.

To complete the materiality assessment, we combine the level of stakeholder interest in specific issues with the current or potential impact of the issues on Bacardi. This establishes the relative importance – the materiality – of our Corporate Responsibility issues to one another.

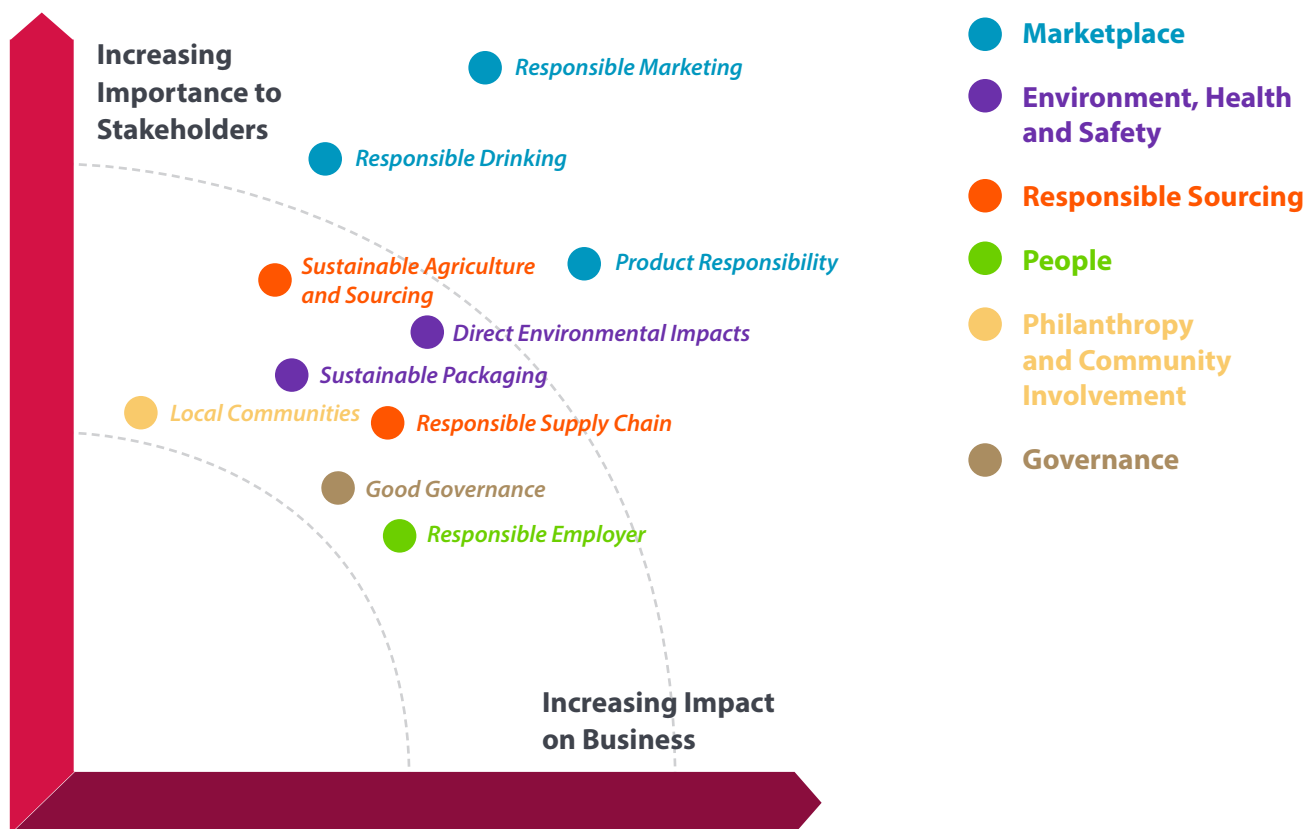
The results of the materiality assessment reflect the relative importance of issues within our Corporate Responsibility program, not the overall importance of the issues to Bacardi. For example, being a responsible employer is critically important to our business overall but is less material than other issues within our Corporate Responsibility program, such as responsible marketing or environmental protection.

We use the results of these assessments to inform our Corporate Responsibility strategy and the specific approach taken within each pillar of our program.

CRLT assesses the materiality of Corporate Responsibility issues for Bacardi on a regular basis.

Our Material Issues

The results of our materiality assessment (last conducted in 2012) are shown on the matrix below.



Notes to the Results:

Responsible Marketing

includes responsible commercial communications, marketing, advertising and product promotion.

Responsible Drinking

includes action to promote responsible drinking and address alcohol-related harm.

Product Responsibility

includes product quality and product labeling.

Direct Environmental Impacts

includes carbon footprint, air emissions, effluent, water use, waste and transport.

Sustainable Agriculture and

Sourcing focuses on improvement in social and environmental standards throughout the entire value chain.

Responsible Supply Chain

focuses on the minimum standards required of immediate suppliers to Bacardi.

Good Governance

includes business ethics, transparency and controls to achieve regulatory compliance.

Responsible Employer

includes employee rights, health and safety, diversity and training and development.

Sustainable Packaging

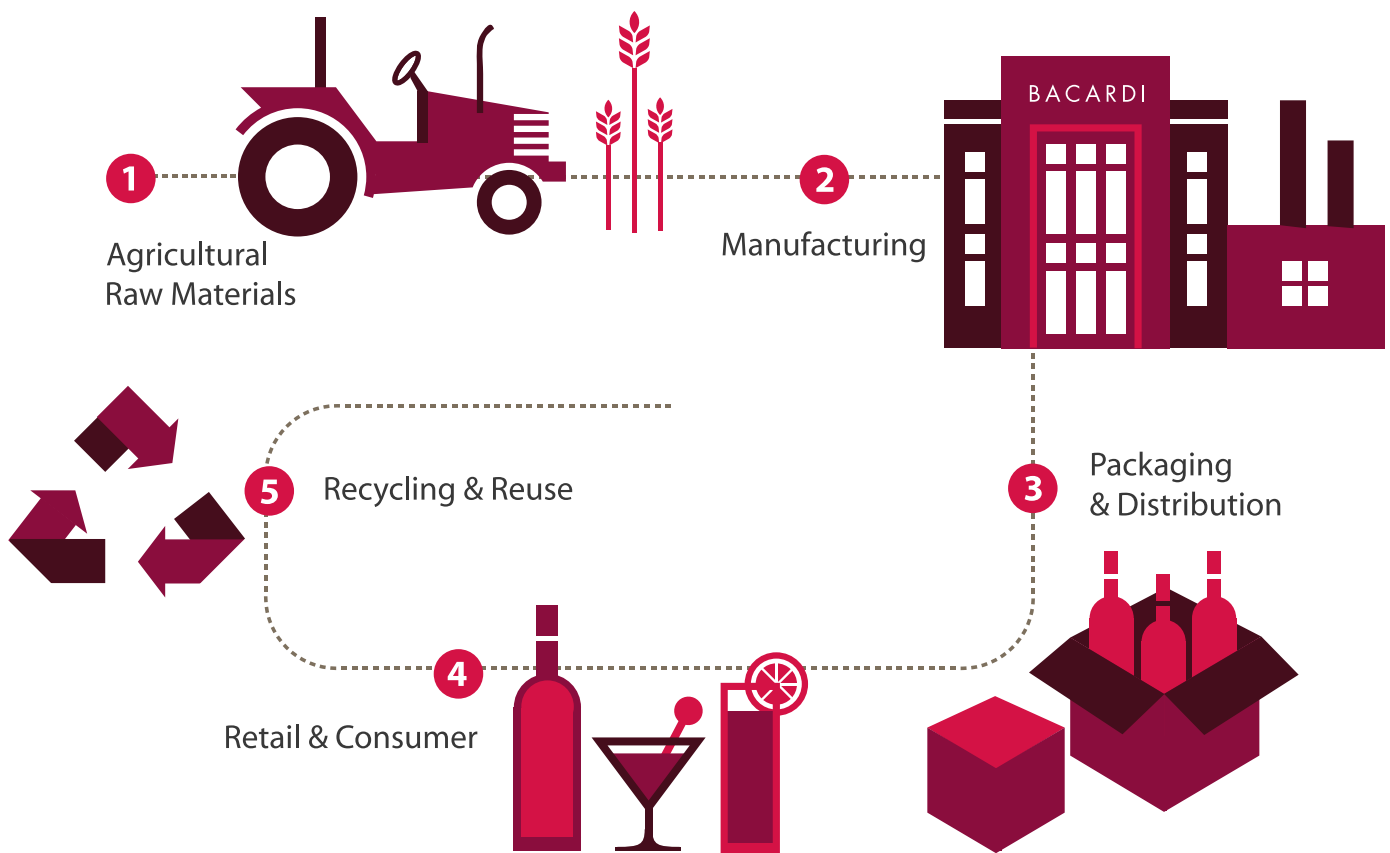
focuses on making our packaging more sustainable including material type, packaging weight and recyclability.

Local Communities

includes employee volunteering in community projects, as well as fundraising and donations.

Our Impacts

As a manufacturer and distributor of alcohol beverages, our operations have a range of benefits and impacts. Our Corporate Responsibility program aims to maximize the positives of our business and minimize the negatives.



Our Value Chain

There are many stages in the production of our premium spirits before they reach the consumer. We know that many of the environmental and social impacts associated

with our business are in our supply chain, and we try to reduce these impacts at all stages of our product lifecycle.



Agricultural Raw Materials

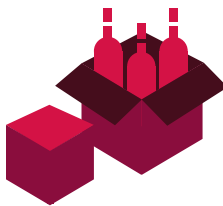
Bacardi has a more than 150-year history of quality, excellence, ethics and social involvement. These values were important to our founder, Don Facundo Bacardí Massó, and are still important to us today.



Manufacturing

Agricultural ingredients are extracted or fermented at manufacturing sites following long-established recipes to create our six global brands and our strong portfolio of other brands.

We aim to establish projects that will deliver continual gains in our environmental performance, particularly improvements related to energy and water use, greenhouse gas (GHG) emissions, waste and water quality. Our success is built on our outstanding people, and we need to ensure they are safe at work. Maintaining a safety culture is essential to delivering an accident-free workplace.



Packaging and Distribution

Aging and bottling take place at sites around the world, where finishing touches are put on our products. When complete, our products are shipped to customers through several distribution channels.

Our packaging consists mainly of glass and cardboard, with small amounts of plastic and metal. Around 50 percent of the carbon emissions from our value chain come from the manufacture of glass. Reducing the weight of our bottles and increasing the use of recycled glass help to reduce this.



Retail and Consumer

Our customers are retailers who distribute our brands through a number of channels, including supermarkets, restaurants, hotels and bars. These customers sell our products to consumers, who enjoy our brands.

The vast majority of consumers drink alcohol responsibly and in moderation. Irresponsible or excessive consumption can cause problems with health, anti-social behavior and drinking and driving. We contribute to reducing the incidence of issues by ensuring we adhere to responsible marketing codes and are an influential voice in engaging with consumers and raising awareness of responsible drinking.



Recycling and Reuse

Recycling is an essential way to reduce the impact of our packaging. All of our packaging is recyclable - and our sustainable-packaging manual will help improve future packaging redesigns.

We recycle the majority of our manufacturing waste. Many of the waste by-products from our agricultural raw materials are used as animal feed or fertilizers.



A Clear Responsibility

Promoting responsible drinking with our “Champions Drink Responsibly” campaign.

In this Section:

Strategy

Targets and Progress

Responsible Marketing

**Tackling Alcohol -
Related Harm**

**Responsible Drinking
Campaigns**

Vision

We strive for a safer and more sustainable business environment to market and sell our products. We will achieve this by adhering to applicable laws, regulations and partnering with our competitors and others in responsibility campaigns and initiatives to reduce the harmful use of alcohol.

As signatories to the 2012 Global Producers’ Commitments to Reduce the Harmful Use of Alcohol, Bacardi achieved first-year success in a number of action areas, such as marketing-agency contract compliance, limiting television advertising exposure to underage viewers, and participating in programs to help combat underage drinking. We also updated our Bacardi Global Marketing Principles by adding a new principle that covers digital marketing, a policy on energy drinks and the Global Producers’ Commitments.

RICK WILSON | Senior Vice President, External Affairs and Corporate Responsibility

Promoting responsible consumer choices.

The vast majority of consumers who choose to drink alcohol do so responsibly. However, too many people still misuse it, causing harm to themselves or others. At Bacardi, we are doing what we can to reduce this. Importantly, in our own marketing and selling activities, we show by example that the harmful use of our products is neither desired nor encouraged. Our marketing materials and selling practices adhere to the various codes that we sign up for with our competitors. And whenever possible, we partner with our competitors and others in programs that encourage consumers to enjoy drinking in moderation.

Responsible Marketing

The Bacardi Global Marketing Principles represent our highest standards for producing all marketing materials. Our commercial teams are trained and held accountable for complying with these principles. Our code of marketing principles is fully aligned with industry codes of the International Center for Alcohol Policies (ICAP), the Distilled Spirits Council of the United States (DISCUS) and spiritsEUROPE. We also abide by relevant local laws and regulations.

We take our responsibilities seriously. In fiscal 2014, one incident was found in violation of our voluntary trade association marketing guidelines in the United States. Once confirmed, the Company took immediate corrective action.

We have robust processes in place to review and approve marketing materials. Activities are underway to update our systems and we will elaborate in our next report.

Responsible Drinking

Globally, Bacardi promotes drinking in moderation for legal drinking age (LDA) consumers. Currently, we use enjoy responsibly as a moderation statement on labels and advertising. In the next few years, we will provide additional information on our labels regarding responsible alcohol consumption. We encourage enjoyment and responsible consumption for those who choose to drink our premium brands. Our responsible drinking flagship project is the award-winning global campaign, Champions Drink Responsibly. For the third year, tennis great Rafael Nadal served as the Bacardi Global Social Responsibility ambassador and champion of this campaign.

This year also marked the first implementation of the Beer, Wine and Spirits Producers' Commitments to Reduce Harmful Drinking. These Commitments are the most ambitious and comprehensive set of initiatives ever undertaken to address the misuse of alcohol beverages. Bacardi and other producer signatories worked closely with ICAP and the Global Alcohol Producers Group (GAPG) to develop the Commitments. They are designed to support the WHO Global Strategy to Reduce the Harmful use of Alcohol. Bacardi and other producers made great progress this year. We learned a lot and already are building to accelerate our efforts.

Strategy

We are proud of the quality and heritage of our brands and want them to be consumed appropriately by LDA consumers. Encouraging responsible decision-making by those who are underage to not drink – and discouraging inappropriate consumption of our products by LDA consumers are key priorities for Bacardi.

Support Methods:

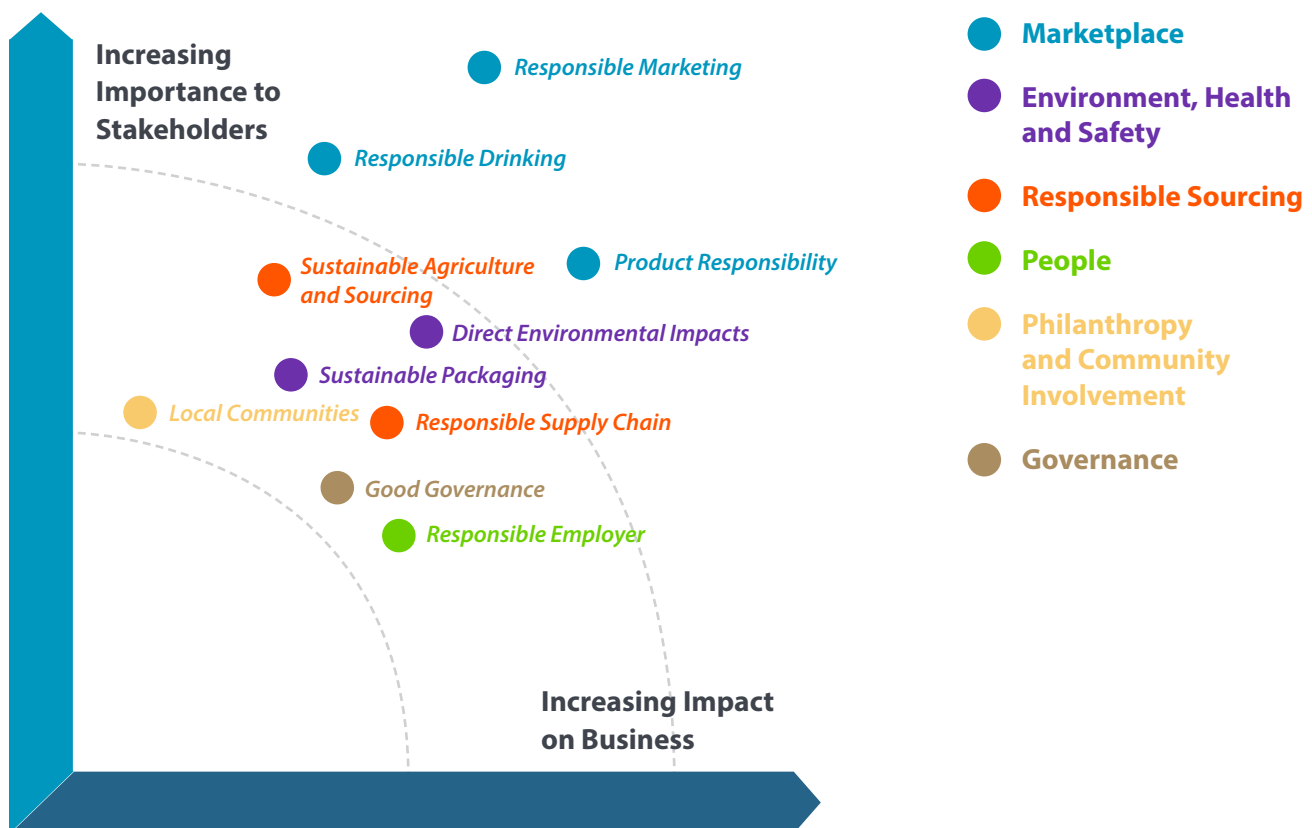
1. We adhere to responsible marketing codes in our businesses regionally and globally.
2. We partner with competitors who share the same concerns and work closely with other third-party organizations to reduce alcohol-related harm.
3. We create and support our own targeted programs that aim to educate LDA consumers about drinking responsibly.

Material Issues

Our priorities relating to responsible marketing and tackling alcohol-related harm closely align with results of our last biannual assessment of the most material Corporate Responsibility issues for Bacardi.

The materiality assessment reminds us that issues relating to responsible drinking and responsible marketing are highly material both to stakeholders and to the Company, relative to other Corporate Responsibility issues.

[Read more on our materiality process in the materiality section.](#)



Targets and Progress

Long-Term Ambition: Our ambition is to be best in class in promoting responsible drinking and ensuring our marketing is responsible. In order to help reduce alcohol-related harm, we will play an influential

role in encouraging responsible decision-making by legal drinking age (LDA) consumers and discouraging inappropriate consumption of our products.

TARGETS FOR FISCAL 2014	PROGRESS IN FISCAL 2014	STATUS	TARGETS FOR FISCAL 2015
Develop the Champions Drink Responsibly (CDR) campaign by building its consumer reach across additional social media groups, e.g., Instagram, as well as by increasing our consumer engagement on Facebook.	We increased our fan base on the CDR Facebook website from 689,271 to 1.1 million. In fiscal 2014, we also launched a CDR Instagram account.	✓	Review and propose changes, if necessary, to our CDR website and social media sites in order to increase effective engagement with consumers.
Target of one million fans to be reached with our CDR campaign across all social media platforms.	CDR social media can now boast over one million fans across Facebook, Instagram and YouTube.	✓	Develop and measure specific key performance indicators (KPIs) for Australia CDR campaign.
Develop plans to increase local market activation beyond current core markets. Launch a training app to reach our commercial teams globally.	Plan to test a Champion in Australia was developed and launched on April 1, 2014. The training app was fully developed and is prepared to be launched in fiscal 2015.	▶	Continue Australian CDR test campaign with a local Champion and measure for engagement effectiveness.
Launch third edition of Global Marketing Principles book and follow up with training programs to achieve 80 percent target of all marketers trained.	We launched the third edition of the Global Marketing Principles in June 2013. All new global marketing hires completed responsibility training modules.	✓	Continue Global Marketing Principles training (including the industry's new Digital Global Principles when finalized) for all new marketing hires.
Introduce new marketing compliance approval process through a dedicated database to gain greater internal transparency around campaign developments.	The dedicated database has been designed, but not yet implemented.	▶	Implement new marketing compliance database.

TARGETS FOR FISCAL 2014	PROGRESS IN FISCAL 2014	STATUS	TARGETS FOR FISCAL 2015
Integrate brand advocacy into the new Corporate Sustainability strategy through the brand alignment workshops.	One Brand Imprint workshop was held with the MARTINI team which led to the enhancement of our Advocacy program.	○	Run brand imprint workshop for GREY GOOSE and BOMBAY brands.
Implement first year of the Producers' Commitments plan.	<p>Bacardi's first implementation year of the Producers' Commitments was a success:</p> <ul style="list-style-type: none"> • 100 percent of marketing agency contracts were in compliance with Producers' Commitments. • No brand or brand extension contained excessive amounts of added stimulants and, with the exception of one brand in one market – no others were marketed at delivering stimulating effects. • With respect to combating underage drinking in 2013, Bacardi was in the top three of all reporting companies in terms of the total number of underage individuals reached – unique education programs. • Almost 97 percent of all television ads placed by Bacardi brands across seven markets were in compliance with having a minimum 70-percent adult audience. 	✓	<p>Increase compliance and success with all Producers' Commitments to:</p> <ul style="list-style-type: none"> • Ensure continuance of 100 percent marketing agency contract compliance with Producers' Commitments. • Ensure all product brands and brand extensions do not contain excessive amounts of added stimulants and are not marketed at delivering energizing or stimulating effects. • Finalize plan to begin including consumer informational website and responsibility logo(s) on all bottles. • Maintain total number of individuals reached and unique education programs combating underage drinking initiatives compared to the previous fiscal year. • Achieve 100 percent compliance with all television ads placed by Bacardi having a minimum 70-percent adult audience.



Achieved



Partially achieved



Not achieved



Target ongoing

[View all our Targets](#)

Responsible Marketing

We believe self-regulation, as part of a legislative framework, is an effective way to manage the marketing communications that are essential to our commercial business.

An important part of our commitment to encourage the responsible use of our products is to ensure our marketing does not promote inappropriate alcohol consumption, while reinforcing a responsible drinking message. Our marketing colleagues have a range of tools to support this objective and we focus on making certain that our communications are aimed primarily at LDA consumers.

Global Marketing Principles

Our Global Marketing Principles are comprised of nine core values that govern all marketing practices and act as our Company's internal marketing code. Together with our implementation guidelines, they form the basis of our corporate strategy for responsible marketing. We produce content that upholds advertising standards and represents honest and truthful communications, while respecting the privacy of our consumers.

The Global Marketing Principles were introduced in 2007 and revised in 2009. In fiscal 2014, we updated them again, adding a new principle. The revisions address changes in digital marketing and the power of social media, explain policy on energy drinks and detail the Producer's Commitments.

Compliance

Our country managers, supported by legal or external affairs specialists, are responsible for ensuring the compliance of all of our local marketing materials. Key to this approach is that country managers are not involved in developing marketing materials, so they can be independent and objective about the local suitability of materials developed by our marketing teams.

External codes and regulations

The first priority in our approach to marketing is to adhere to local marketing regulations.

Our second priority is to comply with our own Global Marketing Principles that act as the highest minimum standard across the world – and are particularly helpful in markets where there are weak advertising regulations or no industry marketing codes.

Finally, in many parts of the world we have agreed with our competitors to voluntary, industry marketing codes that capture local cultural needs. In countries where availability or sale of alcohol beverages is prohibited, we respect the local traditions.

Bacardi Global Marketing Principles

The updated Global Marketing Principles were announced at a marketing conference attended by our top 150 commercial managers in fiscal 2014.

Principle 1

All Bacardi companies and employees must comply with the laws, regulations and self-regulatory codes applicable to their marketing and promotional practices.

Principle 2

All marketing and promotional practices will present the responsible enjoyment of alcoholic beverages and will not encourage the misuse of alcohol through the presentation of excessive consumption or situations where irresponsible consumption is accepted.

Principle 3

All Bacardi products will provide clear information on alcohol content. A message of responsible enjoyment will be included in commercial communications and on packaging. Bacardi products will be clearly identifiable as alcohol beverages; and will provide accurate information concerning alcohol strength. We will not place undue emphasis on the strength of alcohol content as a key basis of appeal in any of our commercial communications.

Principle 4

The content and placement of all marketing and promotional practices will be directed toward consumers of the required legal age to purchase alcohol beverages in the relevant markets, and will avoid associations with images and music that would appeal primarily to underage individuals.

Principle 5

All marketing and promotional practices will support the safe consumption of alcohol beverages and will not associate the consumption of alcohol beverages with any potentially dangerous activity, such as driving motorized vehicles, operating machinery or performing hazardous athletic activities.

Principle 6

Corporate communications may recognize reputable evidence of the physical benefits from moderate alcohol consumption, but marketing activities will not claim medicinal or energy enhancing properties for Bacardi products.

Principle 7

Marketing and promotional practices will not be associated with any individual or group behavior that is antisocial, violent or destructive.

Principle 8

All marketing and promotional practices must be in good taste and must not contain indecent, demeaning or insulting materials.

Principle 9

We recognize the digital space is an alternative community for consumers to network, communicate and comment on products and services. We are to be honest, transparent and truthful and ensure none of our communications attempt to mislead our consumers. The privacy of the consumer in the digital space should be observed at all time.

Measuring results

In fiscal 2014, a single consumer complaint on our advertising was upheld, regarding an advertisement for DEWAR'S Blended Scotch whisky entitled Meet the Baron. The consumer's position was that the ad implied supermodels were more worthy of a DEWAR'S drinker's attention than a larger statured woman. Bacardi dealt with the complaint immediately. Though Bacardi never intended any disrespect, the advertisement was immediately removed to avoid potentially sending a negative message to consumers. The DISCUS Code Review Board found the advertisement to be inconsistent with DISCUS' Responsible Content Provision No. 24. However, because the Company quickly took responsive action, the matter is considered resolved.

Responsible Marketing Training

In fiscal 2014, we provided training on Bacardi's Global Marketing Principles (including Bacardi's new Digital Principle), along with other company policies, trade practice compliance and other voluntary marketing codes, for all new global marketing hires, and new marketing agencies.

Training on the implementation of supporting guidelines for these principles began at Bacardi Global Brands in London, where our global brand marketing team is located. A roadshow to introduce the guidelines around the Company kicked off in Miami in June 2012, and these workshops continued in fiscal 2014.

Social Responsibility e-Learning Module:

Our social responsibility e-learning module is an online training course that raises awareness of our Global Marketing Principles and our overall approach to responsible marketing.

The module is available to all employees electronically through the ONE Bacardi intranet site. All new marketers must complete the training module. More than 144 have done so since the course was launched in fiscal 2011.

We broadened delivery of the e-learning module in fiscal 2012 by incorporating it into Becoming Bacardi, our global induction program for new employees.

Also, last year we incorporated new training around our new digital principle.

In fiscal 2014, the Commercial Social Responsibility training module was developed and launched. This training is aimed at our commercial team members. It gives employees an opportunity to learn about social responsibility and scenarios they may face in their normal course of business. The module can be easily accessed on their desktops or mobile devices. Employees are asked to complete a 20-question assessment depicting common social responsibility issues faced while dealing with consumers.



Tackling Alcohol-Related Harm

Alcohol-related harm is recognized as a serious public health concern by a range of stakeholders, including the WHO, national governments, NGOs and the beverage alcohol industry.

There is a collective commitment from these stakeholders to reduce the harmful use of alcohol globally. This is recognized in the WHO Global Strategy to Reduce the Harmful Use of Alcohol that promotes a role for all stakeholders, including the beverage alcohol industry.

Bacardi supports the development of appropriate public-policy responses to alcohol misuse. We believe the industry has a significant role to play in reducing alcohol-related harm within a 10-year framework set in 2010 by the WHO.

Despite our commitment to assist in taking on the challenge of alcohol misuse and the recognition by the WHO Global Alcohol Strategy that the beverage alcohol industry needs to be part of the solution, we still face calls from NGOs to reduce total alcohol consumption through measures such as restricting the availability of alcohol, increasing taxation and implementing advertising bans.

WHO Global Alcohol Strategy

The WHO Global Strategy to Reduce the Harmful Use of Alcohol focuses on four global objectives implemented over a 10-year period (ending in 2020), with periodic review. This strategy provides 10 policy options that member states can follow when developing national alcohol policies to reflect local cultures, issues and existing policy frameworks. More information is available on the WHO web site: http://www.who.int/substance_abuse/alcstratenglishfinal.pdf?ua=1

Member States are also encouraged to minimize alcohol misuse by developing and implementing comprehensive and multi-sectoral, national policies and programs, as specified in WHO's Global Strategy to Reduce the Harmful Use of Alcohol.

We support the WHO Global Alcohol Strategy and collaborate with a wide range of international, regional and country-level stakeholders to reduce the harmful use of our products and comply with our voluntary, responsible marketing and promotional codes and commitments.

Non-communicable diseases

In May 2013, the WHO adopted a comprehensive global monitoring framework for the prevention and control of the non-communicable diseases (NCDs). This framework provides guidance for the prevention and control of NCDs.

Since the WHO has determined alcohol to be a contributing factor in NCDs, one alcohol-related voluntary global target and three alcohol-related indicators were developed for nations that are WHO Member States.

The global voluntary target is at least a 10 percent relative reduction in the harmful use of alcohol, as appropriate, within each national context.

The three alcohol-related indicators to showcase reduction in harmful use of alcohol are:

1. Total (recorded and unrecorded) alcohol consumption per capita within a calendar year in liters of pure alcohol, as appropriate, within the national context
2. Age-standardized prevalence of heavy, episodic drinking among adolescents and adults, as appropriate, within the national context
3. Alcohol-related morbidity and mortality among adolescents and adults, as appropriate, within the national context

These indicators of the global monitoring framework and voluntary targets provide Member States with a reporting path to show progress on prevention and control of NCDs.

Since the adoption by the UN of the Political Declaration on the Control and Prevention of NCDs in 2011 and by WHO of the Global Action Plan on NCDs in 2013, we have continued to take a close interest in global, regional and national developments to address non-communicable diseases, recognizing that harmful use of alcohol is a risk factor for NCDs. We support the priority several governments are giving to reducing the impact of NCDs at the national level and we will work with them, where we have a business presence, to make a contribution towards these efforts. In many parts of our own organization we continue to make it a priority to address lifestyle issues in the workplace through our own employee programs on healthy eating, responsible drinking, physical exercise and smoking (see People section of this report for details of our programs).

Producers' Commitments

Bacardi, along with other leading producers of spirits, wine and beer, created the Global Actions on Harmful Drinking in 2010. This platform includes new, global programs covering three key areas of activity:

- Drink-driving initiatives in six countries
- The strengthening of marketing codes in 11 countries
- A study to assess economic and health impacts of non-commercial alcohol

These programs joined hundreds of industry efforts already underway. In October 2012, we decided to build upon those achievements, creating formal Commitments covering five areas of interest:

1. Reducing underage drinking

- Actively seek enforcement of government regulation of under-age purchase and consumption and encourage governments to introduce and enforce a minimum-purchase age
- Develop, promote and disseminate educational materials and programs designed to prevent and reduce under-age purchase and consumption

2. Strengthening and expanding marketing codes of practice

- Choose independently verifiable measures so that print, electronic, broadcast and digital media have a minimum 70-percent adult audience in markets where alcohol products are advertised
- Develop a set of global, guiding principles for alcohol beverage marketing in digital media and establish, where possible, controls to limit under-age access
- Take steps to enable non-industry participation where none exists in self-regulatory processes that enforce marketing-code standards
- Include appropriate contractual language in advertising agency agreements requiring them to abide by the responsible marketing and promotional codes

3. Providing consumer information and responsible product innovation

- Commit to not produce any beverage alcohol products that contain excessive amounts of added stimulants – or market or promote any beverage alcohol product as delivering energizing or stimulating effects
- Develop a standard set of easily understood symbols to discourage drinking and driving, under-age consumption and consumption by pregnant women to appear on packaging

4. Lowering the incidence of drinking and driving

- Assess current drink-driving initiatives and replicate successful ones in six additional countries, focusing on the developing world

5. Enlisting the support of retailers to reduce harmful drinking

- Invite leading international retailers to join industry signatories in launching a responsible, retailing initiative with guiding principles of responsible beverage alcohol retailing, focusing on current best practice guidelines

For more information visit

www.producerscommitments.org

Producers Commitments Signatories

- | | |
|---------------------------------------|---|
| • Anheuser-Busch InBev | • Diageo |
| • Bacardi Limited | • Heineken |
| • Beam Inc. | • Japanese Spirits & Liqueurs Makers Association |
| • Brewers Association of Japan | • Molson Coors |
| • Brown-Forman Corporation | • Pernod Ricard |
| • Carlsberg | • SABMiller |
| | • UB Group |

Evaluation

Accenture Sustainability Services was appointed to help develop a full set of KPIs to ensure consistency, minimize ambiguity and establish what is within the scope of each performance indicator. A data acquisition process was also devised to safeguard the information quality. KPMG Sustainability will independently audit progress reporting. The audit will be conducted in accordance with the International Standard for Assurance Engagement (ISAE) 300: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standard Board. This standard requires that the assurance team possesses the specific knowledge, skills and professional competences necessary to provide assurance on sustainability information – and to comply with the Code of Ethics for Professional Accounts of International Federation of Accountants.

2013 INDUSTRY PROGRESS OF PRODUCERS' COMMITMENTS

During the first year the industry has:

- Defined specific, measurable targets for all 10 action areas of the Producers' Commitments (reported here for the first time) allowing us to assess our progress going forward
- Run 135 education programs around the world, either individually or in partnership, aimed at preventing and reducing underage drinking. Together, these have engaged nearly one million young people under the LDA in alcohol-education programs and more than 500,000 parents, teachers, and community leaders
- Established that more than 96 percent of our advertising is compliant with our 70/30 rule: adults make up at least 70 percent of our audiences

- Found that none of the signatories' products contained excessive quantities of stimulants (more than 200 mg/l)
- Developed guiding principles for responsible digital advertising

As these highlights suggest, it was a good first year and we are pleased with the collective progress made by the industry. However, there is still a long way to go and we are confident that Producers' Commitments Signatories have the building blocks to make sustained and accelerated progress.



2013 BACARDI PROGRESS OF PRODUCERS' COMMITMENTS TO REDUCE HARMFUL DRINKING

We are proud to say that in our first year:

- 100 percent of marketing agency contracts were in compliance with the Producers' Commitments
- No brand or brand extension contained excessive amounts of added stimulants and – with the exception of one brand in one market – none were marketed at delivering stimulating effects
- With respect to combating underage drinking in 2013, Bacardi was in the top three of all reporting companies in terms of the total number of a) underage individuals reached and b) unique education programs
- Almost 97 percent of all television ads placed by Bacardi across seven markets measured were in compliance with having a minimum 70 percent adult audience

European Activity:

EUROPEAN RESPONSIBLE MARKETING PACT

As a member of the European Union's Alcohol and Health Forum (EAHF), we participate in sessions that debate, compare, approach and act to tackle alcohol-related harm. As part of our effort on the EU level, we have committed to the development and launch of the European Responsible Marketing Pact (RMP).



The RMP is the first-ever, cross-sector, self-regulatory program on alcohol advertising, supported by eight alcohol industry leaders at the EU level. It set new limits – across all media – on minors' exposure to direct interaction with alcohol marketing – as well as on alcohol advertising that might have underage appeal.

Compliance by the eight RMP members with these new standards will be independently monitored and progress will be reported frequently to the European Commission.

As a founding member of the RMP, Bacardi has committed to the European Commission to implement the following:

- Use common controls to effectively limit minors' exposure to alcohol advertising, by only placing our ads in media whose audiences are at least 70 percent over LDA consumers
- Provide technical safeguards on our profiles and pages to limit minors' direct interaction with our brands on social networking sites, such as age-affirmation mechanisms, the Forward Advice Notice and Responsible Drinking Message
- Ensure content of our marketing communications does not target minors specifically by never representing certain creative features. A list of what should not be represented is available to and recognized by industry leaders

We also worked closely with the World Federation of Advertisers (WFA) to develop and improve the RMP.

THE PORTMAN GROUP

In January 2014, we assisted the Portman Group in launching a new Sponsorship Code alongside its Marketing Code of Practice.

In the United Kingdom, the Code of Practice on Alcohol Sponsorship brings together alcohol beverage producers, leading sports, and venue organizations to promote responsible drinking through sponsorships. The Code focuses on ensuring that sponsorship agreements are implemented responsibly. It formalizes much of the business practices already central to the alcohol industry. Alcohol producers who do not adhere to the Code risk significant reputational damage through negative publicity – the financial loss of renegotiating agreements or withdrawing them altogether.

<http://www.portmangroup.org.uk/docs/default-source/recruitment-jds/sponsorship-code-booklet.pdf?sfvrsn=0>

Responsible Drinking Campaigns

Bacardi plays an influential role by engaging with LDA consumers on responsible drinking and create consumer campaigns to do this in regions where we operate.

Champions Drink Responsibly

In fiscal 2014, we continued our flagship responsible CDR drinking campaign with our Global Responsibility Ambassador and world tennis champion Rafael (Rafa) Nadal.

The campaign promotes The Champion's Way, a set of four key messages to help consumers make every night out a memorable one:

- 1. Having a plan so everyone has an amazing time**
- 2. Taking your time and choosing quality over quantity**
- 3. Being a true friend and looking out for each other**
- 4. Making sure everyone makes it home safely (don't drink and drive)**

The messages are designed to give people useful and practical suggestions for behaviors that help them enjoy themselves safely – creating The Champion's Way.

Recognition

We are proud that CDR was a finalist for Best Responsible Drinking Campaign at the 2013 Drinks Business Awards, the most authoritative, internationally respected badge of achievement in the alcohol drinks industry.

We advanced this well-established program through many exciting activities in fiscal 2014.

Monaco CDR Event

In April 2013, just ahead of the Monte Carlo Masters, we hosted a CDR event featuring Rafa. Journalists from six countries attended to hear about our latest progress and activities.

There, Rafa unveiled the launch of the T-Sign Facebook app. The app allows fans to show their support for The Champion's Way by uploading images of themselves doing the T-Sign during their own responsible drinking time out. Following the event and launch of the T-sign app, the CDR Facebook fan base increased by an impressive 212,236 fans in just one month.

Another exciting moment in Monaco was the announcement of CDR prize event, The Champion's Party that took place in Rafa's island home of Majorca, Spain in July 2013.

Mix with Rafa in Majorca

Bacardi offered fans the opportunity to Mix with Rafa at The Champion's Party by answering three important questions about responsible drinking. More than 25,000 people from 34 countries entered the drawing.

120 people were given an unforgettable VIP weekend. The party featured cocktails and alcohol-free mocktails made by world-class Bacardi mixologists. Rafa worked closely with the CDR team in planning this exciting event to celebrate responsible drinking with fellow champions.



Bacardi flew winners from all over the world to mix with Rafa. Here are some of the T-Sign Champions who took time out at the party.



The Mixlab App and Other Social Media Success

In addition to the T-Sign app, we launched the Mixlab Facebook app in September 2013. This app teaches consumers to make delicious mocktails based on their own preferences with a list of easily accessible ingredients.

CDR also took advantage of new social media methods by launching an Instagram page to help spread our responsible drinking message. The Instagram page has successfully encouraged fans to share their own pictures of mocktails, T-Signs and more.

By the end of fiscal 2014, not only was the CDR Instagram gaining popularity, but also our Facebook community had grown to 1.1 million fans.

*Introducing our
new CDR Ambassador
for Australia –
Joel Parkinson*

In fiscal 2014, Bacardi began working on a local-market campaign in Australia, featuring world champion surfer Joel Parkinson. We believe Joel is the ideal champion to help us spread our responsible drinking message Down Under.



DISCUS

Bacardi U.S.A., Inc. is a member of the DISCUS, the national trade association representing America's leading distillers, which covers nearly 70 percent of all distilled spirits brands sold in the United States. The Bacardi Regional President for North America sits on the board of DISCUS, and we participate in all committees.



A Common Approach to Responsible Digital Marketing

In fiscal 2012, DISCUS in the United States and EFRD in Europe (a predecessor organization to spiritsEUROPE) launched a joint set of responsible, digital marketing guidelines. The organizations agreed on a common approach to self-regulation of digital and social media communications, with the new guidelines building on both organizations' experience in this area. The guidelines cover spirits advertising through social networking sites, blogs and mobile apps, as well as govern user-generated content on digital platforms. Between EFRD and DISCUS, the new guidelines cover spirits marketing in the world's largest alcohol advertising markets.

www.discus.org

www.spirits.eu

Local Trade Association Activity

The spirits industry is heavily regulated and is a significant contributor to local economies. Because of this, we believe that the interests of Bacardi and our industry often are represented more effectively by working closely with trade associations in local markets on both regulatory and social aspects.

Our local managers are encouraged to get involved with the policy-making objectives of these local bodies and, in more significant markets, to chair associations and sit on leadership committees. In addition to having significant positions in global or regional organizations, such as DISCUS, CEPS (another predecessor organization to spiritsEUROPE) and GAPG, Bacardi representatives held leadership roles in local associations in Russia, France, Italy and Chile in fiscal 2013.

In developing markets, where industry representation is not so advanced, our external affairs executives support the establishment of spirits trade associations and, drawing on our global experience, assist trade associations that are newly established.

Responsible Drinking Programs from Around the World

Bacardi is very active in participating in local initiatives that are coordinated and led by local industry organizations. We recognize that educating consumers in responsible drinking is a key business imperative and part of our long-term brand building.

United States

Bacardi USA is a proud supporter in the fight against underage drinking and drink driving through our contributions and participation on the board of The Century Council (now known as the Foundation for Advancing Alcohol Responsibility). In fiscal 2014, The Century Council continued its long-standing commitment to promoting responsible decision making through its many initiatives.

Ask, Listen, Learn

This year, awareness for the well-established Ask, Listen, Learn initiative grew across the United States with the help of lawmakers, attorneys general, professional athletes and other influence makers. This program helps adolescents (ages 9-14) learn about the negative consequences of underage drinking so they can say YES to a healthy lifestyle.

In 2013, The Century Council visited schools across the United States to spread its message with the help of an interactive game. More than 31,000 people attended these events.



Ashley Wagner, a two-time U.S. national champion figure skater, teaches kids to say NO to underage drinking and YES to a healthy lifestyle through the Ask, Listen, Learn program.

#TalkEarly about Alcohol

In August 2013, The Century Council launched the #TalkEarly initiative, empowering parents to help their kids form healthy attitudes about alcohol. To inspire conversation between parents and their children, The Century Council joined forces with influential parent bloggers. Aside from initiating healthy conversations at an early age, the program also cautions parents about any social media content that makes light of drinking alcohol.



iDecide with Bella Thorne

In January 2014, The Century Council launched iDecide, a campaign to inspire teens to say NO to underage drinking. The iDecide campaign features young actress Bella Thorne. She appears in public service announcements (PSAs) celebrating the courage it takes for teens to make their own decisions and set good examples by not drinking.

The campaign premiered with a PSA that aired during the Progressive Skating and Gymnastics Spectacular on NBC. On the iDecide website, Twitter and Instagram there are details and additional videos featuring both Bella and NBA superstar Shaquille O'Neal.

Visit <http://www.bellaidecide.com/>.



Shaquille O'Neal teaches teen actress Bella Thorne how to drive safely in iDecide's latest video shoot.



Canada

In Quebec, Bacardi has partnered with Educ'Alcool to promote responsible consumption. Educ'Alcool promotes a healthy lifestyle with a low-risk drinking method developed by an expert committee. The goal of Moderation by the Numbers, 2-3-4-0 is to educate Quebec's population about proven and tested healthy drinking patterns for adults.

The numbers represent the maximum number of drinks a woman should drink in a night (two), the maximum number a man should drink in a night (three) and the maximum that should be allowed for a special occasion (four). The zero represents abstaining at least one day a week to help avoid physical and physiological addiction. This message of moderation is shared through video and print ads that direct the audience to a dedicated webpage with more information. There also is a publication on all aspects of healthy consumption. Visit <http://educalcoool.qc.ca>.



France

Since its launch in March 2012, Bacardi's Slow Drinking Campaign in France has achieved great success. The campaign promotes a philosophy of quality over quantity by emphasizing perfectly measured drinks, drinking water to freshen the palate and always pairing drinks with food.

The Slow Drinking website, launched in both France and Italy, helps spread the program's principles by educating consumers on the best and most responsible ways to enjoy our products.

In fiscal year 2014, Slow Drinking offered coupons with suggestions for food pairings – and placed health information on shelves at points of sale. In addition, Bacardi in France hosted cocktail workshops to further advance the Slow Drinking principles. All participants received a jigger and recipe book for making perfectly measured cocktails. Visit www.slowdrinking.com.

Germany

Since 2005, Bacardi has promoted responsible drinking and drink-driving prevention among LDA German consumers with our Driver's Corner initiative. In fiscal year 2014, this longstanding program fought drink driving in creative new ways.



Bacardi offered freshly mixed mocktails to designated drivers at over 20 events in Germany and Austria. At the Driver's Corner Bar, the designated driver of each group was invited to take an alcohol test. Upon passing, participants received a Designated Driver's License, entitling them to free soft drinks and mocktails for the evening. Designated drivers were also given a gift at the end of the event after passing a second, voluntary alcohol test.

This successful, positive perspective on designated driving reached more than 24,000 drivers and passengers. Visit www.driverscorner.de.

United Kingdom

In the United Kingdom, Bacardi and Brown Forman are working together

with the Department of Health to foster a culture of responsible drinking. This includes pledging to create labels with precise alcohol content information and appropriate warnings. The program also links with various health organizations to explore the most effective ways to disseminate responsible drinking information.

In addition, Bacardi and Brown-Forman support the UK Drinkaware campaign Why Let Good Times Go Bad? It educates college-age students on the benefits of moderation over excess. Visit www.drinkaware.co.uk.

Poland

The Polish Spirits Industry launched the Positive Learning Laboratory in 2013, an initiative to reduce underage drinking by delaying the age of first initiation. Meetings across the country educated young people about the many dangers associated with underage drinking. There also were sessions for parents and educators to help them instill healthy attitudes about drinking. In addition, a website with training modules helps spread awareness beyond those attending the meetings. Survey results from participants have been overwhelmingly positive. For more information on the Positive Learning Laboratory, visit <http://zppps.pl/> (website in Polish)



Netherlands

The Netherlands social aspect organization (of which Bacardi is a member), Spirits NL, launched a campaign in fiscal 2014 encouraging LDA consumers in the region to Drink Wiser. The program features a website with a drink calculator, facts and stories to remind consumers that alcohol in any form may cause impairment.

The central message of the initiative is Alcohol=Alcohol=Alcohol. Via the website, as well as flyers and door-hangers, Spirits NL informs the public about the realities of alcohol and the effects it has on the body. Visit <http://www.drinkwijzer.info/>.

Italy

The FEDERVINI Stile Mediterraneo campaign promotes a responsible, moderate and conscious way of drinking based on values of the Mediterranean lifestyle. In fiscal year 2014, FEDERVINI created a new website and Facebook page to highlight benefits of moderation over excess.

In addition, videos endorsing a healthy, happy approach to the Mediterranean lifestyle appeared in train stations and airports in Milan and Rome. This successful program, received unsolicited, positive feedback from the Italian government, journalists and other influential community members.

Visit www.beresponsabile.it/

Spain

The Spanish social aspects organization Federacion Espanola de Bebidas Espirituosas (FEBE) collaborated with the Spanish Health Ministry to launch “Menores, ni una Gota” (Children, Not a Single Drop) in January 2014.

The 18-month initiative aims to impress upon parents and children alike that the only option for minors is absolutely zero alcohol consumption. To raise awareness of the risks, FEBE has created an educational guide for parents and educators. These guides are backed by Spanish celebrities who, too, are parents first.



FEBE also has created a social media video campaign, starring hip-hop artist Rayden, that reaches out to minors directly. These videos inspire children to be themselves and make the right choices for their future. Visit <http://www.febe.es/menoresniunagota.asp>



Australia

Drinkwise Australia (of which Bacardi is a member) launched a 2014 initiative to promote responsible drinking among 18-to-24 year olds. To combat poor drinking choices prevalent among some in this age group, DRINKING – Do it Properly encourages self-reflection so young adults can better understand how their drinking choices influence their lives. The program has a strong social media presence including a dedicated website, as well as Facebook, Instagram, Twitter and YouTube pages. In a short time, this campaign has gained thousands of followers. Visit www.howtodrinkproperly.com.



Mexico

Bacardi is a founding member of the social aspects organization Fundación de Investigaciones Sociales AC (FISAC). The organization's recent Myths and Realities campaign combats drink driving with the message, "if you drink and drive, you will pay the price" and debunks common myths about how to "beat" a breathalyzer. In 2013, FISAC ran workshops, reaching over 2,000 people face to face. Visit <http://www.alcoholinformate.org.mx>.

Brazil

We promote responsible drinking through Bacardi's joint commitment with the Brazilian Beverages Association (ABRABE). The No Excess initiative aims to discourage Brazilian partygoers from unhealthy binge drinking.

In February 2014, the program website and Facebook page were

refreshed to encourage Carnaval celebrators to practice healthy drinking habits. During this time, the campaign's messages were broadcast on Brazilian radio, as well as on a plane flying over beaches of Rio de Janeiro.

The campaign successfully encouraged responsible fun and gained more than 500,000 Facebook followers. Visit <http://semexcesso.com.br/campanha-carnaval-2014-sem-excesso-sucesso/>.



Chile

Chile's social aspects organization La Asociación Gremial Chilena de Empresas de Bebidas Espirituosas Pro Consumo Responsable APROCOR recently refreshed its Ideas Jovenes (Young Ideas) initiative. This program encourages young people to think seriously about responsible drinking habits and safe driving in a fun, interactive way.

In January 2014, APROCOR held a poster competition challenging young people to design artwork displaying the serious effects of irresponsible consumption. Winners were revealed at an annual event that promotes concepts of responsible consumption in an enjoyable environment. Visit <http://www.aprocor.cl>

Thailand

The Thai Foundation for Responsible Drinking (TFRD) continued its RU20 campaign in 2013. The program educates teens about the dangers of underage drinking. Its main focus is to reach youths on the community level and make them aware of the many risks associated with drinking before the legal age. TFRD also works with sellers, vendors, retailers and government organizations on the importance of enforcing the legal drinking age. So far, this initiative has reached over 40,000 underage individuals.



Clear Respect

By raising the bar with responsible suppliers, streamlined packaging and more efficient operations, Bacardi gives consumers of today - and the future - more of what they expect and deserve: sustainably good spirits.

In this Section:

Strategy

Targets and Progress

EHS Management

Water

Energy

Greenhouse Gases

Waste and Packaging

Safety

Vision

Our values of Excellence and Caring underpin our aim to achieve best-in-class environmental performance in order to protect the planet's natural resources. Our employees are crucial to our business, and ensuring their safety and wellness is critically important to us.

We have a responsibility to minimize environmental impacts across our value chain and to keep our people safe at work. These are key business objectives that reduce risk, increase efficiency and make sound business sense.

We retain our focus on Safety with a zero-accident vision of everyone going home safely at the end of every day. During the last year, we successfully launched our Good Spirited program with clear priorities for Sourcing, Low Impact Operations and Sustainable Packaging.

STUART LOWTHIAN | Global Technical Director

Building a Sustainable Future

In fiscal 2014, our Company unveiled an ambitious, global sustainability campaign, called **Good Spirited: Building a Sustainable Future**.

The initiative covers more than 160 markets where Bacardi sells its brands, including 75 offices and 29 manufacturing and bottling facilities, touching each employee. At Bacardi we are committed to improving performance with Environment and Health and Safety (EHS). Starting with a 2006 baseline, there is a clear strategy in place to develop and deliver solid plans to achieve our long-term goals.

Utilizing several EHS initiatives, we are achieving significant performance improvements at our production facilities. In fiscal 2014, we continued to focus on performance gains across our operations, centered on finalizing our vision and strategy for Environmental Sustainability. We recognize that by embedding this concept throughout our operations, we can drive further performance improvements without compromising the integrity of our business.

Over the past eight years, we have reduced water use by almost 50 percent – and energy use and GHG emissions by more than 25 percent. In fiscal 2014, we continued to focus on water reduction across our operations.

In fiscal 2013, we experienced a setback in generating renewable energy at our Puerto Rico distillery, which we discussed in last year's CR Report. However, following remedial action, we were back on track during fiscal 2014.

Health and Safety is a key focus area for Bacardi. In fiscal 2014, our Bacardi Behavioral Safety plan delivered measurable results at our most advanced facilities. Recently implemented safety-improvement programs –

such as Factory Passport, and the design-phase launch of Safety First – support our commitment to accident-free workplaces in both offices and operations.

This year, though we stabilized the overall number of incidents in operations – we recorded a higher number of cases at commercial offices due, in part, to enhanced data tracking. With future programs, we will stay focused on the factories, but plan to expand coverage throughout all Bacardi workplaces.

EHS best-in-class performance results are possible only through our best practice standards. We use the International Organization for Standardization (ISO) and the Occupational Health and Safety Assessment Specification (OHSAS) management systems. We hold certification to ISO 14001 for environment and OHSAS 18001 for Health and Safety. This enables all Bacardi facilities worldwide to use universal best-practice methods as we strive for ongoing improvement.

Our employees' unwavering commitment and hard work demonstrate their passion for sustainability and determination to strengthen our environmental performance.

The launch of the Good Spirited initiative empowers our global workforce to contribute more directly to our environmental sustainability program.

Strategy

We have a responsibility to minimize environmental impacts across our value chain and to keep our people safe at work. These core business objectives reduce risk, increase efficiency and make sound business sense.

Tackling Environmental Challenges

Global environmental challenges are numerous and multifaceted. Global climate change and increasing water scarcity are two challenges with the potential to affect Bacardi – directly and indirectly.

Additionally, a growing and increasingly affluent global population is consuming more natural resources, producing more waste and pollution and increasing pressure on the environment. These pressures have the potential to disrupt global ecosystems and food security – driving up the price of energy and commodities so crucial to our Company.

Given these challenges, we need to ensure that Bacardi is part of the solution – not only in our direct operations, but also across all stages of our value chain. More broadly, we recognize that all stakeholders need to work together to tackle these issues.

This approach matches the expectations of our customers and consumers who, increasingly, believe companies should play their part in preserving and sustaining the environment.

Work begins on the installation of two new biomass boilers

During fiscal 2014, installation of two biomass boilers got underway: the first being installed at our tequila distillery in Arandas, Mexico – and the second at our Scotch whisky distillery in Aberfeldy, Scotland. These new boilers, along with the development of a biomass boiler at our gin distillery in Laverstoke, England, will enable us to convert from the use of heavy fuels to biomass materials like wood chips and pellets. We will also use by-products from the distillation process, such as husks from agave plants that create tequila. These advancements move our spirits production closer to a sustainable, closed-loop system that is waste free.

- Installing these boilers will reduce CO₂ emissions by more than 13,000 tons per year, representing a 15 percent drop in GHG emissions.

- 11,000 tons of solid waste (bagasse) will be incinerated in the Arandas boiler, also reducing landfill waste.



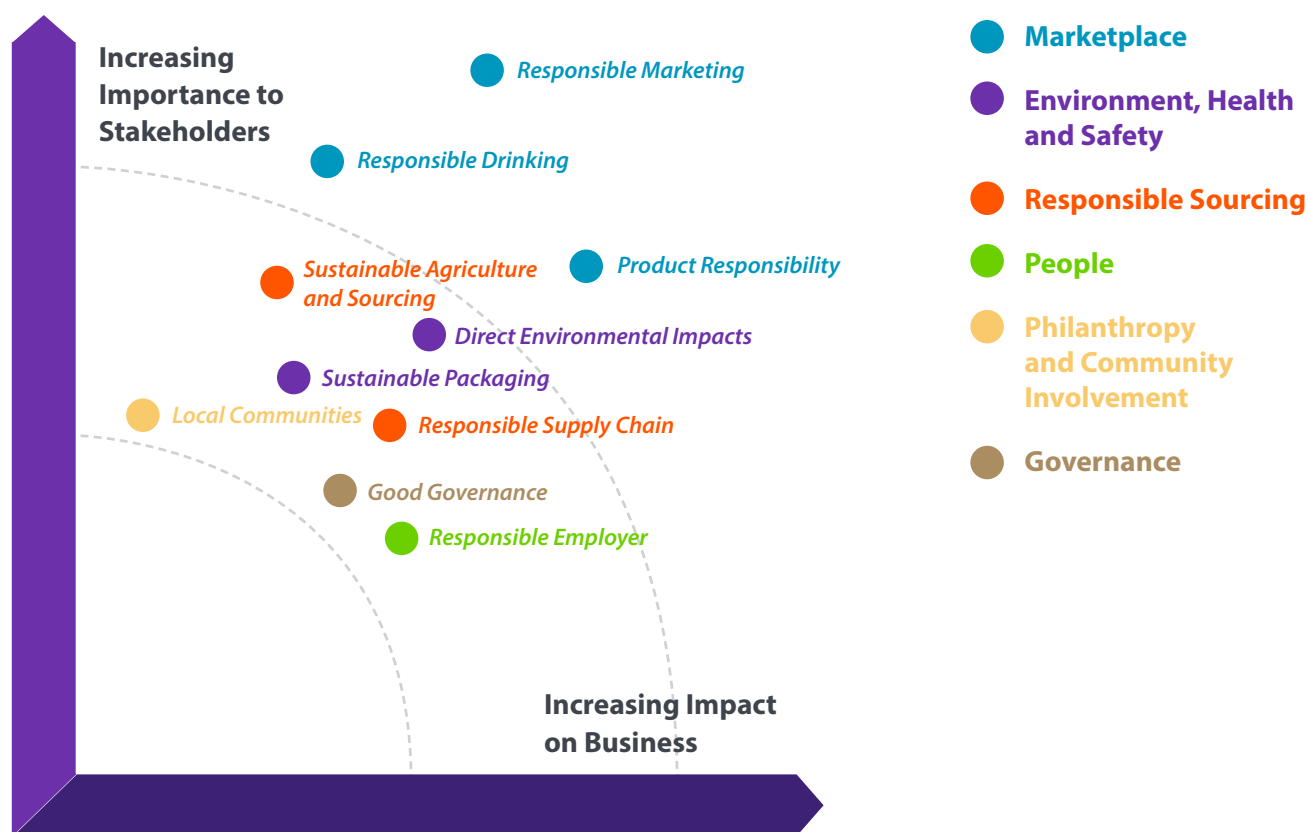
The new biomass boiler being installed at our distillery in Arandas, Mexico will use bagasse residues (from agave plants that create tequila) as biofuel.

Material Issues

Results of the last materiality assessment from early 2012 support our understanding of customer, consumer and other stakeholder expectations and highlight the importance of managing environmental issues. This information has been reviewed recently and is current.

The assessment ranked the materiality of “direct environmental impacts” as high – relative to other Corporate Responsibility issues. Direct environmental impacts represent a broad category that covers water and energy use, carbon footprint, transport, waste, effluent and emissions.

Read more on our materiality process in the materiality section.



Environmental Sustainability Strategy

Along with the rollout the Bacardi sustainability program within our Global Operations function – and the launch of our Company initiative Good Spirited – in fiscal 2014, we are also integrating the benefits of sustainability into our brands to support business growth and to ensure responsible, sustainable sourcing practices.

Leadership Strategy

Our strategy focuses on bringing together two of the five pillars of our Corporate Responsibility strategy – 1) Environment, Health and Safety and 2) Responsible Sourcing – both under the umbrella of the Bacardi sustainability program.

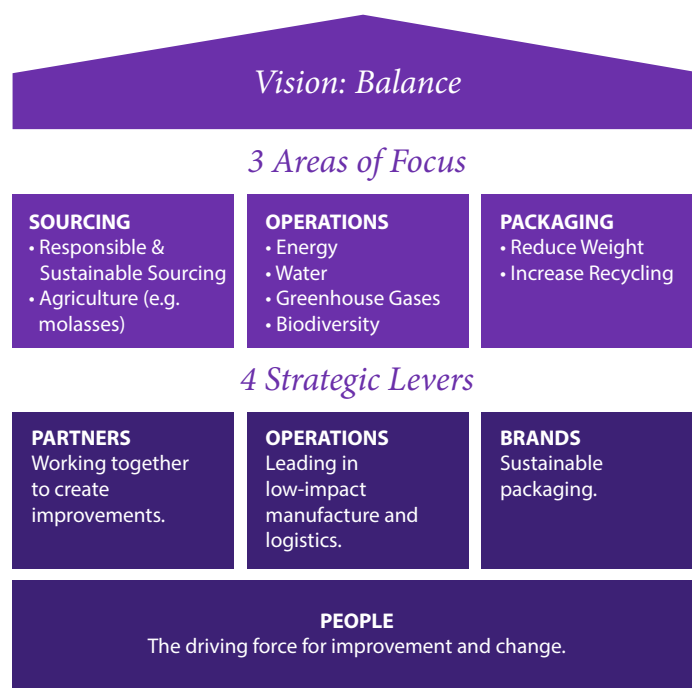
We believe this better aligns and manages our upstream activities, our manufacturing operations and the downstream impacts of our products.

We recognize the majority of the environmental and social impacts of our products are in our supply chain. We also understand the need to work in our own facilities, as well as with our suppliers, to reduce impacts and risks at all stages of our products' lifecycles.

Environmental Sustainability Strategy

There are four main areas with clear goals for the next five years and beyond:

- To work with partners creating a more sustainable future, with a focus on sugarcane and its products
- To lead the way in low environmental-impact operations with emphasis on our Bacardi manufacturing operations



- To craft sustainability into our premium spirits concentrating on packaging
- To support the passion of our people as we engage and support acts of sustainability

With the Good Spirited initiative, we have engaged all of our employees in the environmental sustainability strategy, with positive reception within the Company and from outside partners.

Good Spirited



Bacardi Limited, the largest privately held spirits company in the world, sets a bold new course for a more sustainable future.

ZERO-NET IMPACT VISION Return to the environment at least as much as we take away.



SUSTAINABILITY HERITAGE In Cuba in 1862, founder Don Facundo Bacardi Massó built the business on a challenge from the Spanish government to reduce surplus amounts of molasses. He recycled old whiskey barrels to age BACARDÍ® rum.

LEADERSHIP Bacardi is a founding member of Bonsucro®, a non-profit organization dedicated to reducing the environmental and social impacts of sugarcane production.



RESULTS TO DATE

Established model, sustainable sugarcane farms in Fiji to protect the islands' barrier reefs.



Reduced the weight of packaging by more than 7% since 2006. The weight is equivalent to 23,000 tons, enough to fill a small cargo ship.

Cut energy use by 25% and water use by 54% since 2006. The water savings is enough to provide showers for more than 10 million people!



RECOGNITION

The only major spirits company with "triple crown" certification for quality, environment, and health and safety – for all its production facilities globally – created by the Occupational Health & Safety Advisory Services (OHSAS) and the International Organization for Standardization (ISO), the leading management standards in the world.

FOCUS AREAS • 2017 GOALS

SOURCING

40%

Of sugarcane-derived products sourced from certified-sustainable sources

OPERATIONS

55%

Reduction in water use

50%

Reduction in greenhouse gas emissions

PACKAGING

10%

Reduction in packaging weight



ENJOY RESPONSIBLY.

BacardiLimited.com/good-spirited

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ARE TRADEMARKS OF BACARDÍ & COMPANY LIMITED OR OF OTHER SUBSIDIARIES OF BACARDÍ LIMITED



BACARDÍ LIMITED

Safety Strategy

Our vision is an accident-free Bacardi. In fiscal 2014, we embarked on an upgraded five-year Health and Safety strategy. It will be introduced in fiscal 2015 with the goal of putting ‘Safety First’ to achieve accident-free environments. There are three main areas of emphasis:

Safety First programs at all manufacturing sites:

- Safety communications reinforced at all sites
- Continuous improvement comprehensive approach through Root Cause Analyses, One Point Lessons and Corrective Action and Preventative Action at multiple levels (workstation, plant, global)
- Safety ownership developed with all employees
- B-Safe, our behavior-based safety program, completed and re-launched as a platform to build upon

Compliance and beyond:

- Drive Codes of Practice (COP) full compliance at all manufacturing sites
- Develop new COPs to strive for excellence (Process Safety, Occupational Health and Ergonomics)
- Develop inherent safe design for any new project

Safety rolled out across the organization:

- Progressively expand performance tracking and safe work practices in:
 - Warehouse operations
 - Offices and non manufacturing sites
 - Third party manufacturing sites (in-house and external)
- Safety communications reinforced to all employees and contractors

Targets and Progress

Long-Term Ambition:

We aim to achieve best-in-class environmental and safety performance in our operations. Most of our products' environmental impacts are in our supply

chain. We will work both in our own facilities and with our suppliers to reduce impacts and risks across our whole value chain. From a safety point of view, we have a long-term vision for an accident-free Bacardi.

TARGETS FOR FISCAL 2014	PROGRESS IN FISCAL 2014	STATUS	TARGETS FOR FISCAL 2015
Achieve a one percent reduction in volume of water used in production sites and a one percent improvement in GHG efficiency, both compared with fiscal 2013	We continued to improve our water use efficiency, achieving a 2.4 percent improvement in our efficiency metric. After a significant setback during fiscal 2013 in our GHG emissions intensity, a 2.7 percent improvement was achieved in fiscal 2014	✓	Achieve a one percent reduction in water use efficiency in production sites and a 1 percent improvement in non-renewable energy efficiency, both compared with fiscal 2014
Begin to implement projects to enhance renewable energy generation	Installation of two new biomass boilers (Arandas and Aberfeldy) is underway, and expected to be completed during fiscal 2015	✓	Complete the installation of the two biomass boilers
Solid waste to landfill from production sites will be less than two percent of total weight to landfill	Our progress was limited by the generation of solid waste from maintenance activities of two of our anaerobic digesters in Puerto Rico	◐	Solid waste to landfill from production sites will be less than two percent of total weight to landfill
Extend the rollout of the environmental sustainability strategy across the business	The Good Spirited Program was launched in February 2014 (see box for more information)	✓	Continue the roll out of the program through all the Bacardi locations
100 percent of manufacturing sites to have a behavior-based safety program under way by the end of the fiscal year	We achieved this objective, with 100 percent of our manufacturing sites now actively implementing behavior-based safety programs	✓	The seven steps of behavior-based safety program fully implemented in 100 percent of our manufacturing sites
Maintain certification of all production facilities to the ISO 9001, ISO 14001 and OHSAS 18001 management system standards	In 2013 we successfully maintained, our certification by passing all the planned surveillance audits	✓	Continue to maintain certification of all production facilities to the ISO 9001, ISO 14001 and OHSAS 18001 management system standards



Achieved



Partially achieved



Not achieved



Target ongoing

[View all our Targets](#)

Long-term View on Bacardi EHS Targets

Because we recognize the importance of continual environmental performance improvements across our operations, we set stretching targets that undergo review each year.

In addition to staying on track with immediate objectives, we also established a number of longer-term sustainability goals, developed in response to stakeholder feedback:

A 50-percent reduction in GHG emissions by 2017 (from 2006 baseline)

- Installation of two biomass boilers to achieve waste-free, closed-loop systems at facilities in Mexico and Scotland (previously referenced)
- Plans to install a third biomass boiler at our Scotch whisky distillery at Royal Brackla, Scotland will reduce the plant's CO₂ emissions by 6,600 tons of CO₂ per year
- A review of our production sites' capability to use photovoltaic energy systems in areas with substantial annual sunlight, offering significant opportunity to move away from non-renewable energy

A 55-percent reduction in water use by 2017 (from 2006 baseline)

Each production and distillery site has water-use reduction goals with projects in place to achieve them. We currently map the different points of use at some facilities to identify additional opportunities to reduce and/or reuse the water required in production.

Example: in Puerto Rico, we harvest water from the roofs of our BACARDÍ rum aging warehouses to reuse as non-contact cooling water.

Ongoing reductions in packaging weight (from 2008 baseline)

- 10 percent reduction by 2017
- 15 percent reduction by 2022

Zero-negative impact on biodiversity at our production sites by 2017

We will review impacts of our production sites on local biodiversity, and then rollout plans to mitigate potential issues. Example: at our BOMBAY SAPPHIRE distillery in Laverstoke, England, we protect a colony of bats by supplying roosts and bat boxes onsite.

Zero solid waste to landfill from production sites by 2017

We are building on progress at our production sites to reduce landfill waste, and plan to work more closely with supply partners to ensure that all the packaging we receive can be recycled.

Reduce our wastewater loadings by 85 percent by 2022, from 2006 baseline

We will increase efforts to use more of our residual water from production for beneficial use, while decreasing the amount of wastewater discharged to the environment. Example: wastewater from tequila production is applied to agave fields and water from rum production is used on sugar cane crops. We are working on wastewater management at our rum distilleries in Mexico and Puerto Rico, which will contribute significantly to this goal.

A Lost Time Accident (LTA) rate of less than one lost-time accident per million hours worked by 2022*

We will complete the rollout of our Behavior-Based Safety program and implement our new Safety First program to all manufacturing sites. We will continue to build safety awareness at non-production locations worldwide.

** Lost Time Accident is any occupational injury or illness, which results in an employee being unable to return to work on the day following the accident.*

Pollinator Garden at our Bottling Facility in Jacksonville, Florida

Specially designed with the help of local botanists in Jacksonville, this garden helps attract birds and insects that promote pollination. On any given day outside the bottling facility, there are bees and butterflies – and more than a few rabbits scampering about.

More than 50 dedicated Bacardi employees volunteer energy and time nurturing and weeding the acre plot as part of a biodiversity project with the Wildlife Habitat Council (WHC). The WHC promotes and certifies habitat conservation and management on working lands through partnerships and education with the goal to increase the quality and amount of wildlife habitat on corporate, private and public lands.

The pollinator garden at the Jacksonville campus is part of a long-term environmental plan for Bacardi. It not only enhances the natural habitat, it also controls invasive species on the 92-acre workplace, which bottles more than 50 percent of all the BACARDÍ® branded products sold around the world.

In November 2013, the WHC honored the extensive commitment by Bacardi Bottling Corporation (BBC) to improve the environment at its northeast Florida site in presenting BBC with the prestigious Wildlife at Work certification. The multi-year project involves future installation of ponds, walking trails and purple martin birdhouses.



EHS Management

Our approach to managing EHS is based on continual improvement and the pursuit of excellence at all of our operations.

Global Standards for EHS

Our approach to managing our key environmental impacts and the safety of our people has been very successful. Since establishing our performance baseline in 2006, we have achieved significant improvements in all areas.

To a large extent, these improvements stem from our Global Standards and Codes of Practice that set benchmarks for all facilities across Bacardi. Adherence to this approach has helped deliver strong performances with the aim to achieve and exceed our goals.

Internal Management

To align with our international management systems status, in fiscal 2014 we developed and launched a unified strategy for Quality, Environment, Health & Safety (QEHS) based on this Vision: One global team leading accident-free operations, with industry-first premium quality and sustainability.

The new QEHS strategy allows coordination of the three areas by enabling synergies and a global, structured approach. The global QEHS team aligns strategic direction with the QEHS steering team, made up of senior managers throughout the Company. The steering team sets short- and long-term objectives, determines key performance indicators and allocates resources to successfully deliver our QEHS programs.

Supporting the steering group is the QEHS core team, comprised of our most experienced managers from around the world. This team provides technical advice, agrees on best practices and develops procedures, plans and guidance for use throughout the Company. It also identifies training needs to support success.

The steering team meets quarterly, while the core group connects through monthly conference calls and meets twice annually.

MANAGEMENT SYSTEMS

We use internationally recognized management systems to deliver continual improvement in operations. Bacardi is the only major spirits company to receive “triple crown” certification for 1) Quality, 2) Environment and 3) Health and Safety – for all its production facilities worldwide. The recognition comes from both the Occupational Safety & Health Advisory Services (OSHAS) and the International Organization for Standardization (ISO). The prestigious achievement places Bacardi among an elite group of the world’s best-run companies.

We first achieved this triple certification in fiscal 2010. In fiscal 2014, Bacardi successfully maintained the accreditation for all operations across the three standards. Our 29 facilities are covered by a group-wide certification. To demonstrate our commitment to uphold the “triple crown” status, half of our facilities are audited each year by external registrar, DNV-GL. The rest undergo internal, cross audits by our own QEHS teams.



How We Measure our Performance

Bacardi measures performance in two ways: absolute totals and efficiency metrics. Absolute totals are straightforward. Example: the total number of accidents – or total volume of water usage. Efficiency metrics normalize these absolute totals against an appropriate business output, such as accidents per one million hours worked – or water usage per unit of product manufactured.

For water use, energy use and GHG emissions – we use a bespoke flexible budget-based auditing method called BEST (Bacardi Environmental Sustainability Tracking). By measuring efficiency in this way for each activity across our global operations, we more accurately reflect our actual performance. This prevents arbitrary distortions of our Company-wide efficiency that can result from changes in our product mix, sourcing location or merger-and-acquisition activities.

Spills and Releases

Bacardi employs a rigorous system for reporting spills and releases. In fiscal 2014, our sites reported a total of 34 minor releases that did not result in environmental harm. No event was deemed significant.* This represents a reduction of 19 percent when compared with fiscal 2013. The implementation of our Codes of Practice has helped our facilities to have better prevention plans for lowering the chances of these events.

** A significant environmental release is an event that requires reporting to a government authority, attracts public or media attention or otherwise results in observable or quantifiable harm to the local environment. An example of a minor release would be a spill (e.g., of alcohol) during operational handling that is immediately cleaned up.*

Fines and Prosecutions

Bacardi had no significant fines for environmental and/or safety non-compliance at any of our global operations during fiscal 2014.**

***Significant fines are defined as those above US\$5,000.*

Water

Water is a key ingredient in our products and production processes (including fermentation and distilling) and also is used for cleaning.

We recognize water scarcity is a growing problem worldwide and we try to minimize its use in all aspects of our production. Water that is not part of our finished product becomes treated wastewater. Reducing the volume and improving the quality of wastewater discharges are among our top priorities.

Water Use and Water Efficiency

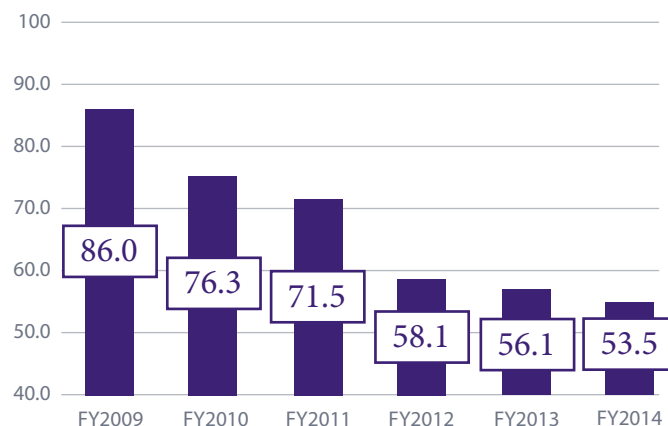
In fiscal 2014, even though total water use increased by 3.9 percent due to higher production, we increased efficiency by 4.6 percent over the previous year. We also were able to use more residual water from production for beneficial use, while reducing the amount of treated wastewater discharged to the environment.

Since fiscal 2006, the benchmark for our water-use index, we increased efficiency by 46.5 percent. The improved performance comes from a combination of better operating discipline, water-conservation measures, new water-efficient equipment and advanced water-recycling systems.

Water Use Efficiency Index

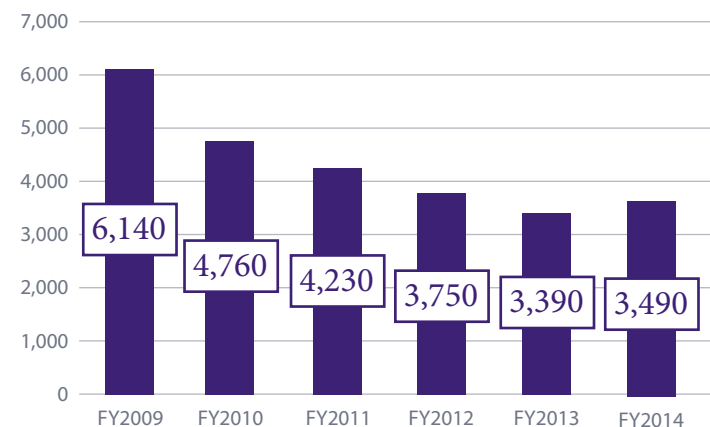
Water Use per Unit of Production

Improvement Index: Base Year FY06 = 100

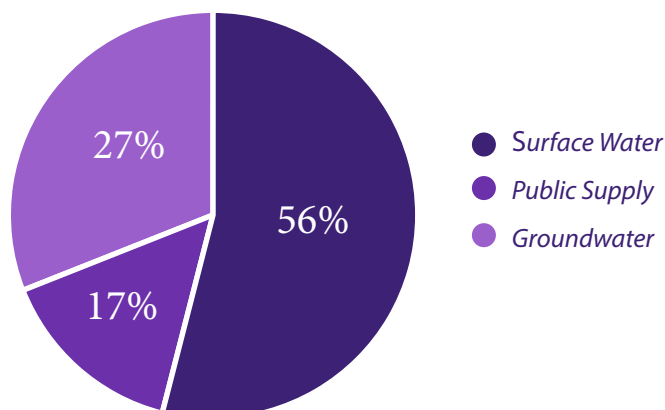


**** Note:** data from fiscal 2009 to 2012 has been restated to include data from our distilleries in Scotland. This required us to establish fiscal 2009 as a new reference year. We used 86.0 as our new baseline index, as that was the progress we achieved since the original base year of 2006.

Total Water Used, (000) Cubic Meters



GRI EN8: Water Supply Profile



EN8: Water Supply to Manufacturing Sites

WATER SOURCES	FY2013	FY2014
Public Supply	520,743,900	579,784,300
Groundwater	1,035,961,300	941,939,500
Surface Water	1,837,041,100	1,964,652,000
Harvested	0	0
SUM	3,393,746,300	3,486,375,800

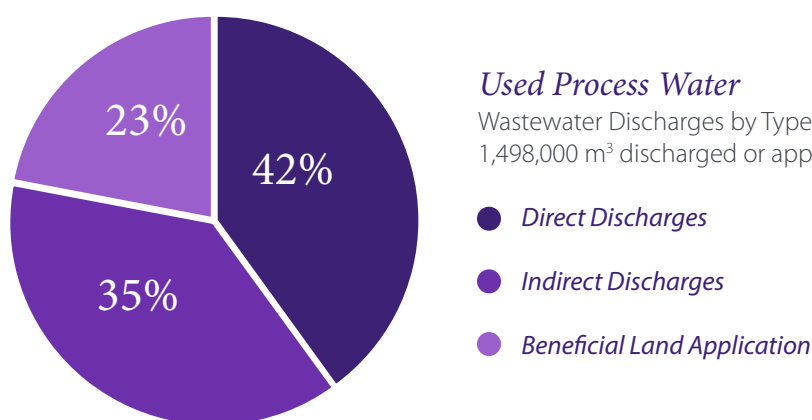
Water used includes non-contact cooling water.

Water Discharges

We manage used process water from our facilities in three ways:

1. Direct discharges of treated wastewater to local bodies of water following onsite treatment (42 percent)
2. Indirect discharges of treated wastewater to municipal treatment facilities (35 percent)
3. Beneficial land application, including irrigation and fertilizer to improve crop production (23 percent)

In fiscal 2014, we discharged a total of 1,498,000 m³ of treated wastewater – of which 351,000m³ of spent, process water were used for beneficial, land application.

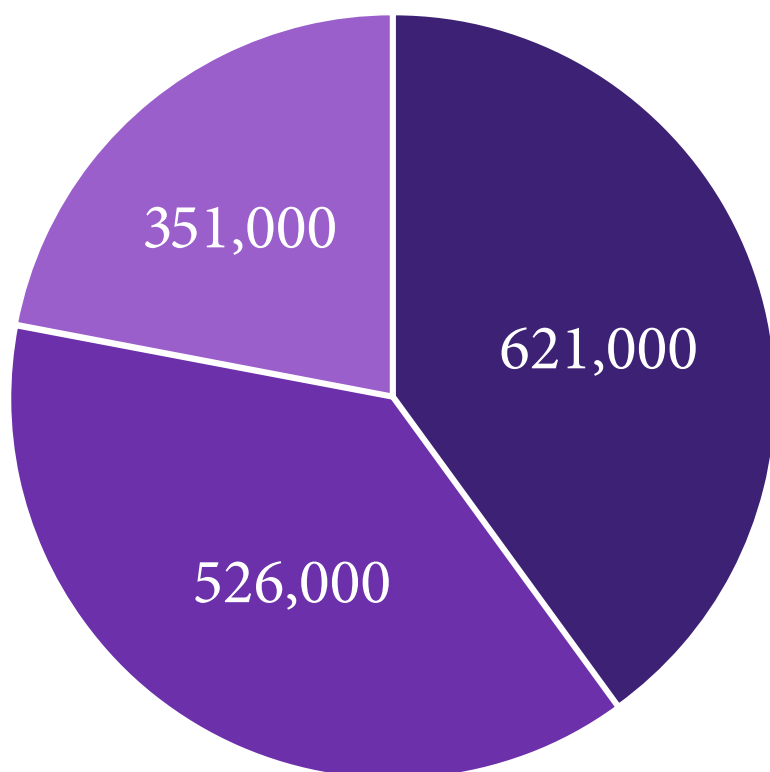


Used Process Water

Wastewater Discharges by Type:
1,498,000 m³ discharged or applied to land

Of the total water released by our production facilities, 1,147,000 cubic meters was discharged as wastewater and 351,000 cubic meters was applied to cropland* as a fertilizer or for irrigation. The water that is applied to land for beneficial reuse is returned to the crops that provide our raw feedstock to make spirits in countries where regulatory authorities permit.

* Subject to regulatory authorization



*Water Discharges by Volume,
(1,498,000 m³ of Water Discharged)*

- Direct Discharges
- Indirect Discharges
- Beneficial Land Application

Total Water Discharges

CUBIC METERS	
Direct Discharges	621,000
Indirect Discharges	526,000
Beneficial Land Application	351,000

Total Loading of BOD and TSS

	BOD, TONS	TSS, TONS
Direct Discharges	3,100	3,200
Indirect Discharges	1,000	180

Note 1A: Direct Discharges = Discharges to local surface water bodies

Note 1B: Indirect Discharges = Discharges to local public wastewater utility

Note 1C: Beneficial Land Application = Use as soil amendment on local cropland*

Note 2: BOD = Biochemical Oxygen Demand (5-Day);

TSS = Total Suspended Solids

* Subject to regulatory authorization

We continually seek to improve the quality of our treated wastewater by reducing elements such as biochemical oxygen demand (BOD), a measure of the polluting potential of wastewater – and total suspended solids (TSS), a measure of the amount of solid matter suspended within the wastewater. Our first priority is with direct wastewater discharges – treated onsite and then released directly into local bodies of water. In fiscal 2014, our direct treated wastewater discharges included 2,900 tons of BOD and 3,100 tons of TSS.

Energy

Energy is essential within our production processes and operations. We use energy from a range of sources – from liquid fuel and gas, to grid electricity and renewable-energy sources.

Reducing Non-renewable Energy Use

We have a strong plan in place to reduce our reliance on nonrenewable energy, with projects in England, Scotland and Mexico.

We are on track, achieving reductions during fiscal 2014, with our energy and GHG intensity indexes.

In fiscal 2013, we experienced a setback because of operational inability to produce sufficient biogas at the BACARDÍ rum distillery in Cataño, Puerto Rico. Since this site accounts for more than 25 percent of energy use and much of the renewable fuel used by the Company our performance metrics suffered in fiscal 2013.

Calculating our Energy Use

Bacardi tracks energy performance based on the total primary energy consumed at our production facilities. Primary energy includes direct energy, fuel burned directly at our facilities – and an estimate of indirect energy (fuel needed to generate the electricity we purchase).

To estimate the fuel needed to generate our purchased electricity, we assume 33 percent efficiency for electricity generation and transmission. Therefore, we multiply the electricity we purchase by three to obtain an estimate of the fuel required to generate the purchased electricity. We combine this figure with our

direct (onsite) fuel use to provide the estimate for total primary energy use.

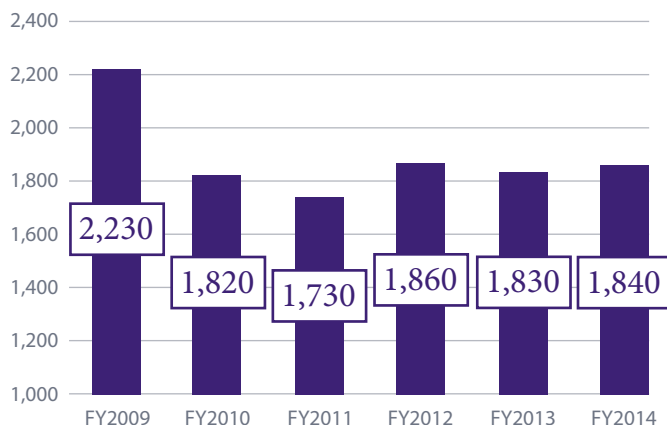
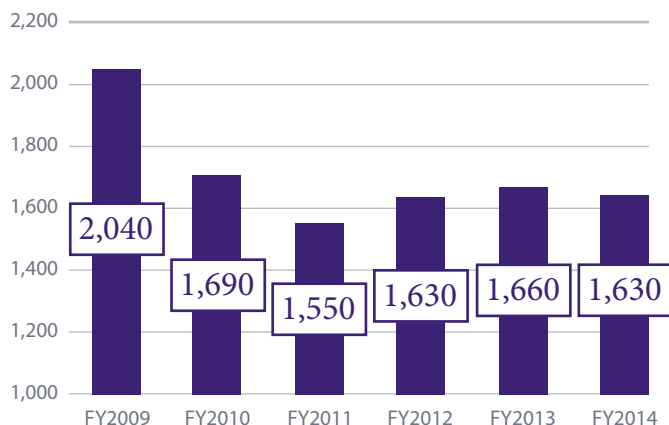
The one important exception is for electricity specifically contracted to be generated by renewable sources, such as wind, solar and hydro power. This electricity is not included in our total primary energy use, as no primary fuel is consumed.

Understanding our Energy Mix

Our total primary energy use is the combined direct energy (fuels) we use for our operations, plus the estimated fuel used to produce the electricity we consume. To calculate the latter figure, we assume that three kilowatt hours of fuel are used to produce and transport one kilowatt hour of electricity to our site. For dedicated renewable energy, such as from solar, wind and hydro power, there is no primary energy consumed.

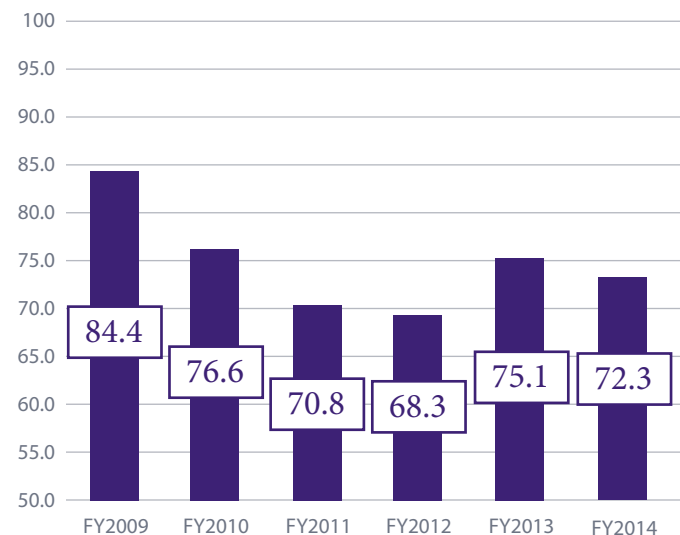
For this report, we have restated our performance (using fiscal 2009 as a base year) to be consistent with our water reporting. In addition, we have expanded our coverage to include the grape-processing center at Santo Stefano Belbo, Italy, as of fiscal 2010.

Our main focus continues to be on improving our nonrenewable, energy-use efficiency. In doing so, we strive to be more efficient with energy consumption and to strengthen efforts in switching over to renewable energy sources.

Total Energy Used, 1,840 Terajoules (TJs)*Total Nonrenewable Energy Used, (1,630 TJs)*

As previously stated, our nonrenewable energy use rose in fiscal 2013, following the failure of a wastewater reactor at our distillery in Puerto Rico. The incident resulted in lower biogas production, requiring additional heavy fuel-oil consumption. As seen in these charts, our nonrenewable energy use decreased during fiscal 2014 by 1.8 percent.

Nonrenewable Energy Use Efficiency Index:
Energy Use per Unit of Production



Improvement Index: Base Year FY06 = 100

Direct and Indirect Energy Use

This table shows the breakdown of our fiscal 2014 direct and indirect energy consumption in TJs:

Direct and Indirect Energy Consumption in TJs

	TJ
EN3: Total Direct Energy	1,260
EN4: Total Indirect Energy	226

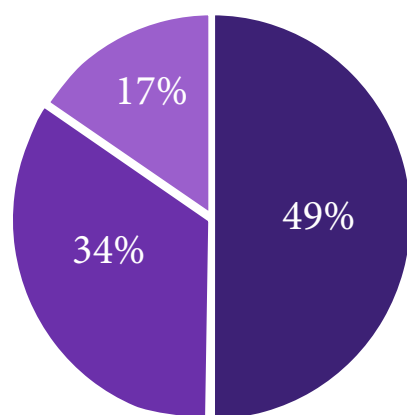
All Indirect Energy is supplied electricity consumed by the site.

Fiscal 2014 Direct Energy Sources in TJs

	TJ
Fuel Oil	616
Natural Gas	432
Biogas	213
TOTAL DIRECT ENERGY	1,260

Direct Energy Sources (%)

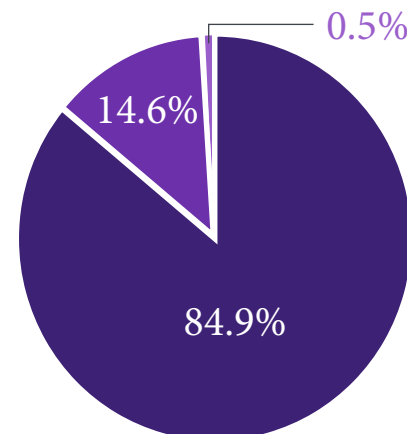
● Fuel Oil* ● Fossil Gas* ● Biogas



*Fuel Oil is >99% Heavy Fuel Oil, Fossil Gas is > 99% Natural Gas

Indirect Energy Sources (%)

● Public Power* ● Hydro Power* ● Wind Power



*Hydro power and wind power includes only that from dedicated contract suppliers. Public power includes all forms of renewable and nonrenewable energy on the national grids.

Savings from energy efficiency

The Company estimates its annual energy savings using the BEST method (previously referenced). BEST enables us to estimate how much energy we would have used if we had performed fiscal 2014 activities in the previous year. In fiscal 2014, our overall efficiency index improved by 3.7 percent.

Indirect Nonrenewable and Renewable Energy Sources (TJ)

	TJ
Public Power	191
Hydro Power	33
Wind Power	1
TOTAL INDIRECT ENERGY	226

Use of Renewable Energy Sources

The chart shows that 16 percent of our total primary energy is renewable. Five percent is renewable electricity, provided under exclusive, renewable-electricity contracts. 11 percent is renewable fuel, such as biogas

and wind. Looking at electricity and fuel individually, 14 percent of our electricity was derived from renewable-energy contracts – and 17 percent of the total fuel was renewable biogas.

Energy Mix for Total Equivalent Primary Energy, TJ

	FY2013	FY2014
Fuel Oil	630	616
Natural Gas	402	432
Bio Gas	175	213
Grid Electricity	628	580
Renewable Electricity	99	103
TOTAL	1,934	1,944

Primary energy is energy consumed directly + the estimated energy consumed to produce the indirect energy used.

Energy Mix for Total Equivalent Primary Energy

	%
Fuel Oil	32%
Natural Gas	22%
Bio Gas	11%
Grid Electricity	30%
Renewable Electricity	5%
TOTAL	100%

Greenhouse Gas Emissions

Our aim is to reduce GHG emissions from our operations by improving energy efficiency and shifting to renewable energy sources or lower-carbon fuels.

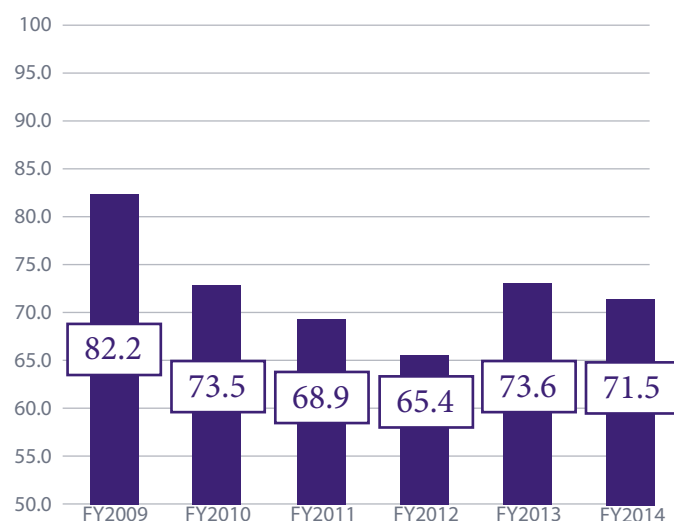
GHG Initiatives and GHG Intensity

Bacardi calculates GHG emissions for electricity use by applying carbon emission factors published annually by the International Energy Agency (IEA). Since the IEA often revises its national factors, we had to adjust our GHG estimates from previous years. As a result, our total GHG emissions and efficiency indices have been restated to reflect these changes.

From fiscal 2006 to fiscal 2009, we reduced our GHG intensity by 17.8 percent. From fiscal 2009 to fiscal 2012, we improved our performance by an additional 20.4 percent. But in fiscal 2013, we experienced a setback of 12.5 percent. Currently, we are back on track, achieving a reduction of 2.9 percent during fiscal 2014. The fiscal 2014 efficiency index improvement score is 28.5 percent better than the fiscal 2006 base year.

GHG Intensity Index

GHG Emissions per Unit of Production



Improvement Index: Base Year FY06=100

Direct and Indirect GHG Emissions

Our direct GHG emissions from manufacturing primarily are from burning fuel. A small contribution is from GHG process losses, mainly leakage of refrigerants from cooling and chilling systems.

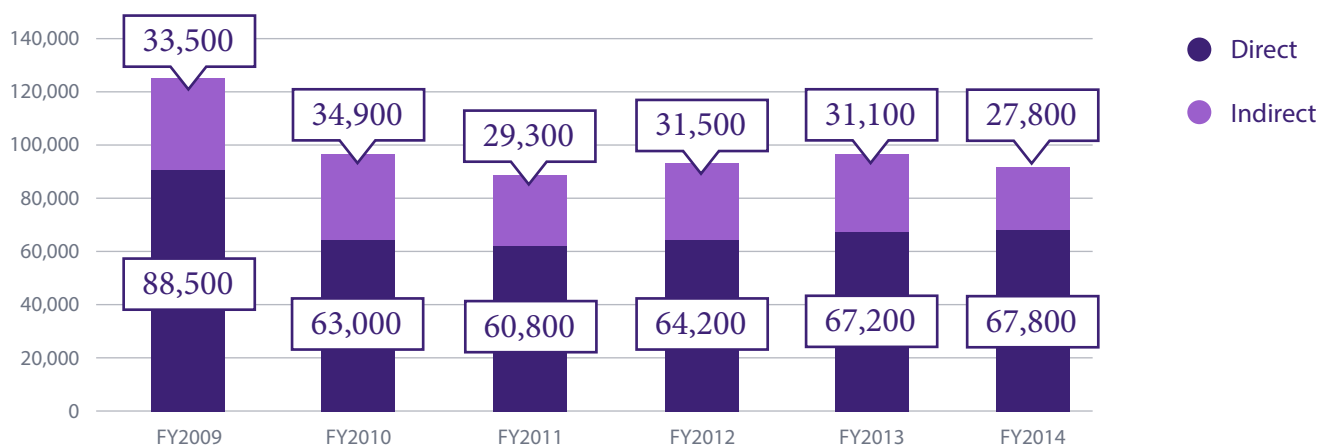
Indirect emissions are GHG estimated to have been released by electric power companies serving our sites. The GHG emission factors are those published by the IEA, unless we can provide a more accurate factor directly from the utility.

Total carbon dioxide equivalent (CO₂e), Tons

During fiscal 2014, CO₂e emissions from indirect sources (power supply) decreased 10.6 percent but direct emissions (fuel combustion) increased by 0.9 percent.

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Direct	88,500	63,000	60,800	64,200	67,200	67,800
Indirect	33,500	34,900	29,300	31,500	31,100	27,800
TOTAL	122,000	97,900	90,100	95,700	98,300	95,600

Direct and Indirect GHG Emissions (Tons)

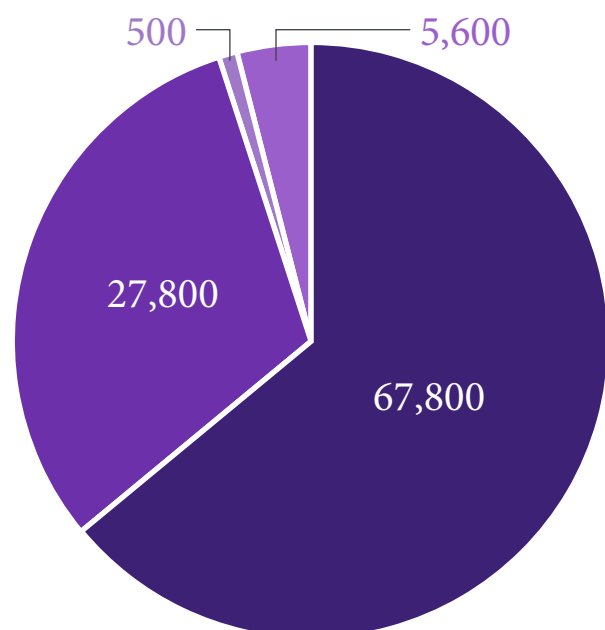


Annual GHG Emissions Reduction

Bacardi estimates annual GHG emission reductions in much the same way we calculate energy savings, by using the BEST method. BEST enables us to estimate what GHG emissions would have been if we had performed

our fiscal 2014 activities in the previous year. In fiscal 2014, the overall GHG efficiency index improved by 2.9 percent.

Direct and Indirect GHG Emissions by Source



Total Direct and Indirect GHG Emissions, Tons

- Direct (Fuels)
- Indirect (Power)
- Process
- Offices (Power)

Note: Direct, Indirect and Process emissions are from production facilities.

Total Direct and Indirect GHGs (Tons)

	GHGs, Tons
Production, Direct GHGs (Combustion)	67,800
Production, Indirect GHGs (Power)	27,800
Production Process GHGs	500
Offices (large*), Indirect GHGs	5,600
TOTAL, Tons	101,700

*Large offices include those over 25 people.

Other Relevant Indirect GHG Emissions (Tons)

Transport (dedicated*), Direct GHGs	11,400
Contract Production (dedicated*)	TBD [1]
Business Travel – Air	19,900
Business Travel - Other (rail, auto)	TBD [2]
TOTAL, Tons	31,300

[1] Estimate < 35,000 Tons

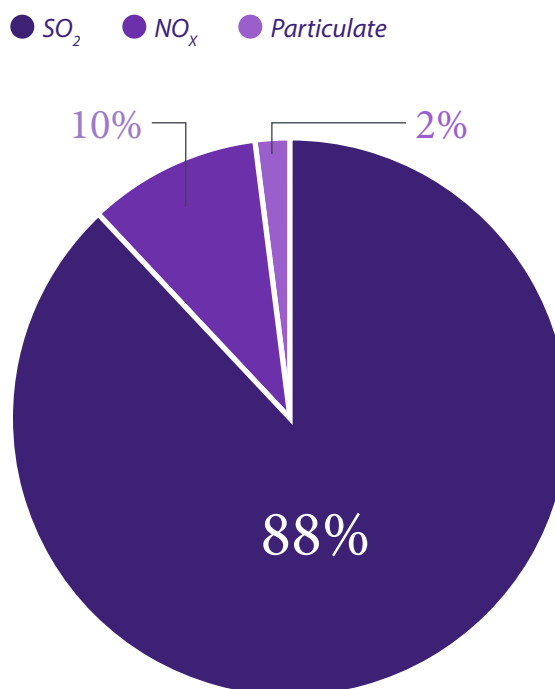
[2] Estimate < 2,000 Tons

*Dedicated transport and contract production are done by a contractor exclusively for Bacardi.

Other Air Emissions

Other significant air emissions result from fuel combustion at our sites. The three major air pollutants are sulfur dioxide (SO₂), nitrogen oxides (NO_x) and particulate matter (PM). These emissions decreased by nearly one percent in fiscal 2014.

EN20: Other Air Emissions: Tons



SO ₂ , Tons	993
NO _x , Tons	116
Particulate, Tons	18
TOTAL Air Emissions Tons	1,127

Waste and Packaging

Bacardi primarily generates nonhazardous waste – mostly residue from agricultural ingredients we use to make our products.

Much of our waste is recycled, reused or recovered for beneficial use, such as agricultural fertilizer and animal feed. Only a very small proportion of our waste is hazardous waste – mostly waste alcohol.

Packaging is an integral part of our products and we strive to lessen any negative environmental effects, with a special focus on reducing the weight of our packaging.

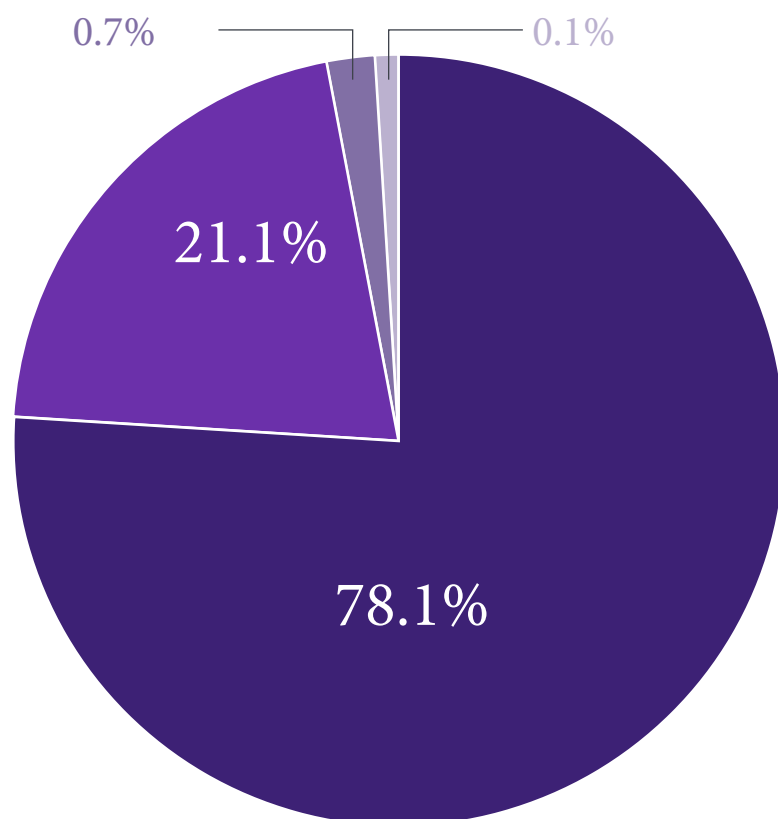
Hazardous and Non-Hazardous Waste Generation Volumes

Hazardous waste makes up only 0.02 percent of our total waste output. None was sent to landfill. In fiscal 2014, our waste volume rose by 24.3 percent from the previous year. This increase was related to the cleaning and refurbishing of two anaerobic digesters at one of our distilleries – making it necessary to send 40,000 tons of non-hazardous solid waste to landfill. This activity is required every ten years in order to maintain the efficiency of the digesters. Anaerobic digesters are used for wastewater treatment and generate biogas which is used as fuel in boilers.



A recent redesign of the MARTINI Asti bottle reduces glass weight and carbon emissions, while maintaining the iconic look. Minimal adjustments on the glass wall thickness and changes on the bottle's outside diameter deliver a 50-gram savings on each bottle. Savings in packaging and shipping costs are equivalent to 330 fewer cars on the road each year.

Waste and Waste Management



EN22: Waste Management Methods

- Recycling/Reuse/Recovery
- Digesters overhaul residues (Landfill)
- Plant Waste (Landfill)
- Incineration/Treatment

The amount of plant waste generated and sent to landfill from day-to-day operations was reduced by 15.7 percent.

EN22: Waste and Waste Management (Tons)

	FY2013	FY2014	%
Non-Hazardous Waste			
Recycling/Reuse/Recovery	148,990	146,664	-1.6%
Incineration/Treatment	670	136	-79.7%
Landfill			
Plant Waste	1,500	1,264	-15.7%
Digesters overhaul residues	-	39,788	
Subtotal (and % year-to-year change)	151,160	187,852	24.3%
Hazardous Waste			
Recycling/Reuse/Recovery	35.5	21.8	-38.6%
Incineration/Treatment	11.2	18.3	63.4%
Landfill			
Plant Waste	7.9	0	-100.0%
Subtotal (and % year-to-year change)	55	40	-26.6%
Total Waste			
Recycling/Reuse/Recovery	149,026	146,686	-1.6%
Incineration/Treatment	681	154	-77.3%
Landfill			
Plant Waste	1,508	1,264	-16.2%
Digesters overhaul residues	-	39,788	
Total (and % year-to-year change)	151,215	187,892	24.3%
%Waste that is Hazardous			0.02%

Health and Safety

Creating and maintaining an accident-free work environment and promoting good health among our people at work and at home are deeply important to Bacardi.

Our vision is an accident-free Bacardi. We believe Health and Safety is a key factor in our high-performance work culture – and in our goal to be a great place to work.

Safety performance

In fiscal 2014, we improved the overall control of data, making it more reliable across Bacardi.

Our past focus on manufacturing sites allowed us to stabilize the number of LTAs. But as

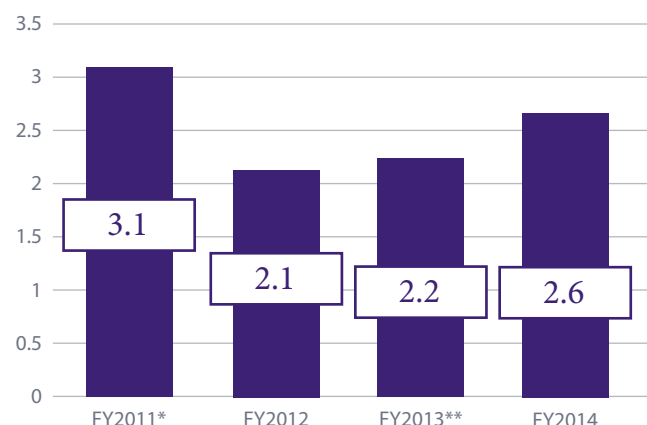
more markets began reporting LTA, the result was an 18 percent increase in our Global LTA rate compared to fiscal 2013. Our long-term goal by 2022 remains: an LTA rate of less than one per million worked hours.

Total Lost Time Accident Rate

Bacardi Total LTA Rate

**Extrapolated using production trend data.*

***Fiscal 2013 figures have been restated following improved data reporting*



Number of LTAs

**Extrapolated using production trend data.*

***Fiscal 2013 figures have been restated following improved data reporting*

	LTA RATE	MFG	NON-MFG	TOTAL
FY2011*	3.1	30	10	40
FY2012	2.1	19	8	26
FY2013**	2.2	22	6	28
FY2014	2.6	22	9	31

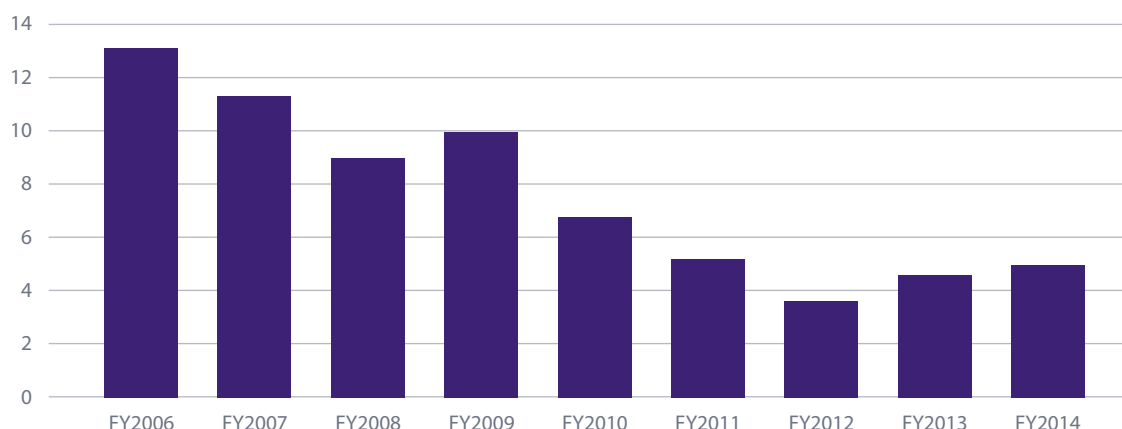
Manufacturing Sites

We stabilized our LTA number in the manufacturing environment over the last two fiscal years. In fiscal 2014, manufacturing sites reported 22 LTAs.

Over the last nine years, we achieved a 66 percent reduction in our LTA rate at manufacturing sites.

LTA Rate Trend in Our Manufacturing Sites

LTA rate Long-term trend (Manufacturing sites)



Bacardi Factory Passport Program

The Bacardi Factory Passport Program is a dedicated and focused program designed to improve safety when using high-hazard equipment in our factories. By completing 15 specific requirements our plants were delivered a “safety passport”.

Following independent audits of machinery safety at all global facilities completed in fiscal 2013, we implemented several improvements in fiscal 2014. We focused on high-hazard equipment such as depaletizers and paletizers. Specific projects were defined and delivered at nine facilities, requiring investments for a total of almost US \$500,000.

Our Factory Passport Program was fully delivered in fiscal 2014. As a result, we strengthened design and work standards, including enhancements of safety requirements across several codes of practice.

Safety Culture and Behavior

We are in the process of the rollout of B-Safe, our global behavior-based safety program. It is designed to help manufacturing facilities improve their safety culture – a core part of our safety strategy. By end of fiscal 2015, all of our manufacturing facilities will have fully implemented B-Safe.

Bacardi B-Safe Program (number of units)

	2014	%	CUM %
Phase 7	21	75	75
Phase 5	5	18	93
Phase 3	2	7	100
Not Begun	0	0	
	28*		

** At the end of fiscal 2014 our total number of operations sites has moved to 29, due to the start of the operations at a new site in Hampshire, England where we will launch and fully complete B-Safe program in fiscal 2015.*

By the end of fiscal 2014, all manufacturing sites implemented a behavior-based safety program – and 75 percent completed the program through the initial seven stages established when launching the program.

The fiscal 2015 goal is for all of our manufacturing sites to have fully implemented the program.

In fiscal 2014, 17 Safety Days have been completed spanning 23 manufacturing sites. This is an event where all manufacturing operations are stopped for a day while everyone focuses on safety training and improvements.

Safety First Program

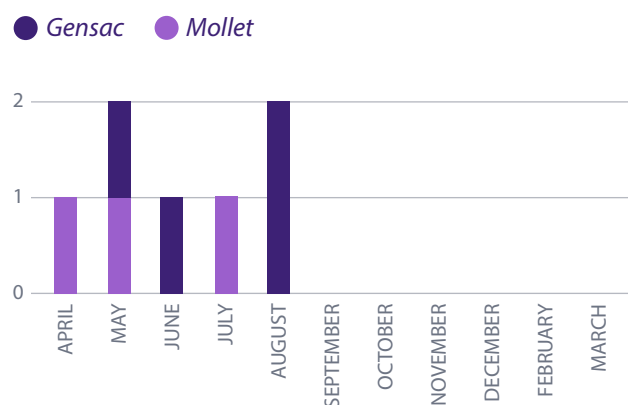
In fiscal 2014, we started to build and test our next-generation platform going beyond what we achieved through the B-Safe program, reinforcing the focus on safety at manufacturing sites.

Two manufacturing sites were selected to test the early design of this new program: Gensac in France and Mollet in Spain. This test was successfully completed in fiscal 2014 as shown in the graph below.

While these two sites reported seven LTAs in the first half of fiscal 2014 (32 percent of total annual number of LTAs for manufacturing sites), there were no further reports of LTAs after testing a preliminary design of Safety First.

Total number of LTAs in Gensac & Mollet plants in fiscal 2014

Total Number of LTAs - FY14



Safety In Logistics

In fiscal 2014, logistics operations at our distribution centers reported no LTA, in line with fiscal 2013 performance.

However, in the same period of fiscal 2014, 55 percent of serious near misses reported by our manufacturing plants were linked with logistics and in-house warehouse activities.

In fiscal 2012, we issued the first Logistics EHS Code of Practice standards.

The Jacksonville, Florida distribution center reached 90 percent compliance in February 2012.

In Moscow, the distribution center was first assessed in fiscal 2013 and found to be 81 percent compliant. The site used these findings to further improve its programs. It has since been outsourced in fiscal 2014.

As part of our new strategy, we will review and strengthen this standard in fiscal 2015, taking into consideration all findings from incidents that occurred during manufacturing plants logistics and warehouse activities.

Safety Day 2013 at Bacardi in Mexico

Bacardi in Mexico has three manufacturing sites in Tultitlan, La Galarza and Arandas. Respectively on July 27, August 9, and August 17, 2013, these three sites completed their Safety Day with aligned activities developed.

Safety Days emphasize the importance of safety at work, as well as environment and health. Not only were all of our employees invited to take part in this exciting day of activities, but also their family members.

Examples of the different activities included:

- Clinical analysis station to measure glucose levels, blood pressure, weight, and cholesterol
- 140 trees planted on the three sites
- Firefighter canine rescue teams to explain how to react in case of an emergency
- Professional conferences on earthquake management, fire prevention and volcanic emergency
- Family activities such as a safety race, a competition wearing firefighter suits and a rescue demonstration



Good Spirited Sourcing

Our supplier partners are vital to support us on projects to promote responsible sourcing

In this Section:

Strategy

Targets and Progress

Responsible Supply Chain

Working with Suppliers and Partners

Sustainable Agriculture and Sourcing

Vision

As part of the new Bacardi global sustainability initiative, Good Spirited, our vision is for all raw materials and packaging to come from sustainably sourced, renewable or recycled materials. This reduces environmental and social impacts, while maintaining or enhancing the economic status of growers and suppliers.

We at Bacardi are very proud to have launched our Good Spirited sustainability initiative in fiscal 2014, and Responsible Sourcing forms one of its three key pillars. We continue to develop our responsible sourcing program through training and supplier engagement and we have exceeded a number of our targets this year.

DAVE HOWSON | Global Sustainability Director

Strategy

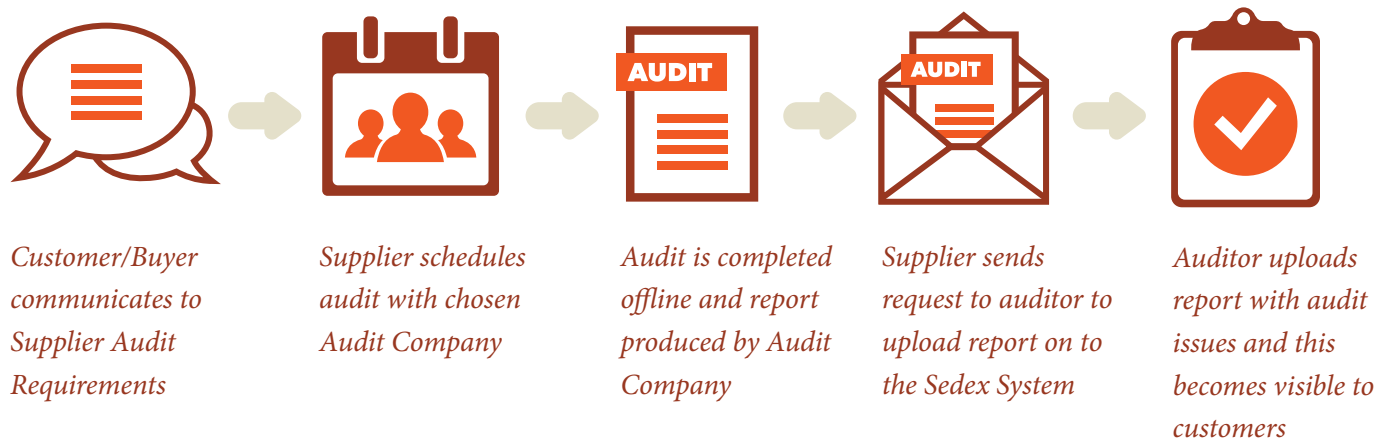
Over the past year, we have accelerated our strategy for responsible sourcing, primarily in our Direct Spend (packaging and ingredients) and Point-of-Sale (POS) Procurement functions.

As part of this journey, Bacardi implemented a third-party Responsible Sourcing audit schedule in fiscal 2014. Audits are an important source of information about how suppliers operate with regard to human rights and labor, health and safety, environmental management and business integrity.

Conducting credible, third-party audits are crucial to the progress of Responsible Sourcing for Bacardi. Audits help demonstrate a supplier's compliance, as well as their commitment to engage in continuous improvement.

Together, our Global Direct Spend Procurement team members nominated suppliers from their respective sectors and regions. We also worked with Sedex, a not-for-profit organization dedicated to improving ethical business practices in global supply chains. Using the Sedex Audit Management Service, we engaged 23 key suppliers (exceeding our initial goal of 10) in Mexico, Brazil, India, Europe and North America.

In addition, against a target of ensuring 80 percent of our Global Direct suppliers by spend were linked to Bacardi in Sedex, we achieved 84 percent – and with the same goal for our global POS suppliers we hit 82 percent. We also ensured that at least one light-cane distillate supplier had EU- or U.S.-recognized certification standard.

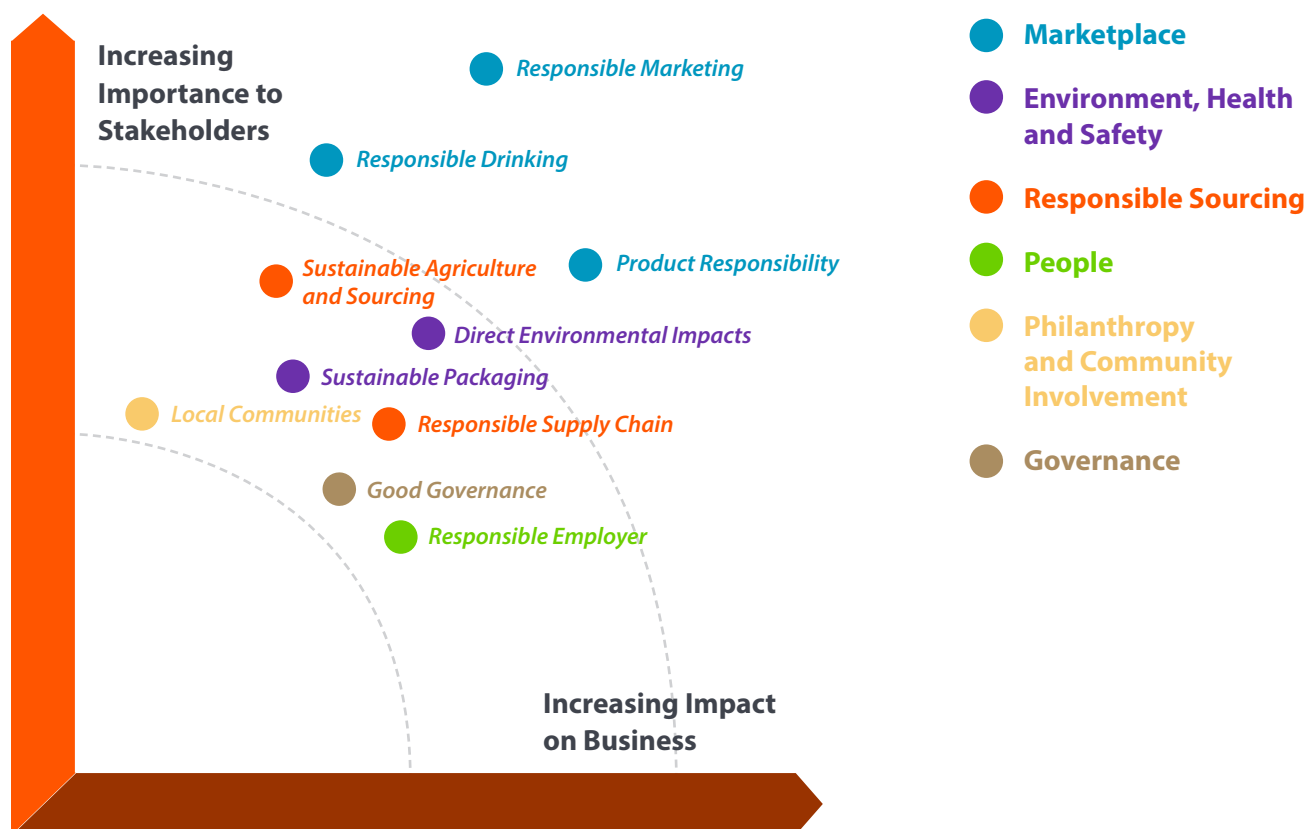


Material Issues

In our last assessment of the most material Corporate Responsibility issues for Bacardi (carried out in 2012), “sustainable agriculture and sourcing” ranked as an issue of high materiality relative to other Corporate Responsibility issues, and “responsible supply chain” ranked as an issue of medium-to-high materiality. We have reviewed the materiality ranking for “sustainable agriculture and sourcing” this year and have concluded that high is still appropriate. Our review of “responsible supply chain” also concluded that a medium-to-high ranking remains appropriate.

Sustainable agriculture and sourcing is defined as improving social and environmental standards throughout the entire value chain, while responsible supply chain focuses on the minimum standards required of immediate suppliers to Bacardi. Both of these issues are covered by our Responsible Sourcing program and are covered in this section of our report.




Read more on our materiality process in the materiality section.



Targets and Progress

Long-Term Ambition: Our vision for Responsible Sourcing is for all of our raw materials and packaging to come from sustainably sourced, renewable or recycled

materials – reducing environmental and social impacts while maintaining or enhancing the economic status of growers and suppliers.

TARGETS FOR FISCAL 2014	PROGRESS IN FISCAL 2014	STATUS	TARGETS FOR FISCAL 2015
Each new supplier will be risk assessed and engaged to ensure compliance with our responsible sourcing standards and Code of Practice.	This remains an ongoing activity for the Procurement Team. We continue to ensure all new suppliers are aware of our RS Policy, Standards and Supplier Code of Practice.		Ongoing target. In addition, implement updated Vendor Qualification Process (VQP) document for Direct Ingredient suppliers.
Global Directs and Global Point of Sale (POS) suppliers linked to Bacardi in Sedex to represent 80 percent of spend in these key categories.	Global POS suppliers linked to Bacardi represent a spend of 84 percent. The global directs suppliers linked to Bacardi in Sedex are over 82 percent.		Global Directs and Global Point of Sale (POS) suppliers linked to Bacardi in Sedex to represent 85 percent of spend in these key categories.
We will agree on a Sustainable Procurement strategy that includes nominating “Champions” from our Direct Spend and Global POS Procurement teams, who will manage the RS strategy within their function.	While we are yet to publish a sustainable sourcing strategy, we have developed Responsible Sourcing Champions for our Direct Spend, Ingredients and Point of Sale (POS) functions. These Champions have been responsible for working with our suppliers both in the Sedex database and also through the third-party Audit schedule this year.		Scope out a multi-year approach to implementation of a sustainable agriculture sourcing strategy. This will include becoming members of the Sustainable Agriculture Initiative (SAI) Platform. Focus crops will be wheat, barley, grains, sugar beet and grapes. In addition, increase number of “RS Champions” through internal RS training program.
We will commission third-party ethical audits at a minimum of 10 global suppliers at high risk of non-compliance and ensure closure of any instances of noncompliance revealed in the audits.	We commissioned 23 third-party audits against the Sedex Members’ Ethical Trade Audit (SMETA) 4 Pillar protocol in fiscal 2013. We chose suppliers in different regions from packaging and ingredients. We received 19 audits as a result and are working on the closing out of non-conformances.		We will commission third-party ethical audits, based on the SMETA 4 Pillar protocol at a minimum of 30 global suppliers within the Directs and Point of Sale (POS) functions. Begin integration of other indirect procurement categories in RS Program.

TARGETS FOR FISCAL 2014	PROGRESS IN FISCAL 2014	STATUS	TARGETS FOR FISCAL 2015
We will ensure at least one of our key sugarcane product suppliers is covered by either an EU- or U.S.-recognized sustainability certification chain of custody.	We have an ongoing target to ensure 40 percent of our sugarcane-derived products will be certified as sustainable by 2017, and 100 percent by 2022. We currently have one supplier who holds certification against the International Sustainability and Carbon Certification (ISCC) standard and one who is Bonsucro certified.	✓	Implement sustainable sugarcane sourcing and community project with NGO partner to further support our 2017 sourcing target.
Continue to support the Fiji project through the final year of the partnership to December 2014.	See WWF Fiji Project report summary		



Achieved



Partially achieved



Not achieved



Target ongoing

[View all our Targets](#)

Long-term Goals

Sugarcane

The goal for the previous fiscal year was to procure 50 percent of our sugarcane-derived products from Bonsucro-certified sources by 2017 – and 100 percent by 2022.

However, following a review of the challenges facing the sugarcane supply chain – and the growth rate of Bonsucro-certified sugarcane products – we decided to adjust the 2017 goal downward slightly to 40 percent. We realize it is better to set a realistic target and succeed, rather than an impossible one and fail. The long-term 2022 objective of sourcing 100 percent of our cane-related products from certified sources still is in place, and Bonsucro is our preferred standard. From a sustainable agriculture sourcing standpoint, our sugarcane strategy is set.

Other agricultural commodities

The Global Procurement Team is assessing other agricultural products to firm up an ongoing strategy. Our plan is to rollout a more comprehensive program covering major commodities such as sugar beet, wheat, barley, grapes and agave, as well as our smaller scale, strategically important herbs and botanicals. This involves becoming closer to smallholder farmers and cooperatives in the coming months.

Glass

We have been working closely with our most important glass container suppliers to understand the challenges of recycling and the availability of good quality cullet in the glass manufacturing supply chain. This involves a thorough mapping of waste glass collection, sorting, cleaning and processing at two of our largest facilities: DEWAR'S in Glasgow, Scotland and MARTINI in Pessione, Italy.



By working with our glass supplier and its waste management company we can turn waste glass into newly delivered containers in as little as three weeks.

At both plants, we partner with the supplier and the waste management providers to ensure a tight, closed-loop recycling system. This means excess glass can be collected, repurposed and returned – essentially, as new containers – to the sites within a three-week time span.

Paper

We pledge to obtain 100 percent of our paper-based packaging from sustainably certified sources by 2017. We are engaging our suppliers to meet this target as soon as possible.

Joint Environmental Stewardship:

How Bacardi and Maersk Line are curbing supply chain emissions – one container at a time

Big impact, big responsibility

More than 90 percent of the world's international trade travels by sea, and while the industry accounts for approximately three percent of global emissions, shipping is by far the most energy efficient and least polluting way of moving high volumes of goods across long distances.

As one of the world's leading container shipping companies, Maersk Line is committed to consuming resources more efficiently and sustainably, with respect for the wider economic, social and environmental impacts of its activities.

One of Maersk Line's main focus areas is to reduce the significant carbon dioxide emissions of its fleet. And for good reasons. With close to 600 vessels, the company alone accounts for 0.1 percent of global CO₂ emissions. "With big impacts, come big responsibilities," states Mette Olsen, Senior Global Advisor in Maersk Line's Sustainability team.

When Maersk Line improves, Bacardi improves

When it comes to curbing CO₂ emissions, Maersk Line is one of the leading players, emitting approximately 10 percent less CO₂ per container moved than the rest of the industry. The formula to Maersk Line's success is relatively simple: through large-scale investments in innovative ship design and a relentless focus on optimizing its global network, Maersk Line consumed 1.2 million tonnes of fuel less in 2013 than the year before, leading to a CO₂ reduction of 34 percent per container moved compared to a 2007 baseline. As a result, Maersk Line recently declared that the company will aspire to emit 60 percent less CO₂ per container moved by 2020.

As a key customer to Maersk Line, this means that it has become even more environmentally efficient for Bacardi to deliver its products to its customers and the end-consumers. Since 2010, the average CO₂ footprint of one Bacardi container shipped by Maersk Line has been reduced with 12 percent. And in 2013 alone, Bacardi saved 532 metric tonnes of CO₂ by shipping with Maersk Line compared to the industry average shipping line serving the same trade routes according to industry performance statistics available through the Clean Cargo Working Group.

"Like many of our large customers, we plan to be in business for many years ahead and we can only do so if we learn to grow together, more sustainably and efficiently, essentially creating more outputs with lower inputs," says Olsen. "Environmentally efficient shipping services are a very important part of this equation and we are happy to work with likeminded companies like Bacardi in creating transparency around transportation emissions and exploring ways that we can reduce our joint footprint even further."

¹ All CO₂ data in this Report is calculated and verified according to the industry standard calculation methodology developed by the Clean Cargo Working Group; an industry initiative including more than 80 percent of global tonnage and 30+ shippers working for environmental improvements and transparency in ocean shipping.

² From app. 1.296 (in 2010) to 1.136 (2013) measured tonnes of CO₂ per container moved with Maersk Line (FFE)

Direct and Point-of-Sale achievements/challenges

Delving deeper into our Direct and Point of Sale (POS) supply chains gives our Procurement team better quality information on the suppliers' level of engagement with our Responsible Sourcing program. One example is obtaining our Tier 2 supplier details - or manufacturing site information - from our Point of Sale agents. Gaining the trust of these suppliers and improving their knowledge of our needs has enhanced the program over the past year.

POS-supplier sites linked to Bacardi now number over 180. This represents a 200 percent increase in just one

year. There has been a concerted effort by the POS Procurement teams in Geneva and Miami, representing our Global POS supply base. The Global Webshop, where promotional items for our key global brands can be purchased online, is run from the Geneva office, and POS for our largest market, North America, is managed from our Coral Gables office in Florida.

Responsible Sourcing "champions" in these two centers have been working incredibly hard to strengthen our supply base, reduce complexity and recruit more suppliers into the Bacardi Responsible Sourcing program.

During fiscal year 2014, the Global POS team dedicated a huge part of our time to engage our global-preferred suppliers to join Sedex. It has been challenging sometimes to convince agents to share factory information data and engage second-tier suppliers, but we managed this successfully.

LOIC GILLOUX | Bacardi Global POS Procurement

The challenge of the POS supply chain is that it is a distinct multi-tier system. The first stage consists of agents or intermediaries with whom we place orders and pay invoices. The secondary tier represents manufacturing sites. From these, we need access and information to determine our course of action. POS teams work very hard with first-tier suppliers to conduct onsite, third-party audits to better understand the complexities.

A preferred supplier relationship is built on trust – and we here at Bacardi value those relationships. To date, approximately 36 of Bacardi USA's preferred suppliers have joined Sedex through this engagement and there are continual efforts to ensure all future key suppliers become members.

SHARON DONNELLY |
Bacardi USA Indirect Procurement

Key Partnerships

Bonsucro

The global, nonprofit organization, Bonsucro, is growing stronger and maintaining its position as the leading standard bearer for sustainable sugarcane production.

Bacardi is a founding member and works with the organization to improve economic, environmental and social conditions in the regions around the world where sugarcane is produced.

“The Bonsucro standard covers areas such as human rights and labor conditions, biodiversity, environmental and economic viability of the sugarcane producers,” explained Natasha Schwarzbach, Head of Engagement for Bonsucro.

Farmers, millers and end-users of sugarcane must meet rigorous requirements to be verified as sustainable by Bonsucro. Then as members, they work collaboratively to raise the bar at every step across the supply chain.

Bonsucro-certified land under cane has reached 3.66 percent of the world’s total – equal to some 871,229 hectares. Nearly four million tons of Bonsucro certified sugar and 2.7 million cubic meters of certified ethanol have been produced so far.

Dave Howson, Bacardi Global Sustainability Director, participates in a panel at the 2013 Bonsucro Conference



The organization’s diverse membership continues to grow – almost doubling in one year to nearly 200 members. Notable new members and candidate members include: Nestlé, SAB Miller, Kellogg’s, HSBC, Agrana, Wilmar Sugar Trading, AAPA (a locally based NGO), Unagro (Bolivian Mill) and the South African Sugar Association (SASA).

New Markets & New Opportunities Annual Conference

Bonsucro Week – November 2013

The organization’s flagship event, Bonsucro Week, was held in New Orleans, the heart of the U.S. sugarcane industry. The five-day event attracted more than 130 stakeholders from around the world.

Topics of discussion included global trade flows of sugar, the impact of tariffs and quotas, the EU-Sugar Regime and labor issues within the sugarcane supply chain. A panel discussion moderated by Charley Richard, Executive Editor of the American Sugar Journal, raised the question: Who is responsible for sustainability? The panel included representatives from farmers, to millers, to civil society, to end users, and featured Dave Howson, Bacardi Global Sustainability Director.

The Bonsucro team demonstrated the simplicity of buying certified products and explained the importance of three factors: a robust system administered by Bonsucro, the need for sufficient demand and a steady supply of certified products.

Findings from certification data reflect considerable improvements in GHG emissions, reduction of water usage and higher crop yields. This progress reflects the benefits of implementing the Bonsucro system.

Among other highlights at the conference: a keynote speech from Jason Clay of the World Wildlife Fund and an annual dinner.

Bonsucro has been active this year in India, Australia, Peru, Bolivia, Argentina, Belize, Honduras and South Africa.

AIM-PROGRESS

Bacardi continues to be a member of AIM-PROGRESS a forum of consumer-goods companies, and is represented on the organization's leadership team. This organization works to enable and promote responsible sourcing practices and sustainable production systems.

Over the last year, AIM-PROGRESS expanded its membership to 36 global, fast-moving consumer goods (FMCG) companies and key suppliers, demonstrating the importance of responsible sourcing to this industry.

Bacardi co-sponsors

AIM-PROGRESS supplier event

Miami – March 2014

The goal of AIM-PROGRESS supplier forums is to reinforce responsible sourcing and give suppliers the opportunity to ask questions and share experiences. Bacardi cosponsored an AIM-PROGRESS supplier forum in Miami to promote responsible sourcing standards in the FMCG supply chain. More than 300 representatives from food and beverage suppliers and manufacturers shared best practices and common evaluation methods that improve performance. Among the attendees: more than 20 Bacardi suppliers and the entire North America Procurement Team from Brampton, Canada, and Jacksonville and Coral Gables, Florida.

Highlights included a panel discussion with senior business leaders from Bacardi and the other event sponsors Nestlé and Givaudan. "It is exciting to see such an engaged response from the North American supplier community," said moderator and AIM-PROGRESS chairman, David Lawrence. "Member companies are taking a clear leadership position in the consumer goods sector with principles of responsible sourcing. This will have a large impact on the lives of people who work for these suppliers."

Michael Hinrichs presented the Bacardi vision for Responsible Sourcing and summed up its recent

success. "I am very pleased with the progress we've made this year. Our supplier audit schedule has delivered important data," said Hinrichs. "With Sedex on board we've exceeded our goal of being linked to 80 percent of our global suppliers by spend, and accomplished ownership within the procurement function as a result of team training."

Bacardi will increase its contribution to the AIM-PROGRESS shared supplier audit list, used by members of the Mutual Recognition Workstream. The idea is that an audit for one is an audit for all – promoting the concept that the practice be recognized by multiple companies to reduce audit fatigue among suppliers.



*Michael Hinrichs at the
AIM-PROGRESS supplier forum*

Attending the Sedex forum in Miami a few months ago was a big learning experience. We are in the process of formulating a request to all of our factories to join Sedex – or take part in a third-party audit to comply with Bacardi guidelines. We realize this will be a slow process, but we are confident our factories will understand its importance.

STEVE SIEGEL |
President, Industrial Contacts

Community initiatives

World Wildlife Fund/Fiji Project

A key ingredient of BACARDÍ rum is molasses, a by-product of sugarcane. Part of our Company legacy is to protect the environment and incorporate sustainability in all of the places we do business. That extends to the far reaches of Fiji, where we have been helping to raise the standards for sugarcane production.

Bacardi and the World Wildlife Fund (WWF) are working together on a three-year project to address challenges and opportunities facing the sugarcane industry in Fiji. The partnership aims to help educate farmers about increasing crop yields while reducing nutrient and soil runoff, as well as other practices that are hazardous to the Great Sea Reef. The goal is to establish suppliers who can produce high quality yields under the metric-based sustainability standards set by Bonsucro.

Progress is apparent already on farms and mills in Labasa, a town on the island of Vanua Levu. Yet, initial results show more work is needed to achieve formal, sustainability certification. A gap analysis from the Fair Trade Standard points out difficulties: a lack of record keeping from farmers – and delays from the Fiji Sugar Corporation. To remedy this, WWF is planning to set baselines with both groups and is providing Bacardi with updates.

The approach is in cooperation with the Fiji Sugar Cane Industry Strategic Plan for 2013-2022, which spells out Better Management Practices. This will ensure that the industry prepares for upcoming challenges and market transformations.

The Ghana Project

Bacardi has broadened the scope of a small sourcing and community project in Ghana, Africa. The aim is to increase the sustainable supply of aromatic, spice plants known as “grains of paradise,” used in the production of BOMBAY SAPPHIRE – while supporting the community where the plants are grown.

Our Global Operations team is working with Herbs International Service, the global non-profit organization, AIESEC, and the Ghanaian farming community. Areas of focus include: farming practices that improve productivity and long-term supply, opportunities for students and young people, adult education to maintain farming continuity, as well as health and welfare enhancements in the village at large.

We see this project as a template for future community botanicals projects.



Developing a robust crop nursery is one of the keys to success for our Grains of Paradise botanicals project.

WWF Fiji Project report summary 2014

Goals of the Fiji Sustainable Sugar Program

- 1) Conservation of the Great Sea Reef based on improved water quality from soil runoff.
- 2) Improved local livelihoods of farmers and communities.
- 3) Bonsucro certification achieved for farm and mill areas in Labasa, a town in the northeastern part of the island of Vanua Levu.

Project Origins

Bacardi and WWF Pacific through WWF US have partnered to address the multiple challenges and opportunities facing the local sugar industry. The project envisions a long-term partnership to help the Fiji Sugar Industry achieve Bonsucro certification and protect the Great Sea Reef from runoffs from sugarcane farming emanating from current practices that need to be changed.

There are measures that have been put into perspective to address issues of pollution and nutrient/sediment runoff into the river system and to the ocean. These measures that have been identified do not compromise grower/miller profitability and yield – and adopt a comprehensive approach for the survival of the sugar industry. The approach is in tandem with the Sugar Cane Industry Strategic Plan 2013-2022, that encapsulates the components of Better Management Practices (BMPs). This will ensure that the industry prepares itself for the future challenges and market transformations.

Gap Analysis Report

WWF has undertaken an initial exercise comparing the data available to achieve Bonsucro certification in the Labasa sugarcane production area. The initial results demonstrate a significant amount of improvement needed in order to achieve certification. The work was done through a gap analyses with the Fair Trade Standard and much of the transformation will rely on changing the industry's culture, especially in reference to farmers' record keeping and performance. The assessment is not a full review of the mill and farmer performance. The two primary obstacles to completing a full pre-audit assessment – farmers do not keep detailed records and engagement with the Fiji Sugar Corporation has been delayed due to a variety of reasons. Therefore a full mill performance audit has been completed. To remedy this situation, WWF has signed a Memorandum of Understanding with the Labasa Cane Producers Association to better engage with farmers to set a performance baseline. WWF is also developing a plan to re-engage with the Fiji Sugar Corporation and to work with the Fiji Research and Development Corporation to set this performance baseline. In spite of the incomplete nature of the gap analysis the initial work identifies key areas where Labasa complies with and does not comply with the Bonsucro production standard. The overall outcome of compliance and highlights of the assessment are detailed below.

- Compliance – 50 percent overall and 60 percent of required indicators
- Non-compliance – 19 percent overall and 27 percent of required indicators
- Data needed – 29 percent overall and 13 percent of required indicators
- Not applicable – 2 percent

WWF supplied Bacardi with a full report on the gap analysis and the next steps and this forms part of the ongoing project program.

MEETING	TARGET	IMPACT
Ministry of Sugar	Consultations and seek approval for the project/program	Well-coordinated approach with stakeholders
Fiji Sugar Corporation Limited	Consultations, partnership on extension drive and share information on milling processes	Regular interface with process and extension staff. Regular brief on the BMP implementation
Sugar Cane Growers Council	Consultations and partnership to approach growers and identify farmer problems and consensus on information dissemination on BMPs	Joint meetings to disseminate BMP indicator to farmers
Sugar Research Institute of Fiji	Research and Development and sourcing of information best practices and way forward	Joint meetings with the farmers on BMP adoption with cutting edge practices and techniques in cane farming
Sugar Industry Tribunal	Coordinate activities of the sugar industry through improved legislations, dispute settlement	Provision of industry legislations and Acts. Provision of information on Sugar Industry
South Pacific Fertilizers	Consultation, partnership for fertilizer usage and application rates, weedicide sale and control	Provision of data on fertilizer usage, application rates. Ban on sale of highly toxic weedicide such as Diuron 80 and other highly toxic chemicals
Labasa Cane Producers Association	Working relationship to undertake mutually desirable activities for the adoption of better management practices in sugarcane farming and milling	Information sharing, work together towards standards and certifications, joint meetings with farmers and stakeholders for the dissemination of BMPs
Model Farmers	Partnership with the model farmers to trial better management practices for demonstration purpose and dissemination of information to other farmers	Model farmers have been very supportive, convincing and a champion for better management practice in sugarcane farming. Their farms are visited by other farmers, stakeholder and outside agencies to see and learn the concept of BMPs
Other Farmers	Disseminate better management practices information and ensure/get commitment that they adopt such practices on their farm	Through consultation, meetings and communication mode, information has been disseminated to some 750 sugar cane farmers

Ecoglass case study

Bacardi and the Verallia Group in Italy are involved in an innovative program that takes recycling glass to the next level. Waste glass from the MARTINI production plant in Pessione is transported to Verallia's Ecoglass Company in Dego. There it is reprocessed in special furnaces to produce new MARTINI bottles with no loss in purity.

This full-circle, recycling process takes as little as three weeks.

Glass is 100 percent recyclable. In Europe, the participation rate is 70 percent and is increasing in many countries around the world.

Consider that every 10 percent of recycled glass used to produce new containers in this manner diminishes CO₂ emissions by five percent and represents three percent in energy savings.

Establishing closed-loop recycling between Bacardi and Verallia represents global environmental savings at every step along the supply chain.

Third-party audit summary

In fiscal 2014, Bacardi partnered with Sedex, the largest collaborative platform for sharing ethical, supply-chain data. The organization provides a third-party Responsible Sourcing audit following the Sedex Members Ethical Trade Audit (SMETA) protocol. This covers labor, health and safety, business integrity and environmental standards, all in line with the Bacardi Responsible Sourcing Supplier Code of Practice.

The project focused on direct-packaging and raw-material suppliers. Our buyers informed suppliers that part of our Responsible Sourcing program is to request select third-party audits, based on the pillars on which our standards are based.

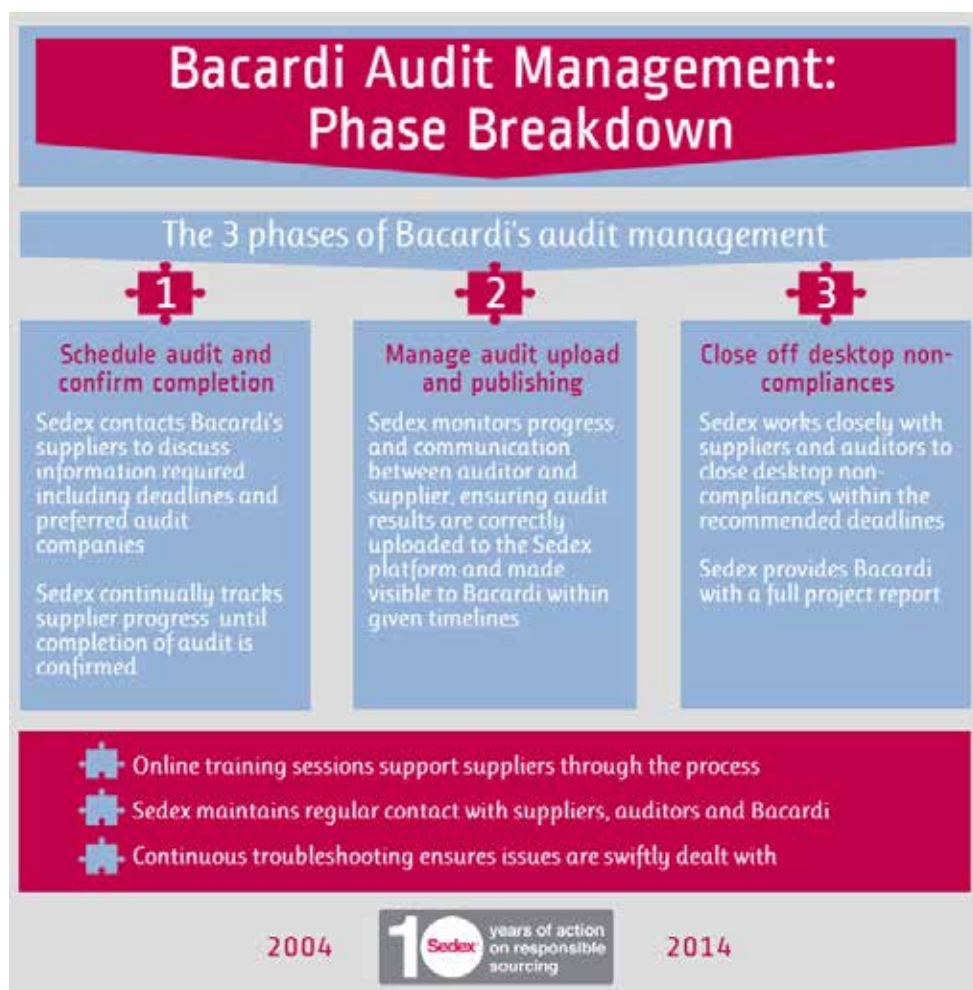
The most important – and most challenging – part of an audit project is: what happens next? The Procurement team currently is working with suppliers and audit houses to provide status updates and close out remaining non-compliances.

Using the Sedex Audit Management Service, we were able to help guide suppliers through the process. We informed them of our preferred audit companies and communicated deadlines for the project. Given the tight schedule, we were impressed to get 19 audit documents from the initial list of 23 suppliers we contacted. The Sedex team and audit-house contacts were supportive and quick to act. This, in turn, enabled a successful rollout.

DAVE HOWSON | Bacardi Global Sustainability Director

Cascades participated and successfully passed third-party audit in January 2014. The experience was very positive and highlighted all the good manufacturing practices that our company has incorporated. The audit also showcased our employees' positive attitudes towards their work.

LUCY ZEZZA | Multi-national papermakers, Cascades, Account Manager



Team Testimonials

It is clear that Responsible Sourcing is becoming more important for companies. I think it is great that Bacardi has chosen to make it a priority and be a pioneer in the spirits business. We expect to reach a target of 95 percent, by spend, of all raw-material suppliers linked with Bacardi on Sedex in 2015.

ANTONIA GUERRA

Bacardi, Global Raw Materials Buyer

It was great to kickoff the third-party audit process in 2014 with our main packaging suppliers in Europe. It was a challenge to convince some suppliers to carry out an ethical audit but in the end, I was able to highlight the benefits of our engagement in responsible sourcing.

MARYSE BOULINE

*Bacardi, Global Packaging
Procurement Analyst*

Bacardi: Closing the loop

Glass packaging is an excellent example of the circular economy model. Glass is:

- 100 percent recyclable for an infinite number of times in a closed-loop system
- can be remade infinitely into the exact same product without any degradation in quality

This is why Owens-Illinois (O-I), the world's largest glass container manufacturer, is also the world's largest user of post-consumer glass. In 2013, O-I converted 4,600,000 tons of post-consumer glass into brand new high-quality glass containers.

Achieving bottle-to-bottle recycling to this extent requires strong partnerships between O-I, its customers and its cullet suppliers. Therefore, the local collaboration with Bacardi at its production site in Scotland is very important to O-I.

All waste glass generated at the DEWAR'S bottling facility in Glasgow is collected and consolidated by Viridor and then reprocessed, and sized by O-I's cullet treatment center in Alloa, before O-I Alloa uses it to produce new glass containers.

All this takes place within only three weeks.

The use of DEWAR'S glass recyclates to make new glass bottles replaces virgin raw materials, that help save energy and reduce carbon emissions. Every 10 percent of recycled glass used in the manufacturing process reduces energy use by two-to-three percent and reduces GHG emissions by four-to-10 percent. Every year, the use of recycled glass by Europe's glass industry saves seven million tons of CO₂ – equivalent of putting four million cars off the road.

"Partnership between O-I, its suppliers and its clients is the best way to achieve closed loop production and ensure that glass remains a great example of the circular economy in action. Replicating a circular economy model within the supply chain and doing so locally to minimize transportation costs and environmental impact is at the heart of O-I's partnership with Bacardi and the waste management company Viridor," says Jim Joyce, Global VP, Environment, Health & Safety, member of the corporate sustainability committee.

Supplier testimonials

We have undertaken successful Sedex third-party audits that demonstrate alignment with Bacardi's expectations.

LYNN BROWN | Kerry Ingredients, Global Account Executive

All our sites have current third-party audits or are scheduled to be audited every 36 months, as part of our commitment to SEDEX.

CHARLES YARDLEY | Firmenich, Account Manager



We maintain a connection to Bacardi through our SEDEX membership, as well as recognizing and adhering to the Responsible Sourcing guidelines provided by Bacardi.

STEVEN ROBY | WILD Flavors, Senior Strategic Account Manager

We are pleased to have been selected for Ethisphere's 2014 list of World's Most Ethical Companies. Our sustainability agenda also extends back to our farm suppliers, through the continued implementation of our sustainable agriculture program.

TIM COOLEN | Ingredion, Director Specialty Ingredients

Responsible Sourcing Standards

Bacardi's Responsible Sourcing standards apply to all suppliers providing goods and/or services to Bacardi. We seek to gain agreement on and compliance with our Responsible Sourcing standards from all our suppliers.

Our standards are based on the Ethical Trading Initiative (ETI) Base Code, an alliance of companies, NGOs and trade unions. This alliance is committed to working together to identify and promote good practices in the implementation of codes of labor practice and key international standards, including the International Labor Organization's (ILO) Fundamental Conventions on labor standards.

The standards encompass what we expect from our suppliers in terms of labor standards, human rights, health and safety, environmental protection and business integrity. They represent minimum standards, and we

encourage suppliers who seek to implement higher standards within their operations. Bacardi also applies these standards within its own operations.

Responsible Sourcing Standards and Supplier Code of Practice

Each of the 12 Bacardi Responsible Sourcing standards is supported by examples of the practices that are expected in meeting that standard. These examples, outlined below, are available to suppliers in an integrated Code of Practice document, which includes our standards and implementation steps.

1. EMPLOYMENT IS FREELY CHOSEN

- There is no forced, bonded or involuntary prison labor.
- Workers are not required to lodge deposits or their identity papers with their employer and are free to leave their employer after reasonable notice.

2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- The employer adopts an open attitude toward the activities of trade unions and their organizational activities.
- Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder the development of parallel means for independent and free association and bargaining.

3. WORKING CONDITIONS ARE SAFE AND HYGIENIC

- A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- Access to clean toilet facilities and to potable (drinking) water, and, if appropriate, sanitary facilities for food storage shall be provided.
- Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- Responsibility for health and safety is assigned to a senior management representative.
- A health and safety policy is in place.

4. CHILD LABOR SHALL NOT BE USED

A child is defined as a person under 18 years old. The minimum age for employment is defined as the local legal minimum age for employment or the age for completing compulsory education, but in no case lower than 15 for full-time employment and 13 for light, part-time work. (ILO guidelines allow some developing countries whose economy and educational facilities are insufficiently developed to apply to initially set the limits at 14 and 12).

- Child labor is defined as work that is harmful to children (i.e., work which is exploitative, prevents children from getting an education or jeopardizes their physical, mental or moral well-being).
- Suppliers will comply with ILO standards on child labor.
- There shall be no new recruitment of child labor.
- Suppliers shall develop or participate in and contribute to policies and programs which provide for the transition of any child found to be performing child labor to enable her or him to attend and remain in quality education until no longer a child.
- Children and young persons under 18 shall not be employed at night or in hazardous conditions.

5. FAIR WAGES ARE PAID

- Wages and benefits paid for a standard working week should meet, at a minimum, national legal standards or industry benchmark standards.
- All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

6. WORKING HOURS ARE NOT EXCESSIVE

- Working hours must comply with national laws and benchmark industry standards.
- In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period on average.
- Additional overtime shall be voluntary, shall not regularly exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

7. DISCRIMINATION IS PROHIBITED

- There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

8. TEMPORARY WORKERS ARE TREATED FAIRLY

- Employment of temporary workers must comply with relevant national employment laws.
- Workers who are continually employed on a series of temporary contracts are potentially missing out on the benefits of permanent employment such as holiday and sick pay. Suppliers must be able to demonstrate they do not keep temporary employees on a series of short-term contracts to avoid providing them with the benefits of permanent employment.

9. ANY HARSH OR INHUMANE TREATMENT OF EMPLOYEES IS PROHIBITED AND PREVENTED

- Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.
- A formal disciplinary and grievance appeal procedure with documented records of individual disciplinary hearings exists. Such a procedure will support fair treatment of workers.

10. ENVIRONMENTAL PROTECTION

- Suppliers carry out their activities in accordance with national laws, regulations, administrative practices and policies relating to the preservation of the environment of the countries where they operate, as well as in accordance with relevant international agreements, principles, objectives, responsibilities and standards with regard to the environment.
- There is a documented environmental policy, signed by the Managing Director or equivalent.
- The main areas of environmental impact are identified and documented. This should include as a minimum:
 - The consumption of energy, water and other natural resources
 - All significant polluting emissions, discharges and wastes
 - Impacts on biodiversity, for example, from the destruction of natural habitats, the use of agro-chemicals and the use of genetically modified crops (GMOs)
- Evidence of controls and programs in place to address environmental impacts is available.
- Written confirmation of compliance with local and national environmental regulations is available.

11. BUSINESS INTEGRITY

- Suppliers comply with all applicable laws and regulations.
- Policies and processes are in place to conduct business without the payment or receipt of unlawful incentives.
- Suppliers do not allow employees to provide or accept excessive or inappropriate entertainment or gifts from customers or suppliers.
- Suppliers do not enter into any agreements or understandings with competitors or others that restrict competition, in particular agreements to fix prices, allocate markets or limit sales.
- To prevent financial fraud and money laundering, any payment by Bacardi to a vendor, supplier or other third party must be made to a bank account titled in the name of the contracted vendor, supplier or other third party.
- Suppliers have a policy and procedure in place to ensure employees avoid a situation where a conflict of interest arises.
- Bacardi respects the confidential information of others. We will never seek to obtain or disclose the confidential information of other companies, whether it comes to us directly or from third parties and we expect our suppliers to do likewise. Confidential information includes, for example, customer lists, product information, sales and marketing plans, company business plans and any other sensitive or proprietary information.

12. RESPONSIBILITY TO PROMOTE BACARDI RESPONSIBLE SOURCING STANDARDS

- Suppliers are expected to promote the policy to their staff and subcontractors.
- Suppliers are expected to promote and assess compliance with the Responsible Sourcing standards with their own suppliers.

Bacardi's Responsible Sourcing standards are based on the following international principles:

The Ethical Trading Initiative (ETI) Base Code
www.ethicaltrade.org

The Fundamental Conventions of the
 International Labor Organization (ILO)
www.ilo.org

UN Global Compact Principles
www.unglobalcompact.org

The United Nations (UN)
 Universal Declaration of Human Rights
www.un.org/en/documents/udhr

UN Convention on Biological Diversity
www.biodiv.org

Clearly Committed People

We believe that outstanding people will deliver excellent results.

In this Section:

Strategy

Targets and Progress

Developing our People

Engaging our People

Vision

Our people are the best ambassadors for our brands by demonstrating their commitment to our Company values of Trust, Caring, Passion and Excellence.

Our goal is to provide development opportunities for all our employees empowering them to become more skilled in their jobs and even better performers. Ultimately, our objective is that our future leaders will grow from within Bacardi.

JOHN MCCUSKER | *Global Head of Talent Management, Bacardi*

Strategy

Our People strategy is built on the belief that outstanding people will deliver excellent results. Bacardi believes in developing its people at all levels of the organization. Our goal is to develop our talent base to be the envy of the industry.

To Bacardi, outstanding people are talented and engaged employees who are valued for the unique contributions they bring to the Company. Our People strategy is designed to bring out these characteristics in all of our employees.

We continue to review our progress in delivering this strategy and to assess its ongoing relevance and linkage to our overall business strategy. In fiscal 2015, we will review our People Strategy to keep it current and fresh for future years.

In recent years, we have developed and rolled out several talent development initiatives. These include:

- Winning@Bacardi, a global development program for high-potential managers
- Leadership Fundamentals, focusing on essential skills for all managers
- Coaching 2 Win, centering on coaching skills for senior and mid-level managers
- Leading Performance, to train leaders' capabilities to manage Performance Management
- Harvard ManageMentor, a platform offering development opportunities to all employees
- Leadership Insights, a scalable, highly action oriented leadership development program
- Sponsoring and mentoring, advocate for and help develop future leaders
- Bacardi Leadership Excellence model (BLX), a tool designed to support development planning and conversations

- And more – Talent Exchange, Step Up and Excelsior
- Coming soon, YOUinverse, our new career pathing tool

We are now positioned to push these development initiatives deeper into the organization.

We aspire to be recognized internally and externally as a great place to work. Following our first-ever Employee Engagement Survey in 2012 – and the formation of local action teams in 2013 – we continue to push forward with our employees' ideas and suggestions to improve the Company.

It is clear from high-participation levels in the local action teams that our people are very proud to work for Bacardi and appreciate the opportunity to enhance our business.

In response to employees' desire for more emphasis on development opportunities, we helped them focus on the following areas: understanding career development options, identifying skills needing improvement and the tools to help build those skills, providing more feedback and coaching from line managers.

We are pleased about the progress made in the last fiscal year to address these opportunities. And we are convinced the work we have started will boost employee engagement and performance at all levels and will help build an even stronger Company.

Goals

1. Unleash the potential of our people

We will build an effective development culture and create leadership programs that are acknowledged for their quality and effectiveness in developing Bacardi leaders.

2. Build a high-performance team culture

We believe that our future success depends on how we work together. We will create a culture of high-performing teams among our people.

3. Lead organizational capability and effectiveness

We will create a lean and effective organization to support our business and vision. We will deliver stability by creating a talent pipeline for all key roles that mirrors the diverse societies in which we operate.

4. Inspire and engage each person to live our values to achieve sustained results

We want the Bacardi purpose and values to be an integral part of our employees' lives, influencing individual and corporate behavior. We also aim to become the leader of Corporate Responsibility in our industry.

5. Be globally recognized as a great place to work

We will benchmark ourselves against other companies and strive to be recognized by the Great Place to Work® Institute and other similar rankings.

Corporate Responsibility and Our People

We believe that by developing a leading position in Corporate Responsibility, we will garner the respect of our people and those in the external job marketplace. There is a strong link between our goal to be recognized as a great place to work and our striving to be a leader in Corporate Responsibility.

Responsible Employer

At Bacardi, being a responsible employer means:

- **Developing our People:** Offering opportunities to develop to their fullest potential
- **Connecting with our People:** Listening and communicating to better understand their needs and concerns, and responding to ensure we provide an excellent employee experience
- **Supporting our People:** Supporting our employees if they encounter personal or professional challenges

We also believe that being a responsible employer will resonate with our customers and suppliers and help build stronger connections in these important relationships.

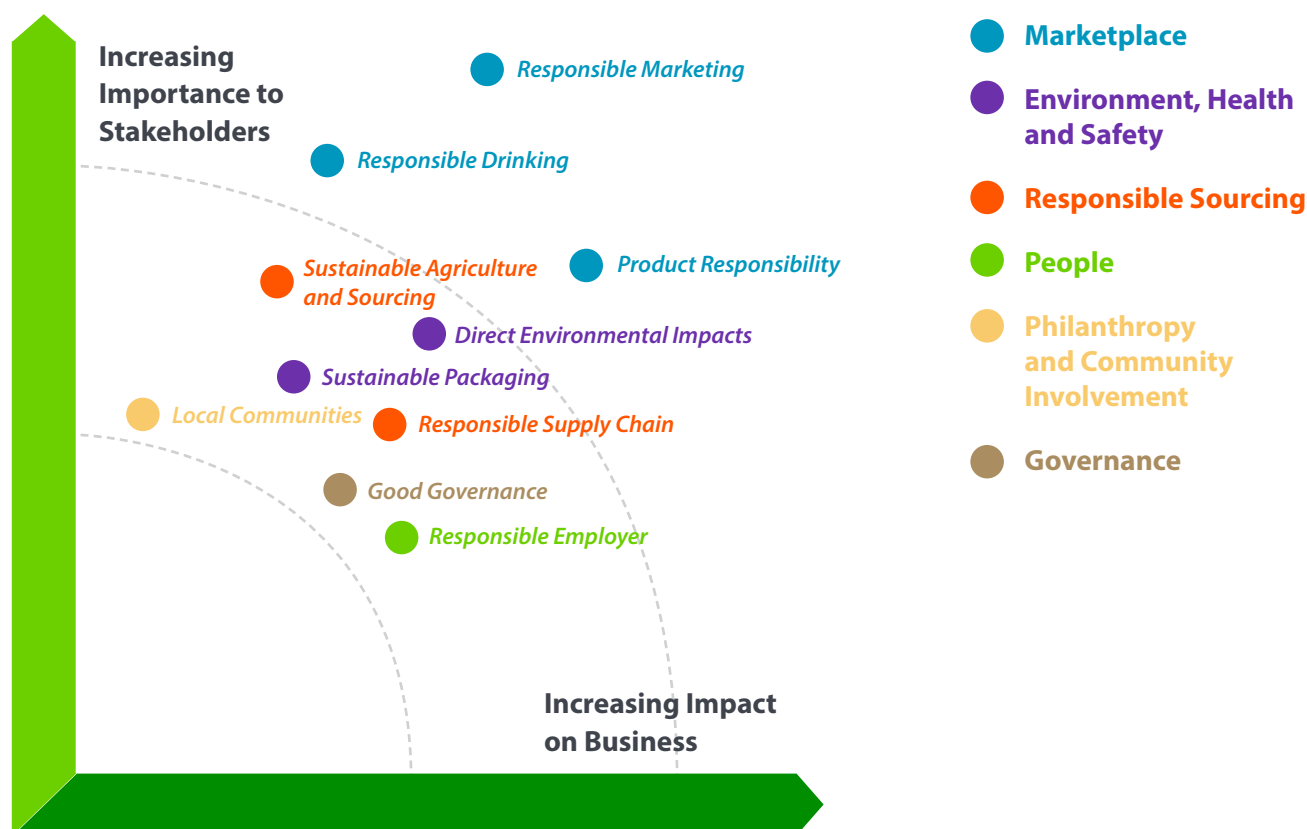
Material Issues

We completed an updated assessment of our most material Corporate Responsibility issues in April 2012. We recently reviewed this information and determined it to be up to date. Being a responsible employer (for employee rights, health and safety, diversity and training and development) ranks as an issue of medium-to-high materiality relative to other areas of Corporate Responsibility.

This materiality ranking reflects our proactive and successful approach to managing employee matters within Bacardi.

The materiality assessment reflects a number of issues and concerns for a wide range of stakeholders. We gained direct and detailed feedback from our first-ever Global Employee Engagement Survey, conducted in fiscal 2012. This survey now is part of our regular People Management practices, and will be conducted again in fiscal 2015 for further feedback and actions, also relating to materiality.

Read more on our materiality process in the materiality section.



Targets and Progress

Long-Term Ambition:

We will unleash the potential of our people by creating a working environment where every employee can take advantage of the development opportunities

Bacardi offers. We will inspire, engage and support our people and intend to become recognized internally and externally as a Great Place to Work.

TARGETS FOR FISCAL 2014	PROGRESS IN FISCAL 2014	STATUS	TARGETS FOR FISCAL 2015
Continue to leverage talent development as a business driver by running leadership programs: <ul style="list-style-type: none"> • Leadership Insights • Coaching at Bacardi • Coaching to Win 	<ul style="list-style-type: none"> • 29 senior leaders participated in Leadership Insights enhancing personal awareness and leadership expectations • Coaching at Bacardi – 5 programs run increasing cover to 80 percent of senior leaders • Coaching to Win – 14 programs run for middle managers with high satisfaction scores 	✓	Complete programs started in fiscal 2014 and begin creating a coaching culture
Continue to support and grow Women in Leadership (WIL) initiative	<ul style="list-style-type: none"> • Provided guidelines and launched Sponsor program with group of 30 high potential women leaders • WIL awareness sessions reached 40 percent of employees and, in addition, the CEO and SVP, Human Resources held WIL sessions during many market visits 	✓	Continue to support WIL initiative by ensuring we have local WIL action plans and grow the number of women in senior roles
Update GPS to reflect new annual target setting process and Bacardi Leadership Excellence model	Standard quarterly Priority process developed and rolled out to senior leaders in the organization. The new process will enable managers to monitor progress towards annual objectives during the year	✓	After much support and success in fiscal 2014, the quarterly Priority process will be rolled out to lower levels in the organization
Develop guiding principles for consumption of Bacardi products and communications program to support rollout to all employees in fiscal 2015	Guiding principles on consumption of Bacardi products has been internally approved and ready for rollout in first quarter	✓	Rollout and embed the Champions Drink Responsibly initiative to all employees



Achieved



Partially achieved



Not achieved



Target ongoing

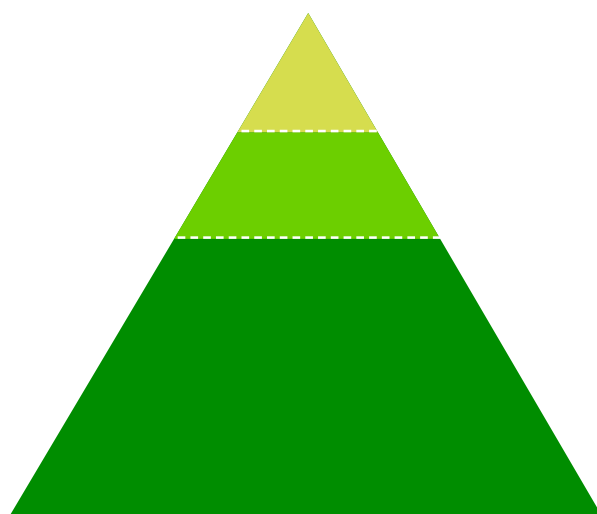
[View all our Targets](#)

Developing Talent to be The Envy of the Industry

We want people to see Bacardi as a place where they can grow their careers while building great brands. We are establishing a development culture at all levels of the Company to meet this expectation.

70/20/10 Framework

The Bacardi's development philosophy, which defines development as working in three ways (for employees):



10%

Formal Training – be exposed to the right combination of learning activities.

20%

Coaching and Mentoring – be engaged in high-value on-the-job learning activities.

70%

Challenging Career Experiences – be enabled to extract and apply learning to their day-to-day work.

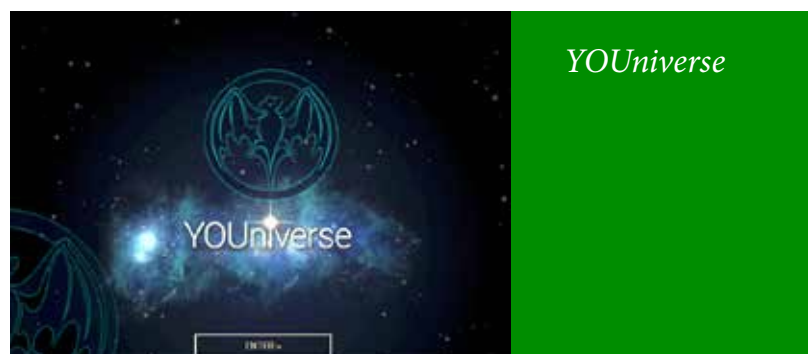
Promotion

At Bacardi, we believe in using a broad definition of promotion to encourage and support the development of our people. Our definition of promotion is more than just vertical growth on a career path in the organization. It also may include lateral or even moves to roles with lesser responsibility in order to broaden a person's experience, preparation and skillset with the ultimate goal of moving into a higher position.

Career-path tool

To further improve the development of our internal talent, we are creating a sophisticated, but fun, career-path model. The program is called YOUNiverse and will rollout in fiscal 2015. This tool offers employees ways to map career paths and explore the roles or experiences

required to attain their career goals. It also details already-acquired skills, as well as those that need to be learned to move ahead. YOUNiverse has received very positive feedback from employees who have tested the model.



The Bacardi Marketing Way

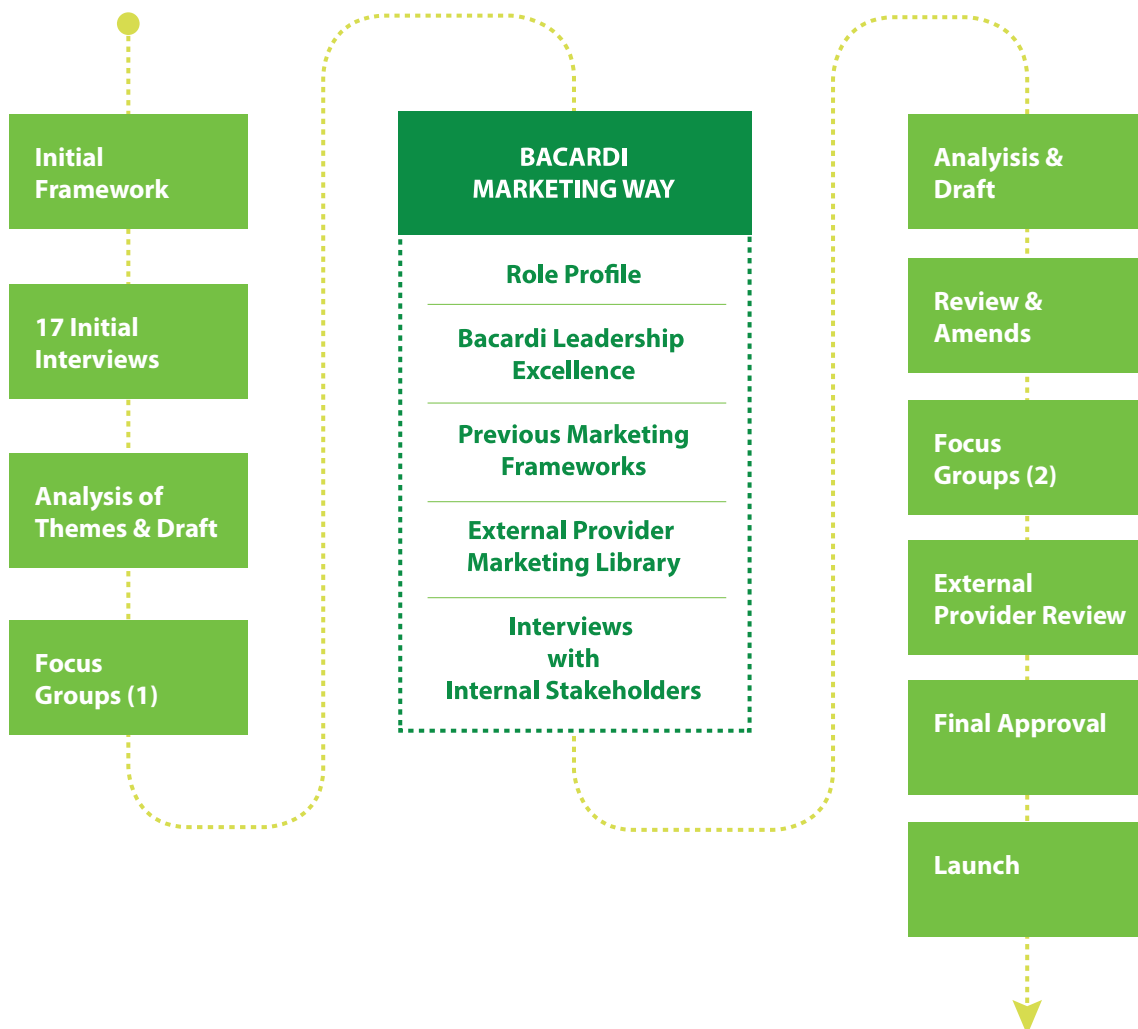
In order to invest in our talent and create the best and most enviable Marketing community in the spirits industry, we will:

- Inspire and support every Marketer to be the best they can be
- Enable every Marketer with the right skills, processes and tools

The Bacardi Marketing Way is our way to make this change happen. It will help us deliver world-class performance and growth by setting competencies and behaviors to become consistently stronger and even better at marketing around the Bacardi world.

We will use our new Marketing Competency Framework to articulate what it takes to become a world-class marketer – and what it takes to win – regardless of the individual level or role within the business (Global, Business Unit or Country). Every Marketer will understand the critical skills we need to excel, and through self-assessment, we will see clearly our collective strengths and development areas.

These results will inform the next chapter of The Bacardi Marketing Way and the design of relevant 70/20/10 learning initiatives to support personal growth. They will also be used in development discussions and to clearly define career paths.



Having a Marketing Technical Competencies Framework will contribute greatly to the development of our employees and the achievement of our growth ambitions and strategic plan. From a performance management perspective, technical capabilities will enable marketers to review personal skills in the context of the profile required for their jobs – and to understand options to accelerate their skill development. In turn, career discussions between the employee and the line manager will not be theoretical in nature. Indeed, they will be based on the principles of Bacardi Leadership Excellence and the Marketing Competencies Framework. The plan will take into consideration the level of technical knowledge required to perform both current and future jobs, as well development options. Additionally, a questionnaire will pinpoint specific competencies and instruct the employer to ask appropriate technical questions, ensuring that we attract the best talent to Consumer Marketing.

The Bacardi Commercial Way

In addition to the Bacardi Marketing Way, we have continued to develop and roll out our Bacardi Commercial Way. This capability module provides leading edge skills building and tools to our 1800+ commercial employees around the globe. It is structured in a way that supports our people from their early days in the Company through our Becoming Bacardi experiences. As employees become more experienced, The Bacardi Commercial Way contains a number of tools and techniques to support them when dealing with Global Customers.

We have continued to reflect the 70/20/10 development model in how these modules are delivered. We will continue to roll out The Bacardi Commercial Way in fiscal 2015 and will provide a more comprehensive review of progress, impact and employee reactions in our next CR review.



The Bacardi IT Way

The Bacardi IT Way defines how we will achieve excellence in supporting the information technology needs of our business. The Way to IT excellence is defined under three key areas:

1. Organization and Planning: The Company's IT group is organized to support the group with an effective and efficient structure of on-shore, near-shore and offshore locations. The group sets and updates its strategies to fit the needs of the Company's business strategies.

2. Ways of Working and Recognition: The IT Competency Framework defines the specific competencies required for success in IT at Bacardi. We measure and monitor our performance on a regular basis with an IT scorecard, portfolio management tools and key committee meetings with business owners. We also recognize and reward our IT employees with awards such as Above & Beyond the Call of Duty (monthly) and the IT Excellence Award (annually).

3. Developing our IT Talent: We use on-the-job coaching and training opportunities to move from foundational to master levels within our competency framework. Also, our in-house training programs offer development opportunities such as the SAP academy, project management and communications & change management.

Other Functional Developments

In Finance, an internal team has been developing The Bacardi Finance Way to support how we build the capabilities of our Finance teams in delivery of our vision to be a world-class Finance organisation. Work is well underway in defining functional competencies, career paths and learning and development platforms and establishing a mentoring program and communications platform to build our ongoing communication on progress against these areas.

Coaching to Win

Over the past two years, we have developed and run coaching programs for various leadership groups within Bacardi. Our future objective for these programs is to develop managers deeper into the organization and create a coaching culture throughout the Company.

Following is a testimonial from a recent graduate of Coaching to Win:

I, along with other senior leaders of Bacardi's North American team, participated in the Coaching to Win workshop in January 2014. It was an invaluable experience to spend two full days focused on the skills, behaviors and mindset necessary to build and sustain a high performance culture at Bacardi.

Open and honest discussions with my colleagues, on challenges we face as an organization, highlighted the fact that as individuals, we are only as good as the people who surround us. Consequently, we must align on strategic goals and work together with transparency, clarity and trust to unlock our full potential and maximize our individual and company performance.

For me, the big takeaway is that we are all coaches – and the value of being a coach is assisting others and ourselves to identify and remove internal barriers to achievement through empathy, a commitment to getting to the real issue, fostering an environment where people feel safe talking about the things that really need to be spoken about, and ultimately taking ownership of the outcome.

The Coaching to Win workshop renewed my commitment to foster a culture focusing on each team member's strengths, working with each of them to identify opportunities for further development and enabling them to take ownership and be accountable for the results.

We have frequent meetings to ensure that the team has clarity, works in a synchronized way and leans on others for help and support. As a leader within the team, I provide an atmosphere to encourage members to speak their minds. As a result, we are not afraid to have the tough conversations, but we do it in a way that does not leave anyone feeling demoralized.

The Coaching to Win workshop highlighted the importance of individual engagement in the overall performance of a team and how important it is to have clarity and buy in from each member of the overall goals.

I am proud of our team and our strong level of cohesiveness – and I believe the recognition of our interdependence helps us to consistently work together to share knowledge, expertise and drive results.

For us, it is not about being right – it is about doing what is right. We are allowed to make mistakes, learn from them and keep moving forward. The glue is our alignment and commitment to make a difference in achieving our goals.

MARLENE GORDON

General Counsel, Bacardi North America

Sponsoring & Mentoring

In addition to offering our leaders and managers opportunities to coach employees and build capability, confidence and performance – we now provide a Sponsoring & Mentoring program for high-potential female leaders. We invite members of the Global Leadership Team to sponsor up to three female employees each – and provide support tools to clarify scope, expectations and tips on how to create highly productive sessions. Our goal is to expand this agenda worldwide as part of our Women in Leadership program.

To unlock the potential and career advancement of our talented women leaders within Bacardi

Sponsoring by a senior person in the organization advocates on the individual's behalf for development and promotion opportunities. Sponsorship is more strategic and less developmental than mentoring.

A mentor will talk with you, a career sponsor will talk about you. A sponsor will go “out on a limb” for a high performing talented individual, “open doors” to the next job, introduce them to the right people and make the case for them in top level conversations with Global Leadership Team, Senior leaders & role models.

Research reveals that men are more likely to have natural sponsors to help them find high level assignments and positions. Women who have a senior career sponsor are more likely to be promoted and have more career satisfaction.

Performance + Values

At Bacardi, we believe that performance and values are equally important in achieving results. We drive for high-level performance while maintaining our values.

We are working to build a culture where P+V = Yes: Yes for performance and Yes for values. This way everybody wins. We reinforce our culture at the same time we deliver our performance commitments. When people do not live up to our values but deliver results, we believe they will cost us more in terms of reputation and culture than they could ever bring in terms of revenue or results. Moreover, we believe when someone lives up to our values but does not perform, we need to determine whether the individual has received the feedback and coaching necessary or whether there is a job fit issue that could be resolved through an alternative assignment.

We believe in achieving results. That is, we believe in building a winning-performance culture focused

on results. We do this through alignment of annual objectives with team and line managers and close interactions with matrix managers.

After completing an update to the strategic plan and annual budget, senior leadership members set Company and individual goals for themselves and their teams. The objectives then cascade down to ensure alignment across the organization. We believe this process enhances Company performance and helps achieve – or even exceed expectations.

The quarterly priorities process helps managers in tracking performance towards their teams' annual goals.

It's not only about achieving results. We also believe in staying true to our values. Our values of Trust, Passion, Caring and Excellence are crucial in maintaining the cultural heritage of Bacardi and ensuring managers and employees stay aligned with each other and the Bacardi family.

Performance



Values

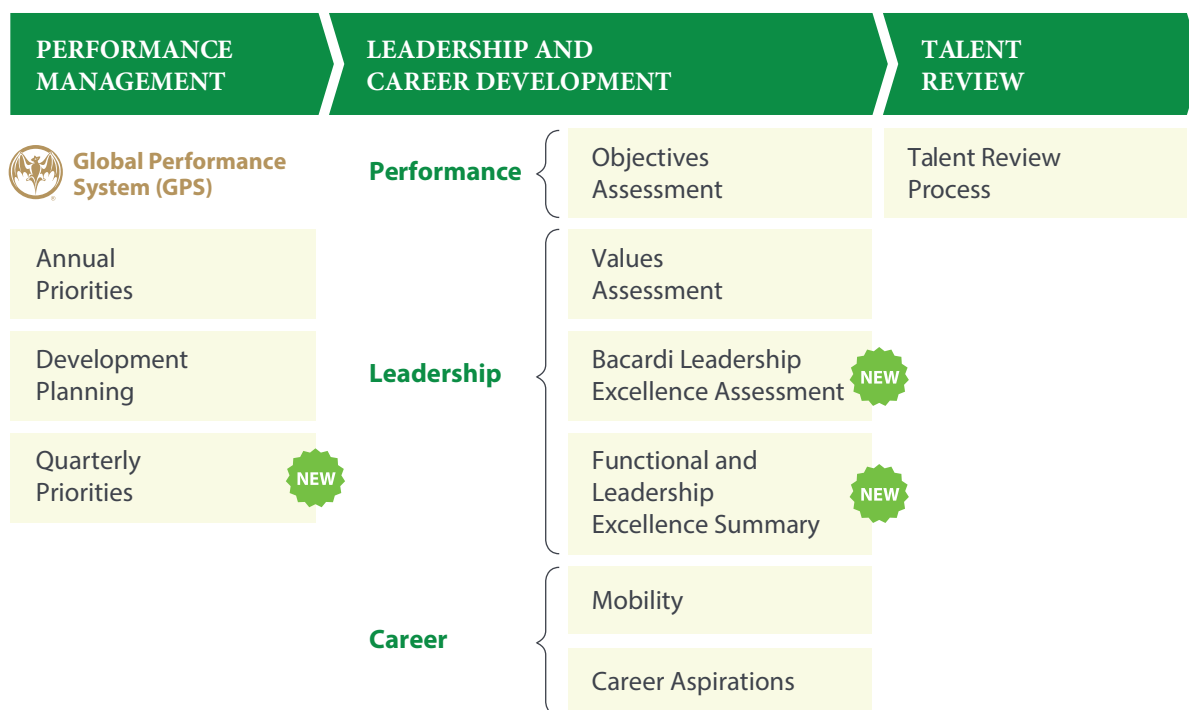


Global Performance Management System

Following feedback from both employees and leaders on the importance of reinforcing values in the way we manage performance, we made several enhancements to the Global Performance Management System (GPS).

In fiscal 2014, we trained more than 1,300 employees and managers in focused sessions on:

- Leadership accountability that motivates commitment for performance
- Delivery of annual objectives and quarterly priorities across the organization
- Clear linkage to business drivers and measures
- Role modeling for confidence and capability
- Enhancing proficiency to handle feedback and performance conversations



Leading Performance@Bacardi

The recently launched Leading Performance@Bacardi training program introduced changes in the performance management process as of April 1, 2014. In January, a global train-the-trainer session was conducted in London for more than 40 senior human resources personnel.

Following that, line managers in all markets went through training. In total, there were more than 90 training sessions for some 1,000 line managers. The process helps managers learn about changes in Bacardi performance management, develop accountability in order to lead, refreshes skill sets – and also reinforces that this process is crucial to ensure that Bacardi is positioned to win.



Supporting our people

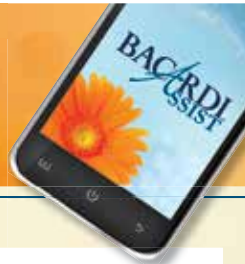
The Bacardi global employee assistance program remains an important resource. Through ongoing communications, employees learn the value of this support service to help with life's ordinary and extraordinary events.

Now three years old, Bacardi Assist helped more than 300 people with information or support in fiscal 2014. 62 percent of the cases related to work-life concerns, such as legal or daily living/convenience issues, while 38 percent involved counseling.

We continue to raise awareness of the program through quarterly communications that provide details on the various services. We issue special communications during the stressful holiday season and remind employees that service is available 24/7, every day of the year.

For fiscal 2015, communications will be enhanced to increase awareness of the value of services. We are looking at ways to increase utilization and will continue to monitor employees' perception of the program and how it might be improved.

Your Counseling Benefit



Speaking with a professional counselor can help you to identify personal and professional goals and make a plan to achieve them. Counseling sessions give you an opportunity to discuss interpersonal relationships, parenting responsibilities, workplace success, or any other topic that is important to you. Counseling services are available free of charge, at a time and place that is convenient, and are provided in your preferred language.

Employee support is provided by Workplace Options, an organization staffed by professionals who are completely independent of your employer. When you contact the service, the only information required from you is the name of your employer. Any additional information you share is at your discretion. Workplace Options is bound by professional standards regarding confidentiality, and does not disclose details of individuals who have contacted the service

FREEPHONE:
866-590-2353

DIRECT DIAL/REVERSE CHARGES:
+44 208 987 6230

Should you ever have a problem reaching the toll-free number, please contact your overseas operator and reverse charges to us, or you can dial us direct and we will call you back.

EMAIL:
bacardiassist@workplaceoptions.com

WEBSITE:
www.bacardiassist.com

COMPANY CODE:
bacardi

SMS TEXTING:
+44 790 934 1229
(Standard text messaging rates may apply)

When emailing or texting, please include your name, your company, your country location, and the phone number where you can be reached.



Champions Drink Responsibly

Our concern for others drives our commitment to promoting responsible consumption of our products. This extends not only to customers, but also to our employees. As Bacardi employees, we need to serve as good examples, demonstrating safe and responsible attitudes toward drinking alcoholic beverages.

Under these guidelines, we developed the Champions Drink Responsibly program in fiscal 2014. The program will launch across the organization in the first quarter of fiscal 2015. Communications and support will ensure the program quickly becomes part of our culture.

Women in Leadership

In fiscal 2014, we continued to build and embed our Women in Leadership (WIL) initiative, in line with our Company objective of better aligning with our customers and consumers by developing women leaders in the organization and by recruiting from the growing pool of highly talented women in the workforce worldwide. We believe this focus on identifying and developing women leaders in the organization will enhance the long-term growth of the Bacardi business.

During the past year, the continuing focus on the WIL initiative was evident in the statistics: a 15 percent increase in the number of women advancing to leadership roles, of which five percent were to senior leader roles.

Specific factors driving this growth and helping to embed this initiative in the organization included:

- Leadership program for 24 women leaders on coaching, executive presence and impact
- Designated career sponsors and specific development plans for high-potential women
- Senior women in the organization act as mentors for more junior colleagues (Paying it Forward program)
- A global women's network and action plans in major offices in the regions – Geneva, Hong Kong, London and Coral Gables
- Awareness and engagement through focused sessions with nearly 2,000 employees
- Communications on ONE Bacardi intranet including 22 senior women leadership profiles

In fiscal 2015, we will continue to build awareness and engagement by building WIL plans into local business plans, continuing to develop talented women and ensuring there is a pipeline of talented women leaders in Bacardi for the future. At Bacardi, we believe in having diversified management teams, including women, to lead the business and drive growth.

Clear Support

Foundation for Advancing Alcohol Responsibility information session for employees during Corporate Responsibility Month

In this Section:

Strategy

Targets and Progress

Global Activity

Local Activities

Vision

Our vision is to give back and make a positive impact in communities where we operate in order to instill a strong sense of pride in the employees and local communities about our company. Bacardi has a more than 150-year history of quality, excellence, ethics and social involvement. These values were important to our founder, Don Facundo Bacardí Massó, and remain important to us today.

“By leveraging the support of our great brands to positively impact important social causes and by actively engaging with our communities and employees through Corporate Responsibility Month, we made significant contributions in the areas of arts and culture, education, environment and supporting the needy.”

RICK WILSON | *Senior Vice President, External Affairs and Corporate Responsibility*

Our commitment to corporate responsibility and philanthropy began with our founder, Don Facundo Bacardí Massó. Santiago de Cuba, the birthplace of BACARDÍ rum, was struck by a devastating earthquake in 1852. Don Facundo immediately closed his shop to lead relief efforts in the city. This compassionate act initiated our legacy of giving back to local communities, a full decade before the founding of the Company in 1862.

We are very proud of this tradition that continues today. Community investment and philanthropy remain an important part of our Company and our corporate responsibility program.

Our employees' involvement in community activities raises public awareness of the caring nature of our Company. Their participation also makes our people feel good about working for Bacardi.

We support local community initiatives across a range of activities in four broad areas:

- 1) arts and culture
- 2) education
- 3) environment
- 4) health and social services

We accomplish this by teaming up with our brand marketing teams to support great causes in these areas – or by engaging directly with our communities and employees. We also assist with disaster relief efforts when significant natural disasters strike, often in locations linked to our operations.

This year, our Corporate Responsibility Month resulted in more than 7,900 hours of volunteer time from the worldwide Bacardi workforce. We plan to continue running Corporate Responsibility Month as our annual global community event across the Company.

In fiscal 2014, Bacardi companies and brands donated US \$3.3 million to local communities around the world. We also continue to see great benefits continue from last year's in-kind donation of the iconic Bacardi Tower and Museum building complex to the National YoungArts Foundation. As part of our agreement, YoungArts moved its principal offices to the building complex and spent approximately US \$3,661,532 in hard costs and US \$1,227,792 in soft costs (architects, engineers, etc.) for a total of US \$4,889,324 to refurbish the Bacardi Tower and Museum building complex.

Together, we look forward to sustaining Don Facundo's legacy of supporting local community initiatives well into the future.



Renovated building on Biscayne Boulevard to benefit The National YoungArts Foundation

Strategy

Global focus, local delivery

Bacardi has a decentralized approach to Philanthropy and Community Involvement (PCI) with our local operations deciding how best to support their local communities.

In line with this approach, our PCI strategy is directional, rather than prescriptive. This enables our operations to carry out community activities that are relevant locally and can assist in meeting community needs.

One important goal of our PCI program is to engage our people in corporate responsibility. Corporate Responsibility Month, our annual flagship event engages our global workforce and gives our employees the opportunity to be involved in community activities. In many markets, we survey employees to find out what activities are most important to them. We take

this feedback into consideration in planning future Corporate Responsibility Month initiatives. For example, in the United States, Bacardi employees suggested providing more onsite activities for individuals and more community outreach events for those in the community who are less fortunate. In fiscal 2015, we plan to bring more onsite activities and work with organizations like The Blood Alliance, Three Square Food Bank, The Children's Shelter of San Antonio and Nourishment Network, thereby helping more community members who are suffering in the lower socio-economic bracket.

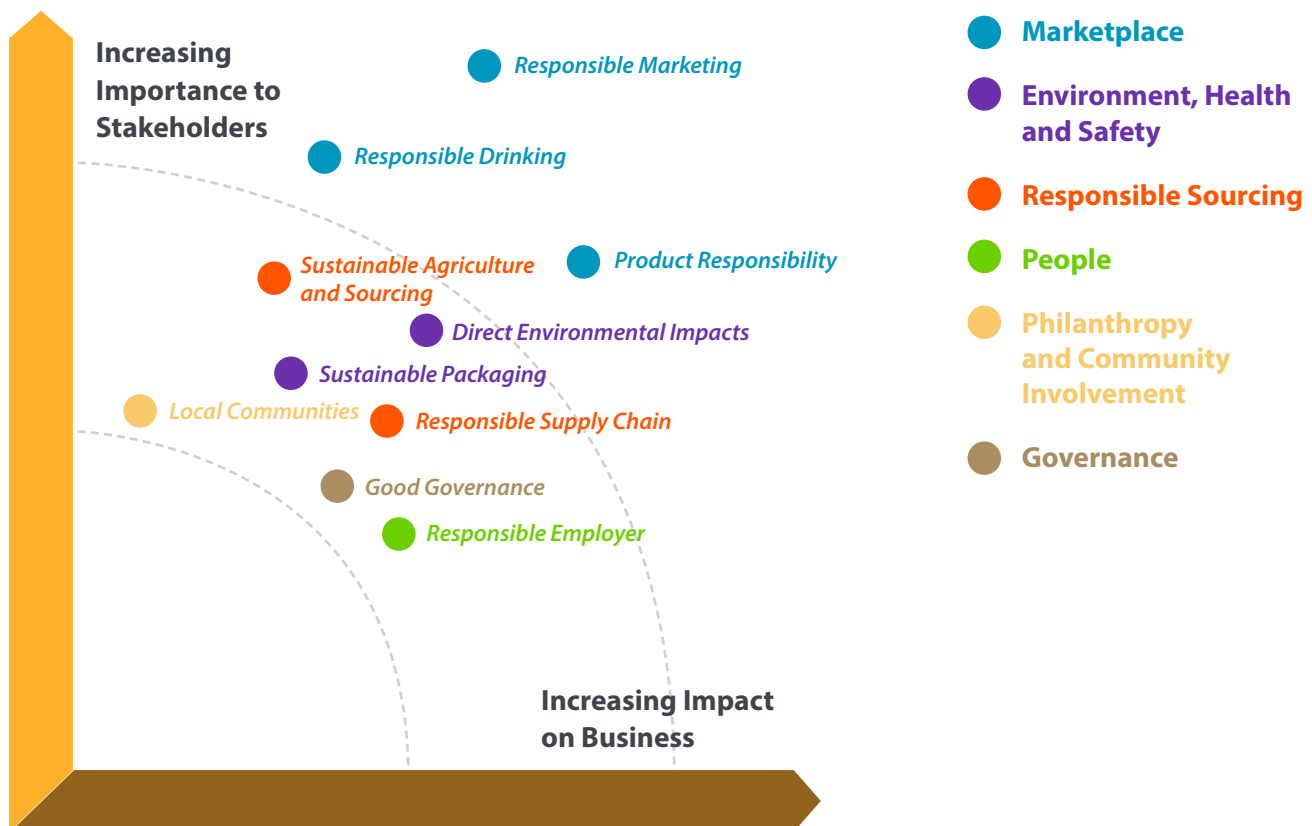
There is a strong link among our efforts to engage our people in community activities, to focus on corporate responsibility and to be recognized as a Great Place to Work.

Material Issues

In our materiality assessment (last completed in 2012), local communities ranked as moderate in interest – relative to other corporate responsibility issues (based on the level of stakeholder interest in the issue and the potential impact on the Company). We have reviewed the materiality ranking for local communities this fiscal year and have concluded that it is still appropriate.

This underlined that our approach to community involvement with the annual Company-wide community event (Corporate Responsibility Month) and local operations supporting local causes, worked well for our stakeholders and for Bacardi. Our next assessment will be conducted in fiscal 2016.

[Read more on our materiality process in the materiality section.](#)



Measuring our Impact

Since joining LBG (formerly London Benchmarking Group) in fiscal 2011, we continue to align our community reporting with the LBG model – a standardized way of managing and measuring the Company's community involvement.

Reporting community activity using the LBG model enables us to measure our overall contribution – not just cash donations – but also time volunteered, in-kind donations and management costs.

During fiscal 2014, we continued reporting community activities and donations into our community database using the updated and improved instructions and definitions issued to our community ambassadors in the previous fiscal year. While we have improved our reporting particularly with respect to Corporate Responsibility Month, we still have plenty of room for improvement in other areas of PCI. For fiscal 2015, we will focus on encouraging full reporting of community activities and on improving the quality of data collected using the LBG model.

The total value of support given by Bacardi companies and brands in fiscal 2014 was US \$3.3 million. This figure reflects our total recorded community investment, including financial support, as well as time volunteered, in-kind donations and management costs.

Visit www.lbg-online.net for more information on the LBG model.

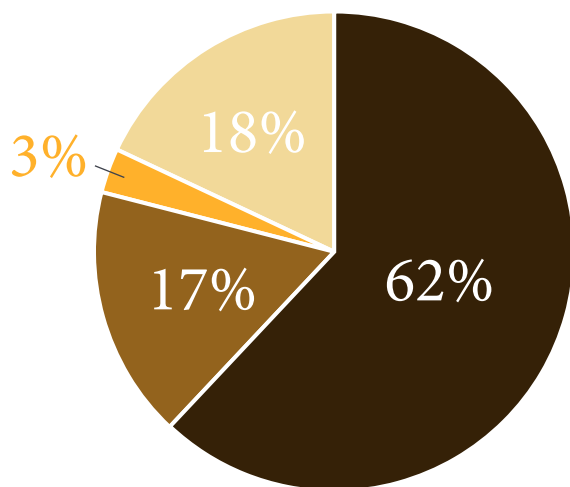


US \$3.3M

Reported giving of Bacardi companies and brands in fiscal 2014 measured using the LBG model

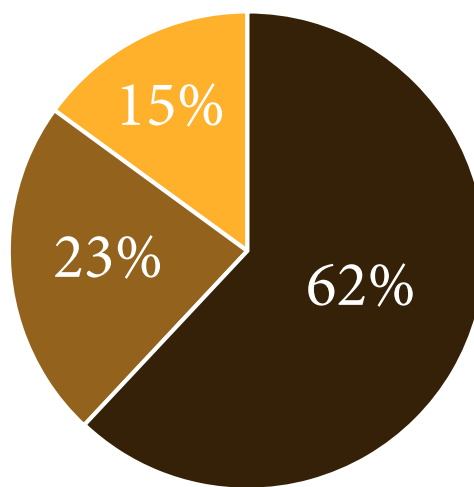
How We Contribute:

- Cash Contributions
- Value of Employee Time
- Management Costs
- In-Kind Contributions



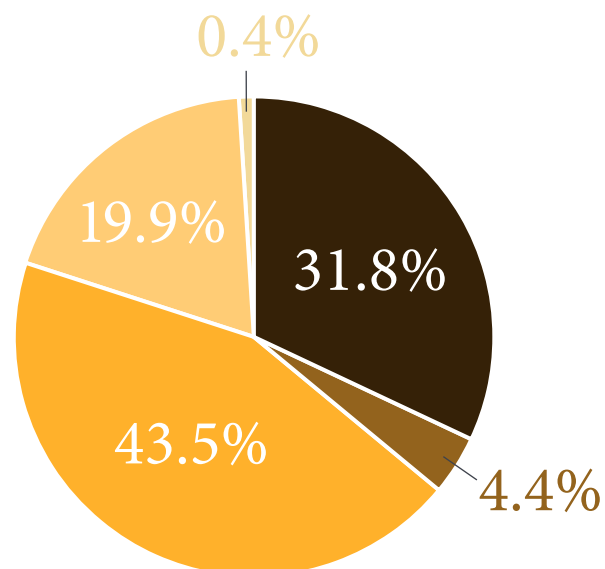
Areas of Contribution:

- Charitable Gifts
- Community Investment
- Commercial Initiatives



Locations Where We Contribute*:

- Europe
- Asia-Pacific
- North America
- Latin America
- Middle East and Africa






* Locations within Bacardi's regional business structure

Targets and Progress

Long-Term Ambition: We aim to involve our employees in our Philanthropy and Community Involvement (PCI) activities and raise their awareness

of our approach to Corporate Responsibility through these initiatives.

TARGETS FOR FISCAL 2014	PROGRESS IN FISCAL 2014	STATUS	TARGETS FOR FISCAL 2015
Implement and deliver a PCI and community investment strategy for fiscal 2014 and beyond based around three themes: <ul style="list-style-type: none"> • producer communities • adult education • art and architecture 	We supported our communities in line with our existing four broad areas: arts and culture, education, environment and health and social services. Although some of our support centered on the three themes listed, we kept our primary focus on the four areas		Review four broad areas to determine if these are the proper areas of focus
Focus on encouraging more complete reporting of community activities and improving the quality of PCI data collected using the LBG model	We received better quality of data for some programs and more complete reporting of some activities. However, we cannot report that we have achieved an acceptable level of consistency across our markets		Increase quality and complete reporting to a level of increased consistency across all regions Review database to determine if it needs updating or changing
100 percent of Bacardi business units to participate in Corporate Responsibility Month during May 2013 Evaluate Corporate Responsibility Month 2013 and develop approach for fiscal 2014	We were not able to achieve 100 percent participation from all Bacardi units		Review Corporate Responsibility month activities, and surveys, to determine if changes need to be made. Increase number of employees participating in a Company Corporate Responsibility activity versus last year



Achieved



Partially achieved



Not achieved



Target ongoing

[View all our Targets](#)



Global Corporate Responsibility Month

Our flagship global PCI initiative, Corporate Responsibility Month, is designed to engage employees in community activities and work in a globally coordinated way to give back to our local communities.

Launched as a one-week event in fiscal 2011, we expanded from one week to an entire month in May 2012 (at the beginning of fiscal 2013).

The expanded Corporate Responsibility Month continued to be based on the theme, Spirit for Life, Caring Together, that links clearly to our Company value of Caring and our Company purpose of Spirit for Life. Activities were organized around our five pillars of CR: Marketplace: Environment, Health and Safety, People and Philanthropy and Community Involvement.

Corporate Responsibility Month fiscal 2014 was a great success, with nearly 111 separate events taking place in offices and facilities in 36 countries, resulting in employees volunteering more than 7,900 hours. Activities included:

- home building and meal distribution for needy families
- fundraisers for educational, arts and cultural programs
- clothing and blood drives
- young adult mentorship programs
- park and community center cleanups
- recycling programs
- bat conservation efforts

“Bacardi pitched in and helped get Shake-A-Leg Miami’s Ship Shape Project for the fourth year 35 employees rolled up their sleeves and kept busy cleaning the Eco-Island: picking up trash and vegetation, separating the plastic and glass for recycling, scrubbing and cleaning eight outriggers, seven dinghies – and painting three of those dinghies. It’s an honor to have Bacardi employees assist us in getting our boats and facilities in shipshape so we can provide greater access to all members of our community. Our mission is to use the marine environment to improve the health, education, and independence of adults and children with disabilities, as well as disadvantaged youth and their families.”

HARRY HORGAN | President, Shake-A-Leg Miami

Local Activities

It is in our long-term interest to foster healthy and vibrant communities. Respecting and supporting communities where our employees and business associates live and work is an important part of our being a trusted partner in the local communities where we operate.



Community Activities

Following are some examples of activities across our four key areas of Philanthropy and Community Involvement:

Arts and Culture:

Bermuda – Bacardi Supports the Festival of the Performing Arts Limited

The Festival of the Performing Arts Limited is an annual event to support and enable youth to develop appreciation for music, dance and theater. The outreach is aimed at inspiring children to participate in artistic pursuits and learn from experienced, world-renowned artists.

The festival is made possible through corporate and individual donors. In fiscal 2014, Bacardi made a cash donation of US \$45,660 to support the festival, and it was a great success. The festival 2013 season featured 24 performances, engaging 11 groups of artists who participated in 11 outreach programs involving 1,500 Bermuda students invited from all of the local schools. For the first time, the festival also presented 11 “Freebie” daytime events in the Bermuda Society of Arts space, to compliment the “Festival Impressions” exhibit. These were well attended and gave several student musicians an opportunity to perform before a real audience. In total, there were 46 events during the six-week festival.

The festival seeks out performers committed to outreach. The opportunity for young students to meet and participate with world-class artists is a wonderful experience and is enthusiastically supported by teachers in most of the participating schools.

Bermuda – National Trust Architectural Heritage Series Project

The Bermuda National Trust (‘the Trust’) maintains and preserves 70 properties, covering 250 acres and representing a rich variety of traditional historic

homes, islands, gardens, cemeteries, nature reserves and coastline. In addition, three museums display an outstanding collection of artifacts owned and made by Bermudians, revealing the intriguing story of the island’s development.

Bacardi has been a continuous supporter of the Bermuda National Trust Architectural Heritage Series since 2007. In fiscal 2014 Bacardi donated US \$10,000 for the publication of the series.

The Trust has a strong education program, focused on appreciation of the history of Bermuda and what that means to the country’s future. The Trust is also a leading advocate and activist for Bermuda’s natural environment.

One initiative run by the Trust is the publication of an architectural series of books that chronicle Bermuda’s architectural heritage for future generations. Bacardi has been the title sponsor of the Bermuda National Trust Architectural Heritage series project for nearly 20 years, providing the Trust with the resources to produce this valuable book series. This book series is by far the most successful of all the Trust’s publications and is used throughout Bermuda by residents and visitors alike. As educational tools, the books are present in Bermuda’s schools, libraries and countless homes around the island.

The series’ research team has compiled extensive local information, enabling publication of separate volumes for each of the 9 parishes of Bermuda. An upcoming publication, on the parish of Pembroke, features the iconic Bacardi world headquarters building.

Italy – Enhancing the Artistic and Cultural city of Turin

The historic city of Turin has been home and witness to many European art movements. Starting in the 16th and 17th centuries, the city took on its own unique characteristics with Baroque-style buildings and continued to be a center for preservation and study of the arts in the 1800s with the establishment of the Museum of Ancient Art and founding of the first Fine Arts Supporter Society in Italy.

Throughout this past fiscal year, Bacardi helped to preserve the historical, artistic heritage of the town of Turin through quarter-annual installments totaling almost US \$150,000.

The purpose of funding of the preservation of Turin is to preserve the artistic assets of the town that otherwise could not be restored by the local council due to a lack of funds.

Puerto Rico – Bacardi Sponsors the Grand Gala of the Museum of Arts Puerto Rico (MAPR) 2014

Bacardi made a cash donation of US \$25,000 and a product donation of US \$5,000 to support the Grand Gala fundraiser benefiting the Puerto Rican Museum of Arts. The funds from the Gala support a range of in-house academic programs geared for all ages as well as the resident artists. The donations go towards a scholarship fund for continuing education. The event reached over 3,000 people and over 700 artists have benefited from the Museum's educational initiatives.

United States – BOMBAY SAPPHIRE and Rush Philanthropic Arts Foundation (RPAF) hosted a Fundraiser at Art Basel, Miami

BOMBAY SAPPHIRE donated over US \$100,000 dollars to host a fundraiser with Rush Philanthropic Arts Foundation (RPAF) to raise money for RPAF programming aimed at providing underrepresented artists with significant exposure and access to the arts. RPAF's two

main programs consist of: Rush Education (art programs for youths) and Rush Art Galleries (which support and feature artists across the nation, helping to bring the arts to populations with limited access to the arts).

The fundraiser was a pre-event cocktail engagement to raise dollars for RPAF programming. For 90 minutes, guests spent precious moments with the founder of RPAF, Russell Simmons, and a featured celebrity chef.

Other high-profile attendees included Paris Hilton, Nicky Hilton, China Chow, Tommy Hilfiger, Lizzy Somerby, DJ Cassidy, Stephen Dorff, Shepard Fairey, Kelly Bensimon, Angela Simmons and Ulf Ekberg.

United States – Coral Gables Art Cinema

Bacardi is a founding member of Coral Gables Art Cinema. By bringing fine-arts films, foreign cinema and rarely seen masterpieces to the community, the Coral Gables Art Cinema provides crucial outreach and educational opportunities. In fiscal 2014, the cinema received a Knight Arts Challenge Grant to support a Children's Film Festival. This sold-out event was filled with families and children participating in the arts. Bacardi supported the Coral Gables Art Cinema this year through a donation of US \$10,000.

The Cinema project was launched in 2006 as a partnership between the City of Coral Gables and the Coral Gables Cinemateque, Inc., a non-profit film arts organization, in collaboration with Magna-Tech Electronic Company. The City and the Coral Gables Community Foundation's Perrin Fund, provided for the build-out expenses of the theater. Many major in-kind contributions of theater equipment and technology were provided to film industry companies.

Individual donors such as Bacardi, made the state-of-the-art theater a reality – and it opened in October of 2010. It is one of the best, most comfortable and highest grossing art houses in South Florida, presenting first-run and regional premieres of quality American independent and international films. The theater features both fiction and documentary, in addition to classic films, special programs and film-festival events, reflecting the multilingual and multicultural diversity of the region.

Education:

Bermuda – Assistance for higher-education degrees

Since 2006, Bacardi has supported the Association of Bermuda International Companies (ABIC) Education Awards Scholarship, a program that provides financial assistance to Bermudian students pursuing higher education degrees (full undergraduate or post graduate). It focuses primarily on areas related to international business.

Top students are selected based on financial need, academic ability and course of study. Each year, between 18 and 25 students receive awards valued at US \$30,000 for two years. Awards are presented at a luncheon attended by the winning students and their parents, sponsor companies and government ministers.

Since the program's inception, more than 500 students have been awarded two-to-four-year scholarships. Students have attended accredited colleges and universities in Canada, the United States, the United Kingdom, Ireland, Continental Europe and Australia. Most recipients return to Bermuda, holding top-level positions in the international business industry, strengthening Bermuda's economy and giving back to the community.

ABIC has been in existence for 34 years and is the most comprehensive college scholarship program for Bermudian students. Over the past 10 years, international businesses in Bermuda have donated more than US

\$4 million to the ABICEA scholarship program. Some 50 companies contribute to the program each year. Through the ongoing and generous support of its members, ABIC will continue to help secure Bermuda's future by investing in education.

In fiscal 2014, Bacardi continued its long-time support to the scholarship fund by donating over US \$18,000.

Five students are supported each year with a scholarship fund provided for each student per month. This program assists with funding of nearly US \$20,000 a year in furthering the education of graduates of the Pechora Orphan home.

Brazil – Spreading the Word to Warn Against Drinking and Driving

Bacardi employees did a blitz in bars and restaurants, warning about drinking and driving. The employees would split up into groups and distribute pamphlets with key messages, including: find the nearest taxi, elect a friend to drive and drink responsibly.

More than 1,500 people were reached in more than 50 bars. Almost 30 percent of the Bacardi employees in Brazil participated. Client and consumers received the employees well and realized the importance of the action.



Russia – Providing an Orphanage in Ryazan with a New Book Collection

Bacardi employees in Russia gathered books throughout May 2013, to be sent to an orphanage in Ryazan. 1,000 books were collected from fairy tales for the little ones, to fiction and non-fiction literature for high-school students.

All Bacardi participants wrote personal greetings on 130 bookmarks so that each child at the school would receive one.

The goal of Bacardi was to upgrade the education of the children at the orphanage. The aim was to motivate the children to want to read and learn more while educating employees on the importance of supporting community orphanages.

On June 4th, a group of Bacardi employees attended the library opening ceremony and communicated with the kids, participating in an outdoor activity and a small tea party.

United States – Bacardi Donated US \$100,000 to the Institute for Cuba and Cuban American Studies (ICCAS) at the University of Miami

The Institute is a world-class academic center located at the University of Miami geared toward academic and outreach programs as well as organizing seminars, lectures, and publication of research regarding the culture of Cubans and Cuban-Americans. ICCAS offers special programs on Cuba for U.S. and foreign students and forms an educational link between the University, the Cuban exile community and the South Florida community at large.

The Bacardi donation directly affects the education the University of Miami provides to the ICCAS students, enhancing quality and accessibility. Donations contribute to scholarships, foster faculty research and activities, build new facilities, improve information resources and fund academic and athletic programs.



Environment:

Australia – Volunteers with Clean Up Australia Day

As part of the fiscal 2014 Corporate Responsibility Month activity, employees of Bacardi in Australia volunteered to work with the Australian organization “Clean Up Australia Day.”

The organization was inspired by an “average Australian bloke,” in response to his shock while sailing through the world’s oceans, seeing vast amounts of pollution and garbage along the way. In 1989, a clean-up day was held in Sydney harbor, with over 40,000 participants. In 1990, the first official “Clean Up Australia Day” was held and approximately 300,000 volunteers showed up. Since then, participation has steadily increased.

Over the past 20 years, Australians have devoted more than 24-million hours supporting a clean local environment through “Clean Up Australia Day” and have collected more than 200,000 tons of garbage.

Our Australian team supported six local communities to remove garbage from the local parks, recreation areas and sporting grounds.

All 110 employees of Bacardi in Australia participated in this activity. The team collected over 150 kilograms of garbage from multiple sites around Australia.

This particular activity was chosen by our Australian team, not only for the benefit of the environment but also for the honor of providing personal time and effort to this important Australian-founded cause.

Bermuda – Hosts Exhibition for the Protection of the Sargasso Sea

The Atlantic Conservation Partnership (ACP) is dedicated to promoting collaborative study of our shared U.S., Bermuda and Caribbean environment through support of regional research and education programs. The



Sargasso Sea is a vast patch of ocean in the middle of the North Atlantic that surrounds Bermuda and borders the United States and the Caribbean. Sargassum seaweed, for which this area is named, is home to an amazing variety of marine species. The Sargasso Sea is also a spawning site for threatened and endangered eels, as well as white marlin, porbeagle shark and dolphinfish. Humpback whales migrate through the Sargasso Sea each year. Commercial fish, such as tuna, and birds also travel through the Sargasso Sea and depend on it for food.

The ACP works in partnership with the Bermuda Aquarium, Museum and Zoo (“BAMZ”) and the Bermuda Zoological Society. The program:

- supports research projects and field conservation
- addresses threats to marine and terrestrial biodiversity
- informs policymakers
- creates educational initiatives to train the next generation of environmental biologists and educators
- advocates to raise awareness and build capacity of local communities

Bacardi supported this effort by hosting an educational event attended by 250 guests, including leading scientists, environmental groups and Bacardi employees who have an interest in protecting the Sargasso Sea. Organizations including BAMZ, Bermuda Underwater Exploration Institute, Keep Bermuda Beautiful, Greenrock, Ocean Support Foundation, Bermuda Marine Debris Taskforce, Pew/Blue Halo and the Sargasso Sea Alliance participated to bring more awareness about the mission of the Bermuda Alliance for the Sargasso Seas.

China – Bacardi China Employees and their Family Members Helped Create a Universal Species Map

For Corporate Responsibility Month, the Bacardi team in China, with help and guidance from volunteers of HeLin Art in Community gathered information at a designated area to create a species map and phone app to be used in community education.

The HeLin Art in Community is a non-profit organization geared at renewing the relationship between people, nature and art. HeLin Art encourages sustainable communities through appreciation of nature's art.

The goal was to document 36 different plants. Bacardi volunteers were able to capture 39 different plant species and record them through photographs and written descriptions.

Germany – Supports BUND in Efforts to Conserve natural Environment and Animal Habitats

During Corporate Responsibility Month fiscal 2014, two teams from Bacardi in Germany volunteered in the surrounding area of Hamburg with the Union for the Environmental and Nature Conservation (BUND), an organization that protects the natural environment and wildlife.

One team converted an abandoned building in the woods into a new home for bats and insects, including a species of protected hornets. Using some 400 kilos of loam and 10 meters of wooden beam, as well as stones and pan tiles, the team created a new home for a variety of animals. On one side of the old building, volunteers installed 13 nesting boxes for bats.

The second team dedicated 150 hours of weeding and pruning fruit trees to preserve a meadow orchard – a traditional and protected cultural landscape with important ecological value.



Thailand – Bacardi Produced Microorganism Mud Balls to Clean the Ocean

Bacardi in Thailand with the Federation of Community Organizations (Bang Pa Municipality) produced 1,600 microorganism mud balls to clean the ocean environment during Corporate Responsibility Month. Bacardi helped keep the ocean clean to benefit the society in Thailand, as its main business is derived from tourism.

The activity was focused on making Effective-Microorganism (EM) mud balls and tossing the balls into the ocean to clean the environment. The purpose is to help keep circulation of sewers and streams clean. The EM in the ocean helps to degrade pollutants flowing into that area of the sea.



Health & Social Services:

Bermuda – Helping the Bermuda Heart Foundation, the Leading Foundation in Heart Health Advocacy on the Island

This year, Bacardi gave its second installment of a three-year commitment to provide financial support (totaling US \$150,000) for the Bermuda Heart Foundation's operating expenses.

The Bermuda Heart Foundation is the leader in heart healthy advocacy on the island. The goal is to reduce the number of heart-related deaths on the island by 25 percent within three years.

Its mission is to strengthen the heart of Bermuda by:

- advocating change through awareness, prevention, and education
- supporting and guiding patients and their families
- promoting recovery through innovative hands-on therapy
- championing heart-healthy eating one bite at a time

Supports the Women's Resource Center to Bring to Life its Motto "Strong Women, Strong Families, Strong Community" Campaign

The Women's Resource Center (WRC) offers counseling service for issues related to women and their families. As part of the Sexual Assault Response Team (SART), the WRC offers a 24-hour helpline offering assistance with regard to sexual assault or any women's-related issue.

The WRC provides programs in schools regarding healthy relationships. It advocates to change laws pertaining to sexual assault and physical abuse. The organization also provides support to women during legal processes.

With the motto Strong Women, Strong Families, Strong Community, the WRC provides assistance to survivors of sexual assault. The program addresses issues of declining self-esteem, unhealthy relationships and parenting concerns through educational programs, including personal-safety demonstrations. The aim is to empower women to make better life choices, shifting from response to prevention training.

Bacardi supports the WRC through financial donations towards operational costs for the programs. This year, a total of US \$10,000 was given to the WRC to support its crisis intervention program.

France – Les Toiles Enchantées

Created in 1997, Les Toiles Echantées travels to hospitals all over France to bring the latest movies to children and adolescents who are sick or handicapped. The organization provides a large projection screen so children can view the latest films as a real cinema experience.

In addition to providing a donation of US \$10,000 for the operation of Les Toiles Echantées, Bacardi employees in France are given one workday each year to help set up movies in hospitals near where they live. This is a wonderful opportunity for our employees in France to benefit children in their neighborhood hospitals.

Hong Kong – Crossroads Foundation

The Crossroads Foundation is a Hong Kong-based non-profit organization, aiming to bridge the gap between those in need and those who can provide. 21 employees from our Hong Kong office participated and were assigned to areas such as: incoming goods, technology, household, furniture, food handling and shipping. Volunteers helped in the distribution of donated goods. They checked, sorted, assembled/ disassembled various packaged donated goods (including blankets, computers, furniture, hospital beds) and subsequently prepared them for shipment. The Bacardi team also made an in-kind donation for transportation costs for bottled water, part of the donated goods for distribution to the poor.

These efforts contributed to facilitating the distribution process of donated goods that ultimately benefit those in need both locally and globally.

India – Bacardi in India Supervised and Donated to HelpAge India to Provide Families Affected by the 2013 Flash Flood with Food

In June 2013, a flash flood wreaked havoc on the lives, homes and livelihood of 178 villages. The goal of HelpAge India is to provide immediate relief with food, medicine, blankets and tarpaulin.

Bacardi in India, in association with HelpAge India (a national NGO) planned to distribute raw food packages to the Uttarakashi villages affected by the flash flood. 1200 packages of raw food packets were distributed to the 14 villages in the district.

The HR director, Senior Manager, and the Corporate Responsibility manager of Bacardi in India visited the Uttarakashi District and spent two days with representatives of HelpAge India to supervise the distribution and meet the Village heads.

Puerto Rico – Proyecto Sin Paredes Summer Camp

Proyecto Sin Paredes is a Summer Camp for disabled adults that takes place during the last weekend of May. Bacardi supports this summer camp program with a donation each year, as well as through employees participating on a volunteer basis for the camp.

As part of Corporate Responsibility Month, the Puerto Rico team participated as volunteers assigned to serve as their arms and legs during the weekend. This year more than 150 adults participated in the camp, with a total of 200 volunteers assisting.



The Netherlands – Bacardi Netherlands Sponsors the Emma Children's Hospital Fundraiser

The Emma Children's Hospital is one of the largest pediatric hospitals in the Netherlands, caring for children with chronic diseases and long-term health problems, (from birth to age 18). In addition to providing medical care for children, the hospital is a research center and home to pediatric medical training programs, and supervision for medical students.

Bacardi donated US \$17,600 worth of product to help the goals of the hospital's fundraising event in fiscal 2014.

The fundraiser allowed people to purchase tables for 7500 Euros with bottle service. The evening fundraiser brought in US \$400,000 for the benefit of the Emma Children's Hospital.

United States – BOMBAY SAPPHIRE helps hosts LuckyRice festivals across the country

City Harvest is the world's first food rescue organization, dedicated to feeding the city's hungry men, women and children. City Harvest collects almost 28 million pounds of excess food from all segments of the food industry, including restaurants, grocers, corporate cafeterias, manufactures and farms. The food is then delivered free of charge to nearly 600 community food programs throughout New York City, using a fleet of trucks and bikes, as well as volunteers on foot. Each week, City Harvest helps over 300,000 hungry New Yorkers to find their next meal. In fiscal 2014, BOMBAY SAPPHIRE donated over US \$90,000 through point-of-sale and product donations for City Harvest's annual LuckyRice festival fundraiser.



City Harvest pairs with LuckyRice to fundraise for the food programs. The LuckyRice festival brought a variety of Asian cocktails and cuisine to NYC from April 29-May 5, 2013, before going to Los Angeles, Las Vegas, Miami and San Francisco. Featured chefs at the event included Masaharu Morimoto, Danny Bowien, Marcus Samuelsson and Susur Lee. BOMBAY SAPPHIRE was a presence at the New York City, Las Vegas, and Miami festivals, contributing over US \$65,000 to the NYC event, a US \$8,048 product donation to the Las Vegas event, a US \$10,643 product donation to the San Francisco event – and an additional US \$9,696 to the Miami event.

In Miami, the event took place at the Raleigh Pool and Oasis to create an international bazaar, featuring Asian-meets-Latino bites and globally spirited cocktails crafted from Miami's top chefs and mixologists. Eight local mixologists created an original BOMBAY SAPPHIRE EAST cocktail and others, featuring a Bacardi Portfolio spirit.

United States – Bacardi Working with the Consequence Foundation to Help Children in Need at The Blacks Gala

The Consequence Foundation helps provide educational resources and experiences for kids in need, including, but not limited to scholarships, vocational training, camps, workshops and after-school activities. The Foundation encompasses a dynamic curriculum of culture, arts, life skills, career aptitude, and discovery and workforce preparation.

Every year South Florida's top philanthropists, business leaders and legal minds gather for world-class entertainment, five-star dining, live and silent auctions and more to raise funds for children in need.

Bacardi donated US \$17,000 worth of product for this spectacular event. The gala benefited Teach for America, Breakthrough Miami and Big Dreams for Kids among others. It was held at the historic Fountainebleau Hotel in Miami Beach, in the main iconic Sparkle Ballroom, and featured entertainment by superstar Flo Rida.

United States – GREY GOOSE Strongly Supports the Elton John Aids Foundation

GREY GOOSE is a proud supporter of the Elton John Aids Foundation and is heavily involved with the charity throughout the country. The Foundation was established in the United States in 1992 by Sir Elton John, and is headquartered in New York City. In 1993, the Foundation became a registered charity in the United Kingdom, headquartered in London. These two organizations aim to reduce the incidence of HIV/AIDS through innovative HIV-prevention programs, efforts to eliminate stigma and discrimination associated with HIV/AIDS, and direct treatment, care and support services for people living with HIV/Aids. The Foundation supports this mission through proceeds from special events, cause-related marketing projects, and voluntary contributions from individuals, corporations and foundations.

On Tuesday, October 15, 2013, Sir Elton John continued his humanitarian efforts to raise money for HIV/AIDS prevention, treatment, and awareness programs across the United States, the Americas, and the Caribbean at the foundation's 12th annual benefit "An Enduring Vision", held at Cipriani Wall Street. GREY GOOSE donated over US \$9,900 worth of product for this special event that raised over US \$3,500,000 for the foundation.



GREY GOOSE was a proud supporter of the 12th Annual Chrysalis Butterfly Ball, hosted on June 8, 2013. Chrysalis mission is to create a self-sufficient pathway for homeless and low-income individuals. The annual ball is its biggest fundraiser and celebrates the foundation's inauguration in 2002.

About Bacardi Limited

Family-owned Bacardi Limited is the largest privately held spirits company in the world. We produce and market a variety of internationally recognized premium spirits and wines.

Our Brand Portfolio

includes more than 200 brands and labels, with a focus on six core global brands that are supported by a strong portfolio of other brands. Our global brands are: BACARDÍ rum, BOMBAY SAPPHIRE gin, DEWAR'S Blended Scotch whisky, ERISTOFF vodka, GREY GOOSE vodka and MARTINI vermouth and Italian sparkling wines.

OUR CORE GLOBAL BRANDS:



BACARDÍ Rum

World's number one selling rum.

[Visit Website](#)


GREY GOOSE Vodka

World leader in super premium vodka.

[Visit Website](#)


MARTINI Vermouth

World's number one vermouth & sparkling wines.

[Visit Website](#)


DEWAR'S Blended Scotch Whisky

World's most awarded blended Scotch whisky.

[Visit Website](#)


BOMBAY SAPPHIRE Gin

World's top valued and fastest growing premium gin.

[Visit Website](#)


ERISTOFF Vodka

One of the fastest-growing vodka brands in the world.

[Visit Website](#)

Key Statistics:

5,945

In fiscal 2014, we had 5,945 employees across the world.

US \$4,477M

Our fiscal 2014 net sales less excise taxes were US\$4,477,000,000.

US \$1,895M

Our total net debt was US\$1,895,000,000.

US \$5,992M

Our total equity was US\$5,992,000,000 (includes US\$93M non-controlling interests).

US \$9,898M

Our total assets were US\$9,898,000,000.

US \$60M

We sold 60 million nine-liter cases of our Group brands in fiscal 2014.

Our Operations

Headquarters: Bacardi Limited is headquartered in Bermuda and incorporated under Bermudian law. Our products are sold in more than 160 markets worldwide by Bacardi companies and third-party distributors.

Production: We currently operate 29 production facilities including bottling, distilling and manufacturing facilities located strategically in 16 countries, including the United States, Scotland, Italy, France, Spain, Germany and Mexico. See map below for more information.

Distribution: We also operate a global distribution network for our brands and selected third-party agency brands. Our customers are independent distributors, wholesalers and retail outlets worldwide, including major grocers, convenience stores, hotels, restaurants and duty-free shops and stores. Consumers therefore have access to our brands from a variety of distribution channels.

Our Countries of Production Sites



The Americas

Canada

We have one facility in Canada located in Brampton, at which we bottle BACARDÍ rum and blend BACARDÍ BREEZER.

United States

We have one facility in the United States located in Jacksonville, at which we bottle BACARDÍ rum.

Mexico

We have three facilities in Mexico located in La Galarza, Tultitlán and Arandas. We distill BACARDÍ rum at La Galarza and bottle it at Tultitlán. We produce CAZADORES tequila at Arandas.

Puerto Rico

We have one facility in Puerto Rico located in Cataño, at which we distill BACARDÍ and CASTILLO rum.

Chile

We have one facility in Chile located in Santiago, at which we bottle MARTINI vermouth and ERISTOFF vodka.

Uruguay

We have one facility in Uruguay located in Montevideo, at which site we bottle MARTINI vermouth and ERISTOFF vodka.

Brazil

We have one facility in Brazil located in São Bernardo, at which site we bottle BACARDÍ rum and MARTINI vermouth.



Europe

France

We have six facilities in France located in Marseillan, Cognac, Fécamp, Bordeaux, Gensac and Beaucaire. At Marseillan we produce NOILLY PRAT vermouth; at Cognac we produce BARON OTARD cognac and GASTON DE LAGRANGE cognac; at Fécamp we produce BENEDICTINE Liqueur; at Bordeaux we produce ST-GERMAIN; at Gensac we bottle GREY GOOSE vodka; and at Beaucaire we bottle ERISTOFF vodka.

Germany

We have one facility in Germany located in Buxtehude, at which we bottle BACARDÍ rum and produce BACARDÍ BREEZER.

Italy

We have one facility in Italy located in Pessione, at which we produce MARTINI vermouth and MARTINI sparkling wines.

Portugal

We have one facility in Portugal located in Lisbon, at which we bottle MARTINI vermouth.

Spain

We have one facility in Spain located in Mollet, at which we produce MARTINI vermouth and bottle BACARDÍ rum.

Switzerland

We have one facility in Switzerland located in Meyrin, at which we produce botanical blends and aromatic extracts for a range of brands.

United Kingdom

We have six facilities in Scotland. We operate distilleries in Aberfeldy, Macduff, Aultmore, Craigellachie and Royal Brackla with blending, bottling and packaging facilities in Glasgow and maturation facilities in Poniel in Central Scotland.



Asia

China

We have one facility in China located in Shanghai, at which we bottle BACARDÍ rum and produce BACARDÍ BREEZER.

India

We have one facility in India located in Nanganjud, at which we produce and bottle BACARDÍ rum.



Our Corporate Structure

Regions

The corporate structure of Bacardi includes five geographical regions – North America, Europe, Middle East and Africa, Latin America & the Caribbean and Asia Pacific – and the global functions that support the Company.

The operating structure comprises a number of holding companies, trading subsidiaries and operating units, the ultimate owner of which is Bacardi Limited. In total, Bacardi has more than 100 companies and sales offices that are wholly-owned.

Global Functions

Our global functions are Operations, Finance, Marketing and Sales. These global functions are supported by general management functions, including IT, Legal and External Affairs, Corporate Communications, Corporate Affairs, Procurement, Business Development and Human Resources. Each region consists of a small regional management hub and local markets where Bacardi has its distribution companies or sales offices.

*Our Corporate Structure**

Bacardi Global Leadership Team



* This report reflects our corporate structure during the reporting period of April 1, 2013 to March 31, 2014.

Distribution Operations

Operating arrangements differ from market to market, but include wholly owned, joint venture or third-party distribution.

In smaller markets, area managers work with nominated distributors and wholesalers in order to meet local demands for our brands.

In many markets, formal agency arrangements exist with other brand owners to handle product distribution.

A separate business unit distributes our brands through the Global Travel Retail network, i.e., airports, cruise ships and diplomatic channels.

Governance

This organizational structure is overseen by the Bacardi Board of Directors, which has three principal committees covering Audit, Compensation and Nominations (including oversight of the Company's corporate governance). Further details are given in our GRI index.

About this Report

This report covers the reporting period for fiscal 2014, which is April 1, 2013 to March 31, 2014.

Data presented in the People and Philanthropy and Community Involvement sections, as well as safety data from the Environment, Health and Safety section, cover our offices and our directly owned and managed production facilities.

Data on indirect GHG emissions cover our directly owned and managed production facilities and large offices with 25 people or more. All other environmental data cover our directly owned and managed production facilities. Performance data from our offices, suppliers, outsourced bottlers and co-packers are not included. There have been no significant changes in the scope or boundaries of the data we are reporting this year.

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

Bacardi Limited refers to the Bacardi group of companies, including Bacardi International Limited. Any reference to “Bacardi” as a Company in this report refers to Bacardi Limited, one of its subsidiaries or a group of Bacardi companies.

Request for Feedback

We would like to hear from our stakeholders on our 2014 Corporate Responsibility Report. We are particularly interested in your views on the following:

- Any information we have included
- Any information we have not included
- The case studies
- The data reported
- The design of the report

Please use the **Contact Us Form** to send us your comments.

Thank you.