

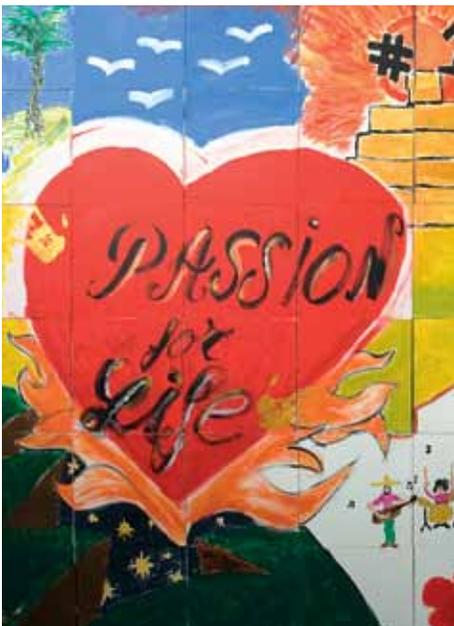
# Spirit for Life



BACARDI LIMITED

Corporate Responsibility Report

Fiscal Year 2009/10



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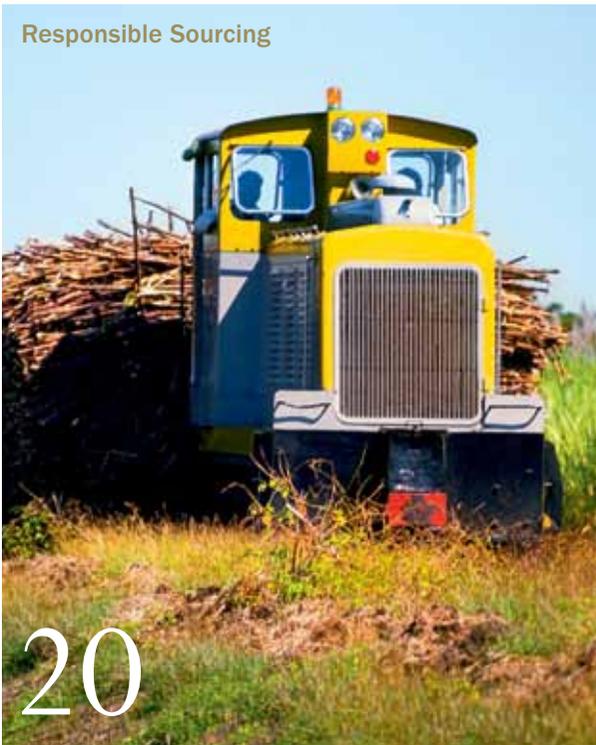
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## Our Vision

Our Purpose at Bacardi is to have Spirit for Life in everything we do. By embracing this theme we remind ourselves of our duty of care to the natural world around us: from the many agricultural environments where we source our raw materials, to the communities in which they are made, and the consumers who choose our brands.

By living every day our four Values of Trust, Caring, Passion and Excellence we also commit ourselves to building a more sustainable future for all our stakeholders.

## Our Values



### Trust

True to each other



### Caring

In all we do



### Passion

Inspired by our heritage and our vision



### Excellence

Beyond what is expected

## Highlights

### Marketplace

We have an obligation to market our products in a responsible way and to encourage our consumers to enjoy our drinks in moderation. We believe a self-regulatory approach allows consumers to make informed choices.

➔ Find out more on page 08

### What we're doing



### “Champions Drink Responsibly” campaign

We ran a program in 38 markets to engage our consumers globally in the message that “Champions Drink Responsibly”. Thirty lucky consumers spent the day with our ambassador, seven-time Formula 1™ World Champion Michael Schumacher.

### Environment, Health and Safety

With Caring as one of our Values, we aim to ensure our people are safe and well at work and that we nurture the natural environment. This is the right thing to do, as well as being good for our business.

➔ Find out more on page 14

### What we're doing



### New wind turbines at Cataño

The Bacardi distillery at Cataño, Puerto Rico is now partly powered by two wind turbines. They represent the largest wind turbine installation in Puerto Rico with a total generating capacity of 1MW.

### Responsible Sourcing

We spend hundreds of millions of dollars sourcing ingredients and raw materials to create our finished products. We need to source responsibly in keeping with our Company Values and in a way that protects the integrity of our brands.

➔ Find out more on page 20

### What we're doing



### New standard for sugar coming soon

As a member of the Better Sugarcane Initiative (BSI) Management Committee, Bacardi has contributed to the forthcoming BSI Certification Standard, which will help raise production standards and improve conditions in the sugarcane industry.

### People

It is a fundamental principle of Bacardi that our success is due to great brands and outstanding people. We have launched a “ONE Bacardi” initiative to better connect and align all of our employees across the globe behind one set of Values, strategies and common ways of working.

➔ Find out more on page 26

### What we're doing



### “ONE Bacardi” launched across the Company

This painting was created by staff at our Global Operations office in Geneva as part of the “ONE Bacardi” rollout. Staff worked together to create this impressive visual representation of the Bacardi Values.

### Philanthropy and Community Involvement

Wherever we operate around the world, we play an active role in contributing to the local community. Taking part in philanthropy and community programs generates a strong sense of pride in our employees and this is part of our heritage.

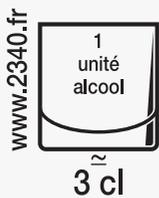
➔ Find out more on page 30

### What we're doing



### From Banners to Bags

Bacardi Puerto Rico employed a small sewing cooperative to recycle used promotional banners into reusable shopping bags. Other companies followed and the cooperative rehired 10 women who had been laid off.



### Educating consumers about alcohol content

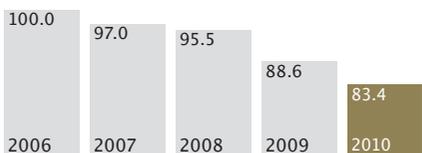
Bacardi Martini France introduced pictograms for use on all spirits and wine-based products in the portfolio, clearly displaying on the back label the size of the beverage in centiliters that contains one alcohol unit, irrespective of alcohol type.

### Measuring the results

37m

Combined circulation of the 700+ pieces of print and online coverage for “Champions Drink Responsibly”

We have reduced the energy used per unit of product by 5.9% this year, and by 16.6% over the past four years.



### Measuring the results

18.9%

Reduction in greenhouse gas emissions in fiscal 2010

8.6%

Water use efficiency improvement in fiscal 2010



### Embedding responsible sourcing

In the past year there has been a good development of the knowledge of our Responsible Sourcing Program and the related standards and issues within our business, especially within the global and regional procurement teams.

### Measuring the results

175

Number of suppliers' sites linked to Bacardi on Sedex, the database for sharing ethical audit data

“Being “ONE Bacardi” is fundamental to our future success and sustainability as a company.”

**Séamus E. McBride,**  
President and CEO

### Measuring the results

230

Senior managers attended the “ONE Bacardi” launch event in Barcelona

6,000+

Employees had learnt about “ONE Bacardi” and Spirit for Life, three months after launching in Barcelona

### Bacardi giving is focused in five key areas

- Education
- Environment
- Health and Social Services
- Arts and Culture
- Disaster Relief Assistance

### Measuring the results

\$4m

Reported giving by Bacardi companies and brands in fiscal 2010

2,021

Reported hours of time volunteered by Bacardi employees in the year

## Who We Are

The world's largest privately owned spirits group with some of the world's most recognized brands.

### Key numbers

# 100+

Markets where our products are sold

### Where we operate

#### Our 5 largest markets

U.S.A.  
Mexico  
France  
Spain  
U.K.

#### Our 5 largest production facilities

Cataño, Puerto Rico  
Pessione, Italy  
John Dewar and Sons Limited, Scotland  
Jacksonville, U.S.A.  
Tultitlan, Mexico

#### Top 5 sourcing countries by volume

Italy  
Mexico  
Scotland  
Brazil  
Dominican Republic

# 6,000+

Employees across the world

# 59m

9-liter cases of our Group brands sold in 2010

### Leading brands

We have six core global brands and a strong portfolio of local brands. Our global brands are: BACARDI rum, GREY GOOSE vodka, DEWAR'S Scotch whisky, MARTINI vermouth, BOMBAY SAPPHIRE gin and ERISTOFF vodka.



### Our value chain

#### Raw materials and production

Natural ingredients such as sugar, grain or grapes, herbs and spices are distilled or fermented to long-established recipes.



#### Packaging and distribution

Our products are then bottled and shipped through complex distribution channels to our customers.



#### Importance of consumers

Our consumers purchase our brands from a variety of retail outlets, mainly supermarkets, restaurants and bars.



## Our Chairman and Chief Executive

Our third Corporate Responsibility Report brings a significant step change in our history at Bacardi. The transformation of the business we signaled last year accelerated with the launch of “ONE Bacardi”, a global program which pulls together all the key functions of the business, unifying our business processes, and providing a clear business strategy for the future.

In defining our purpose as Spirit for Life, and providing the training, support and encouragement to all our people to live the Bacardi Values of Trust, Caring, Passion and Excellence, we aim to embed our initiatives in Corporate Responsibility across the business to benefit all our stakeholders. This is an ongoing process and this report highlights key activities which demonstrate our achievements to date.

We are signatories to the United Nations Global Compact (UNGC) and are committed to meeting its obligations. One of those is to publish a statement of our progress which is here in this report (see page 36).

In the area of responsible marketing we have updated our Global Marketing Principles and continued to promote responsible drinking. Our “Champions Drink Responsibly” campaign has developed in an exciting fashion including coverage on the BBC Top Gear™ program, which is seen by a global audience of 350 million people. We hold a leading role in the industry liaison body which was consulted by the World Health Organization (WHO) as it prepared a Resolution on a Global Framework for Alcohol Policy. Bacardi chaired a group of CEOs from beverage alcohol companies and created three major initiatives, recognized by the WHO Director-General as a welcome contribution to reducing alcohol-related harm.

The launch of our first wind turbines at our Puerto Rico distillery signaled our commitment to harness renewable sources of energy. We intend to expand this initiative to other plants where it makes sense to do so. Making changes to our packaging materials will also help us to reduce our carbon footprint. We have already made a good start “right-weighting” our glass bottles in the ERISTOFF global pack redesign. In fact, our efforts to become more energy efficient – and to reduce our water use – have been so successful that we have exceeded our five-year targets a year early.

Our focus on improving our Operations processes was recognized in the Company obtaining the “Triple Crown” of certification – ISO 9001, ISO 14001 and OHSAS 18001 certification for all our production sites worldwide. This is a tremendous achievement by our Global Operations team.

Increasingly, our suppliers are registering with the Sedex database to share their ethical performance data, and we are actively participating in the Better Sugarcane Initiative to develop a certification scheme for sugar. We still have a long way to go in building sustainability into our supply chain, so that it underpins our future growth and protects the environment.

We are excited by our transformational leadership program. “ONE Bacardi” will help us achieve globally consistent, high levels of performance. It supports our ambitions for significant future growth and will create opportunities for the great people we have working at Bacardi to fulfill their potential.

This year, our people everywhere have once again responded magnificently to their communities’ needs. For example, employees in the U.S.A., Puerto Rico and the Dominican Republic donated pallets of emergency supplies for victims of the Haiti earthquake. We also made donations for disaster relief in several countries including Chile, China and Cuba. In other communities, our people have responded to local needs with energy and enthusiasm, volunteering their time and altogether donating \$4 million.

We continue to seek feedback from all our stakeholders both formally and informally, and wish to thank those who contributed last year.

We are on an exciting journey in transforming our company to meet future growth opportunities in a sustainable way and we would welcome your comments on our progress.



**Facundo L. Bacardi**  
Chairman

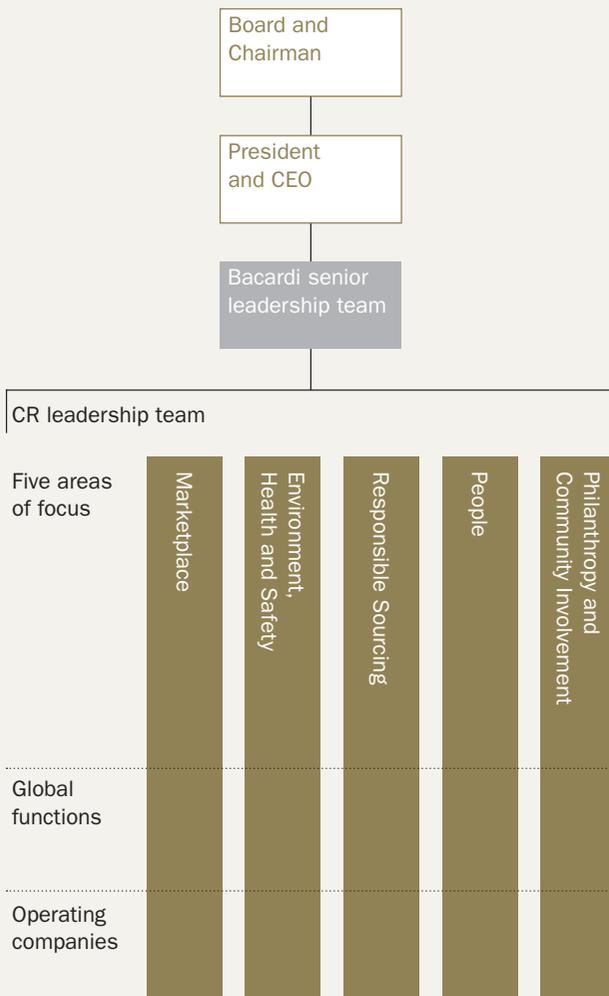
**Séamus E. McBride**  
President and CEO



## Being Responsible

Caring and Excellence are two of our four Values. They run through everything we do. We care for the environment around us and the communities in which we operate and this is reflected in our Corporate Responsibility Program. We constantly aim for excellence by striving to be the best at what we do. We encourage leadership at all levels of our business. As we transform our business into “ONE Bacardi”, our Values bind us together and help us create robust systems of good governance.

### Our Governance Structure



### How does your leadership ensure overall accountability?

Overall responsibility for the Corporate Responsibility (CR) strategy rests with the VP Corporate Planning, who is a member of the Bacardi senior leadership team. The VP Corporate Planning coordinates all CEO initiatives. Reporting to him is a Corporate Responsibility leadership team (CRLT) which comprises senior managers from various global functions and operating companies from around the world. The CRLT has responsibility for the five core pillars of our Corporate Responsibility Program. Individual CRLT members communicate with people in their functional pillar about the CR Program.

### Policies and Corporate Responsibility targets

We have developed policies for each of the five pillars of our Corporate Responsibility Program and targets are now being integrated into our corporate planning system. This provides for greater visibility of progress against the agreed targets, which will support our business transformation process and will ensure alignment of our objectives globally.

### Adhering to international standards

Our Environmental Policy adheres to the Precautionary Principle established by the 1992 Rio Declaration on Environment and Development. This states that complete scientific certainty is not necessary before measures are taken to prevent environmental damage.

Our employee Code of Conduct is based on widely recognized principles of sound governance and articulates our high standards on issues such as legal compliance, conflicts of interest, financial reporting, competition, anti-corruption practices and social responsibility. Each year our key managers have to certify their compliance with the Code of Conduct and expressly note any exceptions. The certifications are reviewed by our Compliance Committee and the results are reported to the Audit Committee of the Board of Directors.

# Building Dialogue

We recognize that we need to connect with those groups who affect or are affected by our business – our stakeholders. They are all important to us. We need to consider their interests as we seek to develop our business.

We do not operate in isolation. For 148 years we have recognized we are part of the society around us. So we understand the need to engage our stakeholders in dialogue. For example, we work with our consumers to communicate responsible drinking messages and with our suppliers to make sure that they meet our Responsible Sourcing Standards.

We actively engage with all of our stakeholders so that we know their concerns and can respond accordingly. By listening to them and through our own internal business processes, we are able to prioritize the most important issues for us to address. This process of establishing our most material impacts as a business has determined the content of this report.

Our ultimate stakeholder is the consumer who buys our products. At the end of fiscal 2010 we initiated a consumer research program to explore attitudes to Corporate Responsibility generally and more specifically in relation to the responsibilities of companies like Bacardi. We asked consumers about the issues which they consider to be important and what environmental and social initiatives were relevant for Bacardi to undertake.



## Marketplace



### Key achievements

#### Michael Schumacher was my Designated Driver!

Stéphanie was impressed by Michael Schumacher's driving but also by his commitment to the message that drinking and driving don't mix. Since her return to Bacardi France, Stéphanie has been enthusiastically spreading the message that, if you are out drinking, you should get a Designated Driver like she did!

➔ Visit [www.championsdrinkresponsibly.com](http://www.championsdrinkresponsibly.com)



Just before our drive I asked Michael: “Are you going to impress me?” He did!

**Stéphanie Touchet,**  
Junior Brand Manager, Bacardi France

Most consumers who choose to drink alcohol do so in moderation. However, alcohol can cause harm if it is misused. We therefore feel we have an obligation to both market our products responsibly and encourage consumers to drink in a responsible manner. We believe that our self-regulatory approach is one of the most important ways in which we can contribute to combating the harmful use of alcohol, so that consumers can make informed choices.

### How does this challenge our business?

We respond positively to multiple challenges in our industry, including pressures to restrict the availability of alcohol, limitations on advertising content and placement and calls for higher taxes.

One of the ways in which we meet these demands is by adhering to marketing codes in our businesses across the world and by having an integrated communications approach to educating consumers about drinking responsibly.

It is very difficult to estimate how many people have changed their behavior as a result of a particular campaign. We do track how many “opportunities to see” are generated by our media work and we conduct research to test how our campaigns have been received. When we asked consumers about our “Champions Drink Responsibly” campaign, we received 600 responses. Of these, 79% demonstrated they understood the core message that drinking and driving don’t mix. We understand that changing behaviors is a multi-year project and results will only show up in general statistics on alcohol-related harm. But we appreciate that some of our stakeholders would like to hear more from us about the effects of our consumer campaigns, and we will continue to monitor progress.

### Have we met this year’s targets?

- We successfully developed the “Champions Drink Responsibly” campaign and increased media coverage of the campaign by more than our 10% target in fiscal 2010 compared with 2009.
- We reported to the EU Commission on progress made on our commitments to the EU Alcohol and Health Forum. These are long-term projects which we continue to monitor.
- We took a leadership role in global alcohol initiatives through GAPG, a forum for engaging with the WHO and contributing towards reducing alcohol-related harm. Our CEO was the GAPG Chairman during the year under review, and, with other industry CEOs, made a formal commitment to the WHO by launching three key initiatives, through the International Center for Alcohol Policies (ICAP).
- We enhanced our work with the International Bartenders Association (IBA) to train bartenders in responsible selling, mainly in the EU and Asia, and exceeded our target of reaching 20,000.
- We partially achieved our ambition to strengthen trade associations in developing markets. Progress was made with TABBA (Thailand) and FSPA (China) in developing their agendas and increasing investment and focus. Bacardi Chile took the Chair of APROCOR, its local social aspects organization. We continue to work with other companies in Central America to see if we can form an effective trade association which should also focus on social aspects.
- We have achieved our aim to have responsibility messages on all packaging materials.
- We have achieved compliance with the European Spirits Organisation (CEPS) European Compliance Charter and implemented the Bacardi Global Marketing Principles in those EU countries where our brands are distributed.

# 30

winners of our Designated Driver competition were driven by Michael Schumacher at the Ascari Race Track in Spain

# 37m

combined circulation of the 700+ pieces of print and online coverage for “Champions Drink Responsibly”

### Kids and alcohol don’t mix!

Congresswoman Ileana Ros-Lehtinen joined The Century Council to bring “Ask, Listen, Learn: Kids and Alcohol Don’t Mix” to the Hank Kline Boys and Girls Club in Miami, Florida in February 2010. The program encourages kids to “say ‘YES’ to a healthy lifestyle and ‘NO’ to underage drinking”.

→ Visit [www.asklistenlearn.com](http://www.asklistenlearn.com)



### Driver's Corner

Over 36,000 consumers have visited Bacardi Germany's Driver's Corner at 68 events over the past five years. Driver's Corner encourages designated drivers by offering them free soft beverages for the evening.

→ Visit [www.driverscorner.de](http://www.driverscorner.de)

**Q** As a company based in Bermuda, what do you do there to discourage people from drink driving?

**A** Since 2007, Bacardi Limited has sponsored the free "Let US Drive" taxi service run by local responsible drinking organization CADA in Hamilton, Bermuda. The service is available on Friday nights and has so far taken 4,000 people home safely.

## Key achievements



### "Champions Drink Responsibly" campaign in Italy

The Italian business set up a "Champions Drink Responsibly" page on Facebook™ to communicate the responsible drinking message. The page includes campaign information, the virals and discussion and comments.

## How do we reach consumers?

### "Champions Drink Responsibly" campaign

Our flagship consumer campaign uses seven-time Formula 1™ World Champion Michael Schumacher to promote the idea that drinking and driving don't mix.

This year's focus was about going beyond raising awareness: ultimately we want to engage consumers and influence their behavior. This is a challenging and ambitious agenda. In the future the message that drinking and driving don't mix will sit under a broader theme about responsible drinking in general. We plan to appoint another ambassador next year to lead this expansion.

### Michael Schumacher – Designated Driver competition

This competition encouraged consumers and employees to engage with the "Champions Drink Responsibly" campaign, and to complete their entry they had to answer a few questions about drinking and driving.

Thirty consumers and four employees each won an all-inclusive trip covering flights, accommodation and food to the Ascari Race Resort in southern Spain and a drive with Michael Schumacher as their "Designated Driver". The winners also learnt more about their options when going out as a designated driver, with our BACARDI brand mixologist making a selection of non-alcoholic cocktails for them.

Day two of the event was opened up to selected media from around the world (excluding the U.S.A.) to enjoy a drive with Michael and talk to him about the campaign. The invited media – including Hello!, OK! and Maxim – had an audience that matched the campaign's target demographic of Legal Drinking Age (LDA) – 34-year-olds. The combined global reach of all media outlets at the event (which consequently reported on the campaign) was 37 million people.

The Designated Driver competition took place in 38 participating markets and one in three employees also entered for their chance to be an employee winner. The competition resulted in more than 250,000 visits to the "Champions Drink Responsibly" Web site.

### Spreading the "Champions Drink Responsibly" message

In June 2009, Michael Schumacher was "revealed" as The Stig™, the mystery driver on the hugely popular BBC TV show



### Responsible driving

At a BACARDI B-Live event in Thailand, we served 750 alcohol-free cocktails and booked cabs for over 350 people at our "Champions Drink Responsibly" stand.

Top Gear™. During the show, Michael Schumacher explained his role with Bacardi Limited and promoted the “Drinking and Driving Don’t Mix” message. The show was seen by 7.3 million viewers in the U.K., with an estimated global audience of 350 million people.

The drink driving simulation viral was also launched on BBC Top Gear™. The viral featured Michael Schumacher and simulated the effects of drinking alcohol while driving. The viral was seeded on YouTube™ and also other digital sites. To date, this first viral has received over 171,000 hits. It can be viewed at [www.youtube.com/bacardiltdchampions](http://www.youtube.com/bacardiltdchampions).

A second viral featuring mixology premiered in front of 70,000 people in November 2009 at the Race of Champions event in Beijing, China. The event had a worldwide audience of 16.9 million people. This viral challenges one of the world’s best mixologists, Salvatore Calabrese, to make a cocktail in the passenger seat of a car while being driven by Michael Schumacher. Calabrese fails to make the beverage, thus proving that drinking and driving don’t mix. To date, more than 400,000 people have seen the viral.

The campaign was the winner of the 2009 Public Relations Consultants Association (PRCA) award for Best CSR Campaign.

### Campaign for Smarter Drinking

In the U.K., Drinkaware, a charity funded by the drinks industry and trade, created the national “Why Let Good Times Go Bad?” campaign, which is the five-year, \$150 million commitment by the industry to produce a responsible drinking campaign. In particular, the campaign targets binge drinking by LDA – 24-year-olds. Without talking down to LDA adults, the campaign, which was launched in September 2009, uses engaging imagery and helpful suggestions to challenge young people’s behaviors.

Five million Bacardi products carried neck collars to communicate the campaign’s messages, which also appeared on shelves, fridges, mirrors and beer mats.

### Advising Russian consumers

In Russia, we successfully implemented a consumer awareness campaign in liquor stores. Between August and December 2009, Bacardi representatives appeared regularly in 11 Moscow stores to educate customers about how to make

cocktails with our products. As part of this, they promoted responsible drinking. This was prompted by actions the Russian authorities had taken to tighten drinking regulations and a recognition that we need to play our part in tackling problem drinking in Russia.

### Reaching consumers through the trade

#### Working with bartenders

Since 2006 we have enjoyed a growing relationship with the International Bartenders Association (IBA). Working with the IBA’s educational committee, we produced a new video to improve the delivery of the IBA’s Social Responsibility training module for bartenders. Internally, our new Global Sales Effectiveness team is looking at a number of issues to promote and share best practice, including the perfect serve of our products. In the U.K., a module called “Pour fection” will be developed into a manual of best practice during fiscal 2011.

#### Some cocktails are lower alcohol than other beverages

Our premium products are designed to be savored; we are not in the business of promoting volume consumption. Our ambition is to increase our market share from other alcoholic beverages by emphasizing the quality and experience of enjoying our products.

Many of our products make the perfect base for cocktails. In the U.K., we introduced a Summer Drinks Menu for our on-trade market, showing that a measure of spirits and a mixer makes a refreshing summer beverage that is also lower in alcohol content than the beer and wine alternatives: a spirit measure plus a fruit juice or mixer is 1.4 units; a pint of 4% beer is 2.4 units; while a 250ml glass of wine is 3 units.

### What role does the business transformation process play?

The business transformation process, which started with the launch of “ONE Bacardi” in September 2009, redefined the roles and responsibilities of key executives at a local, regional and global level. For example, local country managers are now responsible for external affairs activities in their markets, including both responsible marketing issues and philanthropy and community involvement. Their performance in these new areas of responsibility is now assessed as part of their regular management review.



### Using new channels to engage consumers

As the sponsor of the Gold Coast Titans rugby league club, Bacardi Australia used TV adverts at the games as well as the team’s Web site to promote the chance to win a drive with Michael Schumacher.



### “Why Let Good Times Go Bad?”

This Drinkaware campaign in the U.K. tackled binge drinking by LDA adults. This image of a pint glass with “H<sub>2</sub>O” written on it as if it were a beer brand name was supported by the line “Free pints all night – ask your bar staff for a drink of water”.

## How do we encourage our people to practice responsible marketing?

We work hard to create awareness among our global marketing colleagues about the issues facing the industry as we are committed to complying with the marketing codes to which we have agreed.

Our Global Marketing Principles, first launched in 2004, are our marketing code and underpin our global marketing compliance. Together with the implementation Guidelines which we published in 2007, this now represents the platform for our responsible marketing strategy. For more information see [www.bacardilimited.com](http://www.bacardilimited.com).

### Training

We launched the second edition of our Global Marketing Principles and Guidelines in September 2009. The most significant changes were in the areas of digital marketing and energy beverages. We used the launch and rollout of our "ONE Bacardi" initiative to ensure that 1,450 senior managers received their own personal copy, in addition to all our marketing agencies. All new joiners also receive a copy.

The Bacardi Marketing Way training course now includes an enhanced section highlighting the value of building sustainability considerations into brand development and innovation decisions.

With that course limited to those people who have been with the business for a minimum of two years, we have begun to develop an e-learning module for everyone in the business, and especially those in marketing functions. The course aims to build a globally consistent marketing approach by using day-to-day situations where marketers are planning and executing communications which need to conform to our marketing codes.

### Increasing internal awareness of the policy environment

In fiscal 2010, the Executive Board of the World Health Organization (WHO) endorsed a draft resolution on alcohol (subsequently adopted in May 2010) that will encourage member governments to create national alcohol policies based on a global policy framework. As this has the potential to

change the regulatory landscape in our markets around the world, we have been increasing our focus and training to engage senior management in those countries with our responsible marketing agenda.

## How do we work with other organizations?

### Global Alcohol Producers Group

Bacardi plays a significant role in the Global Alcohol Producers Group (GAPG), which is a forum for engaging with the WHO and contributing towards reducing alcohol-related harm. Our CEO was the Chair of the GAPG CEO group in the year under review. There are three key areas of work: self-regulation; drink driving; and non-commercial alcohol. These projects are overseen by ICAP, of which we are a member.

We promote the benefits of establishing a self-regulatory framework for alcohol companies as the most efficient and effective way to tackle responsible consumption issues. WHO studies in low-income countries have shown alcohol to be present in between 33% and 69% of fatally injured drivers. We work closely with local trade bodies and senior government officials in these countries to establish how best to increase awareness of alcohol harm and to discourage drink driving. We also work with policymakers to learn more about the impacts from the non-commercial alcohol sector, where traditional local beverages and counterfeit products are unregulated.

### EU Alcohol and Health Forum

We take part in the meetings of the EU Alcohol and Health Forum and, in April 2009, we exhibited at the Open Forum. As well as showcasing our commitments to the Forum, we brought examples of our Global Marketing Principles and the IBA bartender training guide, which participants were free to take. In April 2010, we reported to the Commission on progress made on the three commitments in calendar year 2009.

### EU Road Safety Charter commitments

We have signed the EU Road Safety Charter which commits us to sharing good practice on road safety. The EU target set in 2006 to halve road accidents by 2010 will not be met but policymakers have welcomed the development of our successful "Champions Drink Responsibly" campaign.

## Key achievements

### Advertising the right way to drink

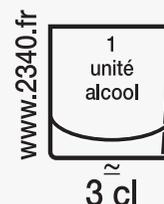
Our Spanish and Dutch businesses played a leading role in their respective trade associations and social aspects organizations producing TV and Internet campaigns to promote responsible drinking.



### Knowing your limit

Bacardi Martini France introduced pictograms for use on all spirits and wine-based products in the portfolio, clearly displaying on the back label the size of the beverage in centiliters that contains one alcohol unit, irrespective of alcohol type. The supporting Web site is named after the recommended maximum unit intake for men and women. It also communicates on the alcohol equivalency between standard glasses of wine, beer and spirits.

➔ Visit [www.2340.fr](http://www.2340.fr)



### EFRD and CEPS

We are members of the European Forum for Responsible Drinking, the spirits industry's social aspects organization, and also the European Spirits Organisation (CEPS), which is the industry's trade association. CEPS has long had a commitment to responsible marketing and promoting responsible consumption and we are on track to meet our 2010 commitments to the CEPS European Compliance Charter. One element of this is the commitment to include responsible drinking messages on 75% of all advertising, where laws permit.

### Promoting responsible drinking in the U.S.A.

Bacardi U.S.A., Inc. continues to be a proud member of The Century Council (TCC), a national not-for-profit organization dedicated to eliminating underage drinking and drink driving, as well as promoting responsible decision-making about beverage alcohol. The Company provided additional support to several TCC activities this past year.

In October 2009, Congresswoman Debbie Wasserman Schultz partnered with TCC to bring a life-saving lesson about the dangers of drink driving and underage drinking to Fort Lauderdale High School students. During National Teen Driver Safety Week, Brandon Silveria, a young man who was involved in an alcohol-related crash at age 17 just before his high school prom, and his father Tony spoke to students about the importance of "making the right choice" about alcohol. And if students are under the age of 21, the only responsible decision is not to drink.

Bacardi U.S.A., Inc. helped the Oregon Liquor Control Commission to create and distribute a televised public service announcement for its Safe Holidays campaign.

### Developing countries

Working in developing countries presents different challenges. It is often the case that governance systems there are weaker than they are in the developed world and we have a responsibility to strengthen industry and trade representation. However, imported products often form a small share of the local market which limits our influence in developing self-regulatory initiatives.

This is the case in China. Nonetheless, the Foreign Spirits Producers Association, of which Bacardi is a member, extended its work there this year by running a drink driving campaign which included statements on brand advertising as well as partnership projects. The association also produced a social responsibility brochure to highlight the various different initiatives being undertaken by importers.

### Active Mexican trade association

Fundación de Investigaciones Sociales, A.C. (FISAC) was formed in 1981 by Mexico's leading wine and liquor companies, traders and mass media outlets. It actively promotes responsible marketing and drinking. One major program is TIPPS – interactive workshops to promote healthy living. The workshops are designed to give teachers, parents and health professionals the tools they need to educate young people about the potential harm from misusing alcohol and the benefits of a healthy lifestyle.

In order to evaluate TIPPS and make improvements, FISAC questionnaires were filled in before and after the course by a sample of 221 students from public and private high schools. The results showed a change in their knowledge and attitude towards drinking alcohol in moderation.

### Presenting our point of view

We lobby national and international legislators and promote our view that we feel we can meet our responsibilities to society largely through a self-regulatory approach. This does not, however, mean we are against all forms of legislation in this area.

For example, as a member of The Century Council, Bacardi U.S.A., Inc. continually monitors and supports state legislative efforts to fight hardcore drink driving and selling to minors. In 2010, The Century Council submitted letters or testimony in support of 17 anti-drink driving bills in 11 states: Alabama, California, Indiana, Kansas, Maryland, Michigan, Missouri, South Carolina, Tennessee, Virginia, and Wyoming. These legislative solutions range from rehabilitative and educational programs to penalties.



### BACARDI BREEZER – the lower alcohol option

In the U.K. we produced shelf barkers to inform shoppers that our BACARDI BREEZER coolers were lower in alcohol than many of the other beverages they could buy.

## What next?

- Actively engage in the Global Alcohol Producers Group (GAPG) in specified markets where Bacardi has a significant presence.
- Consider our current commitments to the EU Alcohol and Health Forum and broaden these through additional projects.
- Develop additional tools to support the Global Marketing Principles training in order to drive marketing compliance.
- Develop the "Champions Drink Responsibly" campaign so as to reach a wider audience.

## Environment, Health and Safety

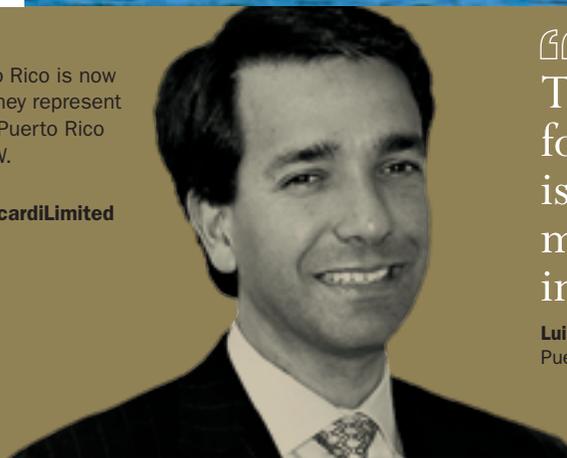


### Key achievements

#### New wind turbines at Cataño

The Bacardi distillery at Cataño, Puerto Rico is now partly powered by two wind turbines. They represent the largest wind turbine installation in Puerto Rico with a total generating capacity of 1MW.

➔ Visit [www.youtube.com/user/BacardiLimited](http://www.youtube.com/user/BacardiLimited)



This sort of forward thinking is exactly what we must encourage in Puerto Rico.

**Luis G. Fortuño,**  
Puerto Rico Governor

Our success is built on the best efforts of our people and we strive to ensure they are safe and well at work. With Caring as one of our Values, we also aim to sustain the environment so both the Company and people everywhere can enjoy the planet's natural resources now and in the future.

**Why are Environment, Health and Safety so important?**

We have a responsibility to steward the planet's finite resources as we run our business. Similarly we recognize our obligation to limit our carbon footprint: man-made climate change threatens the future of our planet, and people and businesses everywhere must take action. As well as being the right thing to do, managing Environment, Health and Safety (EHS) risks is also good for our business. Reducing our CO<sub>2</sub> emissions through energy efficiency measures will save us money; looking after our people and producing less waste will help us meet the expectations of our consumers and customers and maintain our license to operate; and being frugal with natural resources means we will continue to have access to the raw materials we need to manufacture our products.

**What are the challenges we face?**

There is a generally reduced acceptance of risk in society today and a growing understanding that the environment needs greater protection. So the key challenge we face is one of increasing expectations from customers and consumers and, on their behalf, regulators, who are concerned about a broader range of areas. This impacts our products, our packaging and point-of-sale (POS) items. Greater stringency on EHS performance also affects our suppliers because we need them to meet higher standards.

**Have we met this year's targets?**

- We have continued to improve the Bacardi EHS Global Standards and Codes of Practice. Two new Codes were implemented covering EHS Assessment of Capital Projects and Workplace Transport Safety; and all Codes have achieved more than 95% compliance among our worldwide operating plants.
- We successfully achieved certification of all our facilities under ISO 14001 and OHSAS 18001 by our deadline of December 2009.
- We have improved our EHS reporting, with all sites now routinely reporting minor injuries and environmental incidents. The reporting (and investigation) of serious near misses has also significantly increased.
- We successfully reduced our lost time accident rate (LTAR) to 5.6 per million worked hours, bettering our target of 6.1 and achieving a 16% improvement compared with fiscal 2009.
- We achieved a water efficiency improvement of 8.6% and improved our energy efficiency by 5.9%, significantly exceeding our internal goal for each.
- Excellent progress was made in fiscal 2010 as the commercial side of the business was constructively engaged on the topic of developing sustainability criteria into innovation activities. Several right-weighting projects were implemented and the drafting of a Sustainable Packaging Manual was initiated.

1MW

total generating capacity of the new wind turbines

900

tonnes of CO<sub>2</sub> saved by having wind turbines instead of using energy from fossil fuels

**Changing tomorrow's supply chain today**

Bacardi is a member of the Future Supply Chain (a collaboration between senior business managers and the Capgemini consultancy), which has conducted a study into how to improve the sustainability of supply chains in Europe. Following the launch of the 2016 Future Supply Chain document in 2008, Bacardi is now also part of the working group that is organizing the pilot of a new logistics model alongside companies such as Mars and Nestlé.

### How do we manage these challenges?

We take a management systems approach to quality, environment and health and safety. In fiscal 2010, Bacardi became the first major spirits company to achieve certification under the International Organization for Standardization’s ISO 9001, ISO 14001 and the Occupational Health and Safety Assessment Specification OHSAS 18001 for all our production facilities worldwide.

This “Triple Crown” of certification goes to the heart of our commitment to our consumers, employees and trade partners to deliver the finest quality brands available and the safest working conditions, as well as to reduce our impact on the environment. It demonstrates that our longstanding pursuit of excellence in everything we do is consistent with the concept of continuous improvement embodied in the management systems approach.

### Is EHS really embedded in how we do business?

The Company is working on achieving success through becoming “ONE Bacardi” and our efforts to build a consistent safety culture throughout Bacardi are entirely consistent with this initiative. Our commitment to EHS also reinforces the company’s four Values, and, in particular, Caring.

Under the “ONE Bacardi” program, EHS issues have become increasingly central to how we do business. We had already made EHS integral to site operations through the use of Key Performance Indicators (KPIs). We have now developed the Bacardi Operating System (BOS) to define best practice for our manufacturing sites. This includes best practice in the areas of Lean Manufacturing and Quality, as well as EHS. And we have begun to evaluate our sites’ status (“bronze”, “silver”, “gold”) against a comprehensive set of EHS criteria, including safety and resource efficiency. We will use the results of these evaluations internally to drive improvements.

Through training and awareness, we are increasingly making EHS considerations routine for commercial decision-making. EHS is now formally considered for all new capital projects and when our new Sustainable Packaging Manual is completed in 2011, environmental issues will be routinely part of our packaging decisions.

### Are we improving our performance?

Yes we are. We have made significant progress against all our KPIs: water use, energy use, greenhouse gas emissions and lost time accident rate.

### How we measure our performance

Bacardi measures performance in two ways: absolute totals and efficiency metrics. Absolute measures are straightforward – for example, total number of accidents, total quantity of water consumed. Efficiency metrics are normalized against an appropriate output or other parameter – for example accidents per one million hours worked or water used per unit of product manufactured. Efficiency metrics are calculated by taking a weighted average of the individual efficiencies of the different products and processes used throughout the business. In this way, we prevent arbitrary distortions of the overall efficiency factor by changes in our product mix or sourcing location.

### Water use

In fiscal 2010, total water consumption reduced by 27.3% over the previous year and by 41.4% over the past four years. Twenty per cent of the drop in 2010 is due to improved water use efficiency and the remainder is due to increased outsourcing. The water saved over the past four years is more than 1.35 billion liters, a quantity that if shipped by rail would require a train more than 217km long.

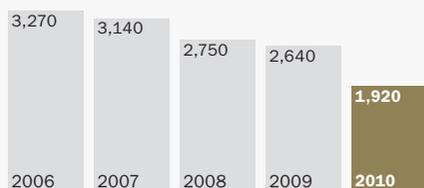
Water use efficiency, that is the amount of water we use per unit of output, improved by 8.6% over the previous year, and by 17.4% over the past four years. This means we have already exceeded our five-year target of a 15% reduction.

## Key achievements

**27.3%**

reduction in water consumption this year

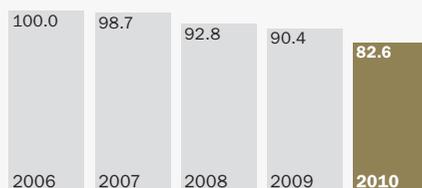
Total water use cubic meters (000s)



**8.6%**

improvement in water use efficiency this year

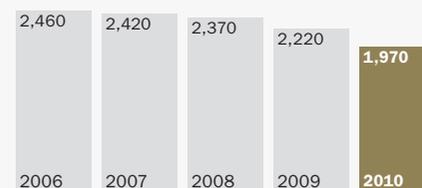
Water use efficiency – combined index



**11.3%**

reduction in total energy used this year

Total energy used gigajoules (000s)





**Renewable energy in Italy**

Our Italian operations, including manufacturing sites at Pessione and Santo Stefano Belbo and offices in Turin and Milan, have contracted for renewable hydro-electric power supply totaling close to 10,000 megawatt-hours per year, leading to zero CO<sub>2</sub> emissions instead of 4,000 tonnes per year.

We have achieved this by encouraging a sharper focus in this area. Sites have responded by a combination of better operating discipline and conservation measures, as well as by installing new water-efficient equipment.

**Energy use**

Our total energy use reduced by 11.3% over the previous year and by 19.9% over the past four years.

To evaluate our progress on total energy use, we must calculate the total fuel we have used. Our working assumption is that our electric power is generated from burning fuel with a conversion efficiency of 33.3% (the approximate international average). In the future, we plan to focus more on carbon emissions since the data are more readily available.

Our energy efficiency improved by 5.9% over the previous year, and by 16.6% over the past four years.

We have now surpassed our five-year target of 12% improvement. Similarly to our water use efficiency, this has been achieved through better operating discipline, conservation measures and installing new, more efficient equipment and energy recovery systems.

**Energy sources**

The push to increase our use of renewable energy continues to show good progress. The overall use of renewable fuel (biogas) as a percentage of total fuel dropped slightly in fiscal 2010 but our use of renewable electricity increased significantly thanks to a new contract for hydroelectric power for our operations in Italy. As a result, the portion of total renewable energy (electricity and fuels) currently being used by our manufacturing facilities is 30% more than in fiscal 2009 and 70% higher than in fiscal 2006.

**Greenhouse gases**

Bacardi continues to reduce greenhouse gas (GHG) emissions through improved energy efficiency, shifting to fuels with lower carbon emissions and an increased reliance on renewable energy. In fiscal 2010, we reduced our total GHG emissions by 18.9% from the previous year. Over the past four years we have reduced our GHG emissions by 30.6%.

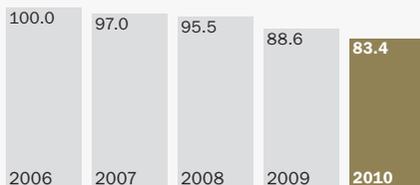
Our GHG intensity – that is the quantity of GHG emissions per unit of production – did almost as well. Our GHG intensity reduced by 9.2% over the previous year. Over the past four years, we have reduced our GHG intensity by 25.1%.

While we did not set a five-year target for GHG emissions, we anticipated that we could achieve a reduction in GHG intensity commensurate with our energy efficiency target, i.e., a five-year improvement of about 12%. We have exceeded that target, achieving more than twice that percentage in only four years.

5.9%

improvement in energy efficiency this year

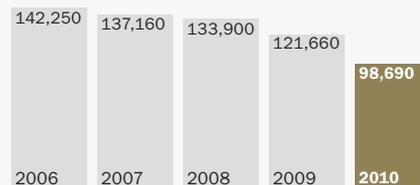
**Energy efficiency – combined index**



18.9%

reduction in greenhouse gas emissions this year

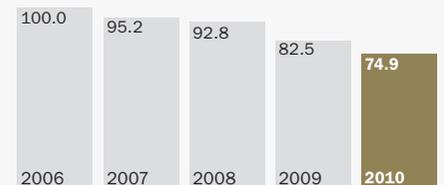
**Total CO<sub>2</sub>e tonnes**



9.2%

improvement in greenhouse gas intensity this year

**GHGs per unit production**





**Heat recovery system at La Galarza, Mexico**

Our distillery in La Galarza, Mexico installed a heat recovery system, transferring heat from the “vinaza” – the stillage from the distillation process – to the water entering the boiler. The system has increased the distillery’s energy efficiency by 16%.

**Q How do the smaller production sites reduce energy and water consumption?**

**A** Upgrading equipment and providing training to staff works everywhere! By fitting a new bottle rinser rather than a bottle washer and by training employees about water consumption, our small facility in Uruguay has reduced its water consumption by nearly 40% over the last two years. Over the same period, upgrading the electrical system, removing obsolete equipment and replacing the plant lighting system have reduced energy consumption by a quarter.

**Lost time accident rate**

We continue to improve our safety record, lowering our lost time accident rate (LTAR) to 5.6 accidents per million worked hours, a 16% improvement over the previous year (6.7). We are therefore ahead of our 2011 target of a rate of 6.0. We have achieved this by establishing safer working methods through strict adherence to our Codes of Practice, by including safety in the performance evaluations of all Operations employees and through the increased operational discipline required by our management systems under OHSAS 18001. However, the LTAR is dynamic, so we will continue to focus on this key area for the business.

**Absence rate**

We continue to focus on improving the reporting accuracy of absence rate. We now believe that operating sites are doing a good job of reporting absence as we define this metric. Recent results show an increase in the reported rate, which likely reflects more complete reporting of absence rather than an actual increase in absences. No five-year target was established for this metric.

**Spills and releases**

Bacardi sites reported a number of minor releases under our rigorous environmental reporting system such as a small spillage of product or raw material while filling tanks or containers, or breakage of product bottles resulting in clean-up of spilled product and waste. However, no significant environmental spills or releases were reported in fiscal 2010.

**Fines and prosecutions**

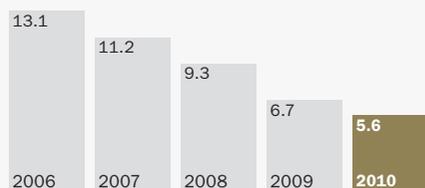
In fiscal 2010, we received no material fines relating to environmental compliance. We have defined “material” as any fine greater than \$5,000.

**Key achievements**

**16%**

reduction in lost time accident rate this year

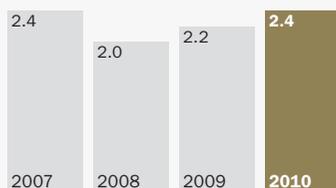
Number of lost time accidents per million worked hours



**9%**

increase in reported employee absence rate this year

Employee absence rate (%)



**Naturally lighter and brighter**

At our Bacardi Brazil facility, installing clear roof panels has allowed more natural light in and reduced the amount of energy used to illuminate the site.

### Sustainable packaging

We recognize that around half of our broad carbon footprint (i.e., including suppliers and distribution) comes from packaging and this is therefore a key area of focus for us.

We have taken steps to reduce the weight of some products in our markets. In the US we have moved our 1.75-liter CASTILLO rum and BACARDI Party Drinks ranges from glass containers to PET, reducing the weight per bottle by 834g. We anticipate this will save more than 3,226 tonnes of GHG emissions per year. In Europe we have harmonized the BACARDI BREEZER portfolio to one 275ml version and reduced the bottle glass weight by 19g. This will save 9.3% in weight and an estimated 1,400 tonnes of GHG emissions.

We are also taking the concept of “right-weighting” into each redesign. For example, the newly redesigned ERISTOFF vodka bottles are lighter than the previous version. To ensure this concept of “right-weighting” is embedded into our ways of working, we are developing the Bacardi Sustainable Packaging Manual which will be rolled out to Marketing and Innovation teams, plus all the Packaging Development teams around the world.

### Working with industry colleagues

Bacardi has actively participated in working with other major beverage companies through the Beverage Industry Environmental Roundtable (BIER) to advance sustainable practices in our industry. In the first quarter of 2010, BIER completed Beverage Industry Sector Guidance for Greenhouse Gas Emissions Reporting. This groundbreaking document builds on internationally recognized reporting protocols to establish standardized methods for establishing a GHG inventory for operations and practices unique to the beverage industry. Bacardi is currently working with a team of industry peers through the Beverage Industry Environment Roundtable to develop a similar protocol for establishing a water footprint for beverage operations.



#### Biodiversity at Poniel, Scotland

At our new warehouse facility in Poniel, Scotland we have planted a total of 82,000 trees and shrubs as well as areas of grassland and wildflower zones. The site also contains water habitats in the form of a Sustainable Urban Drainage System (SUDS) retention pond and two natural watercourses. Protected species such as water vole, otter and birds including nesting oystercatchers have already been seen at the retention pond.



#### Having a better party

In the U.S.A., our BACARDI Party Drinks range is now packaged in PET instead of glass. The change means we use less energy transporting the lighter weight bottles.

### What next?

- Deliver continual improvement in environmental performance.
- Improve lost time accident rate by 10% on fiscal 2010.
- Maintain 100% certification in ISO 14001 and OHSAS 18001.
- Expand Safety Performance Tracking to all Company activities.
- Complete Bacardi Sustainable Packaging Manual.

## Responsible Sourcing



### Key achievements

#### Tate & Lyle encouraged by progress towards better sugarcane standards

Tate & Lyle is an important supplier of molasses to Bacardi and is also a fellow member of the Better Sugarcane Initiative, which is on the threshold of an exciting breakthrough. The forthcoming Better Sugarcane Initiative Certification Standard is expected to help raise production standards and improve conditions in the sugarcane industry.

➔ Visit [www.bettersugarcane.org](http://www.bettersugarcane.org)



We are working with Bacardi on the Better Sugarcane Initiative Certification Standard. We understand the importance of delivering a robust and credible standards process.

**Hari Morar**, Technical Director  
– International, Tate & Lyle Sugars



We spend hundreds of millions of dollars sourcing ingredients and raw materials to create our finished products and to build our brands. As we expand our business, it is more important than ever that we can source responsibly – in keeping with our Company Values and in a way that protects the integrity of our brands.

### Why is responsible sourcing important to us?

We need to ensure our key suppliers are operating in a sustainable manner so that we are in a good position to continue to build the excellent relationships we enjoy with them.

Bacardi sources from, operates in and creates finished products in many countries, including developing countries where achieving good workplace standards, environmental protection and governance has historically been difficult. We operate our business to high ethical standards and to ensure this we needed to increase our focus in the sourcing area. So, in October 2007 we established our Responsible Sourcing Standards which set minimum levels of performance that our suppliers have to meet. The next step was to undertake an initial risk assessment on our packaging and ingredients suppliers so we could focus our resources on priority areas.

One of these areas is agriculture, and especially the sourcing of products derived from sugarcane, such as molasses and cane alcohol. Historically, the sugarcane industry has been challenged by environmental, human and labor rights issues. We mainly source molasses and cane alcohol from Brazil, the Dominican Republic, Mexico and Fiji. Each of these regions has its own unique culture, situation and environment which means that we have adapted our approach to promoting our Responsible Sourcing Standards accordingly.

### Have we met this year's targets?

- We partially achieved our aim to establish KPIs for responsible sourcing. The number of suppliers we successfully encouraged to join Sedex is one KPI. We are still establishing what the others should be.
- We have only partially achieved our target to have all our very high risk suppliers complying with our policy or to have an action plan in place for compliance.
- We have implemented our "Responsible Sourcing Compliance and Audit Guidelines Policy" in the key markets of Mexico, Brazil, India and China.
- Our audit schedule addresses the supplier audit fatigue issue by being both in line with industry benchmarks on frequency and following the common Sedex framework.
- We had 175 suppliers join Sedex or, if they were already members, become fully linked to Bacardi. This exceeds our target of 100.
- We are still working on a supplier audit strategy with our Global Quality Department, which will ensure all suppliers are screened on responsible sourcing issues. Initial pilots have been conducted in Portugal.



The Better Sugarcane Initiative (BSI) now has 9 large producer members, from 5 different regions.



With the benefit of its own extensive marketing experience, Bacardi played a pivotal role in helping to define the BSI's approach to claims and labeling.

**David Willers**, General Manager,  
Better Sugarcane Initiative Ltd

## How are we responding to these risks?

We respond to these risks through a process of engagement: with our suppliers, our Procurement colleagues and the wider industry. First of all, we explain our Responsible Sourcing Standards and Suppliers' Code of Practice to all of our suppliers. We are making compliance with our Responsible Sourcing Standards a key part of our new commercial contracts with molasses and alcohol suppliers.

We encourage our suppliers to review their own performance and post the results on the Sedex database. Sedex allows member businesses to share ethical performance data about suppliers, so a company does not need to run its own audit of every supplier and suppliers can avoid several customers conducting largely similar ethical audits.

A supplier registers with Sedex, then links to its customers. Next it fills in the Sedex self-assessment questionnaire and if required completes an audit. Both the questionnaires and audit results are accessible to the suppliers' customers.

By the end of March 2010 there were 175 supplier sites linked to us on Sedex, 95 self-assessment questionnaires had been completed (54%) and 10 audits accessible. Bacardi had conducted two of its own audits. More will be completed in the coming year as auditing becomes a focus for our Global Operations team.

Since joining the AIM-Progress taskforce – an initiative of AIM (the European Brands Association) – we have become more aware of the constraints suppliers face. We are also more adept at interpreting the answers suppliers give in the self-assessment questionnaires and so clearer about when we need to ask for a third party ethical audit.

We are also taking a leading role in the Better Sugarcane Initiative (BSI), a group of producers, consumers and NGOs working towards a more responsible sugarcane industry. We see a major opportunity both to improve working conditions in the communities where sugarcane is grown and harvested, and to ensure Bacardi is well placed to source sustainable supplies of the raw materials that are vital for the production and growth of our BACARDI brand.

## Working with suppliers

We have worked very hard to develop the effective communication of our Responsible Sourcing Standards to our suppliers. Our teams in India and China have been systematically engaging their packaging and ingredients suppliers, introducing them to our Responsible Sourcing Standards and Suppliers' Code of Practice. This is challenging work that takes a lot of time as many suppliers in these areas have a lower awareness of responsible sourcing requirements. We do commit to helping suppliers who may in the first instance struggle with meeting our standards.

## Encouraging shared audit information

Bacardi is encouraging more suppliers to join Sedex through its membership of the Progress-Sedex Work Group (PSWG). The PSWG is a mini-task force involving 11 members of AIM-Progress who co-fund a Sedex Project Manager to assist them in recruiting suppliers to the Sedex database. This approach has worked well because suppliers hear a consistent message about what is required and how to join, and for PSWG companies there is a reduced administrative burden and an increased rate of recruitment.

In the year to the end of March 2010, the number of suppliers recruited to Sedex on behalf of the 11 PSWG members grew from 2,909 to 6,505. Of these, the number who registered and linked to their suppliers grew from 1,773 to 4,647.

Although these are impressive numbers, the ongoing challenge is to ensure that this outreach is followed up properly and that any indications of commitment are followed through efficiently. Improvements to the Sedex system may help in this respect. The second version of the Sedex database is much more user-friendly for all members. There is now a function which provides instant analysis of self-assessment questionnaire (SAQ) responses to establish the risks those suppliers' practices may pose.

## Key achievements



Bacardi is very proud of the support we have given and continue to give to the development of the Better Sugarcane Initiative. We truly believe that it will form the basis of long-lasting improvements in the lives of the sugarcane growers.

**Dave Howson**, Bacardi Global Procurement Development Director, Geneva, Switzerland



## Producing better sugarcane

Bacardi is helping to develop a new standard for sugarcane production that will help to drive up working conditions and improve environmental performance.



## Improving sugarcane production

The Better Sugarcane Initiative is creating a framework to enable businesses in the sugar industry to reduce their environmental and social impacts.

Bacardi is actively involved in the Better Sugarcane Initiative Management Committee and in 2010 became Chair of the BSI Marketing Sub-committee. Its brief is to develop the Better Sugarcane Initiative brand and its brand positioning as well as produce a robust communications strategy. Workshops were held to examine the feasibility of a brand concept, which is part of the BSI business plan. Bacardi will host the 2010 Better Sugarcane Initiative Annual General Meeting (AGM) at the Bacardi Distillery, the world's biggest rum distillery, at Cataño, Puerto Rico in November 2010. As a result of the Marketing Sub-Committee engaging with the membership through these workshops, at this AGM, the BSI will be rebranded as BONSUCRO. We will report on this rebranding in our next report.

## Developing standards for the sugarcane industry

The BSI is creating an ethical standard for sugarcane producers and growers. The target is to see the first Better Sugarcane certified sugar on the market by the end of 2010. In the year up to March 2010 significant steps were taken towards this goal. As members of the Management Committee, Bacardi helped to discuss, agree and sign off the content of the first draft of the BSI Standard at the Annual General Meeting, which was held in India in November 2009.

A regular annual review of the BSI Standard will in future provide a clear set of updated principles, criteria, indicators and verifiers to enable sugarcane producers, processors and suppliers to improve their social and environmental operations and check their progress on an ongoing basis.

## What are some of the challenges in this area?

One of the outcomes of implementing the BSI Standard in the sugarcane industry is product standard certification. This could result in a price premium on certain BSI-certified sugar or ethanol products. While we welcome the assurance that certification brings, like any business we are concerned about increases in the prices we pay for our raw materials. We are aiming to produce premium and super-premium products while also delivering sustainable shareholder value. This means we need to correctly balance the prices we pay for our raw materials with our standards on quality and sustainability.



We first introduced Sedex to our two main glass bottle suppliers a year ago. We shared our other suppliers' positive experiences of membership in order to interest them. When our major label supplier joined, that was the final push needed and our two bottle suppliers have now agreed to join later this year.

**Vivian Pu,**  
Procurement department,  
Bacardi China



38

agriculture-based suppliers engaged in our Responsible Sourcing Program globally

175

suppliers' sites linked to Bacardi on Sedex by the end of March 2010

394

point-of-sale suppliers included in our Responsible Sourcing risk assessment in Europe, the Middle East and Africa

20

producer and consumer members of the Better Sugarcane Initiative



It has been a challenge to coordinate implementing the Responsible Sourcing Policy with our point-of-sale (POS) suppliers in our key European Markets, but the development of Category Management in this sector will ensure greater focus in the future.

**Veronica Bell,**  
Category Manager Europe  
– Permanent Visibility and  
Travel Retail, Geneva, Switzerland



We want our suppliers to demonstrate compliance with a set of ethical standards, covering human and labor rights, health and safety, environment and business integrity. Many suppliers do this already, but many others in less developed areas either have not yet considered standards or are still in the early stages of establishing how this might affect their businesses. We are tackling this situation by discussing standards with our suppliers on a one-to-one basis and communicating the long-term benefits of adopting this way of working.

### How do we assess our progress overall?

We were pleased to have reached a total of 175 suppliers either joining Sedex or linking to Bacardi if they were existing members in 2010.

In our new role as Chair of the BSI Marketing Sub-committee, we have a significant part to play in ensuring that the BSI markets itself in a successful way. While the full impacts of this activity are yet to be seen, we engage as part of industry efforts to improve working conditions in the sugarcane industry, as this is a significant raw material for us.

The Responsible Sourcing Coordinator for the Europe, Middle-East and Africa (EMEA) Point-of-Sale (POS) team implemented the first phase risk assessment of POS suppliers in this region to establish the initial focus for resources in this complex area.

Progress has been made in the key local markets of Brazil and Mexico with suppliers buying into the concept of Sedex and engaging in an Ethical Audit schedule, but we have seen slower progress in India and China.

Working to overcome this issue is the main benefit of the collaboration with AIM-Progress but there is no guarantee of shared suppliers, so direct influence is not always successful. In these cases, it can be a slower process to build relationships and trust with suppliers with whom we want to do further business, but who need to develop greater awareness about responsible sourcing issues.

## Key achievements

### Packaging suppliers sign up

We have been very encouraged by the enthusiastic response we have had from our packaging suppliers in completing our Responsible Sourcing self-assessment questionnaire. In fact our main glass and closures suppliers have both joined Sedex and have shared their information with us.

**Leandro Sanguin,**  
Purchasing Manager, Brazil



Most of the suppliers I am responsible for are agricultural and have different ways of working so I have had to adopt different approaches with them, while maintaining the consistency of our Responsible Sourcing message. Establishing Responsible Sourcing Standards is a big challenge and a long journey but I have built our Standards into my supplier agenda and am pleased with the enthusiasm it has received so far.

**Luis Trejo,** Procurement Director –  
Raw Materials, Jacksonville, Florida

## How well is responsible sourcing practice embedded in the business?

Although there is one central Responsible Sourcing Coordinator, the program only gains real traction through the activities of the regions. It is the procurement teams in the key markets of Mexico, Brazil, India and China that are engaging their suppliers on a direct face-to-face basis and building the trust needed to make progress in this area.

In the past year, knowledge of our Responsible Sourcing Program and the related standards and issues has grown significantly within our business, especially within the global and regional procurement teams. This has resulted in more independent activity between regional procurement management and suppliers, with oversight being maintained by the central procurement function.

Although we have made progress this year, we still have a lot to do. We are confident that our Category Management approach will accelerate our Responsible Sourcing Program in the right areas. For example we now have a Category Director responsible for Raw Materials and Flavors, based in the Americas. Responsible sourcing will be a key part of this role as we build the emerging BSI Standard into our requirements for molasses and alcohol.



### “I really appreciated the effort Bacardi made...”

“I really appreciated the effort Bacardi made to visit me and explain their Corporate Responsibility Program. It helped me to understand the importance of their Responsible Sourcing initiative and why they are so keen for me to join Sedex. And I can see that my life is simpler if information gathered once is shared with all my Sedex customers through the database. I will now be putting in place all the steps I can to comply with the Bacardi Responsible Sourcing Standards.”

**Michel Van Bavel**, Owner, Van Bavel Business Gifts, Belgium (POS supplier to Bacardi)

### Q How many companies are now members of the Sedex program?

A Sedex has two types of members. By the end of March 2010 there were 27,617 suppliers on the system – an increase of 40%. These companies share ethical data with their nominated customers. And there were 373 customer companies on the system – up from 242 a year earlier.

## What next?

- Complete Responsible Sourcing KPIs.
- All suppliers of agave, molasses and light cane distillate either to achieve compliance or have an action plan in place by March 2011.
- Finalize the supplier audit strategy so all suppliers are screened on responsible sourcing issues by March 2011.
- Increase supplier numbers in Sedex who are registered and linked to Bacardi to 250 by March 2011.
- 75% of our key molasses and alcohol suppliers to join the BSI by March 2011.

## People



### Key achievements

#### “ONE Bacardi” launched across the Company

This painting was created by staff at our offices in Geneva as part of the “ONE Bacardi” rollout. Staff worked together to create this impressive visual representation of the Bacardi Values.



The Barcelona Conference gave us a great opportunity to launch “ONE Bacardi” and align senior managers behind it. This was then rapidly rolled out across the Company.

**Rich Andrews**, Global Vice-President – Organizing for Growth and also leader of the cross-functional team that focused on Transformational Leadership.



It is a fundamental principle of Bacardi that our success is due to great brands and outstanding people. Bacardi people are the best ambassadors for our brands, demonstrating their passion and their commitment to excellence. We have developed a new “ONE Bacardi” strategy to unleash the potential of our people.

**Why is “ONE Bacardi” important?**

Building the “ONE Bacardi” transformational program was an inclusive process, which involved 80 leaders across a number of work streams dedicating a significant amount of their time and expertise over many months. This demonstrates the importance attached to this process in the Company.

We have a history of excellent employee relations and have developed examples of best practices in many of our markets. As we strive to operate as a more globally coordinated organization, our challenge is to harmonize these local practices into a set of people policies, practices and tools that unleash the potential of our people globally.

We are clear that the Company’s future business success depends on how we work together in “high-performing teams” and our ability to improve our “transformational leadership” practices. Our strategy is clear: we will become “ONE Bacardi”, where outstanding people achieve excellent results.

**Have we met this year’s targets?**

- We met our target to develop and cascade the Bacardi Values across the business. Following the launch of the four Bacardi Values (Trust, Caring, Passion and Excellence) at the Barcelona Conference, where the top management were present, a rollout program ensured that all 6,000+ employees across the globe participated in roadshows by December 2009.
- We successfully designed a leadership development approach which recognizes that the most effective development comes from “on-the-job experiences”. Our Development Approach will focus on the 70-20-10 principle (70% development = on-the-job, 20% = coaching and mentoring, 10% = formal training).
- We ran 15 High-Performing Team workshops with 260 participants in fiscal 2010 which covered almost all our senior managers.
- We launched our new Global Intranet in fiscal 2010. We have developed an intranet proposition that is very dynamic in giving everyone the opportunity to share information, participate in blogs and develop a community that reflects our Spirit for Life.
- We identified a core set of competencies for our people and have incorporated these into our talent development tools.

230

senior managers were joined by Board members to attend the “ONE Bacardi” launch event in Barcelona

3

months after launching in Barcelona, all 6,000+ employees had learnt about “ONE Bacardi” and Spirit for Life



**The Bat Wall**

On the Company Intranet, senior managers who attended the Barcelona launch conference have described what Spirit for Life means for them behind their photograph on a virtual wall that we call the “Bat Wall”.

## Spirit for Life and our Values

Launched alongside and underpinning “ONE Bacardi” is our new Purpose: Spirit for Life. As a guiding principle for our employees, it is a positive and aspirational statement, expressing energy and optimism. It links to the idea that each individual has an inner spirit or drive to live their dreams and to be all they can be.

Beyond this, Spirit for Life is quite deliberately a broad statement, allowing each and every employee to interpret it in a way that makes sense to them. In fact we are actively encouraging people to do this as it helps to make the concept real for individuals and it contributes to defining who we are as a Company.

Our purpose as a company, Spirit for Life, is our organization’s fundamental reason for being, and reflects our strong heritage and future. Our core Values of Trust, Caring, Passion and Excellence have been distilled from the many countries and regions where we operate and provide a foundation for all of our people. Our Values will act as our moral compass as we go about our daily lives.

Having launched “ONE Bacardi”, our Purpose and Values in Barcelona, we then set about cascading these around the world through a series of global roadshows in Sitges, Orlando and Shanghai, among many other locations. Within three months, all of our 6,000-plus employees had attended an event where they learned about “ONE Bacardi”, our Purpose and Values.

### How will our People Strategy contribute to “ONE Bacardi”?

Our People Strategy and plans for the coming years are built on the premise that outstanding people will deliver excellent results. “Outstanding people” means talented and engaged employees who are valued for the unique contributions they bring to Bacardi.

### Q What does Spirit for Life mean to you?

A “To me, Spirit for Life means being the best you can be, really making a difference and having a great time doing it!”

**Colin Rochester**, Managing Director, Bacardi Lion, Australia

This year we have concentrated on setting out a strategy for the future – one that will support our vision for 2015. The aim of our strategy is to:

- Unleash the potential of our people
- Build a high-performance team culture
- Lead organizational capability and effectiveness
- Inspire and engage each person to live our Values to achieve sustained results
- Be globally recognized as a “Great Place to Work”.

This is not a Human Resources Strategy that sits to one side of the Company’s core business drivers: it is a “People Strategy” that has been built on the cross-functional insights of our senior leaders.

It is an ambitious program. We will need to work hard to achieve our objectives. To recognize success, we have identified what “Excellence” will look like. For example, our goal is to build core leadership programs that are acknowledged for their quality and effectiveness in developing Bacardi leaders. We want to see “ready-now” successors, who mirror the diverse societies in which we operate, for all key roles. In addition, we want the Bacardi Purpose and Values to be an integral part of our employees’ lives, informing our individual and corporate behavior.

We want to be recognized for our leadership: we will be looking to benchmark ourselves against other companies in the Great Place to Work Award and similar surveys. We see our leaders gaining a reputation as being the best in the industry. We want to be recognized as a leader in Corporate Responsibility too.

We will develop our organizational capability through an operating model that accelerates growth and we will leverage a “best-in-class” Global Performance Management System to give us a competitive advantage.

## Key achievements

### Our Values



Trust



Caring



Passion



Excellence



Being “ONE Bacardi” is fundamental to our future success and sustainability as a company.

**Séamus E. McBride**,  
President and CEO

## How will you develop tomorrow's business leaders?

For Bacardi to succeed, we need to unleash the potential of Bacardi People.

### Everyone in Bacardi has talent!

What makes Bacardi unique is our outstanding people with the ability and drive to achieve excellent results. To achieve our goal of being a leader in our industry, we need all Bacardi talent to deliver to their best ability and full potential.

### Our development plans are tailored to the individual

We provide targeted solutions to identify, attract, build and retain talent at all levels of Bacardi. Our competitive advantage lies in how we accelerate the development of key individuals and teams.

### Priority is focused on business needs and opportunities

To maximize both business and individual potential and aspirations, talent management and development solutions are targeted to specific business needs (now and future). The largest investment will be made where the overall need is greatest and where there will be a good return in the long term.

### Global Performance Management System

A cornerstone of our People Strategy is the implementation of our Global Performance Management System (GPS), an end-to-end business system, which will be a platform for managing current performance and identifying future leaders.

The GPS will help the Company manage both business planning and personal accountability and development. It will provide the solution to the continuous challenge of aligning corporate and individual activities, enabling a seamless flow of information between them. In this way strategic intent is turned into actionable steps at all levels down to individuals. This increases pace, sharpens focus and introduces flexibility as we lead and manage the business in a constantly changing environment. It will be based on evidence and outcomes as opposed to purely subjective measures and will help to identify talent within our organization.

The GPS will create Individual Goal Plans by following a cycle of:

- Translating strategy into an operating plan for the year
- Clarifying individual roles and responsibilities that support the operating plan
- Connecting performance with Bacardi Competencies
- Reviewing success against agreed goals and the role played by the Values in overall performance
- Understanding career aspirations including geographic mobility
- Providing learning experiences that challenge and build capability.

Historically “development” has been equated to “formal training”. It is now well accepted that the most significant development comes from well structured “on-the-job” development opportunities. So our development model is based on a 70-20-10 split:

- 70% on-the-job experiences, including the undertaking of stretch assignments
- 20% coaching and mentoring, for example, where high-potential individuals may be paired with an internal mentor and in turn “buddy” a new employee
- 10% formal training such as the leadership development programs led by senior executives or by external, best-in-class trainers.

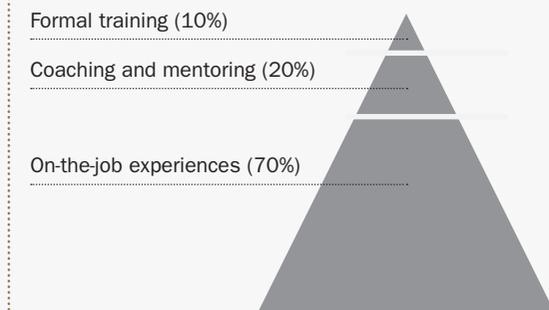
In fiscal 2011 we will be launching some of the development products we need to support these exciting learning opportunities.

## Are people engaged with the sustainability agenda?

We already have a clear focus to our Corporate Responsibility work. In fiscal 2011, we will be leveraging one of our core Values – Caring – to create a Sustainability Framework that will engage our people and position our Corporate Responsibility Program to support our Vision.

This will include some fundamental steps such as embedding the Code of Conduct principles and Values into daily working life. Other initiatives include launching a global Employee Assistance Program to support any employees who have personal problems that might affect their work or wellbeing.

### Development triangle



## What next?

- Embed Purpose and Values into our culture, for example by integrating Values into the Performance Management Tool.
- Improve organizational capability by developing an operating model that accelerates our growth.
- Implement a Global Performance Management System.
- Complete Transformational Workstream initiatives, for example by launching an immersion program for new employees.
- Create a Sustainability Framework that links our Corporate Responsibility Program with our people's daily working lives.

## Philanthropy and Community Involvement



### Key achievements

#### From Banners to Bags

The marketing team at Bacardi Puerto Rico was looking for an environmentally friendly way to dispose of promotional banners. Realizing the banners could be cut and sewn into hip, reusable shopping bags, they discovered a small sewing cooperative in the mountains of central Puerto Rico which was hard hit by the economic downturn. Other companies followed our lead and the cooperative was able to rehire ten women who had been laid off.

➔ Visit [www.youtube.com/user/BacardiLimited](http://www.youtube.com/user/BacardiLimited)



Thank you, Bacardi,  
for the opportunity  
to work with you.

**Jerónimo Ortiz Ildefonso,**  
Administrator, Comercio Cooperative



Wherever we operate around the world, we play an active role in contributing to the local community. Taking part in philanthropy and community programs generates a strong sense of pride in our employees, which makes Bacardi a better place to work.

**How does Bacardi make a difference?**

In fiscal 2010, the total monetary amount of our support was \$4 million. We continued to help communities through employee volunteering initiatives, in-kind support and partnering with organizations to leverage charitable activities.

As the largest privately held spirits company in the world, we know our business impacts lives including customers, suppliers, employees and those who live in the communities where we operate.

Bacardi Limited has a 148-year history of quality, excellence, ethics and social involvement. Those values were important to our founder Don Facundo Bacardí Massó and are still important today. We are proud of our long and rich heritage of providing support focused on Environment, Education, Health and Social Services, Arts and Culture and Disaster Relief Assistance.

We have a long-term interest in fostering healthy and vibrant communities, so when communities succeed, we can also succeed as a trusted partner.

**What has been achieved in each area this year?**

**Environment**

Under the banner of “300 people, 10 countries, One Bacardi!” employees from 10 European countries come together annually for the Copa Don Facundo, a sports and cultural event. Employees compete in football, tenpin bowling and beach volleyball and get to know the host city and meet new

**Have we met this year’s targets?**

- We successfully launched phase two of the Philanthropy and Community Involvement database – an internal repository capturing our philanthropic activities. Enhancements include: the ability to add pictures and graphics; the ability to total dollars donated globally, regionally, and/or by brand; and the ability to produce more detailed reports.
- We also met our target to further explore how we can better quantify and benchmark the effectiveness of our social investments. Bacardi Limited will phase in the London Benchmarking Group model for reporting accurate and comparable data on corporate community involvement.

colleagues. This year, employees donated \$3,870 of their own money during the events to “Viva Con Agua,” a charity based in Hamburg, Germany, that campaigns for clean drinking water worldwide.

Bacardi Portugal organized “B-Responsible Day” to offset CO<sub>2</sub> emissions. On a site designated by the municipal authority, 88 employees planted 1,000 trees.

**Education**

Continuing its long-term support, Bacardi in Spain donated more than \$20,000 to two international business schools – IESE and ESADE – to foster development of managers and senior executives.

Bacardi U.S.A. supported the Careers through Culinary Arts Program, an organization that works with schools to prepare underserved students for college and careers in the restaurant and hospitality industry.

20

years the sewing cooperative has been in business in Comerío, Puerto Rico

10,000+

shopping bags made from promotional banners for Bacardi and other companies as a result of the Bacardi recycling initiative



It’s great that the whole company gets behind Festivités Animations Culture, a charity I founded that supports orphans in Madagascar.

**Jean-Marie Tordoit,**  
Sales manager, Bacardi France

### Health and Social Services

The Bermuda Heart Foundation has the ambitious goal to reduce the number of heart disease-related deaths on the island by 25% within the next three years. The Company committed to give \$50,000 for three years to help raise \$3 million to secure a site, purchase equipment, hire staff and maintain working capital.

Bacardi Brazil supported the International Children's Heart Foundation, funding a team of surgeons to perform life-saving operations on 30 children at no cost to the families. In the Dominican Republic, Bacardi supported the same charity by paying for Christmas presents for children recovering from operations.

Bacardi in Hong Kong donated used IT equipment to the Caritas Computer Refurbishment Project. Instead of disposing of old PCs, laptops and printers, they are now being used by families who could not afford to buy their own.

### Arts and Culture

In Italy, Martini & Rossi continues to provide financial support to preserve the historical heritage and restoration of Turin.

Bacardi sponsored a new exhibit at the Bermuda National Gallery celebrating the island's 400 years of history and showcasing the evolution of art across those four centuries.

Singer/songwriter will.i.am of The Black Eyed Peas and his charity Dipdive, which supports fashion, music and the arts, teamed up with BACARDI to host a Pre-Grammy Concert at the Hollywood Palladium to raise money and awareness for the arts.

### Disaster Relief Assistance

Bacardi Chile made a donation which paid for 30 emergency housing units to be dispatched to Pescadores, a fishing community that was leveled by a tsunami after the February 2010 earthquake. The Company also hosted 10 BACARDI-branded parties where people gained admission by bringing at least two kilos of non-perishable items to donate to the Red Cross. At the parties, Bacardi also donated \$2 per beverage to Hogar de Cristo, a Chilean non-profit organization that runs shelters, hospices and homes for children and the elderly.

Within days of the Haiti earthquake in January 2010, employees with Bacardi U.S.A., Bacardi Corporation in Puerto Rico and Bacardi in the Dominican Republic teamed with local relief organizations to donate numerous pallets of much-needed medical supplies, non-perishable food and drinks and baby products. Bacardi Limited contributed \$50,000 to the Pan American Development Foundation (PADF) which was also used to send basic relief supplies to Haiti.

In Travel Retail, the Americas team sponsored a program where consumers could have a personalized message engraved on their DEWAR'S bottle with the proceeds going to relief work in Haiti.

### How do you choose what to support?

Historically, Bacardi has had a decentralized approach to philanthropy and community involvement initiatives. Our operations have had a local focus as we have taken the view that those people working in communities are best placed to understand and make decisions on the most pressing local needs.

Employees play a significant role in identifying issues of importance. We also look to partner with organizations that will help us make the most difference.

We are conscious of sharing the best ways of working around the world so we can have the biggest possible impact. This approach – which could be characterized as “strategic philanthropy” – requires a degree of global organization and structure. A challenge we face is how we introduce this structure in a way that encourages rather than suppresses the best local initiatives. Determining the best way forward for our strategic philanthropy is a priority for the coming year.

### How will a clearer focus make a difference?

We believe a strategic focus has the greatest potential to make a difference on issues that matter while also deepening employees' bonds with the Company.

Bacardi Russia, for example, focused philanthropic activities on children at the Pechora Orphanage, and on one particular family of 13 children, ages 7–17. The Company donated money



### Investing in Orlando's future

Bacardi U.S.A. employees, with a funding match from the Company, raised money for the Tangelo Park Program Inc., which helps parents with childcare support and training opportunities in this Orlando, Florida neighborhood.

# \$4m

reported giving by Bacardi companies and brands in fiscal 2010

# 2,021

reported hours of time volunteered by Bacardi employees in the year

### Support for Haiti

Bacardi staff in the U.S.A., Puerto Rico and the Dominican Republic all helped raise money to provide emergency relief for Haiti.



### Q How do you contribute to the community in India?

A In India, GREY GOOSE supports the Genesis Foundation which provides medical care to underprivileged children. We took part in a fundraising lunch, with our General Manager and celebrity chef Parvati Umnakuttam mixing beverages for the guests. The event generated positive media coverage for the brand and raised funds to pay for the medical treatment of 10 critically ill children.

to buy a washing machine and clothes. Employees also donated their own money for electric kettles, toys, games, school supplies, books and DVDs.

Every December, the children's wish lists to Santa Claus are posted on the Company Intranet. It is easy for employees to choose presents for the children. Staff members then visit the school and present the gifts.

### What challenges exist?

In a difficult economy, it is challenging to secure funding for all these needy and good causes.

We are also conscious that our database recording philanthropic and community involvement activity around the business is not being used regularly by all our companies and brands because reporting charitable activities is an additional task.

We are currently discussing whether Bacardi core brands could benefit from partnering with particular causes.

### How do we engage our employees?

Our Company culture embraces the idea of giving back to communities where we live and work. We encourage staff to get involved and promote employee volunteering. We recognize this is a powerful way to make a difference – by lending our time and resources to programs an employee feels strongly about.

Bacardi U.S.A. supported – and continues to support – Hands on Miami, to make Miami a better place to live and work. Forty-five employees volunteered to help renovate a community center, a town hall and a medical clinic in the Overtown neighborhood. The Company also made a financial donation.

Another way we engage employees in Company philanthropy and community work is by choosing charities that employees already support. In France, for example, every year employees fill out a form explaining the work of a charity, how they are involved and how the money given by Bacardi would be used if their charity were chosen. This process elicits between eight and ten applications each year and allows for a targeted use of Company funds to support causes employees really care about.

### How do we record and measure our impact?

#### Enhancing our database

We have made significant enhancements to the database we use to record philanthropy and community involvement activities by both corporate and brand entities. Those people responsible for reporting can now add photos and images, as well as reference Web sites for more information. We are able to aggregate the donations by brand, by country, by region and focus area. In addition, we are now able to run more detailed reports.

Ensuring all staff access the database in a systematic and timely way remains a challenge which we continue to address.

#### London Benchmarking Group

We have done a thorough review of the London Benchmarking Group (LBG) model – its benefits and shortcomings – spoken with LBG representatives and received feedback from member companies. We are now planning to phase in the use of the tool so that we can understand how Bacardi and the communities we support benefit from our investment across the business. The LBG approach is flexible and reporting could be extended gradually. Our own database is already mostly aligned with the LBG model. We will need to assign internal resources to develop this project further, conduct training with employees and establish the best ways to use the model.

### “Drink Pink” campaign

BACARDI and MARTINI partnered with Ember Inns across the U.K. to support the “Drink Pink” campaign to fight breast cancer. Part of every sale of the “Pink Splash” cocktail, which contained MARTINI Bianco, BACARDI Superior and apple, strawberry and cranberry juices, went to the charity Against Breast Cancer.

### What next?

- Develop our approach to strategic philanthropy.
- Examine the benefits of setting a focus for philanthropy and community involvement work around education and learning.
- Engage more employees in using the database to report local charitable activities.
- Use the London Benchmarking Group to quantify the value of charitable activities including in-kind gifts, employee volunteering and donations.

## Program Overview

	Marketplace	Environment, Health and Safety
<b>Mission</b>	To achieve industry leadership by taking a socially responsible approach to brand building and by providing information to encourage all those who choose to drink to do so responsibly.	To protect the environment, optimizing the use of raw materials, minimizing CO <sub>2</sub> emissions throughout our supply chain, reducing water use and improving wastewater effluent.
<b>Long-term objectives</b>	<p>Achieve zero non-compliance with self-regulatory marketing codes.</p> <p>Train a defined percentage of bartenders in major markets on Social Responsibility issues.</p> <p>Facilitate best practice in implementation and communication of effective alcohol policies, education programs and initiatives.</p>	<p>Targets for end 2011 (from base year 2006):</p> <ul style="list-style-type: none"> <li>Improve energy efficiency at our operating sites by 12%.</li> <li>Increase proportion of renewable energy to 12%.</li> <li>Improve water efficiency at our sites by 15%.</li> <li>Establish and publish data on greenhouse gas emissions.</li> <li>Reduce lost time accident rate to less than 6 days of work lost per million worked hours.</li> <li>New best practice approach to wastewater treatment.</li> </ul>
<b>Strategy to deliver objectives</b>	<p>Communicate our responsible brand building approach through the Global Marketing Principles.</p> <p>Deliver the Bacardi Marketing Way training program globally.</p> <p>Contribute to the work of industry organizations and experts to present the industry case for more effective policies to tackle alcohol harm and misuse, and to develop better alcohol education programs.</p> <p>Continue to actively participate in discussions at the global level with WHO and WTO.</p>	<p>Systematic approach to environmental and health and safety aspects through ISO 14001 and OHSAS 18001 management systems at all facilities by end of 2009.</p> <p>Continually improve treatment of distillery wastewaters.</p> <p>Increase energy efficiency and use of renewable energy sources.</p> <p>More efficient use of water in production facilities.</p>
<b>Progress against targets</b>	<p>Develop "Champions Drink Responsibly" campaign and increase media coverage. ●</p> <p>Report progress on commitments to the EU Alcohol and Health Forum. ●</p> <p>Take a leadership role in global alcohol initiatives through GAPG. ●</p> <p>Enhance work with IBA. ●</p> <p>Strengthen trade associations in developing markets. ○</p> <p>Include responsibility messages on all packaging and marketing materials. ●</p> <p>Comply with the CEPS Charter and implement the Bacardi Global Marketing Principles in EU countries. ●</p>	<p>Continue to implement Global Standards and Codes of Practice. ●</p> <p>Achieve certification of all facilities under ISO 14001 and OHSAS 18001 by December 2009. ●</p> <p>Improve our Environment, Health and Safety reporting. ●</p> <p>Reduce lost time accident rate. ●</p> <p>Deliver continual improvement in environmental performance. ●</p> <p>Continue to develop sustainability criteria into innovation activities. ●</p>
Partially achieved ○		
Achieved ●		
<b>Key activities and targets for 2011</b>	<p>Actively engage in the Global Alcohol Producers Group (GAPG).</p> <p>Broaden our current commitments to the EU Alcohol and Health Forum.</p> <p>Develop additional tools to support the Global Marketing Principles training.</p> <p>Develop the "Champions Drink Responsibly" campaign.</p>	<p>Deliver continual improvement in environmental performance.</p> <p>Improve lost time accident rate by 10%.</p> <p>Maintain 100% certification in ISO 14001 and OHSAS 18001.</p> <p>Expand Safety Performance Tracking to all Company activities.</p> <p>Complete Bacardi Sustainable Packaging Manual.</p>

Responsible Sourcing	People	Philanthropy and Community Involvement
<p>To achieve the highest standards of responsible sourcing throughout our supply chain by engaging and working with our suppliers.</p>	<p>To develop and empower our people to continue the heritage of building strong brands responsibly.</p>	<p>To support philanthropic and local community efforts aligned with brand building and Bacardi values.</p>
<p>Ensure our suppliers understand our responsible sourcing requirements.</p> <p>Evaluate all our suppliers to understand potential risks in our supply chain.</p> <p>Implement a methodology to manage suppliers who do not initially meet our standards.</p>	<p>Maintain Code of Conduct training for everyone in Bacardi including new employees.</p> <p>Ensure Corporate Responsibility Program is communicated to all staff.</p> <p>Build capability among senior managers to drive global teamwork initiatives and the Corporate Responsibility agenda throughout Bacardi.</p>	<p>Ensure our corporate programs are focused on our five principal areas:</p> <ul style="list-style-type: none"> <li>• Education</li> <li>• Environment</li> <li>• Health and Social Services</li> <li>• Arts and Culture</li> <li>• Disaster Relief Assistance.</li> </ul> <p>Ensure alignment of local giving with Bacardi values.</p> <p>Maximize the effectiveness of philanthropy and community investment.</p>
<p>Communicate our Responsible Sourcing Policy.</p> <p>Use a risk-based approach to prioritize suppliers.</p> <p>Work with those suppliers that have difficulty complying with our Responsible Sourcing Standards.</p> <p>Embed responsible sourcing within all procurement processes.</p>	<p>Promote a culture of continual improvement and development.</p> <p>Provide our people with tools and resources to encourage personal responsibility and corporate citizenship.</p> <p>Encourage a diverse and inclusive workplace and evaluate progress.</p>	<p>Implement a strategy for goodwill and philanthropy.</p> <p>Careful selection of business and community partners to support our key focus areas.</p>
<p>Put in place Responsible Sourcing KPIs. <span style="float: right;">●</span></p> <p>All high-risk suppliers to comply or have a compliance action plan in place. <span style="float: right;">●</span></p> <p>Implement our “Responsible Sourcing Compliance and Audit Guidelines Policy” in Mexico, Brazil, India and China. <span style="float: right;">●</span></p> <p>Implement a Responsible Sourcing audit schedule. <span style="float: right;">●</span></p> <p>Continue to encourage suppliers to join Sedex. <span style="float: right;">●</span></p> <p>Add a responsible sourcing screen to the supplier quality assessment audit schedule. <span style="float: right;">●</span></p>	<p>Reinforce and cascade the four Bacardi Values. <span style="float: right;">●</span></p> <p>Develop a leadership development approach. <span style="float: right;">●</span></p> <p>Roll out a high-performing teams workshop to management. <span style="float: right;">●</span></p> <p>Pilot company-wide Intranet. <span style="float: right;">●</span></p> <p>Develop key competencies for our people and cascade these throughout the business. <span style="float: right;">●</span></p>	<p>Launch phase two of the database enhancing the technical elements to ensure greater data collection. <span style="float: right;">●</span></p> <p>Further explore how we can better quantify and benchmark the effectiveness of our social investments. <span style="float: right;">●</span></p>
<p>Complete Responsible Sourcing KPIs.</p> <p>All high-risk suppliers to comply or have a compliance action plan in place.</p> <p>Finalize the supplier audit strategy.</p> <p>Increase supplier numbers in Sedex who are registered and linked to Bacardi.</p> <p>75% of our key molasses and alcohol suppliers to join the BSI.</p>	<p>Embed Purpose and Values in our culture.</p> <p>Improve organizational capability and develop an operating model that accelerates growth.</p> <p>Implement a Global Performance Management System.</p> <p>Complete Transformational Workstream initiatives.</p> <p>Create a Sustainability Framework.</p>	<p>Develop our approach to strategic philanthropy.</p> <p>Examine the benefits of setting a focus for our work around education and learning.</p> <p>Engage more employees in using the database to report charitable activities.</p> <p>Use the London Benchmarking Group to quantify the value of charitable activities.</p>

# UN Global Compact

## UN Global Compact – Communication on Progress

As a signatory to the UN Global Compact (UNGC) we are committed to meeting the 10 internationally accepted principles in the areas of human rights, labor standards, the environment and anti-corruption in all our global business operations.

UNGC principles	Bacardi approach	Where to find out more
<b>Human Rights</b>		
<p>Businesses should:</p> <ol style="list-style-type: none"> <li>support and respect the protection of internationally proclaimed human rights; and</li> <li>make sure that they are not complicit in human rights abuses.</li> </ol>	<p>Maintaining the health and safety of all our employees is a high priority for us. All our manufacturing sites are now certified to the international Health and Safety Standard OHSAS 18001.</p> <p>Our suppliers have to meet our Responsible Sourcing Standards, which commit them to complying with human rights principles.</p> <p>We have a structured process for engaging suppliers with our standards. This includes supplier self-assessments and on-site inspections.</p>	<p>Environment, Health and Safety, pages 14–19</p> <p>Responsible Sourcing, pages 20–25</p>
<b>Labor standards</b>		
<p>Businesses should uphold:</p> <ol style="list-style-type: none"> <li>the freedom of association and the effective recognition of the right to collective bargaining</li> <li>the elimination of all forms of forced and compulsory labor</li> <li>the effective abolition of child labor; and</li> <li>the elimination of discrimination in respect of employment and occupation.</li> </ol>	<p>We respect the right to freedom of association among all our employees.</p> <p>Our Responsible Sourcing Standards require our suppliers to respect freedom of association and the right to collective bargaining.</p> <p>We do not use forced or child labor in any of our operations. Our Code of Conduct includes a commitment to equal opportunities and non-discrimination.</p> <p>We aim to achieve the elimination of all forms of forced labor, child labor and discrimination through our Responsible Sourcing Standards.</p> <p>We are also members of industry-wide partnerships such as the Better Sugarcane Initiative, which aims to ensure minimum labor and environmental standards are achieved within the sector.</p>	<p>Being Responsible, page 06</p> <p>Responsible Sourcing, pages 20–25</p> <p>People, pages 26–29</p>
<b>Environment</b>		
<p>Businesses should:</p> <ol style="list-style-type: none"> <li>support a precautionary approach to environmental challenges</li> <li>undertake initiatives to promote greater environmental responsibility; and</li> <li>encourage the development and diffusion of environmentally friendly technologies.</li> </ol>	<p>Our group-wide Environmental Policy adheres to the Precautionary Principle.</p> <p>We aim to drive continuous improvement in our facilities' performance through a management systems approach. All our facilities are now certified to the ISO 14001 international environmental management system standard.</p> <p>We are actively promoting the wider use of renewable energy sources in our facilities.</p> <p>We work with partners such as the Beverage Industry Environment Roundtable to drive industry-wide performance improvements.</p> <p>Our Responsible Sourcing Standards require our suppliers to protect the environment as part of business practice.</p>	<p>Being Responsible, page 06</p> <p>Environment, Health and Safety, pages 14–19</p> <p>Responsible Sourcing, pages 20–25</p>
<b>Anti-corruption</b>		
<p>Businesses should:</p> <ol style="list-style-type: none"> <li>work against corruption in all its forms, including extortion and bribery.</li> </ol>	<p>Our Code of Conduct details the behaviors we expect of our people and it addresses issues of conflicts of interest and bribery and corruption.</p> <p>Our Responsible Sourcing Standards state that bribery and corruption are not tolerated.</p>	<p>Bacardilimited.com &gt; Corporate Responsibility &gt; Governance</p> <p>Being Responsible, page 06</p> <p>Responsible Sourcing, pages 20–25</p> <p>People, pages 26–29</p>

## Further Information

### About this report

This is the third annual Corporate Responsibility Report produced by Bacardi Limited, the largest privately held spirits company in the world. It focuses on what Bacardi has done to manage the social and environmental impacts of its businesses in the fiscal year ending March 31, 2010 (fiscal 2010) and builds upon our first two annual Corporate Responsibility Reports. The report is not externally assured.

There were no acquisitions or divestments in the year.

The data presented in the report covers our own directly-owned and managed production facilities. It does not include performance data from our offices, suppliers, outsourced bottlers or co-packers. There have been no significant changes in the scope or boundaries of the data we are reporting this year.

A summary table of our Corporate Responsibility Program may be found in the Program Overview on pages 34 and 35.

Further information about Corporate Responsibility, including policy statements, is available on our Web site [www.bacardilimited.com](http://www.bacardilimited.com).

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

Bacardi would like to hear from our stakeholders on our 2010 Corporate Responsibility Report. We are particularly interested in your views on:

- The information which we included
- Any information which we did not include
- The case studies
- The data reported
- The design of the report.

You can send your comments by going to [www.bacardilimited.com](http://www.bacardilimited.com) and using the “Contact Us” form.

Thank you.

### Bacardi Limited portfolio includes:

#### RUM:

BACARDI, CASTILLO, SEVEN TIKI

#### VODKA:

GREY GOOSE, ERISTOFF, 42 BELOW

#### SCOTCH WHISKY:

DEWAR'S, WILLIAM LAWSON'S, ABERFELDY

#### GIN:

BOMBAY SAPPHIRE, BOMBAY Original, BOSFORD, OXLEY

#### TEQUILA:

CAZADORES, CORZO, CAMINO REAL

#### VERMOUTH:

MARTINI, NOILLY PRAT

#### SPARKLING WINES:

MARTINI Asti, MARTINI Prosecco, MARTINI Brut, MARTINI Rosé

#### COGNAC:

OTARD, GASTON DE LAGRANGE

#### LIQUEUR:

BÉNÉDICTINE, B&B, GET 27/31, CHINA MARTINI, NASSAU ROYALE

#### READY-TO-DRINK PRODUCTS:

BACARDI & Cola, BACARDI BREEZER, ERISTOFF Ice

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