DIAGEO

ESG Reporting Index 2022

Contents

Our ESG reporting approach

Our ambition is to be one of the *best performing, most trusted* **and respected consumer products companies in the world.**

To achieve that ambition, we need to make sure we are doing business the right way, from grain to glass. That means thinking about the long-term value and impacts we create, and the risks and opportunities of our operating environment and business model. It also means ensuring we are proud of what we do at work, at home and in our communities.

Reporting transparently on environmental, social and governance (ESG) issues plays a vital role in delivering our strategy. It helps us to manage ESG risks, seize opportunities and promote sustainable development everywhere we live, work, source and sell.

Our ESG reporting suite aims to provide comprehensive and comparable disclosures for a broad range of stakeholders. As well as publishing our Integrated Annual Report and ESG Reporting Index at year end and maintaining up-to-date information on our Society 2030: Spirit of Progress plan on our website, we also submit non-financial information to benchmarking and index organisations throughout the year, including those listed on the next page.

In addition, we track our non-financial performance internally on a quarterly basis. We have developed an integrated reporting system that consolidates cross-functional non-financial performance data at market, regional and global levels, which gives senior internal stakeholders a clear view of our performance. Our aim is to enable early action to amplify opportunities and address risks, ensuring we stay on track to deliver our Society 2030 plan.

Non-financial reporting is a rapidly evolving area. We are committed to continual evaluation and improvement of our approach and we actively track emerging ESG frameworks and best practice.

How we report to our stakeholders – our reporting suite

Annual Report

Where we present our most material disclosures and describe how our strategy delivers value for our business and our communities.

diageo.com

Where, through the 'Society 2030' section, we give further details of our approach and performance, including examples of our strategy in action.

ESG Reporting Index

Where we provide additional disclosures in line with the GRI Standards index and the United Nations Global Compact (UNGC) advanced reporting criteria index, plus our response to the Sustainability Accounting Standards Board (SASB). More information about how we use these frameworks can be found on page 4 of this ESG Reporting Index.

Who are our stakeholders?

Everyone who is affected by our business, and everyone who affects it, is a stakeholder. A detailed description of our stakeholder engagement process is set out on our website.

Contact us

If you have any questions or comments about this report or our strategy and performance, we would like to hear from you. Please contact spiritofprogress@diageo.com

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Since 2014 we have used the International Integrated Reporting Council (IIRC)'s framework to guide us as we integrate sustainability within our business.

Recognition for our approach

We submit non-financial information to a range of indices throughout the year. This enables us to benchmark our ESG work against our peers and the wider business community and is an important way for us to understand how our approach measures up to current standards, best practice and expectations. We are very pleased that our progress on ESG issues continues to be recognised externally.

	Index	2020 rank or rating
CDP	CDP	Climate Change A, Water Security A: Diageo was one of only eight beverage companies globally and 65 companies overall (out of 9,617) to achieve A for both Water Security and Climate Change
Bloomberg Gender-Equality Index	Bloomberg Gender Equality Index	Member of the index since its inception
CHRB Corporate Human Rights Benchmark	Corporate Human Rights Benchmark	Scored 18.5 out of 26, well above the Agricultural Products industry category average, which was 10.3 out of 26
Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	Dow Jones Sustainability Index	Member of the Dow Jones World Index, ranked as one of the top four beverage companies worldwide
MSCI	MSCI ESG Rating	AAA rating: Diageo has scored a AAA rating for the past six years
SUSTAINALYTICS a Morningstar company	Sustainalytics ESG Risk Rating	Score 16.7 (low risk): as of July 2022, Diageo was ranked sixth out of 582 companies in the food product industry*

How to use this ESG Reporting Index

This ESG Reporting Index aims to complement our integrated Annual Report by providing *a broader range of ESG disclosures.*

Our Annual Report explains the wider context in which we operate and presents our ESG performance in relation to both our corporate performance and global sustainable development issues. Our ESG Reporting Index supplements the information provided in our Annual Report by providing detailed information about how we manage our most material issues.

We use three ESG reporting frameworks, including the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and United Nations Global Compact (UNGC) Index. These frameworks allow us to provide information in a structured and consistent way, enabling our stakeholders to analyse our performance over time, and relative to other organisations. The purpose of each of these frameworks and information on how they should be used are described below, alongside our reporting boundaries and methodologies.

Throughout this ESG Reporting Index we often refer to our Annual Report and website, where more information on our strategy, standards and policies can be found. Please note that each disclosure in this ESG Reporting Index can be read in isolation; the hyperlinked navigation at the top of each page enables readers to quickly move from section to section and works best when the report is downloaded to desktop.

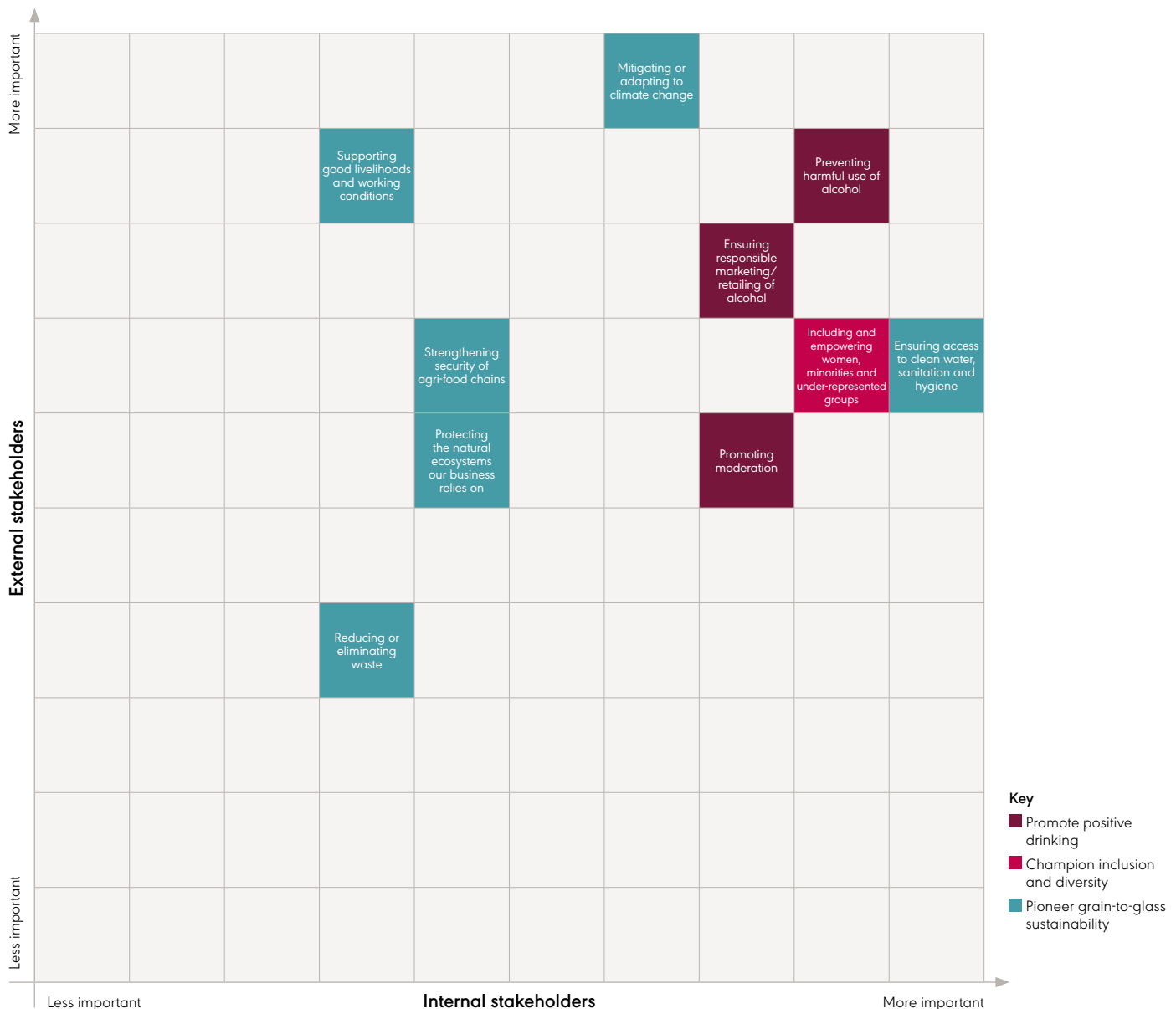| Section	What is in this section and how to use it
Introduction	An overview of our reporting approach, our materiality assessment and a brief overview of our Society 2030: Spirit of Progress plan.
GRI Index	A broad and comprehensive set of disclosures on organisational impacts that are relevant to a wide range of stakeholders, in line with the GRI framework. Some topics are material to our supplier sites and some to the countries where we make and sell our products. Please see page 7 for information on how we have mapped the GRI standards to our Society 2030: Spirit of Progress plan.
UNGC Index	Our UNGC 'communication on progress' in line with our participant-level membership of UNGC. To avoid duplication, this section cross-references widely to the GRI Index disclosures.
SASB	Sector-specific disclosures for alcohol beverage companies that are financially material to our business, in line with the SASB framework. To avoid duplication, this section cross-references widely to the GRI Index disclosures.
Reporting boundaries and methodologies	Information about how we report on each of our Society 2030: Spirit of Progress targets and various other quantitative metrics. For each Society 2030: Spirit of Progress target we provide the key performance indicator, definitions, scope, baseline, and information on how we avoid double counting where relevant.
Assurance statement	Independent assurance is a key part of our approach to reporting. Again, this year, we engaged PricewaterhouseCoopers LLP (PwC) to provide limited assurance on some key ESG metrics. Within this report, information that is within PwC's limited scope is marked with the symbol Δ. PwC's assurance statement includes a list of metrics that have been assured and a description of the approach PwC took.

Materiality

What matters most – to our stakeholders and to our business

In 2019, as we developed our Society 2030: Spirit of Progress plan to support sustainable growth over the critical decade until 2030, we carried out a rigorous materiality assessment. This assessment looked at the external trends shaping our operating environment and how we can most effectively align our work with the UN Sustainable Development Goals. We interviewed many internal and external stakeholders and explored the findings in workshops with experts from our business functions in Bangalore, London, Nairobi, New York and Singapore. We also held a full-day workshop with our Executive Committee and had multiple interactions reviewing the strategy with our Board. The findings from this exercise guided the development of our strategy and priorities.

We continue to welcome engagement from all stakeholders to help us develop and deliver our strategy.

We believe all the topics presented in our materiality assessment below are important to our business. This matrix illustrates the view of both internal and external stakeholders about which topics are most critical, with the rankings informing our Society 2030: Spirit of Progress plan. For more details, page 6 of this ESG Reporting Index.

Materiality matrix (External stakeholders vs Internal stakeholders, from Less important to More important):

- Mitigating or adapting to climate change
- Supporting good livelihoods and working conditions
- Preventing harmful use of alcohol
- Ensuring responsible marketing/retailing of alcohol
- Strengthening security of agri-food chains
- Including and empowering women, minorities and under-represented groups
- Ensuring access to clean water, sanitation and hygiene
- Protecting the natural ecosystems our business relies on
- Promoting moderation
- Reducing or eliminating waste

Key
- Promote positive drinking
- Champion inclusion and diversity
- Pioneer grain-to-glass sustainability

Our Society 2030: Spirit of Progress plan

Society 2030: Spirit of Progress is our 10-year action plan to help create *a more inclusive and sustainable world*, building on the legacy of our founders to create a positive impact on our company, within our communities and for society.

We are passionate about the role our brands play in celebrating life the world over and, as a global company, we know we have a responsibility to build partnerships and lead. Society 2030: Spirit of Progress is how we will continue to celebrate life, every day, everywhere.

To lead our business through the next decade, we have set ourselves 25 goals which align with the United Nations' Sustainable Development Goals, grouped under the themes shown below. We report our progress against all our goals in our Annual Report.

We want to change the way the world drinks for the better.

We will do this by celebrating moderation and continuing to address the harmful use of alcohol, expanding our programmes that tackle underage drinking, drink driving and binge drinking.

We believe the most inclusive and diverse culture makes for a better business and a better world.

We will champion inclusion and diversity across our business, with our partners and communities, to celebrate diversity and help shape a tolerant society.

We are committed to preserving the natural resources on which we all depend.

We will work in partnership to tackle climate change, water stress and biodiversity loss, and help create a more sustainable world.

Water is the basis of life and our most precious resource.

By 2030, every drink we make will use 30% less water than today and by 2026 we will replenish more water than we use in all our water-stressed areas.

We all have a responsibility to restore the natural world on which life depends.

We will do our bit by eliminating waste from our value chain, collaborating with farmers to regenerate landscapes and creating innovative solutions to grow sustainably.

The planet needs significant science-based action to create a sustainable low-carbon future.

We will decarbonise our own operations by 2030 and work with our suppliers to halve theirs by 2030 too.

We believe doing business the right way contributes to a fair and just society.

We will create an environment where all our people feel they are treated fairly and with respect. We will act with integrity to ensure we are doing business in the right way, meeting external expectations and our own standards.

GRI Index

GRI Index

This index outlines our response to the GRI Sustainability Reporting Standards

Our definition of material is relatively broad and includes most issues that surfaced as part of our materiality assessment, regardless of priority, as illustrated on page 5. We have continued to develop our approach to reporting, building on our 2021 GRI report, and continue to report as fully as we can on our most material issues. We have reported on as many standards as possible, against the priorities set by our materiality review. This year we have reported on the revised GRI Standards for the fourth time, staying true to our philosophy of reporting in a transparent manner to global standards of best practice on a range of economic, environmental and social impacts.

Translating our Society 2030: Spirit of Progress plan to GRI

In addition to informing our strategy, our materiality assessment guides our reporting and has helped us determine which issues to address in our Annual Report, on our website and in our ESG Reporting Index, so as to be most informative for our stakeholders. The following table maps our activities and programmes against the GRI Standards.

GRI Standards				Our strategic focus area
Universal standards	1	Foundation – reporting principles	● Approach to reporting	● Doing business the right way from grain to glass
	2	General disclosures	● Organisational profile ● Strategy ● Ethics and integrity ● Governance ● Stakeholder engagement ● Reporting practice	● Doing business the right way from grain to glass
	3	Material topics	● Material topics and their boundaries ● Management approaches ● Evaluation of management approaches	● Doing business the right way from grain to glass
Topic-specific standards	200	Economic		● Champion inclusion and diversity ● Pioneer grain-to-glass sustainability
	300	Environmental		● Pioneer grain-to-glass sustainability
	400	Social		● Promote positive drinking ● Champion inclusion and diversity ● Pioneer grain-to-glass sustainability

GRI Index

How we have complied with the GRI Standards

This report has been prepared in accordance with the GRI Standards: comprehensive option. The material in this report references the following disclosures:

FOUNDATION
GRI 1-1 to 1-8 from GRI 1: Foundation 2021

GENERAL
GRI 2-1 to 2-30 from GRI 2: General Disclosures 2021

MATERIAL TOPICS
GRI 3-1 to 3-3 from GRI 3: Material Topics 2021

ECONOMIC
GRI 201-01 to 201-04 from GRI 201: Economic Performance 2016
GRI 202-01 to 202-02 from GRI 202: Market Presence 2016
GRI 203-01 to 203-02 from GRI 203: Indirect Economic Impacts 2016
GRI 204-01 from GRI 204: Procurement Practices 2016
GRI 205-01 to 205-03 from GRI 205: Anti-corruption 2016
GRI 206-01 from GRI 206: Anti-competitive Behaviour 2016
GRI 207-01 to 207-04 from GRI 207: Tax 2019

ENVIRONMENTAL
GRI 301-01 to 301-03 from GRI 301: Materials 2016
GRI 302-01 to 302-05 from GRI 302: Energy 2016
GRI 303-01 to 303-05 from GRI 303: Water and Effluents 2018
GRI 304-01 to 304-04 from GRI 304: Biodiversity 2016
GRI 305-01 to 305-07 from GRI 305: Emissions 2016
GRI 306-01 to 306-05 from GRI 306: Waste 2020
GRI 308-01 to 308-02 from GRI 308: Supplier Environmental Assessment 2016

SOCIAL
GRI 401-01 to 401-03 from GRI 401: Employment 2016
GRI 402-01 from GRI 402: Labour/Management Relations 2016
GRI 403-01 to 403-10 from GRI 403: Occupational Health and Safety 2018
GRI 404-01 to 404-03 from GRI 404: Training and Education 2016
GRI 405-01 to 405-02 from GRI 405: Diversity and Equal Opportunity 2016
GRI 406-01 from GRI 406: Non-discrimination 2016
GRI 407-01 from GRI 407: Freedom of Association and Collective Bargaining 2016
GRI 408-01 from GRI 408: Child Labour 2016
GRI 409-01 from GRI 409: Forced or Compulsory Labour 2016
GRI 410-01 from GRI 410: Security Practices 2016
GRI 411-01 from GRI 411: Rights of Indigenous Peoples 2016
GRI 412-01 to 412-03 from GRI 412: Human Rights Assessment 2016
GRI 413-01 to 413-02 from GRI 413: Local Communities 2016
GRI 414-01 to 414-02 from GRI 414: Supplier Social Assessment 2016
GRI 415-01 from GRI 415: Public Policy 2016
GRI 416-01 to 416-02 from GRI 416: Customer Health and Safety 2016
GRI 417-01 to 417-03 from GRI 417: Marketing and Labelling 2016
GRI 418-01 from GRI 418: Customer Privacy 2016

GRI Index
Universal standards

GRI 1: FOUNDATION

REPORTING PRINCIPLES		
Disclosure		**Our response**
1-1 ●	**Accuracy**	We clearly, consistently and transparently report our performance against our Society 2030: Spirit of Progress plan on pages 35-38 of our Annual Report.
		We explain our methodology for calculating performance against targets in the Reporting boundaries and methodologies section of this ESG Reporting Index. PricewaterhouseCoopers LLP (PwC) was engaged to provide independent limited assurance over selected information in the Annual Report and in this ESG Reporting Index for the year ended 30 June 2022.
1-2 ●	**Balance**	We report against stretching targets and GRI indicators, whether or not our performance has been strong. This gives a balanced view of the impacts we make, which we have defined by considering the views of a range of stakeholders.
		We aim to present information in such a way that the reader can assess trends in performance year on year.
1-3 ●	**Clarity**	Our ESG and responsibility journey is described at a high level on our website, with examples to bring our strategy to life. We identify and report on the most material issues in our Annual Report. And we have produced this ESG Reporting Index to make sure our readers can find all the information they seek, including our responses to all the GRI Standards.
		Our approach to ESG reporting is outlined in our Annual Report on page 41. A guide on how to use this ESG Reporting Index can be found on page 4 of this ESG Reporting Index.
1-4 ●	**Comparability**	We continue to report against our external targets, as well as respond to universal standards such as the GRI Standards. We have designed our Annual Report and this ESG Reporting Index to enable stakeholders to easily review our performance over time, and to help readers find comparable information.
1-5 ●	**Completeness**	Our coverage of material topics is explained in the Reporting boundaries and methodologies section at the end of this ESG Reporting Index.
1-6 ●	**Sustainability context**	Our Annual Report explains the wider context in which we operate and presents our sustainability performance in relation to both our corporate performance and global sustainable development issues, including the Paris Agreement and the UN Sustainable Development Goals.
		Our Annual Report also presents how our material issues – that is, economic, environmental and social issues – relate to our long-term strategy, risks, opportunities and goals, including throughout our value chain.
1-7 ●	**Timeliness**	We continue to publish this ESG Reporting Index alongside the Annual Report.
1-8 ●	**Verifiability (Reliability)**	Our reporting methodologies for non-financial information can be found on pages 90-110 of this ESG Reporting Index. Last year we refreshed our reporting boundaries and methodologies, making them easier to navigate. In some cases, our data and processes are assured by third parties.
		PwC was engaged to provide independent limited assurance over selected non-financial information in this ESG Reporting Index and the Annual Report for the year ended 30 June 2022.
		Corporate Citizenship was engaged to assess our community investment figures. Corporate Citizenship is the manager of Business for Societal Impact – a global standard for measuring, benchmarking and reporting on corporate community investment – of which we are a member.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Universal standards

GRI 2: GENERAL DISCLOSURES

ORGANISATIONAL PROFILE AND ITS REPORTING PRACTICES		
Disclosure		**Our response**
2-1 ●	Organisational details	Legal name: Diageo plc.
		Nature of ownership and legal form: Diageo is a limited liability public company listed on the London, New York, Paris and Dublin stock exchanges.
		Registered number: 23307.
		Place of registration: England and Wales.
		Location of headquarters: 16 Great Marlborough Street, London W1F 7HS.
		Countries of operation: Our products are sold in more than 180 countries and we have 132 supply sites in 23 countries. A breakdown of which markets are in each region can be found in the Business review section of the Annual Report, which is on pages 63-73 and in the Reporting boundaries and methodologies section of this ESG Reporting Index on page 91.
2-2 ●	Entities included in the consolidated financial statements	We describe the entities included in our sustainability reporting within the Reporting boundaries and methodologies section on page 90-110. It includes information about the difference between the list of entities included in our Financial Statements and our ESG reporting on this page, as well as an explanation of the approach used to consolidate information from multiple entities for the different indicators included in our ESG reporting.
2-3 ●	Reporting period, frequency and contact point	Reporting period: Year ended 30 June 2022.
		Frequency of reporting: We report every year in line with our financial reporting.
		Publication date: Our Annual Report and our ESG Reporting Index were published on 4 August 2022.
		Contact information: spiritofprogress@diageo.com
2-4 ●	Restatements of information	Our approach to restating information from previous reporting periods is included within the Reporting boundaries and methodologies section of this ESG Reporting Index. This includes restatements of baseline environmental data on page 91 and restatement of code breach data on page 110.
2-5 ●	External assurance	**Assurance policy and practice** Our policy is to align our reporting of non-financial information with the best and most up-to-date standards and protocols available at the beginning of our fiscal year. We believe in reporting against reliable data, and strive to improve the quality of our non-financial disclosures. More information on our assurance approach can be found on our website under ESG reporting approach.
		PwC PwC, an independent auditor, was engaged to provide independent limited assurance over selected information in the Annual Report and Accounts, and this ESG Reporting Index, for the year ended 30 June 2022. Information that is within PwC's limited scope is marked with the symbol Δ. Our Audit Committee approve the appointment and set the scope of PwC's limited assurance engagement.
		Corporate Citizenship Corporate Citizenship was engaged to assess our corporate community investment figures. Corporate Citizenship is the manager of Business for Societal Impact – a global standard for measuring, benchmarking and reporting on corporate community investment – of which we are a member. The Global Director of Society appoints and sets the scope of Corporate Citizenship's engagement.
		Both PwC's and Corporate Citizenship's assurance statements can be found on pages 111-114 of this ESG Reporting Index.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◖ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Universal standards

GRI 2: GENERAL DISCLOSURES continued

ACTIVITIES AND WORKERS		
Disclosure		**Our response**
2-6 ●	Activities, brands, products and services	**Activities, products and services** We are active in the beverages sector. We produce more than 200 alcoholic beverage brands, including the global giants Johnnie Walker, Smirnoff, Captain Morgan, Baileys, Tanqueray and Guinness. Key details about each of these brands can be found in the Our brands section of the Annual Report on pages 2-3 and a review of our product categories on pages 74-75. An overview of our production can be found in the Our business model section on pages 18-19. This year we made £15,452 million in net sales. More details of our financial performance can be found in our Financial Statements, from page 136 of the Annual Report. **Markets served** Our customers vary from large global retailers and convenience stores, and bars, restaurants and hotels, to governments such as 'control states' in the United States, and state monopolies in countries such as Sweden and Norway. These organisations are conduits to our shoppers and consumers, to whom we market. A geographic breakdown of our markets and supply operations is outlined in the Business review section of the Annual Report on pages 63-73. We only sell products that are approved and legal in our markets. Some markets do not allow the sale of alcohol because of religious concerns, and we respect this. If stakeholders or consumers have complaints either about a brand, its raw materials or how it is marketed, they can complain to one of the many regulatory bodies of which we are a member, or directly to us through our website or our customer care lines. We will always respond to complaints made to industry bodies and abide by the decisions made, and we respond to all consumer enquiries and complaints. **Supply chain** Around 29,000 direct suppliers from more than 100 countries provide us with the raw materials, expertise and other resources for our brands. Many of those direct suppliers have extensive supply chains of their own, connecting us with thousands more farmers and businesses. Details of how we work with our suppliers are included in the Pioneer grain-to-glass sustainability section of the Annual Report on pages 30-31. For acquisitions and disposals, see Note 8 to the Financial Statements in the Annual Report on pages 163-164. For material organisational restructuring programmes, see Note 3 to the Financial Statements in the Annual Report on page 155. For changes in share capital structure, see Note 9 to the Financial Statements in the Annual Report on pages 166-169. There were no material changes to the overall location of suppliers, structure of the supply chain or our relationships with suppliers during this reporting period. Other, less material changes in our supply chain occurred as a result of our routine tendering processes.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Universal standards

GRI 2: GENERAL DISCLOSURES continued

ACTIVITIES AND WORKERS continued

Disclosure		Our response
2-7	Employees	We employ 27,987 people around the world. The production side of the business includes 132 sites in 23 countries.

Employees by region, by gender and by employment contract type[1]

	Part-time	Full-time	Permanent	Fixed-term/temporary	Total
North America					
Men	17	1,702	1,706	12	1,719
Women	14	1,136	1,140	11	1,150
Not declared	2	26	21	7	28
Europe					
Men	135	5,352	5,315	171	5,487
Women	302	3,612	3,740	173	3,914
Not declared	3	56	12	47	59
Africa					
Men	0	2,445	2,382	62	2,445
Women	0	1,185	1,125	59	1,185
Not declared	0	18	2	16	18
Latin America and the Caribbean					
Men	0	2,349	2,184	165	2,349
Women	0	1,398	1,290	108	1,398
Not declared	3	29	0	32	32
Asia Pacific					
Men	10	5,625	5,450	185	5,634
Women	28	2,453	2,204	277	2,481
Not declared	3	86	1	88	89
Diageo (total)					
Men	162	17,472	17,038	596	17,634
Women	344	9,784	9,499	628	10,127
Not declared	11	215	36	190	226
All	**516**	**27,471**	**26,574**	**1,413**	**27,987**

1. In some markets the concept of 'permanent employment' does not exist. For reporting purposes, we have considered as 'permanent' all those employees whose contract is not fixed-term/temporary. Part-time is defined as an employee not working at 100% of a full-time equivalent.

Information about our total workforce by employees and supervised workers, and by gender, is included in the Our people section of our Annual Report on page 18.

The methodologies and assumptions used to compile this data are described in the Reporting boundaries and methodologies section of this ESG Reporting Index on pages 90-110.

How we have met each disclosure ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards ◖ Partially disclosed and missing at least one required indicator ○ Not disclosed ⊗ Not considered material to our business at this time

Universal standards

GRI 2: GENERAL DISCLOSURES continued

ACTIVITIES AND WORKERS continued

Disclosure		Our response
2-8	Workers who are not employees	Most people who work on our behalf are employed by Diageo – although, like most manufacturing companies, we also employ contractors, the numbers of whom vary significantly by region. For the most part, when we use contractors, it's for:

- Construction projects, resulting from investments we're making in the business
- Logistics (from the end of the packaging line), such as warehouse operators, forklift truck drivers and loaders
- Selected sales and merchandising activity
- Cleaning, catering and site security.

Although some aspects of our business use seasonal employment, for example, in agricultural operations or in logistics and packing activities, it is not significant compared to our overall number of employees.

This year, the total number of our agency extended workforce was 5,122 as of June 2022, which accounts for agency-supported operations in 35 countries around the world. This does not include people working through Consultancy, Master Service Agreements (MSA) or Statements of Work (SoW). The number of people in the agency extended workforce is reported using a combination of data from HR, Procurement and Finance.

GOVERNANCE

Disclosure		Our response
2-9	Governance structure and composition	Our governance structure is included in the Governance section of the Annual Report on pages 84-132. Our Chief Executive, Ivan Menezes, is ultimately accountable for overall performance against ESG goals and targets, while responsibility for the component parts of Society 2030: Spirit of Progress is shared between members of our Executive Committee.

In this way, Society 2030: Spirit of Progress is embedded across the whole organisation, with senior executives being accountable for its delivery – for example:

- The President, Global Supply and Procurement is responsible for environmental performance, health and safety, and for labour standards within the supply network. This person also holds the post of Chief Sustainability Officer
- The Global Corporate Relations Director is responsible for social topics, specifically positive drinking and the community elements of our commitment to champion inclusion and diversity and pioneer grain-to-glass sustainability.

To continue to improve our oversight of ESG, our Board receives updates on our ESG strategy and performance every quarter. Additionally, when issues arise in Board or Executive Committee meetings that relate to topics covered by our strategy, accountability will be delegated to the designated individual. When issues or risks to do with other ESG topics are discussed, the Board or Committee assign an executive to look into it and report back. In some cases, an issue will become a standing item on the Board or Executive Committee agenda until it is resolved. Regional presidents and local managing directors are responsible for implementing strategy locally and driving performance.

At the date of the Annual Report 2022, the Board was made up of 11 members: the Chairman, eight other Non-Executive Directors , all of whom were independent, and two executive directors. Seven members of the Board were women. Five members of the Board were from ethnic minority backgrounds, as defined by the Parker Review.

The Board has three standing committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. More information on the membership and work of these committees is included in the Governance section of the Annual Report.

Disclosure		Our response
2-10	Nomination and selection of the highest governance body	The Nomination Committee – made up of all the independent Non-Executive Directors and the Chairman of the company – is responsible for keeping under review the composition of the Board and succession planning for the Board and senior leadership positions. The Committee makes recommendations to the Board concerning Board appointments. Criteria for Board appointments include skills, knowledge, experience and diversity. The Board has adopted a Diversity policy, which sets out its commitment to inclusion and diversity and includes diversity goals. The policy is available on our website.

More detail is included in the Governance section of the Annual Report on pages 84-132.

The terms of reference of all Board committees are available on our website.

How we have met each disclosure ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards ◖ Partially disclosed and missing at least one required indicator ○ Not disclosed ⊗ Not considered material to our business at this time

Universal standards

GRI 2: GENERAL DISCLOSURES continued

GOVERNANCE continued

Disclosure		Our response
2-11	**Chair of highest governance body**	The Chairman of the Board is a non-executive director and, in accordance with Provision 9 of the UK Corporate Governance Code, was independent on appointment.
2-12	**Role of the highest governance body in overseeing the management of impacts**	The Board helped shape and approve our approach to our Society 2030: Spirit of Progress targets. The Executive Committee is responsible for managing economic and ESG impacts, with the accountabilities outlined in GRI 2-9 Governance structure and composition.
		Our ESG strategy is also considered at Board level regularly, as explained in GRI 2-9. Reports on progress towards the Society 2030: Spirit of Progress targets are provided to the Board at least four times a year, incorporating stakeholder consultation where possible. In some cases, Board members identify new economic and ESG impacts that we need to manage. Policies are generally discussed and agreed at Executive Committee level – although policies relating to material risks are signed off at Board level.
		The Board and Executive Committee discuss wider external concerns regularly, and consider external views when shaping our strategy around economic and ESG topics. Stakeholder feedback is provided to the Executive Committee and the Board as appropriate. For investors, the Investor Relations team reports the views of institutional shareholders to the Board throughout the year and, when relevant, those of private investors. Private shareholders engage directly with the Chairman or the entire Board at the Annual General Meeting.
		Elsewhere, feedback from our SpeakUp helpline is reviewed independently by the Business Integrity team, which also summarises issues for the Executive Committee and the Audit Committee. The Board also receives a report highlighting global aggregated results of our Your Voice survey once a year. The Your Voice survey is a confidential online survey used to measure our culture and engagement, listen to employee feedback and learn from their experience. The results are discussed by the Executive Committee, which develops action plans as needed.
		The Audit Committee reviews detailed reports – which include economic and ESG risks – from the heads of the Business Integrity, Controls Assurance, and Global Audit and Risk teams, including summaries of our management-level Audit and Risk Committee meetings. And, relevant members of the Executive Committee and other senior leaders present context informing our strategy, including risks, to the Board.
		More details can be found in the Governance section of the Annual Report on pages 84-132.
2-13	**Delegation of responsibility for managing impacts**	See GRI 2-9 Governance structure and composition for more information about our delegation of authority and executive-level responsibility for economic, environmental and social topics.
2-14	**Role of the highest governance body in sustainability reporting**	Our Annual Report is approved by a duly appointed and authorised committee of the Board, and ultimately signed off by our Chief Executive and Chief Financial Officer. The Board regularly reviews our performance against our ESG-related targets.
2-15	**Conflicts of interest**	The Board has agreed an approach and adopted guidelines for dealing with conflicts of interest, and responsibility for authorising conflicts of interest is included in the schedule of matters reserved for the Board. Our Code of Business Conduct (Code) also references how potential conflicts of interest are managed.
		The Annual Report includes disclosures on conflicts of interest. This year, for example, the Annual Report notes that the Board was not aware of any situation that could give rise to conflicts of interest other than those that might arise from Directors' other appointments, as disclosed in their biographies in the Annual Report.
		More information is included in the Board of Directors section of the Annual Report on pages 84-85.
2-16	**Communication of critical impacts**	The Board maintains a process for communicating critical concerns through the Audit Committee, which reviews the effectiveness of our systems of internal control and risk management, including oversight of all whistleblowing activities.
		The Annual Report sets out the total number of allegations of breaches reported during the financial year ended 30 June 2022, together with the substantiation rate. The number of people who exited the business during the year as a result of breaches declined compared to the year before, because of a reduction in the severity and type of breach.
		More details can be found in the Doing business the right way section of the Annual Report on pages 39-40, and in the Governance section on pages 84-132. Also see the principal risks table in the Annual Report on pages 42-46.

How we have met each disclosure — ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◐ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Universal standards

GRI 2: GENERAL DISCLOSURES continued

GOVERNANCE continued		
Disclosure		**Our response**
2-17 ⬤	**Collective knowledge of the highest governance body**	The Board's collective knowledge and experience of ESG is enhanced with background reports on various economic and ESG topics that it receives throughout the year. Some of these reports are discussed in detail in Board meetings.
		The Board and Executive Committee discussed ESG topics in detail – including a deep dive into our Society 2030: Spirit of Progress plan and initiatives – at the Annual Strategy Conference held during the year, again improving the Board's knowledge and expertise in this area.
		The Audit Committee reviews management's assessment of our principal risks, including risks associated with our economic and ESG performance. This improves Directors' experience of risks associated with climate change and other ESG topics too.
		The Board is also responsible for reviewing our Annual Report, which gives important contextual and performance information on economic and ESG topics. The Audit Committee of the Board reviews and recommends approval of the Annual Report.
		The Board helped shape and approve our approach to our Society 2030: Spirit of Progress targets and receives an update on our performance against those targets at least four times a year.
2-18 ⬤	**Evaluation of the performance of the highest governance body**	We evaluate the performance and effectiveness of the Board, its Committees and Directors every year. At least once every three years, this evaluation is carried out by an independent professional consultancy.
		During the year ended 30 June 2022, the Company Secretary oversaw an internally facilitated evaluation of the Board's effectiveness. This saw each Director complete a questionnaire seeking feedback on Board, Committee and Director performance and effectiveness, including in relation to how the Board supervises the company's ESG activities.
		The responses were reviewed by the Chairman and Company Secretary, who then proposed actions for the Board to consider and approve. These actions, which are described in the Governance section of our Annual Report on pages 84-132, include an increased focus on ESG matters and improved processes around Board papers.
2-19 ⬤	**Remuneration policies**	The Directors' remuneration report in the Annual Report on pages 106-131 includes our remuneration policy. As explained in that report, remuneration is driven by both financial and individual business performance objectives that, in some cases, include ESG as well as financial goals.
		From 2020, Executive Directors, other members of the Executive Committee and senior leaders throughout the business are directly incentivised through their long-term incentive plans to achieve ESG goals. We may also include ESG-type measures in the individual business objective element of Executive Committee members' shorter-term annual incentive plans.
2-20 ⬤	**Process to determine remuneration**	Our Remuneration Committee determines senior- and executive-level remuneration. Key aspects are included in the Directors' remuneration report in the Annual Report on pages 106-131. Details of independent third-party advisers, including remuneration consultants, are described on page 111 of the Annual Report.
		As described in the Directors' remuneration report, the Remuneration Committee actively engages with shareholders each year. In 2020, the Committee consulted a large number of shareholders about introducing ESG performance goals under the long-term incentive plan. In 2020 and 2021, the impact of the pandemic on outstanding incentive plans, and the approach to target setting under the incentive plans, were discussed in depth.
		Each year, including in 2022, the Remuneration Committee engages with shareholders about implementing policy for the year ahead. The Committee also reviews insights from the Chairman's discussions with employees to help inform its decision-making on an ongoing basis.
		Each year, at the company's Annual General Meeting, shareholders are asked to vote to approve the Directors' remuneration report. The last Directors' remuneration report was approved by 96.04% of votes. The Directors' remuneration policy, which is approved by shareholders at least every three years, was approved by 93.12% of votes in 2020.

How we have met each disclosure	⬤ Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◖ Partially disclosed and missing at least one required indicator	◯ Not disclosed	⊗ Not considered material to our business at this time

Universal standards

GRI 2: GENERAL DISCLOSURES continued

GOVERNANCE continued		
Disclosure		**Our response**
2-21 ●	**Annual total compensation ratio**	**Annual total compensation ratio** We report the remuneration of our highest-paid executives in the Directors' remuneration report in our Annual Report on pages 106-131. We report the Chief Executive's pay ratio – that is, the total compensation for the Chief Executive versus median total compensation for UK employees – on page 126 of the Annual Report. **Percentage increase in annual total compensation ratio** We report the remuneration of our highest-paid executives in the Directors' remuneration report in our Annual Report on pages 109-129. We report the year-on-year change in Directors' salaries, bonuses and benefits relative to the average increase for all employees globally on pages 109-129. We also report the total amount paid in salaries and benefits to employees under GRI 201-01.

STRATEGY POLICIES AND PRACTICES		
Disclosure		**Our response**
2-22 ●	**Statement on sustainable development strategy**	In our Annual Report on pages 6-11, our Chairman and Chief Executive comment on how our role in society and our ESG strategy and targets support our Performance Ambition to create one of the best performing, most trusted and respected consumer products companies in the world.
2-23 ●	**Policy commitments**	**Our policy commitments and approach** Our Code sets out what we stand for as a business and how we demonstrate the highest standards of integrity and ethical behaviour. It is guided by our strong purpose and values. It provides clarity on how we are expected to behave to build the trust and respect of everyone who interacts with us. Our Code is underpinned by a number of global policies, standards and guidelines covering specific areas of our work. We review each of these every year to make sure we take account of any changes in our external environment and update them accordingly through Executive Committee approval. Each one reflects our values and our commitment to doing business the right way – and all can be found on our website. The Global Business Integrity team oversees the Global Policy Framework, which lays out the process of developing and revising policies, reviewing and approving them, and making them available to everyone at Diageo. This might be through global mandatory training, for example. We take a precautionary approach to our Environment Policy. We describe this in how we are working to reduce emissions in the Pioneer grain-to-glass sustainability and Responding to climate-related risk sections of the Annual Report on pages 30-31 and 47-56 respectively. **Policy commitment to respect human rights** Our Global Human Rights Policy covers a list of internationally recognised human rights and a list of specific at-risk groups that we give particular attention to. The authoritative intergovernmental instruments that we are committed to are referenced within our policies and standards. These include the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights to Work, the Children's Rights and Business Principles, the UN Global LGBTI Standards of Conduct for Business, the UN Women's Empowerment Principles and the UN Global Compact. **Due diligence** Our approach is set out in our policies and guidelines and is reviewed through our Global Audit and Risk function and through analysing our breach reporting mechanism, which is available to both our employees and business partners. We are also enhancing our internal assurance framework to identify opportunities to further strengthen our approach.

How we have met each disclosure
- ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
- ◐ Partially disclosed and missing at least one required indicator
- ○ Not disclosed
- ⊗ Not considered material to our business at this time

Universal standards

GRI 2: GENERAL DISCLOSURES continued

STRATEGY POLICIES AND PRACTICES continued		
Disclosure		**Our response**
2-24 ●	**Embedding policy commitments**	Neither compliance nor conducting our business with integrity are negotiable – and our approach to risk and compliance helps us to encourage the right behaviours and attitudes in our people and to ensure responsible business conduct in everything we do.
		In our Code, we set out which policies and standards are relevant for all our employees and allocate responsibility to specific groups for others: for example, all employees who work with suppliers are responsible for implementing the commitments of our Partnering with Suppliers Standard. We support our employees to embed our global policies in their work through an annual, risk-based training plan. This includes general awareness for all employees, as well as detailed training for functions directly related to managing specific business risks.
		Our Global Business Integrity team manages the integration of our commitments into organisational strategies, operational policies and procedures through our Global Policy Framework. This framework also sets out how we implement our commitments with and through our business relationships: for example, all suppliers will adhere and commit to our Partnering with Suppliers Standard, which sets out the minimum expectations on environmental, social and governance criteria of working and partnering with Diageo.
		We undertake annual mandatory global training on our Code and key global policies. This includes an integrated Annual Certification of Compliance for all managers and their direct reports, which takes in a total of 15,522 eligible employees. Our Code is available in 20 languages to make sure all our employees around the world can access the policy.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Universal standards

GRI 2: GENERAL DISCLOSURES continued

STRATEGY POLICIES AND PRACTICES continued		

Disclosure		Our response

2-25 ● **Processes to remediate negative impacts**

Our ambition to do business the right way means we are committed to remediating any negative impacts we have caused or contributed to. We do this through our grievance mechanisms, which provide a framework for dealing with any negative issues that arise.

Our environmental and social grievance mechanisms

Our grievance mechanisms cover a wide range of social and environmental issues: impacts on society; human rights, including child and forced labour; wages and hours; health, safety and wellbeing; preventing harassment and discrimination; environmental spills, including volume of material from significant spills.

Our key grievance mechanism is our third-party SpeakUp helpline and website, available in all 20 Code languages. These can be accessed by employees and anyone in our value chain, including contractors, suppliers, customers and consumers.

For employees, SpeakUp complements, rather than replaces, reporting issues to line managers, the Legal team, the HR team or Business Integrity managers. Grievances are investigated independently and, where necessary, anonymised to protect those raising the issue.

For suppliers, we advertise SpeakUp through our Partnering with Suppliers Standard. They are also encouraged to raise concerns to their most senior Diageo contact, a Diageo lawyer, or the market managing director or function head. We also expect our suppliers to apply these principles and processes to their own suppliers.

Environmental grievances are reviewed in-market by the relevant functions and escalated as needed to the 2030 Grain-to-Glass Strategic Business Review (SBR) team. This team meets quarterly and develops mitigations as appropriate.

During the reporting year, 68 grievances about environmental impacts were filed. All were addressed, with 12 being resolved through formal grievance mechanisms. Four grievances about environmental impacts, filed last year, were resolved this year. We do not disclose how each individual grievance is resolved because this may compromise the anonymity of those involved.

How we assess the effectiveness of our grievance mechanisms

On social grievances, our Global Breach Management Committee meets quarterly to oversee key trends, identify and align key themes, and determine whether any interventions or actions are required. We also engage with local judicial or non-judicial grievance mechanisms to address matters when needed. An independent assessment of our Breach Management Standard took place in 2022 to assess its compatibility with the EU Whistleblowing Directive, and relevant adjustments are being made.

As well as routine tracking and review, we also review assessments and non-compliances from the Sedex Members Ethical Trade Audit (SMETA) supplier assessment systems. Our reviews have led us to work more closely with Sedex on SMETA activities, and with suppliers, to assess and strengthen compliance with labour standards.

On environmental grievances, our Environment teams in each market review grievances to consider whether mitigation has been effective and whether grievances have been addressed. The effectiveness of this approach is monitored by:

- Drawing on internal and/or independent external expertise and feedback
- Conducting meaningful consultation with potentially affected groups and other relevant stakeholders
- Reviewing internal and external audit schedules.

2-26 ● **Mechanisms for seeking advice and raising concerns**

We have a confidential service (SpeakUp) available for people to raise concerns about compliance with the law, our Code, any of our global policies or standards, or any other compliance and ethics matter.

Our SpeakUp whistleblowing phone line and web reporting tool can be accessed by all our employees and by those in our value chain. Overall statistics and significant matters are reported quarterly to our Executive Committee and our Audit Committee.

We do not tolerate reprisals against anyone who reports a concern or helps with an investigation in good faith. Anyone found to be involved in retaliation against an individual who has raised a concern will be subject to disciplinary action.

More information is included in the Our principal risks and risk management section of the Annual Report on pages 42-46.

How we have met each disclosure ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards ◖ Partially disclosed and missing at least one required indicator ○ Not disclosed ⊗ Not considered material to our business at this time

Universal standards

GRI 2: GENERAL DISCLOSURES continued

STRATEGY POLICIES AND PRACTICES continued		
Disclosure		**Our response**
2-27 ◐	**Compliance with laws and regulations**	**Environmental compliance** Our approach to water, energy, biodiversity, emissions, and effluents and waste is described in section 300: Environment, from page 30-51 below. These form part of our overall approach to managing our environmental impact and complying with all local laws and regulations, or with our own standards – whichever are higher – at each site. These are set out in our Environment Policy and our supporting framework of policies.
		The President, Global Supply and Procurement and Chief Sustainability Officer is the environment policy owner, and reviews environmental and compliance performance regularly during the year, including at quarterly Supply Chain and Procurement Environmental Compliance reviews, managed by our Governance function. There are also routine reports to the Executive Committee and an annual review of performance against yearly and longer-term targets.
		There were 13 incidents of non-compliance with environmental consents this reporting year, resulting in a total of £1,215,253 in fines. There were three incidents of non-compliance with environmental consents from last year reported this year.
		Socioeconomic compliance This year there were no charges to exceptional items in respect of non-compliance with social and economic laws and regulations. For more information on how we manage socioeconomic compliance, please see GRI 2-23 and 2-24.
		Omissions: the total number and the monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period.
		Reason: not applicable.
		Explanation: we do not report fines that the business does not deem to be material. Materiality is defined in the Independent Auditor's Report in the Annual Report on pages 91-103.
2-28 ●	**Membership of associations**	We have helped establish many social aspects organisations (SAOs) – that is, industry-funded bodies that work with governments, the private sector and NGOs to reduce the harmful use of alcohol. Information on how we work with IARD, the International Alliance of Responsible Drinking, and a list of our SAOs and trade associations that run responsible drinking initiatives can be found in the Alcohol policy section of our website.
		We are proud signatories of a number of environmental initiatives including Business Ambition for 1.5⁰C, UNGC/SBti Uniting Business to Recover Better, the Race To Zero, Race to Resilience and the UNGC Government Letter on SDGs in Recovery and RE100.

How we have met each disclosure
● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
◐ Partially disclosed and missing at least one required indicator
○ Not disclosed
⊗ Not considered material to our business at this time

Universal standards

GRI 2: GENERAL DISCLOSURES continued

STAKEHOLDER ENGAGEMENT		
Disclosure		**Our response**
2-29 ●	**Approach to stakeholder engagement**	We define our stakeholders as all those who affect, are affected or could be affected by our business.
		We engage internal and external stakeholders, ranging from employees, investors and commercial partners to governments, NGOs, local communities and consumers. A full list is included in the Stakeholder engagement section of our website.
		We actively engage stakeholders at both local and global levels. At a local level, employees across our business engage their colleagues, local governments, customers, media and community groups on issues of immediate concern to them. At a global level, we engage investors, customers, suppliers and multinational organisations such as UN agencies and NGOs. We aim to ensure meaningful engagement by working with a varied group of stakeholders and by maintaining open dialogue with them. Examples of how we engage with stakeholders can be found in the Stakeholder engagement section of our website.
2-30 ●	**Collective bargaining agreements**	We have a strong commitment to transparent dialogue. In 2022, 47.1% of our employees were covered by collective bargaining agreements. Our collective bargaining data for fiscal 22 includes two additional groups not included in the fiscal 21 report – Ypóca, Brazil and Don Julio, Mexico.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Universal standards

GRI 3: MATERIAL TOPICS

MATERIAL TOPICS AND THEIR BOUNDARIES		
Disclosure		**Our response**
3-1 ●	Process to determine material topics	In 2019 we carried out a rigorous materiality assessment. As a starting point to this process, we identified actual and potential negative and positive impacts that our business activities and relationships have on the economy, environment and people, including impacts on human rights. This assessment examined the external trends shaping our operating environment. It also assessed how we can most effectively align our work and the way we do business with the UN Sustainable Development Goals (SDGs).
		Following this assessment, we interviewed 40 internal and external stakeholders and explored the findings in workshops with experts from our business functions in Bangalore, London, Nairobi, New York and Singapore.
		Finally, we held a full-day workshop with our Executive Committee and had multiple interactions reviewing the strategy with the Board.
		This exercise enabled us to determine how significant these impacts were in terms of severity, scale, scope and likelihood, and it informed how we prioritise the most significant impacts – which we have illustrated in our materiality matrix on page 5 of this ESG Reporting Index. The findings have guided how we have developed our Society 2030: Spirit of Progress plan, our reporting priorities and our assurance process.
		We review materiality on an ongoing basis, considering stakeholder comments – including those arising from our internal subject-matter experts – Corporate Relations activity, financial analysis and external developments – including the UN SDGs, the Paris Climate Agreement, Business Ambition for 1.5⁰C, UNGC/SBTi Uniting Business and Governments to Recover Better, the Race To Zero and the UNGC Government Letter on SDGs in Recovery.
3-2 ●	List of material topics	Our materiality assessment informed our Society 2030: Spirit of Progress plan and helped us to define our reporting scope. Our analysis confirmed the importance of several key themes: promoting positive drinking by encouraging moderation and tackling the harmful use of alcohol; championing water stewardship and decarbonisation as part of pioneering sustainability from grain to glass; and championing inclusion and diversity, both within our business and in the communities where we live, work, source and sell. As shown in our materiality matrix on page 5, this year we have moved the position of two topics, firstly, strengthening security of agri-food chains and secondly, protecting the natural ecosystems our business relies on, to reflect the increasing importance of these topics to our external stakeholders.
		Those risks considered most material from a financial and non-financial perspective are included in our Annual Report on pages 42-46. Like last year, we have highlighted climate-related risks within the Our principal risks and risk management section of our Annual Report: see page 50 for more information.
		The following GRI aspects are particularly material to our 132 supply sites in 23 countries: procurement practices, materials, energy, water and effluents, biodiversity, emissions, waste, supplier environmental assessment, environmental grievance mechanisms, occupational health and safety, and supplier assessment for labour practices. The remaining additional aspects are material to all 180 countries where we sell products around the world – except for indigenous rights, which did not come up as material through our stakeholder study. There have not been any significant changes to our list of material topics and topic boundaries since the previous reporting period. We took a value-chain approach to our materiality matrix, so the issues that we identified as material are also material to our suppliers and other business partners.
3-3 ●	Management of material topics	To make this index easier to understand, we have described our management of material topics (GRI 103-02 and GRI 103-03) alongside the relevant indicators. So, for example, find the management approach and its evaluation for GRI 201 Economic performance on page 23 of this ESG Reporting Index, with the economic performance indicators following it.

How we have met ● Fully disclosed as outlined by the GRI   ◖ Partially disclosed and missing   ○ Not disclosed   ⊗ Not considered material
each disclosure   Sustainability Reporting Standards   at least one required indicator   to our business at this time

                                                                                                    DIAGEO ESG Reporting Index 2022   **22**

GRI Index
Topic-specific standards

GRI 200: ECONOMIC

ECONOMIC PERFORMANCE

103-02	Our management approach to economic performance	103-03	Evaluation of the management approach
⬤	Our relationships with suppliers, investors, lenders, governments, employees and local community stakeholders have direct economic and social impacts, which we measure, manage and evaluate. Our Annual Report explains how we manage financial performance and includes financial KPIs. Each market and function is responsible for monitoring and reporting economic performance against annual plans and targets. That allows us to report on overall performance against strategy.	⬤	The Board, the Executive Committee and management teams at market and function level review economic performance at each of their meetings, tracking KPIs and annual operating plans. Details of financial KPIs are in the Annual Report. Where necessary, we develop or adapt our activities to improve performance against our targets or in response to external factors.

Disclosure		Our response
201-01 ◖	Direct economic value generated and distributed	Our revenues this year totalled £22,401 million[1]. Economic value distributed contains operating costs (£9.3 billion), taxes (£8.0 billion), employee salaries and benefits (£1.8 billion), payments to providers of capital (£2.2 billion) and community investment (£22 million). Tax paid contains all cash tax paid by the company excluding £1.4 billion of VAT. **Omissions:** direct economic value by local market. **Reason:** information unavailable/incomplete. **Explanation:** we do not currently break down direct economic value by local market. 1. Data is presented on a cash basis.
201-02 ⬤	Financial implications and other risks and opportunities due to climate change	Climate-related risk is identified as one of our principal risks (see pages 42-46 of our Annual Report). It has the potential to impact our business in many ways, which we outline in detail in the Responding to climate-related risks section of our Annual Report on pages 47-56, in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The physical climate risk with the greatest disruptive potential is water stress, and we are also exposed to transition climate risk associated with the cost of decarbonising our supply chain. We are taking steps to better understand the direct and indirect impacts of climate change and water stress on our business, so that we can develop plans to ensure our supply chains remain resilient. During 2021 and 2022 we conducted physical climate change risk assessments in the markets where three quarters of our volume is produced, assessed transition risks in key markets, and also updated our global assessment of water risk in our own operations. We undertook scenario analysis to estimate the impact of climate-related risks on our operations and financial condition. We concluded that while the impact is not expected to be significant in 2030, beyond 2030 the impact of water stress in particular could potentially be significant. Further details on the financial implications of climate-related risks can be found in our Annual Report on pages 47-56. Recognising the importance of water efficiency and replenishment we have set targets for both, as outlined on page 36 and 37 of our Annual Report. Our total spend on environmental protection (decarbonisation, water preservation, energy efficiency and waste reduction) in fiscal 22 was approximately £18 million.

How we have met each disclosure	⬤ Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◖ Partially disclosed and missing at least one required indicator	◯ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 200: ECONOMIC continued

ECONOMIC PERFORMANCE continued

Disclosure		Our response
201-03	**Defined benefit plan obligations and other retirement plans**	We operate a number of pension plans throughout the world, devised according to local conditions and practices. Some are defined benefit plans and are funded by payments to separately administered trusts or insurance companies. The group also operates a number of plans that are generally unfunded, primarily in the United States, that provide employees' post-employment medical costs. Where required, we have deficit funding arrangements in place for our defined benefit plans. For full details, see Note 14 to the Financial Statements in the Annual Report on pages 172-176.
		Omissions: the number of employees included in the schemes or the percentage of salary contributed by employer and employee.
		Reason: information unavailable/incomplete.
		Explanation: this information is not readily available, except in our larger markets, including the United Kingdom, Republic of Ireland and North America.
201-04	**Financial assistance received from government**	We are a publicly listed company and not part-owned by any government.
		Tax credits are included in Note 7 and government grants in Note 10 to the Financial Statements in the Annual Report on pages 160 and 170 respectively.
		Omissions: information broken down by country.
		Reason: information unavailable/incomplete.
		Explanation: this information is not broken down by country.

MARKET PRESENCE

103-02	**Our management approach to market presence**	103-03	**Evaluation of the management approach**
	We operate as a market-based business and sell products in more than 180 countries. Each of our markets is accountable for its own performance and for driving growth. For more details, see the Business review section of the Annual Report on pages 63-73.		Our market presence – considering issues such as scale of activity in markets, presence in current or potential product sectors, and the relative risks and opportunities – is reviewed as part of developing our overall strategy, as described in our Annual Report. It is routinely reported to the Executive Committee and the Board.
	Our strategic planning considers decisions to enter either geographic or product markets, as outlined in our Annual Report.		
	We assess performance against our strategy using relevant KPIs.		

Disclosure		Our response
202-01	**Ratios of standard entry level wage by gender compared to local minimum wage**	**Omissions:** ratios of standard entry-level wage by gender compared to local minimum wage.
		Reason: information unavailable/incomplete.
		Explanation: we comply with all local legislation in relation to minimum wages in all the countries we operate in. We don't, however, currently collect data in relation to this indicator at a global level.
202-02	**Proportion of senior management hired from the local community**	**Omissions:** proportion of senior management hired from the local community.
		Reason: information unavailable / incomplete.
		Explanation: employee information is not currently captured for this purpose. The global nature of our business encourages diversity in leadership and we believe in supporting local communities.

How we have met each disclosure
- ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
- ◒ Partially disclosed and missing at least one required indicator
- ○ Not disclosed
- ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 200: ECONOMIC continued

INDIRECT ECONOMIC IMPACTS

103-02 ●	**Our management approach to indirect economic impacts**	103-03 ●	**Evaluation of the management approach**
	As a global business operating in numerous locations, we have many indirect economic impacts on the communities we operate in.		Indirect economic impacts are reviewed as part of strategy development and risk management and are reported to the Executive Committee and the Board.
	Our Society 2030: Spirit of Progress plan has been developed to address all our most material issues, including to support sustainable social and economic growth in those communities. Our business and hospitality skills training programmes, for example, aim to increase employability, improve livelihoods and support a thriving hospitality sector that works for all.		
	Find more information about our strategy and indirect economic impacts in the Our strategic priorities section of our Annual Report on pages 19-31.		
	And see GRI 413-01 and the Reporting boundaries and methodologies section on pages 85-100 of this ESG Reporting Index for more about how we monitor and evaluate the impact of our programmes.		

Disclosure		Our response
203-01 ●	**Infrastructure investments and services supported**	Examples of significant infrastructure and services supported can be found on our website, in the Our strategic priorities section of the Annual Report on pages 26-31, and in the Reporting boundaries and methodologies section of this ESG Reporting Index on pages 90-110.
		Details of the water-related infrastructure and services that we support, for example, are outlined in the Society 2030 section of our website, under Preserve water for life. These include community water, sanitation and hygiene (WASH) programmes, which provide resources to those in need and often contribute to the development of local infrastructure. We prioritise communities near our operations in water-stressed areas and those where we source our local raw materials.
		Details of how we are supporting development of recycling infrastructure can be found on our website, under Society 2030 in action and under GRI 103-02 and GRI 304-03 on page 31 and 44 respectively of this ESG Reporting Index.
		Although these infrastructure investments are not classified as commercial, we know that they will help ensure the sustainability of our business operations.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◖ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 200: ECONOMIC continued

INDIRECT ECONOMIC IMPACTS continued

Disclosure		Our response
203-02	Significant indirect economic impacts	We have a diverse array of indirect economic impacts associated with our business relationships and community investment projects. This year, we invested £22 million or 0.5% of operating profit in programmes to support the communities where we live, work, source and sell.

Community investment by focus area and investment type

	Investment (£ million)	%
Positive drinking	3.5	16
Inclusion and diversity	4.2	19
Grain-to-glass sustainability	1.9	9
Local and brand-led	11.7	53
Total cash	**21.3**	97
Total in-kind	**0.02**	0
Total management cost	**0.6**	3
Total	**21.9**	

Community investment (cash) per region

Cash by region	Investment (£ million)	%
Africa	2.1	10
Asia Pacific	1.7	8
Europe	4.4	21
India	1.0	4
Latin America and the Caribbean	2.5	12
North America	9.6	45
Total	**21.3**	

In 2021, we made a two-year, $100 million commitment to support the recovery of the hospitality sector around the world, namely our Raising the Bar initiative.

Find details about the impact of our community investment this year, and how we contribute to local economic development, in the Sustainability performance section of our Annual Report on pages 35-38 – and on our website.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards

◕ Partially disclosed and missing at least one required indicator

○ Not disclosed

⊗ Not considered material to our business at this time

Topic-specific standards

GRI 200: ECONOMIC continued

PROCUREMENT PRACTICES

103-02	Our management approach to procurement practices	103-03	Evaluation of the management approach
●	We select our suppliers based on their ability to effectively deliver services, materials and timings, as set out in our Partnering with Suppliers Standard.	●	Our Internal Audit and Business Integrity teams review our procurement practices. From their audit, we produce a report for functional management and relevant Executive Committee members, which includes remedial actions and recommendations.
	Suppliers are also evaluated against various risk processes such as business continuity and financial risks. These include the risk of bribery and corruption through our Know Your Business Partner (KYBP) assessment, which considers operating risks, market or sector risks, and feedback from our internal reviews and assessments.		
	A supplier's ongoing performance against contract and service levels is reviewed by Procurement teams, while their adhering to specific requirements on issues such as labour and human rights is addressed as we have described it from GRI 406-01 to GRI 412-03 in this ESG Reporting Index.		
	In fiscal 21, as part of our Society 2030: Spirit of Progress plan, we set targets around building supplier diversity. More information about our supplier diversity activities can be found on page 29 of our Annual Report.		

Disclosure		Our response
204-01 ●	Proportion of spending on local suppliers	We estimate that more than 68% of our raw materials volume is dedicated to 'in-country' suppliers for our sites in the following locations: India, Ireland, the United Kingdom, the United States, Mexico and Turkey. For our sites in Africa, 72% of agriculture raw material volume in our operations came from suppliers based in Africa during this financial year.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◐ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 200: ECONOMIC continued

ANTI-CORRUPTION

103-02	**Our management approach to anti-corruption**	103-03	**Evaluation of the management approach**
●	We have an internal Anti-Corruption Global Policy. Its core principles are included in our Code and it's applied to all our operations and personnel. Routine training is undertaken throughout the business, as is specialised training for specific employee groups in high-risk locations and functions. We drive adherence to the policy through our global and local management and within routine business operations – and we review this adherence during assessments carried out by independent internal assessors.	●	Our Business Integrity team monitors compliance with our Code, which includes our internal anti-corruption principles. Our Internal Audit team regularly audits our markets, which includes auditing their compliance procedures. The team specifies any required improvements, along with a mandatory completion date and recommended improvements. The Business Integrity team checks that all necessary personnel have completed their Code training, and reports results to the Executive Committee and the Board.

Disclosure		Our response
205-01 ●	**Operations assessed for risks related to corruption**	Each of our markets is required to carry out a legal compliance risk assessment each year, including considering human rights, bribery and corruption, and to develop mitigation plans for their most significant risks. Every business unit must also carry out assessments of the risk of corruption.
205-02 ●	**Communication and training about anti-corruption policies and procedures**	Everyone who joins the business has to complete training in our Code within 30 days. The training covers anti-corruption policies and procedures. All employees at manager level and above complete an Annual Certification of Compliance (ACC). By completing the ACC, employees are confirming that they have read and understood our Code and global policies, including our policy on anti-corruption. Our compliance programme uses a risk-based approach to identify where we should focus our anti-corruption communication and training. This approach considers the external context, geographic and functional risks, and the output of our own reviews, including input from SpeakUp data. An example of our anti-corruption procedures is our third-party business partner due diligence programme, Know Your Business Partner (KYBP), which was refreshed at the end of 2021, in line with our external risk landscape.
205-03 ◗	**Confirmed incidents of corruption and actions taken**	Material cases are reported in Note 19 to the Financial Statements of the Annual Report on pages 191-192. **Omissions:** non-material incidents. **Reason:** not applicable. **Explanation:** we disclose details of such matters to the extent that it is required as part of our contingent liability disclosure. This does not include details of all ongoing regulatory investigations or penalties.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◗ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 200: ECONOMIC continued

ANTI-COMPETITIVE BEHAVIOUR

103-02	**Our management approach to anti-competitive behaviour**	103-03	**Evaluation of the management approach**
●	We have an internal competition and anti-trust policy, which is included in our Code and in our Code training programme. We monitor adherence by reviewing emerging issues and outcomes from SpeakUp and by routinely assessing all business functions through our internal independent reviews.	●	Our Business Integrity team monitors compliance with our Code, which includes our internal competition and anti-trust principles. Find more information on how we evaluate our approach to compliance issues, including anti-competitive behaviour, in GRI 103-03 Anti-corruption above.

Disclosure		Our response
206-01 ◖	**Legal actions for anti-competitive behaviour, anti-trust and monopoly practices**	Each of our markets is required to carry out a legal compliance risk assessment each year, including considering human rights, bribery and corruption, and to develop mitigation plans for their most significant risks. **Omissions:** any non-public incidents are not reported. **Reason:** confidentiality constraints. **Explanation:** we disclose details of such matters to the extent that it is required as part of our contingent liability disclosure. This does not include details of all ongoing regulatory investigations or sanctions.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◖ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 200: ECONOMIC continued

TAX

103-02	Our management approach to tax		103-03	Evaluation of the management approach
●			●	

103-02 — Our management approach to tax

We pay tax in accordance with all relevant laws and regulations in the countries where we do business.

Our approach to tax seeks to enable and support our ambition and business strategy, as well as balance the various interests of our stakeholders, including shareholders, governments, employees, customers, consumers and the communities in which we operate.

Our approach to tax, including our commitments, core principles and governance mechanisms, are described in detail in our publicly available global Tax Policy.

103-03 — Evaluation of the management approach

The Board of Directors approves our Tax Policy and tax strategy, and monitors compliance each year through the Audit Committee – and, as appropriate, on an ad hoc basis. It delegates the authority to execute against this policy framework to the group CEO, who then delegates that authority to the Finance Committee.

From an operational perspective, the Finance Committee – made up of senior management with relevant expertise, including the CEO and CFO – is considered to be the supervisory body for all group tax activities. Three times a year, this Committee reviews any relevant developments on issues covered by our policy – and, as appropriate, on an ad hoc basis.

For more information about our tax governance and how we evaluate our approach, see page 5 of our Tax Policy.

Disclosure		Our response
207-01 ●	Approach to tax	Information about our tax strategy, our approach to regulatory compliance and how our approach to tax links to our business strategy can be found in our Tax Policy on pages 3-5.
207-02 ●	Tax governance, control and risk management	Information about our tax governance, risk management and compliance can be found in our Tax Policy on pages 3-5. A description of the mechanisms for reporting concerns about unethical or unlawful behaviour and our integrity in relation to tax can be found on page 5 of the policy too, as well as in our Code and within GRI 2-26 of this ESG Reporting Index.
		A description of our assurance process can be found in GRI 2-5 of this ESG Reporting Index.
207-03 ●	Stakeholder engagement and management of concerns related to tax	A description of our approach to engaging with tax authorities, our public policy advocacy on tax and our process for collecting and considering the views and concerns of stakeholders, including external stakeholders, can be found in our Tax Policy.
207-04 ○	Country-by-country reporting	**Omissions:** country-by-country reporting.
		Reason: not applicable.
		Explanation: a breakdown of corporate tax information by jurisdiction is not included. In line with OECD guidelines, we submit annually a country-by-country report for the group to the UK tax authorities. The UK tax authorities share our information with other jurisdictions' tax authorities, where these authorities have agreed to the OECD's guidelines.
		We continue to review our position and will make changes in due course.
		We are engaging constructively to support measures to put the taxation of international companies on a clear, fair and consistent basis.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◑ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL

MATERIALS

103-02 ● **Our management approach to materials**

For information on our management approach to materials, see two sections of the Society 2030 section of our website: Become sustainable by design and Responsible sourcing. For information about our Society 2030: Spirit of Progress targets relating to packaging and raw materials, see the Sustainability performance section of our Annual Report on pages 35-38.

Our materials can largely be categorised as packaging and agricultural raw materials. Our general approach is for our Supply and Procurement teams to evaluate the impacts linked to sourcing our materials and to review the management processes of our suppliers.

Packaging
Our Become sustainable by design targets include commitments to continue 'light-weighting' our packaging, to reduce our carbon footprint and to increase recycled content and recyclability across all formats, with particular emphasis on glass and plastics. This year we have continued to collaborate with local authorities to help strengthen the recycling sector in key markets, helping to improve end-of-life recycling for our packaging and to return these materials to our suppliers to move towards circularity.

We continue to reuse returned glass bottles in parts of our business and are investing in research to explore how we can expand return-and-reuse models in other markets. Almost 100% of our paper and board is FSC, PEFC or SFI certified.

Last year we also launched our Diageo Sustainable Solutions programme, which calls on innovators to help us advance more sustainable technologies and practices across the full lifecycle of our brands from grain to glass.

Agricultural raw materials
Our vision is to make our agricultural supply chains economically, socially and environmentally sustainable and resilient. See our Sustainable Agriculture Guidelines section of our website for more information on how we manage agricultural supply chains and raw materials.

We are collaborating with our suppliers and agronomic partners to improve farm management practices across our raw material supply chains and to promote the adoption of regenerative agriculture practices. We are also developing protocols to monitor, report and verify the impact of our regenerative agriculture pilots, which are being implemented across our priority raw materials in key geographies.

As a member of the Sustainable Agriculture Initiative Platform, we are engaging in industry working groups to contribute to the guiding frameworks on regenerative agriculture principles, practices and outcomes, and on carbon-removal accounting and verification methodologies through Verra, a voluntary carbon standard.

We are working with our suppliers to improve the traceability of raw materials across our sourcing regions and are tracking the volumes of raw materials supplied to us that are covered by sustainability standards and certifications.

We remain committed to sourcing local raw materials (LRM) across our African markets and other regions where smallholders form part of our supply chain. This LRM sourcing approach includes providing skills training and access to farming inputs, and credit and other support. This will be underpinned by being digitally connected with Diageo so we can better understand who and where growers are in our supply chain.

103-03 ● **Evaluation of the management approach**

Our performance against our Society 2030: Spirit of Progress targets, including those relating to packaging and raw materials, is reported internally every quarter. Performance is reviewed at market, regional and global level by stakeholders throughout the business, including the 2030 Grain-to-Glass Strategic Business Review (SBR) team and our Executive Committee.

Packaging
Covid-19 has provided its challenges in availability of post-consumer recycled material because communities have slowed or halted collection in many of their markets. Despite this, we remain focused on our goals to continue to improve the amount of recycled content across all our packaging materials, with a particular focus on plastics and glass.

Agricultural raw materials
Our performance is reviewed by our Procurement function, which reports to the SBR team. The SBR team meets quarterly. We develop mitigation and improvement activities as appropriate.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards

◗ Partially disclosed and missing at least one required indicator

○ Not disclosed

⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

MATERIALS continued

Disclosure		Our response
301-01 ●	Materials used by weight or volume	This year, we used approximately 2.17 million tonnes of agricultural raw materials such as barley, wheat and maize, and approximately 1.65 million tonnes of packaging.

Global raw materials[1] by volume
(Total – 2.17 million tonnes)

Raw material	Volume	%
Barley[2]	545,213	25.1
Agave	448,005	20.6
Wheat	209,379	9.6
Maize	203,936	9.4
Molasses	176,280	8.1
Rice	158,602	7.3
Grapes	119,966	5.5
Sugar	120,227	5.5
Sorghum	110,871	5.1
Dairy	23,172	1.1
Rye	23,658	1.1
Raisins	16,462	0.8
Others	14,725	0.7

1. Figures represent raw materials we buy directly, and exclude raw materials used to make the neutral spirit we purchase.
2. Includes malted barley.

Global packaging materials[1] by weight
(Total – 1.65 million tonnes)

Raw material	Volume	%
Glass	1,362,044	82.6
Corrugate	100,749	6.1
Cartons	66,212	4.0
Closures and crowns	30,260	1.8
PET	22,670	1.4
Cans	29,497	1.8
Other (beverage cartons, labels, sleeves, bags and sachets)	37,662	2.3

1. Excludes promotional materials.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◐ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

MATERIALS continued

Disclosure		Our response
301-02	**Recycled input materials used**	This year, 40.2% of the materials used in our packaging were recycled input materials.
301-03	**Reclaimed products and their packaging materials**	**Recovery rates and recycling rates for packaging categories¹**

Recovery rates and recycling rates for packaging categories[1]

Market	Recovery rate %	Recycling rate %
Germany	94.9	63.2
Republic of Ireland	94.4	61.4
Italy	79.1	67.6
Great Britain	68.2	62.1
Spain	75.5	69.6
Greece	60.1	60.1
Brazil	No published data	No published data
Australia	68	56
North America	No published data	50.1
South Africa	No published data	47
Venezuela	No published data	No published data
Kenya	No published data	No published data
Nigeria	No published data	No published data
South Korea	No published data	58
Singapore	No published data	61

1. Categories include glass, aluminium, paper and board.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◕ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

ENERGY

103-02

Our management approach to energy

⬤

See our Pioneer grain-to-glass sustainability and Responding to climate-related risks sections of our Annual Report on pages 30-31 and 47-56 respectively, and our Environment Policy, each of which outline our approach to energy.

Our Society 2030: Spirit of Progress plan includes a target for 100% renewable energy use by 2030 – see page 37 of our Annual Report for more details about our performance so far.

Our approach to energy is based on four main activities:

1. Reducing energy consumption
Focusing on both reducing the amount of energy we use and improving efficiency in our operations is core to our strategic approach to managing energy. Energy conservation is the first part of our emissions reduction hierarchy, which enables us to reduce utility costs, reduce emissions and rightsize our decarbonisation investments. Measures include improving insulation on cookers and stills, installing variable speed drives and low-energy lighting systems, and optimising and improving compressed air and steam systems.

2. Recovering and reusing energy
By recovering as much energy as we can, we minimise loss and wasted energy, which reduces our overall energy demand. Implementing technologies that recover heat for reuse in our brewhouses – from our distillery condensers, malting kilns and boilerhouses – makes our operational sites as efficient as possible.

3. Converting energy sources to renewables
Generating renewable energy on our sites and switching to renewable supplies directly adjacent or indirectly through the supply network are two ways we are increasing our use of renewable energy. We continue to invest in on-site solar and on-site bioenergy plants generating renewable heat, predominantly using a Diageo co-product or waste and residue feedstock. Creating more renewables capacity – on-site and off-site through power purchase agreements, and by prioritising direct emissions abatement over use of energy attribute certificates – is an important outcome we have in our net zero strategy. We are committed to using 100% renewable energy and 100% renewable electricity by 2030.

4. Minimising energy use across our supply chain
Reducing energy use in our supply chain is closely linked to our Scope 3 decarbonisation activity and our Become sustainable by design goal. We are working closely with our suppliers to influence what we can control: taking action by minimising the weight of our packaging, increasing its recycled content and implementing alternative formats or reuse models, all of which reduce supply chain energy use. We're also engaging directly with suppliers to accelerate decarbonisation of materials, services and products, which is underpinned by energy and cost reduction.

103-03

Evaluation of the management approach

⬤

Our performance against our Society 2030: Spirit of Progress targets, including those focused on energy and carbon, is reported every quarter. Performance is reviewed at market, regional and global level by stakeholders throughout the business, including the 2030 Grain-to-Glass Strategic Business Review (SBR) team.

More broadly, we are taking steps to better understand the direct and indirect impacts of climate change and, as part of this, we continually evaluate our energy approach.
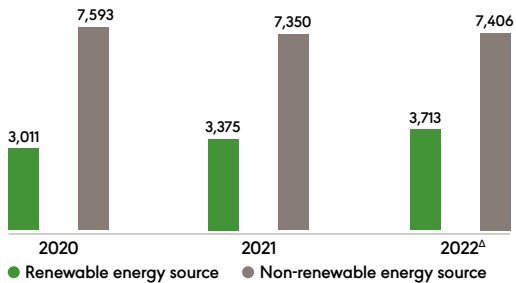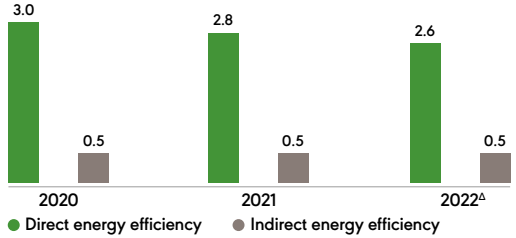
For more information, see GRI 201-02 of this ESG Reporting Index and the Responding to climate-related risks section of our Annual Report on pages 47-56.

Also see our Reporting boundaries and methodologies section on pages 90-110 of this ESG Reporting Index for more information about how we measure and report on our energy-related targets.

**How we have met
each disclosure**   ⬤ Fully disclosed as outlined by the GRI
Sustainability Reporting Standards   ◖ Partially disclosed and missing
at least one required indicator   ◯ Not disclosed   ⊗ Not considered material
to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

ENERGY continued

Disclosure		Our response

302-01 Energy consumption within the organisation

We report renewable and non-renewable direct energy consumption for the past three years, with our new baseline year being 2020. This includes both energy generated and used on site and energy supplied to our facilities.

Renewable and non-renewable direct energy consumption (TJ)[1,2]

	2020	2021	2022
Renewable energy source	3,011	3,375	3,713
Non-renewable energy source	7,593	7,350	7,406

● Renewable energy source   ● Non-renewable energy source

1. Direct energy consumption refers to energy sources that we own or control and generate Scope 1 emissions from, as defined by the WRI/WBCSD Greenhouse Gas Reporting Protocol.
2. 2020 baseline data, and data for the period ended 30 June 2021, have been restated in line with the WRI/WBCSD Greenhouse Gas Reporting Protocol and our own environmental reporting methodologies.
Δ Total direct energy (TJ), renewable and non-renewable, is within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.

Indirect (grid electricity) accounted for 15.1% of total energy consumption.

Omissions: breakdown of energy consumption by heating, cooling and steam.

Reason: information unavailable/incomplete.

Explanation: the breakdown of energy consumption by heating, cooling and steam is not included here because, currently, this level of detail is unavailable given the inherent complexity of heat-recovery systems.

302-02 Energy consumption outside of the organisation

Purchased goods and services, capital goods, transport and distribution of our brands by third-party logistics providers, and the use of chilling and refrigeration equipment by our retail customers to store and display products, are among the most significant areas of energy consumption outside our direct use. This year, total energy consumption outside the organisation is determined to be 35,186,366 gigajoules (GJ). Packaging materials account for 13.4 million GJ, raw materials for 20.3 million GJ, transport and distribution for 9,291 GJ, and chilling and refrigeration equipment for 230,635 GJ.

302-03 Energy intensity

Here we report direct and indirect energy efficiency for the past three years, including our baseline year of 2020.

Direct and indirect energy efficiency (MJ/litre packaged)[1,2,3]

	2020	2021	2022
Direct energy efficiency	3.0	2.8	2.6
Indirect energy efficiency	0.5	0.5	0.5

● Direct energy efficiency   ● Indirect energy efficiency

1. Direct and indirect energy sources refer to those that generate Scope 1 (direct) and Scope 2 (indirect) emissions as defined by the WRI/WBCSD Greenhouse Gas Reporting Protocol.
2. 2020 baseline data, and data for the period ended 30 June 2021, have been restated in line with the WRI/WBCSD Greenhouse Gas Reporting Protocol and our own environmental reporting methodologies.
3. Energy included was used for fuel, electricity, heating, cooling and steam.
Δ Total energy efficiency (MJ/litre packaged), direct and indirect, is within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.

302-04 Reduction of energy consumption

This year, energy consumption from fuel, electricity, heating, cooling and steam increased by 4.9% compared with fiscal 21. Significantly higher distilled and packaged volumes were the main drivers. We have ongoing energy efficiency initiatives designed to decouple and minimise the impact of production volume increases from energy consumption. Reporting boundaries and methodologies can be found on pages 90-110 of this ESG Reporting Index.

302-05 Reductions in energy requirements of products and services

Energy requirements of products and services are not deemed relevant, given GHG emissions from this energy use do not meet the relevancy criteria stipulated by the WRI Scope 3 Reporting Standard. Specifically, these emissions do not contribute significantly to our overall Scope 3 footprint, nor do they contribute to our business-wide risk exposure.

How we have met each disclosure
● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
◑ Partially disclosed and missing at least one required indicator
○ Not disclosed
⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

WATER AND EFFLUENTS

103-02 **Our management approach to water and effluents**

Water is an essential ingredient in all our brands and is also a precious shared resource that is coming under increasing pressure in many parts of the world. We describe the actual and potential negative and positive impacts of our business operations on water and effluents in the economy, environment and society on our website and within the Responding to climate-related risks section of our Annual Report on pages 47-56.

As part of our Society 2030: Spirit of Progress plan, our priority to preserve water for life defines our strategic approach to water stewardship. This strategy is made up of four key pillars:

1. **Water in our operations**

2. **Water in our supply chain**

3. **Water in our communities**

4. **Water advocacy**

For more information on each pillar, please see the Preserve water for life section of the Society 2030 section of our website.

To deliver our strategy, we have set four key water targets to be achieved by 2030, against a 2020 baseline. Please see page 36 and 37 of our Annual Report for details of our water targets and our performance against them this year.

As part of our global Environment Policy, we will comply with consent limits on abstraction and discharges of water, or with appropriate Diageo standards where there is no regulation. We use water-quality indicators to manage performance and look for locally appropriate solutions, informed by robust scientific assessment, for wastewater management. This includes recycling and reuse, where appropriate.

103-03 **Evaluation of the management approach**

Performance against our Society 2030: Spirit of Progress targets is assessed every quarter at a market, regional and global level. It's reviewed by market General Managers, functional leadership teams and at our quarterly 2030 Grain-to-Glass Strategic Business Review (SBR) meetings.

This regular assessment of performance against our targets enables us to manage programme risks and opportunities and ensures we have the right level of resources to deliver our commitments.

Please see Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information on how we measure and report on our water-related targets.

Disclosure		Our response
303-01	**Interactions with water as a shared resource**	Because we are a beverage company, water is an essential ingredient of all our brands and is used throughout our value chain. Water is used for growing our raw materials and manufacturing our packaging. We also use water throughout our direct manufacturing operations. We are committed to best practice water stewardship across our value chain including in local communities.
		We carry out a detailed, data-driven assessment of our impact on water throughout our value chain, which includes assessing the water embedded in our products, through to water used to grow our raw materials and source-vulnerability assessments in selected watersheds.
		We conduct ongoing water assessments for brands and suppliers and undertake assessments every two years at our own sites. To do this, we use a range of tools, including lifecycle analysis, environmental footprinting, the World Resource Institute Aqueduct tool and our internal risk assessment process.
		Find more information about how we address water-related impacts and how we work with our stakeholders – including suppliers, consumers, local communities, governments and regulatory groups – in GRI 103-01 above.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◑ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

WATER AND EFFLUENTS continued

Disclosure		Our response
303-02 ●	Management of water discharge-related impacts	We aim to return all wastewater from operations to the environment safely. Our internal voluntary standard sets stringent criteria for wastewater discharge to ensure we meet or exceed local and national regulations and return our wastewater in a state as close to nature as possible – and so maximise circularity. The criteria for wastewater discharge include temperature, pH, total suspended solids and chemical oxygen demand (COD) and/or biological oxygen demand (BOD) – key parameters in determining the pollution potential and oxidisable organic matter present in the water discharge. The global wastewater standard applies across all sites, including locations where local discharge parameters do not exist or are being developed.

303-03 ●	Water withdrawal				All areas	Areas with water stress
		Water withdrawal by source	Surface water		1,781 ML△	1,089 ML
			– Freshwater		0 ML	1,089 ML
			– Other water		6,462 ML	0 ML
			Ground water		6,462 ML△	1,842 ML
			– Freshwater		0 ML	1,842 ML
			– Other water		0 ML	0 ML
			Seawater		0 ML	0 ML
			Produced water		9,272 ML	0 ML
			Mains water		9,272 ML△	3,153 ML
			– Freshwater		0 ML	3,153 ML
			– Other water		No published data	0 ML
		Total mains water withdrawal by withdrawal source	Surface water		9,272 ML	3,153 ML
			Ground water		0 ML	0 ML
			Seawater		0 ML	0 ML
			Produced water		0 ML	0 ML
		Total water withdrawal			**17,515 ML△**	**6,084 ML**

△ Within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.

Please refer to Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information about how data has been compiled, such as the standards, methodologies and assumptions used.

How we have met each disclosure ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◐ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

WATER AND EFFLUENTS continued

Disclosure	Our response			

303-04   **Water discharge**

			All areas	Areas with water stress
Water discharge	Surface water		2,323 ML	1,368 ML
	Ground water		744 ML	430 ML
	Seawater		3,064 ML	0 ML
	Third-party water (total)		5,907 ML	1,320 ML
	Third-party water sent for use to other organisations		0 ML	0 ML
Total water discharge			**12,038 ML**	**3,118 ML**
Water discharge by freshwater and other water	Fresh water		0 ML	0 ML
	Other water		0 ML	0 ML

Please refer to Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information about how data has been compiled, such as the standards, methodologies and assumptions used.

In 2022, total effluent volume was $12,038,000m^3$ and total BOD was 28,642 tonnes, of which 28,430[Δ] tonnes were under our direct control and representing a 3.7% reduction versus the prior year. We report on wastewater polluting power by region and by year in GRI 303-03 above.

The immediate receiving medium after leaving Diageo site

	As a percentage of total Diageo effluent volume %	Percentage of the final BOD to the environment %
Lake	3	–
Third-party municipal	51	1
Land	4	–
River	17	1
Sea	25	98
Wetland	–	–
Total	**100**	**100**

Wastewater polluting power by region, by year (BOD/tonnes)[1]

	2020	2021	2022
North America	357	518	59
Europe and Turkey	18,053	28,893	28,416
Africa	883	292	166
Latin America and Caribbean	1	0	0
Asia Pacific	1	1	1
Total	19,295	29,704	28,642
Total under direct control	**19,074**	**29,532**	**28,430[Δ]**

1. 2020 baseline and data for the period ended 30 June 2021 was restated in line with our own environmental reporting methodologies.
Δ Within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.
For standards and methodologies, see pages 90-110 of this ESG Reporting Index.

Please refer to Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information about how data has been compiled, such as the standards, methodologies and assumptions used.

How we have met each disclosure
- Fully disclosed as outlined by the GRI Sustainability Reporting Standards
- Partially disclosed and missing at least one required indicator
- Not disclosed
- Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

WATER AND EFFLUENTS continued

Disclosure		Our response
303-04	**Water discharge** continued	**Wastewater treatment by method**

In 2022, wastewater was treated on-site at our operations using one or more of the following methods: aerobic treatment, anaerobic treatment, pH balance, filtration, reverse osmosis, settling area and stabilisation ponds. Some 49.1% of wastewater volume was sent to off-site treatment facilities. This represents 1% of final BOD to the environment.

Treatment method	Sites using treatment method %	Volume (m³) of effluent by treatment method
Aerobic treatment	20	2,372,252
Anaerobic treatment	33	3,946,098
pH balance	43	5,226,123
Filtration	15	1,856,063
Reverse osmosis	4	430,970
Settling area	9	1,021,645
Stabilisation ponds	3	327,758
Other	6	703,430

There were 69 spills or incidents during the reporting year, totalling 3,853,736 litres of spilled material. In each case, regulators were informed and were satisfied with our response and follow-up. There were no significant spills, so none was reported in the Financial Statements. Waste deemed hazardous under the terms of the Basel Convention is not relevant to our business. None of our operations has a known significant impact on protected water bodies as a result of wastewater discharges or run-off.

Omissions: volume of unplanned discharges.

Reason: data unavailable/incomplete.

Explanation: our monitoring programme is to be established to determine the number of occasions and volumes.

303-05	**Water consumption**		All areas	Areas with water stress
	Total water consumption		5,477 ML	2,966 ML
	Change in water storage, if water storage has been identified as having a significant water-related impact		0 ML	0 ML

Please refer to Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information about how data has been compiled, such as the standards, methodologies and assumptions used.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◐ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

BIODIVERSITY

103-02 ● **Our management approach to biodiversity**

Many of our distilleries, breweries and other sites are surrounded by valuable ecosystems that not only support a wide range of plant and animal species but can be vital to the livelihoods of local people.

We take responsibility for the impact our business has on these ecosystems and the wider environment, particularly in relation to water, our main ingredient. Where appropriate, we measure and report our impact, mitigate the risks and work towards improving the environment. We also carry out biodiversity impact assessments for new builds and sites in sensitive locations.

See the Biodiversity section of our website for more information about how we manage biodiversity around our distilleries, breweries and other sites.

103-03 ● **Evaluation of the management approach**

We have identified 55 operational sites, and other land we own, that are near or adjacent to areas designated as having biodiversity value by the United Nations or national conservation lists. These sites have a total area of approximately 6.77km² and are listed under GRI 304-01 below.

Several of our sites are also in, or close to, the habitats of species that are designated as threatened by the International Union for Conservation of Nature. In all cases, we are managing these sites in line with our licence conditions and are aiming to meet the expectations of local stakeholders.

Disclosure		Our response
304-01 ●	**Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**	See table below.

Site	Type of operation	Protected status of area	Inside	Adjacent	Near	Close	Biodiversity value attribute
			Position in relation to area of high biodiversity value	
Victoria, Seychelles	Brewing	IUCN Category I-VI, Alliance for Zero Extinction, Key Biodiversity Area			●		Terrestrial, freshwater, marine ecosystem
Cragganmore, Scotland	Distilling	IUCN Category I-IV, Natura 2000; Key Biodiversity Area.		●			Terrestrial, freshwater
Alaşehir, Turkey	Distilling & packaging	CI (Conservation International Biodiversity Hotspot)	●				Terrestrial, freshwater
Lochnagar, Scotland	Distilling	IUCN Category V-VI		●			Terrestrial, freshwater
		IUCN Category I-IV, Natura 2000,			●		
		Key Biodiversity Area				●	
Nevşehir, Turkey	Distilling & packaging	CI (Conservation International Biodiversity Hotspot)	●				Terrestrial, freshwater
Gazimagusa, Cyprus	Packaging	CI (Conservation International Biodiversity Hotspot)	●				Terrestrial, freshwater
Dailuaine, Scotland	Distilling	IUCN Category I-IV, Natura 2000			●		Terrestrial, freshwater
Dufftown, Scotland	Distilling	Natura 2000			●		Terrestrial, freshwater
		Key Biodiversity Area			●		Terrestrial, freshwater
Bilecik, Turkey	Distilling & packaging	IUCN Category I-IV, Natura 2000			●		Terrestrial, freshwater
Acipayam, Turkey	Aniseed	IUCN Category I-IV, Natura 2000, Key Biodiversity Area	●				Terrestrial, freshwater

How we have met each disclosure ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

BIODIVERSITY continued

Disclosure		Our response
304-01 ⬤	**Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**	See table below.

Site	Type of operation	Protected status of area	Position in relation to area of high biodiversity value				Biodiversity value attribute
			Inside	Adjacent	Near	Close	
Nairobi, Kenya	Brewing	IUCN Category V-VI, Key Biodiversity Area			●		Terrestrial, freshwater
		CI (Conservation International Biodiversity Hotspot)			●		
St Croix, USVI	Distilling	IUCN Red List Category I-IV, IUCN Category V-VI	●				Terrestrial, freshwater
Istanbul, Turkey	Offices	CI (Conservation International Biodiversity Hotspot)		●			Terrestrial, freshwater, marine ecosystem
Elazığ, Turkey	Winery	IUCN, Key Biodiversity Area	●				Terrestrial, freshwater
Abercrombie, Scotland	Engineering	Natura 2000			●		Terrestrial, freshwater
		Ramsar				●	
Auchroisk, Scotland	Distilling	IUCN Category I-IV, Natura 2000			●		Terrestrial, freshwater
		Ramsar, Key Biodiversity Area				●	
Benrinnes, Scotland	Distilling	IUCN Category I-IV, Natura 2000, Key Biodiversity Area		●			Terrestrial, freshwater
Blackgrange, Scotland	Warehousing	Natura 2000 IUCN Category I-IV			●		Terrestrial, freshwater
		Ramsar				●	
Cluny, Scotland	Warehousing	Natura 2000			●		Terrestrial, freshwater
		Ramsar			●		
Bonnybridge, Scotland	Warehousing	Natura 2000			●		Terrestrial, freshwater
		Ramsar			●		
Blair Athol, Scotland	Distilling	Natura 2000		●			Terrestrial, freshwater
		IUCN Category I-IV, IUCN Category V-VI, Natura 2000, Key Biodiversity Area			●		
		Key Biodiversity Area				●	
Blythswood, Scotland	Distilling	IUCN Category I-IV, Natura 2000, Key Biodiversity Area			●		Terrestrial, freshwater
		Ramsar				●	
Broxburn, Scotland	Distilling	Ramsar, Natura 2000, IUCN Category I-IV, Key Biodiversity Area				●	Terrestrial, freshwater
Burghead, Scotland	Distilling	IUCN Category I-IV, Natura 2000		●			Terrestrial, freshwater
		Ramsar			●		
Caol Ila, Scotland	Distilling	Natura 2000			●		Terrestrial
		Ramsar				●	
Clynelish, Scotland	Distilling	Natura 2000			●		Terrestrial
		Ramsar				●	

How we have met each disclosure
⬤ Fully disclosed as outlined by the GRI Sustainability Reporting Standards
◖ Partially disclosed and missing at least one required indicator
○ Not disclosed
⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

BIODIVERSITY continued

Disclosure		Our response
304-01 ●	**Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**	See table below.

Site	Type of operation	Protected status of area	Inside	Adjacent	Near	Close	Biodiversity value attribute
				Position in relation to area of high biodiversity value			
Cambus, Scotland	Warehousing	Natura 2000, Key Biodiversity Area			●		Terrestrial, freshwater
		Ramsar, IUCN Category I-IV, IUCN Category V-VI				●	
Cardhu, Scotland	Distilling	IUCN I-IV, Natura 2000		●			Terrestrial, freshwater
		Key Biodiversity Area				●	
Inchgower, Scotland	Distilling	Natura 2000			●		Freshwater
		Ramsar				●	
Dalwhinnie, Scotland	Distilling	Natura 2000		●	●	●	Terrestrial, freshwater
Linkwood, Scotland	Distilling	Natura 2000			●		Freshwater
		Ramsar				●	
Glen Elgin, Scotland	Distilling	Natura 2000				●	Terrestrial, freshwater
		Ramsar				●	
Glenlossie, Scotland	Distilling & bio-energy	Natura 2000				●	Terrestrial, freshwater
		Ramsar				●	
Tarsus, Turkey	Distilling	CI (Conservation International Biodiversity Hotspot)	●				Terrestrial, freshwater
		IUCN Category I-IV, IUCN Category V-VI, Natura 2000, Key Biodiversity Area				●	
Glen Ord, Scotland	Distilling	Natura 2000, IUCN Category I-IV			●		Terrestrial, freshwater
		Ramsar, Key Biodiversity Area				●	
Glen Spey, Scotland	Distilling	IUCN Category I-IV, Natura 2000		●			Terrestrial, freshwater
Glendullan, Scotland	Distilling	IUCN Category I-IV, Natura 2000, Key Biodiversity Area		●			Terrestrial, freshwater
Knockando, Scotland	Distilling	IUCN Category I-IV, Natura 2000		●			Terrestrial, freshwater
Menstrie, Scotland	Warehousing	Natura 2000			●		Terrestrial, freshwater
		Ramsar				●	
Mortlach, Scotland	Distilling	Natura 2000		●			Terrestrial, freshwater
		IUCN Category I-IV, Key Biodiversity Area				●	
Mannachmore, Scotland	Distilling	Natura 2000				●	Terrestrial, freshwater
		Ramsar				●	
Strathmill, Scotland	Distilling	Natura 2000				●	Terrestrial, freshwater
		Ramsar				●	

How we have met each disclosure
● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
◑ Partially disclosed and missing at least one required indicator
○ Not disclosed
⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

BIODIVERSITY continued

Disclosure		Our response
304-01	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	See table below.

Site	Type of operation	Protected status of area	Inside	Adjacent	Near	Close	Biodiversity value attribute
Moray, Scotland	Offices	Natura 2000			●		Marine ecosystem
		Ramsar				●	
Karaman, Turkey	Distilling	CI (Conservation International Biodiversity Hotspot)	●				Terrestrial, freshwater
Port Ellen, Scotland	Maltings	Natura 2000			●		Terrestrial
		Ramsar				●	
Glenkinchie, Scotland	Distilling	Natura 2000				●	Freshwater
		Ramsar				●	
Oban, Scotland	Distilling	Natura 2000			●		Terrestrial, marine ecosystem
Lagavulin, Scotland	Distilling	Natura 2000			●		Terrestrial
		Ramsar				●	
Cameronbridge, Scotland	Distilling & bio-energy	Natura 2000			●		Marine ecosystem
		Ramsar, Key Biodiversity Area			●	●	
Roseisle, Scotland	Distilling, Maltings	Natura 2000			●		Terrestrial
		Ramsar				●	
Talisker, Scotland	Distilling	Natura 2000			●		Terrestrial, marine ecosystem
Brora, Scotland	Distilling	Natura 2000			●		Terrestrial
		Ramsar				●	
Port Ellen, Scotland	Distilling	Natura 2000			●		Terrestrial
		Ramsar				●	
Teaninich, Scotland	Distilling	Natura 2000, Key Biodiversity Area		●			Terrestrial, freshwater
		Ramsar, IUCN Category I-IV			●		
Kampala, Uganda	Brewing	Ramsar				●	Freshwater

Table header note: **Position in relation to area of high biodiversity value**

For more information about how we report on biodiversity, including definitions, scope and data preparations, see the Reporting boundaries and methodologies section on pages 85-100 of this ESG Reporting Index.

How we have met each disclosure
● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
◑ Partially disclosed and missing at least one required indicator
○ Not disclosed
⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

BIODIVERSITY continued		
Disclosure		**Our response**
304-02 ◐	**Significant impacts of activities, products and services on biodiversity**	None of our operations or land that we own has a significant impact on protected areas, or on areas of high biodiversity value outside protected areas.
		Omissions: impacts of products and services on biodiversity.
		Reason: information unavailable/incomplete.
		Explanation: the impact of products and services on biodiversity is deemed to be low impact.
304-03 ●	**Habitats protected or restored**	This year, we have continued to carry out various initiatives to protect and restore habitats, including undertaking the largest biodiversity study of its kind in Mexico in and around our agave fields. The assessment concluded that we are conducting our agriculture activities responsibly in a way that is not negatively impacting the biodiversity in and around our agave fields.
		In the United States, Bulleit Bourbon in collaboration with American Forests has reached their goal of planting one million trees three years ahead of schedule. Alongside this, Diageo employees across the world, such as in India and Vietnam, took part in a tree planting initiative to restore forests and improve the ecosystems of their local community.
		This year we formed a new Society 2030 Call-action group in Budapest to tackle the waste pollution in the river Tisza. So far the group has collected over 600kgs of waste, with an aim of 690 tonnes of waste to be collected and recycled by the end of the two-year programme. And our employees around the world took part in volunteer-led environment-related activities, such as tree planting, establishing community gardens and community clean-ups to support the United Nations World Water Day on 22 March and World Environment Day on 5 June 2022.
		In addition, the total area of habitats protected and restored is 5.74km^2.
304-04 ●	**IUCN Red List species and national conservation list species with habitats in areas affected by operations**	Critically endangered 11
		Endangered 23
		Vulnerable 55
		Near threatened 69
		Least concern 488
		See the table in GRI 304-01 above for a list of locations.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◐ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

EMISSIONS

103-02 **Our management approach to emissions**

See our Pioneer grain-to-glass sustainability and Responding to climate-related risks sections of our Annual Report on pages 30-31 and 47-56 respectively, and our website under Accelerate to a low carbon world, each of which outline our approach to emissions.

As part of our Society 2030: Spirit of Progress plan, we have two targets around carbon emissions – see page 37 of our Annual Report for information on how we are performing against those targets.

Direct operations GHG emissions
By actively increasing our use of renewable energy in our operations, we're reducing our energy-related emissions towards our science-based approved 2030 net zero target. This means we have to directly abate our operational emissions to at least a 95% reduction on our 2020 baseline.

We are committed to driving down residual emissions from non-zero emission bioenergy sources, NO_x and SO_x from kilning cereals and fugitive gas emissions by measuring and reducing these emission sources under the We Mean Business initiative to reduce short-lived climate pollutants. Residual emissions are minimal, making up less than 5% of our direct operations GHG emissions. A maximum of 5% of our 2020 baseline emissions could be compensated using carbon credits to reach net zero and SBTi commitments.

We report any biological or biogenic carbon dioxide separately – these emissions are considered 'outside of scopes' and are balanced out by biological carbon crop-growing cycles in our value chain.

Supply chain GHG emissions
To meet our approved science-based 50% reduction in emissions by 2030 from our 2020 baseline, we are focusing on building long-lasting partnerships with our suppliers, and helping our third-party operations to join us on this journey. Rethinking our way of doing business to embed a more collaborative and circular way of sourcing our materials and services will enable us to deliver significant emission reductions.

We remain committed to accelerating opportunities related to our products and their use, including ensuring that all our new refrigeration equipment in-trade is free from hydrofluorocarbons (HFCs).
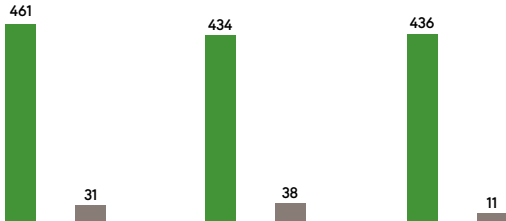
103-03 **Evaluation of the management approach**

See GRI 103-03 on page 34 of this ESG Reporting Index for more information about how we evaluate our approach towards energy and emissions.

How we have met each disclosure   ⬤ Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

EMISSIONS continued

Disclosure		Our response
305-01 and 305-02 ●	**Direct and indirect GHG emissions (location and market-based) ('000 tonnes CO$_2$e)**	Our total direct and indirect carbon emissions (location/gross) this year were 712,260$^\Delta$ tonnes, comprising direct emissions (Scope 1) of 554,476$^\Delta$ tonnes and indirect emissions (Scope 2) of 157,784$^\Delta$ tonnes.

Direct and indirect GHG emissions (market-based) ('000 tonnes CO$_2$e)[1,2]

2020: 461 (Direct), 31 (Indirect)
2021: 434 (Direct), 38 (Indirect)
2022: 436 (Direct), 11 (Indirect)

● Direct GHG emissions   ● Indirect GHG emissions

1. CO$_2$e figures are calculated using the WRI/WBCSD GHG Protocol Guidance available at the beginning of our financial year, the kWh/CO$_2$ conversion factor provided by energy suppliers, the relevant factors to the country of operation or the International Energy Agency, as applicable.
2. 2020 baseline data, and data for the period ended 30 June 2021, have been restated in line with the WRI/WBCSD Greenhouse Gas Reporting Protocol and our own environmental reporting methodologies.
Δ Total GHG emissions ('000 tonnes CO$_2$e), direct and indirect, is within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.
Our 2022 biogenic CO$_2$ emissions associated with the combustion of bioenergy in our direct operations were 271 ('000 tonnes CO$_2$) and associated removals were 235 ('000 tonnes CO$_2$). Other biological CO$_2$ emissions are approximated at 387 ('000 tonnes CO$_2$).

Please refer to Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information about how data has been compiled, such as the standards, methodologies and assumptions used.

305-03 ●	**Other indirect (Scope 3) GHG emissions**		

Sources of Scope 3 GHG[1] emissions	Metric tonnes CO$_2$e (fiscal 22)
Purchased goods: raw materials	1,976,211
Purchased goods: packaging	2,009,758
Purchased goods: services	524,304
Capital goods	234,765
Fuel- and energy-related activities (not included in Scope 1 or 2)	19,324
Upstream transportation and distribution[2] (Category 4 Outbound logistics)	279,820$^\Delta$
Upstream transportation and distribution (Category 4 Inbound Logistics)	240,289
Upstream/downstream transportation and distribution, (Categories 1-9, except outbound and inbound logistics)	121,216
Waste generated in operations	25,876
Use of sold products (chillers/refrigeration)	237,025
End of Life treatment of sold product	35,056
Business travel	0
Employee commuting	11,402

1. The principal greenhouse gases are carbon dioxide (CO$_2$), methane (CH$_4$), nitrous oxide (N$_2$O) and hydrofluorocarbons (HFCs).
2. The latest industry standards and best practices were included in the reporting to establish the most complete, consistent and accurate GHG footprint as required by the GHG protocol. The Scope 3 report of the baseline is now 4.6 million tCO$_2$e.
Δ PwC was engaged to provide limited assurance of this figure in our Scope 3 Logistics GHG Report for the year ended 30 June 2021. This figure has been reproduced here.

Our total fleet miles travelled during the year was 89,878,298.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◖ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

EMISSIONS continued

Disclosure		Our response
305-04 ●	GHG emissions intensity	The market-based (net) intensity ratio of our GHG emissions was 106g$^\Delta$ CO_2e per litre of packaged product (2021: 122g/l) and the location-based (gross) intensity ratio of our GHG emissions was 168g$^\Delta$ CO_2e per litre of packaged product (2021: 175g/l).
		Please refer to Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information about how data has been compiled, such as the standards, methodologies and assumptions used.
		Δ Within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.
305-05 ●	Reduction of GHG emissions	This year we reduced GHG emissions by 5.3%$^\Delta$ compared with fiscal 21. For more details, see page 40 of our Annual Report. For reporting methodologies, see pages 90-110 of this ESG Reporting Index.
		Δ Within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.
305-06 ●	Emissions of ozone-depleting substances (ODS)	The extent of ozone-depleting substances across our operations is summarised in the following table. The residual volumes of halons and CFCs across the business are now relatively minor.

Ozone-depleting substances and fluorinated gases

	Present (kg)	Emitted (kg)	Emissions CO_2e (tonnes)
Halons	0	0	0
CFC	4	0	0
HCFC	2,488	600	1,085
HFC	15,095	1,142	2,214
SF6	11	0	0
PCC	1	0	0

305-07 ● Nitrogen oxides (NO$_x$), sulphur oxides (SO$_x$) and other significant air emissions

The use of fuel and the distillation of alcohol generate emissions that have impacts on the environment. In 2022, we emitted 630 tonnes of nitrogen oxides (NO$_x$) and 373 tonnes of sulphur oxides (SO$_x$). NO$_x$ and SO$_x$ are calculated based on fuel usage and standard emission factors. A small number of sites have NO$_x$ and SO$_x$ air emissions associated with the roasting and kilning of cereals. These emissions are measured but are minimal to our overall total NO$_x$ and SO$_x$ levels, which remain low compared with background NO$_x$ and SO$_x$ data.

NO$_x$ and SO$_x$ emissions by year (tonnes)

	2020	2021	2022
NO$_x$	880	418	630
SO$_x$	810	196	373

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◖ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

WASTE

103-02

Our management approach to waste

As with most products, making alcoholic drinks has the potential to generate waste at many stages of the product lifecycle. If left unmanaged, waste from our operations and supply chain has the potential to create negative environmental and social impacts, including contributing to greenhouse gas emissions, air pollution, biodiversity loss and harm to human health. Given these risks, waste is seen as a material issue for us and, like other material ESG topics, accountability for waste-related impacts sits with our Executive Committee.

As part of our Society 2030: Spirit of Progress plan, we have committed to achieving zero waste in our direct operations and zero waste to landfill in our supply chain by 2030. Indeed, many of our Society 2030 targets contribute to minimising waste: see the Become sustainable by design section of our website for an overview of waste and packaging-related targets and of our strategy supporting minimising waste in our operations and supply chain.

We monitor waste streams, promoting awareness of the need to increase resource efficiency. To minimise the waste we send to landfill, we work with certified waste handlers and, together, operate a hierarchy of actions: omit, reduce, reuse, recycle and dispose. We monitor levels of waste recycling and waste-to-energy recovery.

We engage with our suppliers and encourage them to set a zero waste target across their own operations, which is stipulated within our Partnering with Suppliers Standard.

For information about our performance against our waste-related targets, see page 38 of our Annual Report. For more information about our waste minimisation initiatives, see pages 30-31 of our Annual Report, our website and our Environment Policy.

103-03

Evaluation of the management approach

Our performance against our Society 2030: Spirit of Progress targets, including those that contribute to waste minimisation, are reported on a monthly and quarterly basis. Performance is reviewed at market, regional and global level by market and regional leadership teams throughout the business, as well as at our quarterly 2030 Grain-to-Glass Strategic Business Review (SBR) meetings. Compliance with our Environment Policy is measured and monitored at quarterly Supply Chain and Procurement Environmental Compliance reviews, managed by our Governance function.

Our Partnering with Suppliers Standard sets out our expectations for suppliers, which includes our zero waste-to-landfill commitment. For suppliers under contract, we have also included wording in our standard templates to drive the right conversations and actions against the target. We are evolving our approach with suppliers so that we understand the waste in their operations and can collaborate with them to minimise it.

See our Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information about how we measure and report on our waste-related targets.

How we have met each disclosure
● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
◖ Partially disclosed and missing at least one required indicator
○ Not disclosed
⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

WASTE continued		

Disclosure		Our response
306-1 ●	**Waste generation and significant waste-related impacts**	Co-products and by-products from brewing and distilling represent the key waste streams from our operations and are also a resource for further use. Applying circularity measures is central to our approach to handling these materials and obviating any waste related impacts. We mitigate risk by recovering and reusing co-products and by-products from brewing, distilling and malting in agricultural applications such as animal feed and/or in valorisation processes.
		The most significant waste-related impacts associated with our upstream supply chain originate from growing the raw materials that make our products. And there are significant waste-related impacts associated with our downstream supply chain – that is, the disposal of our products and packaging after use.
		See GRI 306-02 below and our Annual Report for information about our strategy to minimise upstream waste, including how we partner with our suppliers to carry out regenerative agriculture techniques. Downstream, we try to minimise waste and waste-related impacts through circular-economy initiatives, such as our EcoSpirits solution in South East Asia, for example.
306-2 ●	**Management of significant waste-related impacts**	As a multinational company selling products in more than 180 countries, we believe we have a responsibility and the resources to bring about positive change in the way that society produces and manages waste. We aim to do this by creating more efficient production and recycling infrastructure, developing sustainable and circular packaging solutions, and partnering with our suppliers to eliminate waste in their own operations.
		See our website and page 38 of our Annual Report for information about the strategy, targets and performance that contribute towards us becoming sustainable by design.
		We work with third parties to manage the waste that is created when producing and manufacturing our products. We do waste traceability assessments on third parties to make sure they are managing waste in line with our contractual agreement and government legislation. We have committed to an ambitious capital works plan to decarbonise our sites and improve water efficiency. Managing construction waste streams will require dedicated focus, though we will continue to apply the same circularity principles.
		This year, we have delivered various initiatives to develop recycling infrastructure in communities where we make and sell products. In Ghana, for example, we are piloting a post-consumer plastics collection solution and, along the Tisza River in Eastern Europe, we have partnered with Plastic Cup to develop capacity in waste collection, processing and recycling.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◑ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

WASTE continued

Disclosure			Our response
306-3		Waste generated	Total weight of waste by type and disposal method (tonnes)[1]

	Total waste to landfill	Total waste used or recycled	Total waste
North America	26	133,861	133,887
Europe and Turkey	1	363,561	363,562
Africa	6	351,703	351,709
Latin America and Caribbean	0	3,781	3,781
Asia Pacific	135	130,983	131,118
Total	**168**Δ	**983,889**	**984,057**

Δ Within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.

Please refer to Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information about how data has been compiled, such as the standards, methodologies and assumptions used.

Hazardous waste, reused, recycled and sent to landfill (tonnes)

	Hazardous waste to landfill	Hazardous waste used or recycled	Total hazardous waste
North America	60	1,055	1,115
Europe and Turkey	24	628	652
Africa	0	598	598
Latin America and Caribbean	0	151	151
Asia Pacific	6	117	123
Total	**90**	**2,549**	**2,639**

Waste by composition, in metric tonnes (t)[1]

	Waste diverted from disposal (used or recycled)	Waste directed to disposal (landfill)	Total waste generated
Co-products spent grains	749,848	0	749,848
Solid waste	231,402	168	231,570
Hazardous waste	2,549	90	2,639
Total	**983,799**	**258**	**984,057**

1. This information is collected both by us and by our waste disposal contractors.

How we have met each disclosure ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◑ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

WASTE continued

Disclosure		Our response
306-4 ●	Waste diverted from disposal	Waste diverted from disposal by recovery operation, in metric tonnes (t)[1]

	Total waste generated	Waste diverted from disposal (used or recycled)	Waste directed to disposal (landfill)
Hazardous waste			
Preparation for reuse	0	0	0
Recycling	2,639	2,549	90
Other recovery operations	0	0	0
Total	**2,639**	**2,549**	**90**
Non-hazardous waste			
Preparation for reuse	749,848	749,848	0
Recycling	231,402	231,402	0
Other recovery operations	168	0	168
Total	**981,418**	**981,250**	**168**
Waste prevented			
Total		**981,250**	

1. This information is collected both by us and by our waste disposal contractors.

Disclosure		Our response
306-5 ●	Waste directed to disposal	Waste directed to disposal by disposal operation, in metric tonnes (t)[1]

	Onsite	Offsite	Total
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	232	232
Landfilling	0	90	90
Other disposal operations	0		
Total	**0**	**322**	**322**
Non-hazardous waste			
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	207	207
Landfilling	0	168	168
Other disposal operations	0	0	0
Total	**0**	**375**	**375**

1. This information is collected both by us and by our waste disposal contractors.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◐ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

SUPPLIER ENVIRONMENTAL ASSESSMENT

103-02 ● **Our management approach to supplier environmental assessment**

We work with suppliers on environmental issues through our climate change and water security supply chain programmes with CDP, and on implementing our sustainable agriculture strategy. We have held detailed reviews with our largest suppliers about their carbon and water performance and developed specific action plans around areas for improvement.

This year we shared supplier profile data and feedback that highlights areas of improvement with participating suppliers. To develop our engagement with participating suppliers, in support of our Society 2030: Spirit of Progress Scope 3 emissions reductions target, we have developed supplier questionnaires that include a suite of KPIs relating to climate change and water security.

Through our climate change questionnaire, our suppliers are assessed on their transparency, their ability to report Scope 1 and 2 emissions data, what reduction initiatives they have in place, how they are setting targets against those initiatives, their ability to transition to renewable energy and how they are managing their supply chain and Scope 3 emissions.

Through our water security questionnaire, our suppliers are assessed on their transparency, how they report their operational water risk, their water accounting information, the governance structures they have in place, their water usage targets and how they engage their supply chain.

Our Procurement function reviews suppliers' environmental performance across the programmes and the KPIs outlined above.

We track progress throughout the year and expect suppliers to take action on areas identified for improvement.

For more details on our approach to environmental management with suppliers, see our Partnering with Suppliers Standard.

103-03 ● **Evaluation of the management approach**

Environmental performance is reviewed by the Procurement function, which reports to the 2030 Grain-to-Glass Strategy Business Review (SBR) team, which meets quarterly. We develop mitigation and improvement activities as appropriate.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

SUPPLIER ENVIRONMENTAL ASSESSMENT continued

Disclosure		Our response
308-01 ●	**New suppliers that were screened using environmental criteria**	We screen suppliers according to their category and spend when considering environmental criteria. This is to make sure we're driving the greatest impact within our supply chain when working with suppliers on carbon and water improvement programmes. We review certain industries that have the greatest impact on carbon. We use an Industrial Water Impact Matrix, which prioritises those industries with greatest impact on water. This data is provided directly by CDP.
308-02 ●	**Negative environmental impacts in the supply chain and actions taken**	We have identified a variety of environmental impacts associated with our supply chain. Some, such as climate change through GHG emissions, are relevant to the majority of our suppliers. Other impacts, such as on biodiversity, are most relevant to our agricultural raw material suppliers. Because of its wider relevance, we actively track and manage the carbon footprint of our supply chain through our membership of the CDP Supply Chain programme, which reports by calendar year. Many of our suppliers report to multiple customers through CDP, removing the need to duplicate data-reporting requests. In 2021 the average Diageo supplier responded to more than six different customers.

Carbon

In 2012 we began to identify suppliers with whom we could partner to manage the carbon footprint of our supply chain. In calendar year 2021, we identified 293 that account for our biggest global spend in the categories we identified as having the highest impact – namely packaging, raw materials, logistics, manufacturing, information services and third-party operations (these are other businesses that make our brands under licence). Of these 293 suppliers, 74% responded to the CDP climate-change questionnaire.

Some 57% of suppliers are able to report their Scope 1 and 2 emissions data, a decrease of 21% from the previous year. Some 45% of suppliers have carbon reduction initiatives in place, with 39% having set a carbon-reduction target. And 39% of suppliers have started their transition to renewable energy, while 41% are engaging their supply chain on carbon reduction.

As part of our work with suppliers, we review their carbon performance, enabling us to analyse and assess the emissions they report to the CDP. We recognise the challenge some suppliers face to complete their climate-change disclosures and to identify opportunities to work with us to improve. This year we've taken steps to improve our engagement with them: we offer support webinars, and have developed a suite of KPIs to help benchmark their performance and guide them to make improvements to reach the next level of each indicator.

Water

Water is a significant focus area in our supply chain and we are committed to equipping our suppliers with tools to protect water resources in our most water-stressed locations. Through our membership of the CDP Supply Chain programme, in the 2021 calendar year we asked 245 of our largest suppliers to disclose their water management practices. Of the 65% of suppliers that responded, 24% reported having a water-related usage target. Some 62% of suppliers are able to report their operational risk, while 42% can provide water accounting data. Meanwhile, 44% of suppliers have water integrated into their governance structures and 45% are engaging their own supply chains on water reduction.

In 2018 we carried out water risk assessments of all our third-party manufacturing sites and identified 18 in water-stressed areas. Since then, we have worked with these sites to better understand their water performance.

Please see more information about the assessments performed in the Reporting boundaries and methodologies section in this ESG Reporting Index on pages 90-110.

How we have met each disclosure
   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
   ◓ Partially disclosed and missing at least one required indicator
   ○ Not disclosed
   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL

EMPLOYMENT

103-02	**Our management approach to employment**	103-03	**Evaluation of the management approach**

103-02 ●

We are committed to providing a safe and healthy working environment for all our people. We also strive to create an inspiring work environment, where talent is nurtured, developed and rewarded. We promote an inclusive culture where our employees feel secure, respected and valued for their contribution.

For more details, see the Our people section of our Annual Report on page 18 and the Our inclusive culture page on our website.

We abide by all local labour laws and regulations and expect our suppliers to do the same. Above and beyond that we have our own policies for employees (Human Rights Global Policy) and for suppliers (Partnering with Suppliers Standard).

103-03 ●

We measure employee engagement as one of our overarching KPIs, as set out in our Annual Report on page 18, using our annual employee Your Voice survey. Based on the outcomes of this survey and our ongoing engagement programmes, each team develops its own action plan to improve employee engagement and satisfaction.

Our Human Resources team routinely reviews our policies and standards to ensure they are sufficiently rigorous and will continue to strengthen our reputation as an employer. This helps us retain our employees while also attracting new people to the business.

During the pandemic, an employee pulse survey tool helped to strengthen the employee voice on topics such as health and wellbeing, helping us in our duty of care at this difficult time.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

EMPLOYMENT continued

Disclosure		Our response
401-01 ⬤	**New employee hires and employee turnover**	Employee turnover in 2022 was 17.1%, a result of voluntary departures of 11.6% and involuntary departures of 5.5% stemming mainly from organisational changes and one-off disposals in certain areas of the business. We employ 27,987 people around the world. In fiscal 22, we hired 6,389 employees, which included strategic investments in key growth priorities and markets for the business.

New hires by region by age[1]

Region	Under 30	30-50	Over 50	Total	Percentage of headcount %
North America	173	274	46	493	15.0
Europe and Turkey	640	829	99	1,568	14.6
Africa	210	304	4	518	12.5
Latin America and Caribbean	877	887	87	1,851	43.2
Asia Pacific	651	1,284	24	1,959	35.4
Total	**2,551**	**3,578**	**260**	**6,389**	**22.8**
Percentage of total new hires	39.9%	56.0%	4.1%	22.8%	

New hires by region by gender[1]

Region	Men	Women	Total	Percentage of headcount %
North America	317	175	493	15.0
Europe and Turkey	767	796	1,568	14.6
Africa	232	286	518	12.5
Latin America and Caribbean	1,216	635	1,851	43.2
Asia Pacific	1,098	859	1,959	35.4
Total	**3,630**	**2,751**	**6,389**	**22.8**
Percentage of total new hires	56.8%	43.1%	22.8%	

Leavers by region by age[1]

Region	Under 30	30-50	Over 50	Total	Percentage of headcount %
North America	112	177	84	373	11.3
Europe and Turkey	281	735	319	1,335	12.4
Africa	124	491	64	679	16.4
Latin America and Caribbean	396	473	40	909	21.2
Asia Pacific	291	920	269	1,480	26.8
Total	**1,204**	**2,796**	**776**	**4,776**	**17.1**
Percentage of total new hires	25.2%	58.5%	16.2%	17.1%	

1. In some markets the concept of 'permanent employment' does not exist. For reporting purposes, we have considered as 'permanent' all those employees whose contract is not fixed-term/temporary.

How we have met each disclosure   ⬤ Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ◯ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

EMPLOYMENT continued

Disclosure		Our response

401-01 continued — **New employee hires and employee turnover** continued

Leavers by region by gender[1]

Region	Men	Women	Total	Percentage of headcount %
North America	245	119	373	11.3
Europe and Turkey	736	594	1,335	12.4
Africa	460	219	679	16.4
Latin America and Caribbean	634	275	909	21.2
Asia Pacific	900	580	1,480	26.8
Total	**2,975**	**1,787**	**4,776**	**17.1**
Percentage of total leavers	2.3%	37.4%	17.1%	

1. In some markets the concept of 'permanent employment' does not exist. For reporting purposes, we have considered as 'permanent' all those employees whose contract is not fixed-term/temporary.

For total workforce by employees and supervised workers, and by gender, see GRI 2-7 and the Our people section of the Annual Report on page 18.

401-02 — **Benefits provided to full-time employees that are not provided to temporary or part-time employees**

Benefits provided to employees vary across the countries where we do business. In the United Kingdom, for example – which makes up 17% of our global employee base – we make no differentiation in relation to access to benefits between full-time and part-time employees – all employees have access to the same benefits applicable for their grade/location regardless of the number of hours worked. In the United States and Canada – which make up 11% of our global employee base – non-unionised employees who work less than 20 hours per week are not eligible to receive benefits; those employees who work 20 hours or more in a week have access to the same benefits applicable for their grade/location regardless of the number of hours worked.

Omissions: list of benefits, details across all locations.

Reason: information unavailable/incomplete.

Explanation: benefit packages are provided according to in-country guidelines, to ensure we capitalise on local knowledge and remain competitive. We do not collate this information for a single statement currently.

401-03 — **Parental leave**

We comply with all local legislation in our provision of parental leave and provide benefits beyond minimum requirements in many countries. In May 2019, we announced an ambitious new global Family Leave policy, which is applicable to all parents regardless of gender, sexual orientation or whether they become parents biologically, via surrogacy or adopt. The policy offers women in all markets a minimum of 26 weeks of fully paid maternity leave, and men in all markets a minimum of four weeks of fully paid paternity leave. In some markets, we offer 26 weeks of fully paid paternity leave – these include Australia, India, Ireland, Italy, the Netherlands, North America, the Philippines, Singapore, Spain, Thailand, the United Kingdom and Venezuela.

As a result, we have seen a significant increase in the use of parental leave and the amount of time taken, with 198,924 days of parental leave used by our employees this year. The number of men taking advantage of this policy increased from 561 in fiscal 21 to 654, showing the positive impact of the policy.

Number of employees taking parental leave and average number of days taken by gender

	Men	Women	Total
Number of employees taking parental leave	654	905	**1,712**
Average days of parental leave taken in the year	87	140	**116**

How we have met each disclosure

◖ Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◒ Partially disclosed and missing at least one required indicator   ◯ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

LABOUR/MANAGEMENT RELATIONS

103-02	Our management approach to labour/ management relations	103-03	Evaluation of the management approach

103-02 ● **Our management approach to labour/ management relations**

We have a strong commitment to dialogue with all our people, including those who are represented through a trade union or works council. Our Human Resources team builds relationships with these groups where they exist and is encouraged to involve employee representatives early in business decisions to give them an opportunity to contribute to key issues.

In countries where the right to freedom of association is restricted by law, we support the development of alternative means of representing employees' interests, by investing in individual consultations.

Dedicated training modules that cover our Code and Dignity at Work help uphold our commitment to treating employees with respect and integrity. As outlined in our Partnering with Suppliers Standard, we expect our suppliers to adhere to these principles.

More information can be found in our Human Rights Global Policy.

103-03 ● **Evaluation of the management approach**

We measure employee engagement as one of our overarching KPIs, as set out in our Annual Report on page 18, using our annual employee Your Voice survey. Based on the outcomes of this survey and our ongoing engagement programmes, each team develops its own action plan to improve employee engagement and satisfaction.

Our Human Resources team routinely reviews our policies and standards to ensure they are sufficiently rigorous and will continue to strengthen our reputation as an employer. This helps us retain our employees while also attracting new people to the business.

During the pandemic, an employee pulse survey tool helped to strengthen the employee voice on topics such as health and wellbeing, helping us in our duty of care at this difficult time.

Disclosure		Our response
402-01 ●	**Minimum notice periods regarding operational changes**	We adhere to the law in countries that define a minimum consultation period and requirements for collective and individual consultation. We also aim to redeploy impacted employees or find suitable alternative employment for them wherever possible. If we can't do that, we pay severance or redundancy. We also offer outplacement support, which varies by market, to help those who leave Diageo to find another job.

How we have met each disclosure
● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
◑ Partially disclosed and missing at least one required indicator
○ Not disclosed
⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY

103-02

Our management approach to occupational health and safety

We maintain best practice global risk management standards for occupational health and safety, which apply to all our operations and business units. These standards aim to make sure that everyone, everywhere, is safer together when working on site, at home and on the road. Our end-to-end health and safety excellence strategy aims to deliver a world-class health and safety culture and environment where everybody plays their part.

Each location is required to:

- Assure compliance with our global standards
- Undergo regular formal corporate independent assurance audits
- Maintain and assure legal compliance assessment processes
- Train employees in hazard identification and incident reporting
- Track actions robustly, including learning from incidents and identified hazards (unsafe behaviours and conditions).

For more details, see our Global Health, Safety and Wellbeing Policy.

Our occupational health and safety targets include:

- Achieving a leading Total Recordable Accident Frequency Rate (TRAFR) of less than 3.5 per 1,000 people
- Achieving less than one Lost-time Accident (LTA) per 1,000 employees and no fatalities.

103-03

Evaluation of the management approach

Occupational health and safety is monitored continually and reviewed by site, market and global functional teams. We report our KPIs to the Supply Chain Leadership team every month.

Performance trends are monitored closely and intervention activities – such as capability building and improvements to processes with associated investments in systems, technology, assets and resources – are implemented as required.

For more information about how we measure and report on our health and safety data, see the Reporting boundaries and methodologies section on pages 90-110 of this ESG Reporting Index.

Disclosure		Our response
403-01	**Occupational health and safety management system**	We implement our Occupational Health and Safety Management System through a robust audit assurance programme and by adhering to our risk management standards.
		The system covers our workers and activities across our functions, from procurement, manufacturing and production to marketing, sales and distribution. It includes on-site third-party contractors and third-party logistics providers.
403-02	**Hazard identification, risk assessment and incident investigation**	Through an extensive risk management programme, as well as compliance with global risk management standards, we assess risk, identify work-related hazards and implement appropriate mitigation measures and programmes.
		A key element to safety at all our locations is hazard reporting. It enables us to identify and rectify unsafe conditions or behaviours as well as recognise positive behaviours. Through our global Health, Safety and Wellbeing Policy, all employees are encouraged to report work-related hazards as soon as possible and remove themselves from work situations they believe could cause injury or ill health.
		We also have recognition schemes in place to proactively encourage every employee to look after their own and their colleagues' health and safety. Our global learning platform, My Learning Hub, has tailored guidance about how to report and investigate work-related incidents, how to identify hazards and how to assess risks to determine corrective actions.

How we have met each disclosure
- ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
- ◖ Partially disclosed and missing at least one required indicator
- ○ Not disclosed
- ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY continued		
Disclosure		**Our response**
403-03 ●	Occupational health services	Our Occupational Health and Safety Strategy aims to create a culture free of work-related injury and illness for workers and a happier, healthier and more engaged workforce. Our continued focus on our global risk management standards makes sure that health, safety and wellbeing controls are in place.
		Internal data protection and privacy policies and national regulations apply to recording or disclosing occupational health-related incidents, making sure that workers' participation in occupational health services is not used in any favourable or unfavourable treatment of workers.
403-04 ●	Worker participation, consultation and communication on occupational health and safety	Our global risk management standards (GRMS) mandate the use of employee consultation forums – such as safety committees – at facility level. Our GRMS also require employees to be involved in risk assessment and change-management processes where they relate to health and safety.
		In April 2022 we updated our global Covid-19 protocols and processes, including removing and adjusting some previous guidelines. Given the varying impacts of Covid-19 around the world, we recognise that government requirements and restrictions differ significantly by country – and should always be adhered to. There are some areas where we may continue to use Diageo-specific or enhanced measures to protect our employees and business. We continue to update the dedicated Covid-19 area of our Mosaic intranet site with information and supporting links that outline our updated protocols and processes. If employees have questions or concerns, they can flag those to their line manager or their HR manager. We also continue to use Diageo's Flex Philosophy, developed in 2021, which provides our employees with a framework and principles of working patterns.
		This year we refreshed our health and safety vision, aiming to create a world-class, high-performing health and safety culture – one where everyone, everywhere, is safer together when working on site, at home and on the road. Additionally, our dedicated health and safety Yammer page and health and safety channel on My Learning Hub, our internal learning management system, aims to improve health and safety communication and visibility across the end-to-end supply chain.
403-05 ●	Worker training on occupational health and safety	Sites complete a training needs assessment to determine their occupational health and safety training requirements.
		We train our people on occupational health and safety through several channels, including:
		• My Learning Hub, which is a learning management platform our people can access every day for occupational health and safety capability and awareness content. Some of this training is mandated and assigned to workers and is based on the requirements of their role
		• Face-to-face occupational health and safety training, such as manual handling training, forklift truck training and explosive atmospheres training, which is delivered by approved and competent internal and external trainers
		• Other subject-matter-expert training, delivered through video conferencing.
403-06 ●	Promotion of worker health	We promote worker health and encourage workers to access local services and systems, as and when required, through several channels:
		• Our Benefits team facilitates non-occupational medical and healthcare services. We provide optional medical insurance, which is communicated to employees through internal communication channels
		• We offer an Employee Assistance Programme, as well as access to voluntary health promotion training courses on My Learning Hub, including those that promote positive drinking behaviours
		• We offer a Wellbeing channel on My Learning Hub, where employees will find the most up-to-date news and resources, and events. There are four sections covering mental, physical, social and financial wellbeing
		• Our Employee Engagement team runs health and wellbeing awareness capability weeks covering subjects including, for example, mental health, mindfulness techniques and nutrition.

How we have met each disclosure
● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
◐ Partially disclosed and missing at least one required indicator
○ Not disclosed
⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY continued		
Disclosure		**Our response**
403-07 ●	**Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**	We build core health and safety requirements and KPI deliverables into our third-party service-level agreements (SLAs). This lets us prevent and mitigate significant occupational health and safety impacts directly linked to our operations, products or services through our business relationships. We regularly meet third-party service providers to review their delivery against KPIs. We will also withdraw from business relations with service providers that put the health and safety of employees at risk or that do not consistently deliver the KPIs within the SLAs.
403-08 ●	**Workers covered by an occupational health and safety management system**	All our employees must comply with the mandatory requirements of our Global Health, Safety and Wellbeing Policy, as well as adhere to all relevant global risk management standards. Adhering to these standards and requirements is continually assessed by Internal Audit teams.
		Where appropriate, our sites are accredited to the ISO 45001 (or equivalent) Occupational Health and Safety Management System Standard and are regularly audited against this standard by an approved third party.
		No employees or workers are excluded from the occupational health and safety management system.
		Health and safety performance is monitored through regular site, regional and global business performance meetings.
403-09 ●	**Work-related injuries**	Any work-related incident, involving injury or illness, where a healthcare professional or we as a business recommend one or more days away from work, is reportable to us: for example, any unplanned, identifiable event that results in personal injury or harm.

Severe injury and fatality prevention
All business units are required to conform to our Global Severe and Fatal Incident Prevention Programme. This programme aims to eliminate the risks that lead to severe or fatal incidents and ensures suitable and sustainable controls are in place. Local and regional teams make sure employees and workers are trained on these requirements and conduct frequent, robust self-assessment audits to measure ongoing compliance to this mandatory programme.

Accident rates
We introduced a new, broader Total Recordable Accident Frequency Rate (TRAFR) metric in 2019, with the aim of achieving a leading TRAFR performance of lower than 3.5 per 1,000 people. This year, our global TRAFR target was successfully delivered with a rate of 2.18.

Our global Lost-time Accident (LTA) frequency rate was 0.92△, a decrease of 10.6% compared with 2021. This means our overall global target of <1 was achieved this year. In addition, the severity rate relating to accidents reduced by 13.9% globally. This rate is represented 84% by men and 16% by women. For rates by region and year since 2018, see the next page of this ESG Reporting Index.

This year, there were no fatalities across our business.

Please refer to Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information about how data has been compiled, such as the standards, methodologies and assumptions used.

△ Within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY continued

Disclosure		Our response
403-09 continued	**Work-related injuries** continued	**Safety data by region**

Region	Employee LTA rate	TRA rate	Fatalities[1]	Severity rate[2]	Independent contractor LTAs[3]
North America	1.85	4.33	0	14.43	1
Europe and Turkey	1.09	2.89	0	65.62	12
Africa	1.01	1.75	0	46.91	8
Latin America and Caribbean	0.61	3.44	0	2.42	4
Asia Pacific	0.59	1.17	0	6.95	2
Diageo (total)	**0.92[△]**	**2.18**	**0**	**32.38**	**27**

1. Fatalities include any employee work-related fatality arising in their day-to-day work environment, or any work-related fatalities occurring to third parties and contractors (non-FTEs), while on our premises.

2. The number of LTAs decreased this year, and the severity rate reduced by 13.9%. Introducing our total recordable accident metric means more accidents are investigated with the same rigour as LTAs, helping to prevent more serious injuries in the future.

3. An LTA rate is not reported for independent contractors because of the difficulty and administrative burden of accurately recording headcount. Performance is measured by an absolute incident number.

△ Within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.

Lost-time accident frequency rate per 1,000 full-time employees[1]

Region	2018	2019	2020	2021	2022
North America	0.00	1.76	0.31	1.14	1.85
Europe and Turkey	1.58	1.00	1.03	2.44	1.09
Africa	1.35	1.22	0.36	0.25	1.01
Latin America and Caribbean	0.36	1.15	1.56	1.06	0.61
Asia Pacific	0.66	0.57	0.30	0.33	0.59
Diageo (total)	**1.00**	**0.98**	**0.60**	**1.03[2]**	**0.92[△]**

1. Number of accidents per 1,000 employees and directly supervised contractors resulting in time lost from work of one calendar day or more.

2. As a result of our performance in 2021, the LTA frequency rate trend was closely monitored by market and timely interventions implemented to deliver an improved performance.

△ Within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.

How we have met each disclosure
● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
◐ Partially disclosed and missing at least one required indicator
○ Not disclosed
⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY continued

Disclosure		Our response
403-09 continued	Work-related injuries continued	**Types of injury (employee) %**

Slip/trip with fall	18%	Entanglement in moving machinery/parts	5%
Manual handling – lift, push, pull, repeated motion	13%	Chemical contact/splash	2%
Cut by knife/razor/other	12%	Fall to lower level <2 metres	2%
Struck by moving/flying/falling object	10%	Fall to lower level >2 metres	1%
Cut by glass	8%	No/inadequate procedure	1%
Slip/trip without fall	8%	Vehicle incident – FLT	1%
Crushed/pinched/trapped (caught in or between)	6%	Vehicle incident – Motor vehicle (car)	1%
Struck against	6%	Vehicle incident – other	1%
Contact with hot surface or liquid	5%		

Types of injury (contractor) %

Slip/trip with fall	31%	Fall to lower level <2 metres	6%
Manual handling – lift, push, pull, repeated motion	17%	Vehicle incident – FLT	5%
Struck by moving/flying/falling object	11%	Contact with hot surface or liquid	3%
Crushed/pinched/trapped (caught in or between)	8%	No/inadequate maintenance	3%
Cut by glass	8%	Struck against	2%
Cut by knife/razor/other	6%		
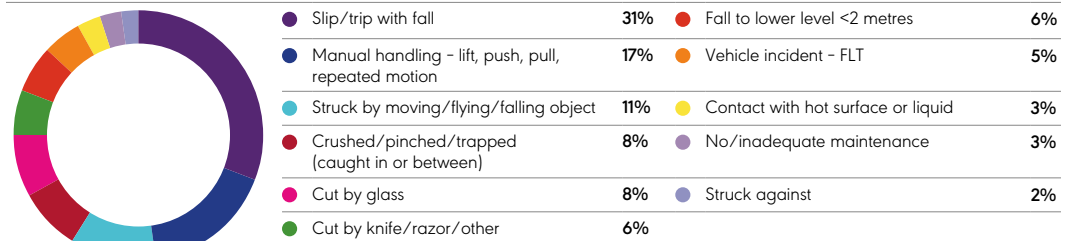
Acute onset of occupational illness is included in our LTA definition; however, occupational disease rates are not disclosed because of regional variances in capabilities, national practice and regulatory barriers. We are working to improve consistency of reporting for future disclosures.

Regional breakdowns by injury type are not included because, given the low LTA numbers, the trends are not statistically significant. We do not include absenteeism rates because we do not collect this data at a global level.

| 403-10 ◯ | Work-related ill health | Any work-related incident, involving injury or illness, where a healthcare professional or we as a business recommend one or more days away from work, must be reported to us. Internal data protection and privacy policies and national regulations prevent the recording or disclosure of many communicable 'serious diseases', as defined in the GRI implementation guidance. |

Our global health and safety standards require occupational health monitoring for new employees and specific worker groups and for specific conditions, including lung function and audiometry assessments for shift workers, and assessments for lone workers and for professional drivers. Our global standards also include industrial hygiene monitoring requirements for specific work groups or conditions, including workplace chemical exposures, noise, vibration and ionising radiation.

Our monitoring programmes and incident data suggest that the only globally material issue is musculoskeletal disorders; however, incidence rates are not disclosed because of regional variations in capabilities and data privacy requirements and regulations. We're currently piloting a new work-related ill-health reporting system in the United Kingdom and Ireland with a view to expanding this in the future.

Omissions: data on work-related ill health at a global level.

Reason: information not available/incomplete.

Explanation: we do not collate data on work-related ill health at a global level.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◓ Partially disclosed and missing at least one required indicator   ◯ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

TRAINING AND EDUCATION

103-02 ● **Our management approach to training and education**

Training and education are central to our approach to developing our people. The cornerstone of our development initiatives is our Partners for Growth (P4G) performance management programme for all employees. We evaluate employees' performance against annual objectives and identify where they may benefit from our extensive range of internal and external training programmes. Each function assesses its own training needs and is responsible for succession planning. As a result of these reviews, training is reviewed and developed in partnership with the Global Learning team. We also centrally develop and implement specific training to strengthen the leadership community.

See GRI 404-02 for more detailed information.

103-03 ● **Evaluation of the management approach**

The process for analysing the efficacy of our management approach to occupational training and education is well-established, with monthly reviews of take-up, including strategic initiatives. Our Learning Centre of Excellence is responsible for carrying out these assessments, monthly, and on an ad hoc basis. Where potential improvements are identified, these are translated into an action plan, which is implemented by HR directors and their market teams.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◐ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

TRAINING AND EDUCATION continued		
Disclosure		Our response
404-01 ◗	Average hours of training per year per employee	Our measurement control system enables markets to track and capture training hours of employees – from both global and local programmes – within our My Learning Hub system.
		This year the system recorded 506,758 hours in total, an average of 21.7 hours per employee, for the 23,400 employees recorded in the system. This represents an increase in learning hours per employee – from 20.7 in fiscal 21. Furthermore this represents an increase in productive training activity having implemented a decision to reduce the number of mandatory courses from five to one, as part of our Radical Liberation initiative.
		These figures exclude the bulk of training for our Supply team, which is currently recorded manually in employees' personnel files.
		Omissions: training hours per employee, by gender.
		Reason: information unavailable/incomplete.
		Explanation: gender is a sensitive data field that is not included in our learning measurement systems. To protect the integrity of sensitive data, we collect it only when absolutely necessary. There is no current use case for learning and training data to be analysed by gender. Data is typically analysed and provided by region, management level or by topic.
404-02 ●	Programmes for upgrading employee skills and transition assistance programmes	We want our people to be able to access learning opportunities that improve performance and deliver growth. Our mission is for our people to access learning and development that is relevant to them, simply and effectively.
		We will achieve this through our three core strategic pillars.
		1. Promote a continuous learning culture: to facilitate personalised, micro-learning moments every day where individuals take ownership for their learning needs while line managers remain accountable for development conversations.
		2. Partner with the business to grow capability and performance: to identify strategic capability requirements at both an organisational and local level to close the capability gap, by leveraging data-driven insight and working with pace and agility.
		3. Deliver fulfilling learning experiences: we will reframe the purpose of learning, creating immersive and innovative multi-channel learning experiences that connect our global Diageo community to grow capability and performance.
		Our learning and development platform, My Learning Hub, contains a library of more than 20,000 external learning resources that complement our own proprietary learning content and provides our people with access to best-in-class learning on any device, anywhere, at any time.
		Most of our employees use My Learning Hub to supplement their personal development via individual development plans and performance goals, as part of their Partners for Growth (P4G) appraisal system. My Learning Hub also supports active coaching and mentorship and leadership development programmes such as Accelerate, which in 2020 was made available to all our leadership population.
404-03 ◗	Percentage of employees receiving regular performance and career development reviews	In fiscal 22, 90.7% of our employees received regular performance reviews. Our annual performance review process is supported by a quarterly business planning process, encouraging more regular quality manager-and-employee conversations. Setting clear goals and discussing achievements is key for our people on a regular basis.
		Omissions: data by gender.
		Reason: information unavailable/incomplete.
		Explanation: performance review processes, in many parts of the world (and especially in some of our Supply roles), are managed outside our HRIS platform. In some cases, markets will follow locally defined or required guidelines.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◗ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

DIVERSITY AND EQUAL OPPORTUNITY

103-02 ● **Our management approach to diversity and equal opportunity**

We are committed to creating the most inclusive and diverse culture, not just because it's the right thing to do, but because we believe this commitment also allows us to recruit and retain the best employees, achieve better performance and have a greater impact on society.

For more information about our approach to diversity and equal opportunity, see the Champion inclusion and diversity section of our Annual Report on pages 28-29. For more information about Society 2030: Spirit of Progress inclusion and diversity goals and our performance against them this year, see the Sustainability performance section of our Annual Report on pages 35-38.

We have a number of initiatives aimed at strengthening the diversity of our talent as a whole, promoting inclusive leadership and ensuring that our workforce reflects the global markets where we operate.

We make it a priority to support our growing Employee Resource Groups, from our women's network (Spirited Women), to our Race, Ethnicity and Cultural Heritage group (REACH) and our LGBTQIA+ networks (Rainbow). These groups give employees the opportunity to support each other, while helping leaders better understand the barriers and concerns of diverse communities.

Across our industry, manufacturing or STEM (science, technology, engineering, mathematics) roles have traditionally been male-dominated, but we are committed to shifting the narrative on this to create an industry that is truly diverse and inclusive. We are working hard to achieve this through apprenticeships, returnships and scholarships – and our annual graduate intake recruits 50% women.

As advertisers of some of the world's most loved brands, we know we can make a cultural difference through who we portray in our advertising and content, who we choose to create this work and where we place our advertising. We firmly believe diverse teams produce better creative work, so we're committed to increasing the number of female and ethnically diverse directors working on our advertising content. We want to encourage more women to stay in the advertising industry, so we partner with Creative Equals on a returner scheme to support women across the United Kingdom, North America and India to return to the industry following a career break.

We're also committed to supporting people with career paths in hospitality, through Learning for Life and our Diageo Bar Academy, ensuring women are proportionately represented. And, by ensuring our supply chain reflects our values of inclusion and diversity, we believe we can have a much bigger impact on equality beyond our business. That is why we work with diverse suppliers, supporting them to reach accreditation with advocacy organisations by creating new opportunities within our business and other large businesses.

103-03 ● **Evaluation of the management approach**

We have a number of inclusion and diversity goals, which we track each month, and which are reviewed by our Executive Committee each quarter.

We have backed up our ambition by directly linking our senior leader Long-Term Incentive Plan awards to delivering these goals. We also keep track of our employees' experience of diversity through our annual Your Voice survey.

For more information about our Society 2030: Spirit of Progess inclusion and diversity goals, and our performance against them this year, see the Our sustainability performance section of our Annual Report on pages 35-38.

See, too, our Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index, which provide more information on how we track and calculate diversity and equal opportunity performance.

How we have met each disclosure
● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◑ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

DIVERSITY AND EQUAL OPPORTUNITY continued		
Disclosure		**Our response**
405-01	**Diversity of governance bodies and employees**	Women comprise 44%[Δ] of top leadership roles across the company[1], 38% of our Executive Committee and 64% of our Board. More employee profile information by gender is included in the Our people section of our Annual Report on page 18.
		We strive to cultivate a diverse leadership group, both in terms of nationality and ethnic background. To achieve this, we leverage international moves alongside local hiring and development, across our global operations. Our leadership and talent programmes are structured to promote a balanced intake of talent across a wide spectrum of markets, and this is reflected in the vibrant mix of 111 different nationalities at Diageo.
		Omissions: employee profile information by age and specific group.
		Reason: not applicable.
		Explanation: leadership is analysed in further detail in the Annual Report. Membership of other groups, such as those described above, is not typically analysed for additional insight.
		1. Top leadership positions in Diageo below our Executive Committee. Δ Within PwC's independent limited assurance scope – see pages 112-116 of this ESG Reporting Index.
		Please refer to Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information about how data has been compiled, such as the standards, methodologies and assumptions used.
405-02	**Ratio of basic salary and remuneration of women to men**	**Omissions:** ratio of basic salary and remuneration of women to men.
		Reason: information unavailable/incomplete.
		Explanation: given the complexity of our operations, we don't currently collect this data at a global level. In 2017 the UK government introduced legislation on gender pay gap reporting, and in February 2022 we published our latest detailed gender pay analysis covering our UK businesses. The headline figure was a mean hourly pay gap of -12.4% – that is, on average, women earned 12.4% more than men.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

NON-DISCRIMINATION

103-02	**Our management approach to non-discrimination**	103-03	**Evaluation of the management approach**

All our employees have the right to expect that their human identity and dignity will be fully respected in the workplace, and we reject any form of discrimination.

For more details on our approach to non-discrimination, please see our Human Rights Global Policy.

We hold our suppliers accountable to the values set out in our Human Rights Global Policy, as described in our Partnering with Suppliers Standard. This is a contractual requirement.

During 2020 our markets rolled out local Dignity at Work policies. Our Dignity at Work policy sets out the responsibility of each of us to demonstrate the highest standards of personal integrity in our behaviour, in line with our values. Our Dignity at Work e-learning module is available in 20 languages and has been adapted in line with local legislation and cultures.

Employees and everyone we work with are entitled to human rights without discrimination.

We evaluate this through internal review and in response to feedback received through formal, external processes. Our evaluation includes input from SpeakUp data and from other engagement mechanisms.

Any confirmed breach of our Dignity at Work policy is taken seriously and followed up with appropriate disciplinary measures. These are determined by local disciplinary committees and overseen centrally by a member of the global Business Integrity or Employee Relations teams to ensure consistency of approach and outcomes.

Disclosure		Our response
406-01	**Incidents of discrimination and corrective actions taken**	**Operations** We have measures in place to monitor and manage any allegations, and we raise awareness among our employees through various function-wide and local programmes and our Dignity at Work policy. This year 49 discrimination and harassment allegations were raised via SpeakUp. At the time of publication, six cases were substantiated and relate to individuals not displaying the leadership behaviours we expect, resulting in discrimination against employees. We have implemented disciplinary action to address the concerns. **Suppliers** Our review of all high-risk supplier audits found 11 issues of non-compliance related to the category of discrimination. Six issues have been identified relating to having no discrimination policy in place, one relating to discriminatory systems in hiring practices, one to not having clear information about opportunities for training communicated to workforce, one to having no policy on wages and transparency in remuneration as required by law, one to gender discrimination in hiring and recruitment practices, and one to age discrimination (post-recruitment) in workplace training, promotion or pay. At the time of publication, 10 of the issues of non-compliance had been verified as closed. We're following up with suppliers as part of their corrective action plans to make sure the other issue is resolved. During fiscal 21, we had 15 non-compliances raised – four more than this year.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◐ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

103-02 ● **Our management approach to freedom of association and collective bargaining**

We have a strong commitment to industrial dialogue, supporting the right of employees to join or not join a trade union, as outlined in our Human Rights Global Policy. We also expect this of our suppliers, as outlined in our Partnering with Suppliers Standard. This is a contractual requirement.

We aim to maintain regular, open dialogue with unions over issues of common interest. We also believe in the same principles for our suppliers. For more details, see the Human Rights section of our Partnering with Suppliers Standard.

103-03 ● **Evaluation of the management approach**

We use internal reviews and our supplier assessment process to evaluate our approach. Reviews include input from trade unions and any feedback we receive through SpeakUp or other engagement mechanisms.

For more details, see our Human Rights Global Policy.

Disclosure		Our response
407-01 ●	**Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk**	**Operations** In 2022, 47.1% of our employees were covered by collective bargaining agreements, including Ypióca, Brazil and Don Julio, Mexico (two additional groups not included in the fiscal 21 report). We're not aware of any operations that have violated, or are at significant risk of violating, people's rights to exercise freedom of association and collective bargaining. We will investigate allegations as and when they come up, and will take appropriate remedial action, involving relevant local agencies as appropriate. **Suppliers** Our review of all high-risk supplier audits found 66 issues of non-compliance related to the category of freedom of association and collective bargaining, 38 to issues relating to the effectiveness and transparency of worker committees/representatives or trade unions, 19 to the lack of a worker committee/representatives, five to the lack of a formal policy about freedom of association and right to collective bargaining, three to issues concerning collective bargaining agreements, and one to lack of policy/procedures covering effective worker management communications. At the time of publication, 43 of the issues of non-compliance had been verified as closed. We're following up with suppliers as part of their corrective action plans to make sure the other issues are resolved. During fiscal 21, we had 65 non-compliances raised – one fewer than this year.

How we have met each disclosure　　● Fully disclosed as outlined by the GRI Sustainability Reporting Standards　　◑ Partially disclosed and missing at least one required indicator　　○ Not disclosed　　⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

CHILD LABOUR

103-02	Our management approach to child labour	103-03	Evaluation of the management approach
●	We act in line with the United Nations Guiding Principles on Business and Human Rights. Details of our approach are set out in our Human Rights Global Policy, which is also informed by the Children's Rights and Business Principles. We do not permit exploitation of children by our employees, or by our suppliers or business partners. We have identified child labour as a potential risk within our agricultural supply chains, particularly in Africa. To address this, we developed a child protection toolkit to educate our own people on the risks to children's safety of working on smallholdings farms, including what activities are unacceptable and pose a risk to their development. The toolkit arms them with the knowledge to identify and prevent any form of child labour. We build similar awareness with farming communities through our training programme and monitor standards during visits to farmers. We will carry out more investigations to evaluate ongoing risk, the level of awareness among our teams and the farming communities, and the effectiveness of our child protection activity.	●	Our due diligence approach focuses on child labour, which is one of the areas that our human rights impact assessments (HRIA) investigate. Through our assessments or within our activities, we have not identified any risk of the worst forms of child labour, as defined by the International Labour Organization's Worst Forms of Child Labour Convention, 1999 (No. 182, Article 3). We have reviewed higher-risk areas of our supply network and are not aware of any operations that have significant risks concerning issues related to child labour. We will investigate allegations as and when they come up, and take remedial action, involving relevant local agencies as appropriate. We have developed a child protection toolkit as described in GRI 103-02. This toolkit increases awareness of the risks faced by children on family farms and supports greater protection. We will continue to assess the risk through our own farm visits and additional reviews. Our market risk management committees and our global human rights steering group are accountable for reviewing this activity as part of our enterprise risk management process. Find more details of our human rights governance process on our website.

Disclosure		Our response
408-01 ●	Operations and suppliers at significant risk for incidents of child labour	We have reviewed higher-risk areas of our supply network, including agricultural supply chains in Africa, Brazil, Guatemala, Mexico and Turkey, and are not aware of any operations that have significant risks related to child labour. We will investigate allegations as and when they occur and take appropriate remedial action, involving relevant local agencies as appropriate. We have developed a child protection toolkit for both farming supply networks and those of our employees involved with them. Our review of all high-risk supplier audits raised 35 issues of non-compliance under the category of children and young workers. Twelve issues relate to the lack of a formal policy at the supplier's facility in relation to child labour or underage labour, minimum age and recruitment processes, 13 to the lack or inadequate records or processes in place to verify workers' age, nine to the absence of childcare facilities provided, and one to having no contracts for young workers signed by a parent or legal guardian as per legal requirements. At the time of publication, 24 issues of non-compliance had been verified as closed. We are following up with the suppliers as part of their corrective action plans to ensure the other issues are resolved. During fiscal 21, we had 58 non-compliances raised – 23 more than this year.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◐ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

FORCED OR COMPULSORY LABOUR

103-02	Our management approach to forced or compulsory labour	103-03	Evaluation of the management approach
●	Details of our approach to forced or compulsory labour are set out in our Human Rights Global Policy. Through our human rights impact assessments (HRIAs), we have reviewed higher-risk areas of our value chain network, including agricultural supply chains in Africa, Brazil, Guatemala, India, Mexico, Turkey and the United Kingdom, and are not aware of any operations that have significant risks concerning issues related to forced or compulsory labour. If any allegations are reported, we will investigate and take remedial action, involving relevant local agencies as appropriate. More details are included in our submission in the United Kingdom under the Modern Slavery Act.	●	Having completed comprehensive HRIAs in each of our markets to identify the most salient human rights risks for our business and supply chain, we have started to embed the findings and recommendations into our routine enterprise risk management processes. This will make sure our interventions are sustainable and let us track emerging risks on an ongoing basis. We also use the lessons we've learnt to inform our continuous improvement. Our human rights steering group is accountable for setting our human rights governance framework and monitoring its effectiveness. Find more details of our human rights governance process on our website.

Disclosure		Our response
409-01 ●	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Our due diligence approach focuses on the risk of forced and compulsory labour, which is investigated by our HRIAs. **Operations** We're not aware of any operations that have significant risks related to forced or compulsory labour. We will investigate allegations as and when they occur, and take remedial action, involving relevant local agencies as appropriate. **Suppliers** Our review of all high-risk supplier audits raised 19 issues of non-compliance related to the SMETA audit section Employment is freely chosen. Six of these issues relate to the lack of a formal policy at the supplier's facility on employment freely chosen (no forced, bonded or involuntary prison labour), three to the practice of compulsory overtime, two to unreasonable delays in payments to workers when they leave, two incidents of restricted toilet and rest breaks, two to workers not being able to freely retrieve original papers or passports retained by the employer or agent by law, one to workers paying recruitment fees to meet local law, one to pay or benefits dependent on working a set period of time, and two to deductions from workers' wages for work-related items or required monetary deposits that take wages below minimum. We have followed up with the relevant suppliers with corrective action plans. At the time of publication, 10 of these issues of non-compliance had been verified as closed. During fiscal 21, we had 14 non-compliances raised – five fewer than this year.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◖ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

SECURITY PRACTICES

103-02 ● **Our management approach to security practices**

Our Corporate Security Policy outlines our four pillars of security: people security, physical security (including of our products and assets), investigations, and business continuity and crisis management. This policy is underpinned by a number of standards and guidelines detailing the minimum that every market and site must adhere to.

We operate security programmes in all markets and at all sites, with nominated and trained individuals responsible for the programme. The level of security in each market and at each site is determined by its size, risk levels and other local requirements.

Markets and sites are supported by a central team of security experts, who have regional and functional responsibility for security delivery across all our markets and the four pillars. This team runs global training – such as our online personal safety training – oversees global security communications and awareness and helps to ensure we satisfy external regulations and requirements.

We take a risk-based approach to security, with a global programme to identify and assess risks and produce mitigation plans. We review security risks routinely and communicate with our people around the world to raise awareness.

103-03 ● **Evaluation of the management approach**

Market adherence to Corporate Security policies and standards is continually monitored through Corporate Security reviews and audits, as well as other internal mechanisms such as audit by Global Audit and Risk. Any adverse findings are recorded and their remediation tracked.

Global Corporate Security policies and standards are also subject to regular review – and all updates or adjustments are communicated clearly to markets and sites.

The Corporate Security team regularly benchmarks with other multinationals. It also liaises closely with government security experts through its membership of organisations such as the UK government's Centre for the Protection of National Infrastructure, the US State Department's Overseas Security Advisory Council and the International Security Management Association.

Disclosure		Our response
410-01 ○	**Security personnel trained in human rights policies or procedures**	**Omissions:** the percentage of security personnel, including third-party organisations, who have received formal training in human rights policies or specific procedures and their application to security.
		Reason: information unavailable/incomplete.
		Explanation: we do not record this data since our security staff contracts and training practices vary by market, with some being direct security employees and others third-party contractors. It's a contractual requirement for third-party security personnel to adhere to our Code, which incorporates our Human Rights Global Policy. That policy requires our third-party suppliers to adopt similar human rights standards and to operate in line with our Partnering with Suppliers Standard, which also includes express reference to compliance with human rights conventions.

RIGHTS OF INDIGENOUS PEOPLES

Disclosure		Our response
411-01 ⊗	**Incidents of violations involving rights of indigenous peoples**	We do not believe this is material to our business. We do, however, consider land rights in our human rights impact assessments.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◑ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

HUMAN RIGHTS ASSESSMENT

103-02	**Our management approach to human rights assessment**	103-03	**Evaluation of the management approach**

103-02 ● **Our management approach to human rights assessment**

For our overall approach to human rights, see our Human Rights Global Policy, which includes the requirement that all our suppliers assess human rights within their organisations.

We have been signatories to the UN Guiding Principles on Business and Human Rights (UNGPs) since 2014 and continue to embed human rights throughout our value chain.

We have completed a comprehensive human rights impact assessment (HRIA) programme, prioritised by risk and based on a global mapping process. This programme reached across our whole value chain, from our own operations to our suppliers, customers and other partners. Through it, we identified those people potentially affected by human rights issues, assessed the risks and developed mitigation action plans.

HRIAs were conducted by specialists in human rights alongside our teams, who received training to support their role. We also make sure that members of teams with direct involvement in specific areas of human rights risks, such as procurement, receive training to support their role.

For details of how we assess human rights in our supply chain,
see the Supplier social assessment response on page 75 of this ESG Reporting Index.

103-03 ● **Evaluation of the management approach**

Having completed comprehensive HRIAs in each of our markets to identify the most salient human rights risks for our business and supply chain, we have started to embed the findings and recommendations into our routine enterprise risk management processes.

This will make sure our interventions are sustainable, and let us track emerging risks on an ongoing basis. We also use the lessons we have learnt to inform our continuous improvement.

Our human rights steering group is accountable for setting our human rights governance framework and monitoring its effectiveness. Find more details of our human rights governance process on our website.

Disclosure		Our response
412-01 ●	**Operations that have been subject to human rights reviews or impact assessments**	All our business units and operations (100%) are required to carry out a risk assessment, which includes human rights as part of the review process.

Beyond this, as part of our commitment to act in accordance with the UNGPs, we have developed a comprehensive HRIA programme.

As a result of Covid-19 restrictions, we extended our 2020 target – of conducting HRIAs in all markets – to December 2021. This year, we finalised the remaining HRIA in India (second phase). To date, we have conducted HRIAs in Australia, Brazil, China, Colombia, Ghana, Guatemala, India, Kenya, Mexico, the Middle East, Nigeria, North America (United States, Canada), North Asia (South Korea, Japan), PEBAC (Peru, Ecuador, Bolivia, Argentina, Chile), South Africa, Tanzania, Thailand, Turkey, Uganda and the United Kingdom. All markets develop action plans to address specific salient risks.

Details of our approach are included in our Annual Report on pages 39-40 and within our submission in the United Kingdom under the Modern Slavery Act. |

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◓ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

HUMAN RIGHTS ASSESSMENT continued		
Disclosure		**Our response**
412-02 ◕	**Employee training on human rights policies or procedures**	All middle managers and above are required to complete an Annual Certification of Compliance, which certifies their compliance with, and understanding of, our Code of Business Conduct (Code), which includes human rights. Within the certification, those for whom the Human Rights Global Policy is most important are required to complete a certification of their knowledge and understanding of some of the key points of the policy.
		This year, we continued to educate all employees on human rights with a short film that brings to life our human rights commitments through the voices of affected stakeholders. This can be watched on our internal learning management system.
		We have implemented a global Brand Promoters Standard and accompanying training aimed at protecting brand promotion teams from all forms of harassment.
		In 2021 we refreshed our training for people in our Procurement and Sustainability functions who have direct responsibility for our human rights, responsible sourcing or supply governance programmes. The training was focused on the impact of purchasing practices on our supply chain.
		We train our Procurement teams on our Partnering with Suppliers Standard, which includes guidance on how we manage human rights and labour standard risks within our supply chain. We also train employees specifically at our supply sites about security standards and awareness to ensure the integrity of our supply chain and to reduce the risk of human trafficking.
		Details of our approach are included in our group Modern Slavery Statement.
		Omissions: total hours of training on human rights.
		Reason: information incomplete/unavailable.
		Explanation: training sessions about our Code and policies vary in duration, so it's not possible to report accurately the number of hours spent on specific subjects during training sessions.
412-03 ●	**Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening**	All our suppliers are contractually obliged to abide by the standards set out in our Code or Partnering with Suppliers Standard, which includes specific human rights requirements – either through specific contract clauses or, if not bound by a contract, by the requirement to meet our Partnering with Suppliers Standard, which is stipulated in our standard purchase order terms and conditions.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◕ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

LOCAL COMMUNITIES

103-02 ●	**Our management approach to local communities**	103-03 ●	**Evaluation of the management approach**
	We aim to strengthen our communities by providing engaging, safe and diverse places to work for employees; by building sustainable and inclusive supply chains; and by delivering programmes that empower communities and the individuals within them, enabling them to grow.		Delivering our Society 2030: Spirit of Progress targets and approach towards local communities is managed by various functions within the business, including Supply, Human Resources, Procurement and Corporate Relations teams.
	As part of this approach, we are committed to promoting human rights throughout our value chain. We also invest in promoting positive drinking, building thriving communities and reducing our environmental impact.		See GRI 103-03 on page 34 of this ESG Reporting Index for more information about our Society 2030: Spirit of Progress quarterly reporting system and review process.
	Our Society 2030: Spirit of Progress targets address these areas, while contributing to the UN Sustainable Development Goals.		Where appropriate, we also evaluate our community and inclusion and diversity programmes through more detailed research, as described in GRI 413-01.
	For more information on our Society 2030: Spirit of Progress plan, targets and approach to local communities, see our website and the Champion inclusion and diversity section of our Annual Report on pages 28-29.		See our Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information on how we measure and report on our Champion inclusion and diversity targets.

Disclosure	Our response
413-01 ●	**Operations with local community engagement, impact assessments and development programmes**	All our markets have community impact programmes. We carry out detailed research on key community programmes to understand their full impact: for example, we have assessed farming activity with smallholders in Cameroon, Ethiopia, Uganda and Kenya. These assessments help us improve our approach through activities such as improving seed quality and increasing our engagement with farmer organisations or intermediaries. Similar studies have assessed the impact of our Learning for Life skills development programmes in Latin America, North America and Europe, and our water sanitation and hygiene (WASH) programmes in Africa and India.

Find more information on our performance against our Society 2030: Spirit of Progress targets, including business and hospitality skills programmes and our WASH programmes, in our Annual Report on pages 37-38.

See our Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information on how we measure and report on our community-related targets. |
| 414-01 ◖ | **Operations with significant actual and potential negative impacts on local communities** | The social impacts of our operations and community investment are discussed in our Annual Report on pages 26-38.

Omissions: the location of operations and the significant actual and potential negative impacts of operations.

Reason: information unavailable/incomplete.

Explanation: we discuss significant actual and potential negative impacts on local communities at global and local levels but do not collate and report this by specific location. |

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◖ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

SUPPLIER SOCIAL ASSESSMENT

103-02 • **Our management approach to supplier social assessment**

Our Partnering with Suppliers Standard sets out the minimum social, ethical and environmental standards we require suppliers to follow as part of their contract with us. Those standards set out our commitment to acting in line with the UN Guiding Principles on Business and Human Rights (UNGPs), and with international standards set out by the eight core International Labour Organization conventions and recommendations. We also expect our suppliers to promote the principles of our Partnering with Suppliers Standard throughout their own supply chain, and to have appropriate processes in place to verify compliance.

Our Responsible Sourcing programme enables us to identify, assess and manage social and ethical impacts in our supply chain. While it focuses predominantly on tier one suppliers, we also have a growing programme for tier two suppliers of our point-of-sale (POS) materials, reflecting the inherent risk of procuring POS through marketing agencies. This has since been expanded into our upstream molasses supply chain for rum production in Latin America and the Caribbean.

Our Responsible Sourcing programme also includes an initial screening process. Where suppliers are assessed as a potential risk, they are required to register with Sedex and complete a Sedex self-assessment questionnaire. Independent audits of suppliers are conducted for those suppliers who represent a high risk. Audits follow the Sedex Members Ethical Trade Audit (SMETA) Four Pillar Audit Protocol or equivalent. Where non-compliances are identified, a corrective action plan report is raised and we work with that supplier towards a resolution.

We have worked with our peers under the umbrella of AIM-PROGRESS to develop a supplier business toolkit to share best practice and provide practical guidance on how to improve productivity, quality and workforce management by ensuring good working conditions and ethical standards.

In 2020 we rolled out a Supplier Responsible Sourcing Toolkit on the Diageo Supplier Service Hub, allowing our suppliers that are part of the responsible sourcing programme to access guidance and materials that support their development and capability.

Human rights in our supply chain
We have been signatories to the UNGPs since 2014 and continue to embed human rights throughout our value chain. We do this through our comprehensive human rights impact assessment (HRIA) programme, prioritised by risk and based on a global mapping process. This programme is our opportunity to reach beyond tier one suppliers to primary producers, such as farmers. For more information on our progress against delivery of HRIAs, see GRI 103-02 on page 72 of this ESG Reporting Index.

In line with the UNGPs, we have identified issues that are particularly salient to our business: labour rights, including the risk of child labour, especially in agricultural supply networks; treatment of contract labour; and sexual harassment in the hospitality sector. These issues were identified as external risk factors in the places where we operate, rather than through reported incidents in our own value chain. For more information about how we manage these risks, see GRI 103-02 and GRI 103-02 on pages 69 and 70 respectively of this ESG Reporting Index.

Identifying vulnerable stakeholders
We identify potentially affected stakeholders of human rights in several ways, including through our HRIAs, which cover markets in each region we operate and have an impact. These assessments will look in detail at a market's salient risks and vulnerable stakeholders, both within our own operations and supply chain.

Identifying sexual harassment in the hospitality sector as a salient human rights issue, for example, led us to develop our Global Brand Promoter Standard, which establishes principles and guidelines to protect brand promoters' rights. We're also able to identify vulnerable stakeholders through our third-party data on risk, which is obtained through the Sedex Radar risk tool, containing multiple sources of data on risk broken down to sector and country level. It also contains commodity-level risk so we know that through sourcing certain products from certain regions we may be working with vulnerable stakeholders of forced labour, child labour – as we did in supplying regions in Africa – conflict minerals and deforestation.

Finally, we work through stakeholder initiative groups such as AIM-PROGRESS and collaborate with other industry peer companies to identify common vulnerable and affected stakeholders so that we can address any issues and support these stakeholders collectively.

103-03 • **Evaluation of the management approach**

We assess suppliers for their impacts on society, and the results are reviewed by our Procurement teams, which consider any issues of non-compliance with our policies. This also includes performance on the Sedex system, as described in GRI 103-02.

While specific issues of non-compliance are acted on as part of the audit process, these reviews identify trends that allow us to revise standards and guidance. If specific suppliers consistently fail to respond to improvement plans, as identified as part of their performance evaluation, we reserve the right to stop working with them.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◑ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

SUPPLIER SOCIAL ASSESSMENT continued

Disclosure		Our response
414-01 ●	**New suppliers that were screened using social criteria**	All suppliers of Procurement-managed spend go through the screening process described in GRI 103-02 on page 27 of the ESG Reporting Index. This includes areas such as labour standards, human rights including child labour, and legal compliance on issues such as pay.
		We have embedded our Society 2030: Spirit of Progress targets and our Responsible sourcing programme within the contractual clauses and within our tender processes for selecting new suppliers. Our suppliers are therefore incentivsed to make progress against the environmental, social and governance focus areas laid out in our Partnering with Suppliers Standard. Doing so will increase their chances of winning new business or maintaining current business.
414-02 ●	**Negative social impacts in the supply chain and actions taken**	All suppliers determined to be a potential risk are required to register with Sedex, and to complete the Sedex self-assessment questionnaire. To date, 1,925 of our supplier sites assessed as a potential risk are registered with Sedex. Of these, 1,070 have completed the Sedex self-assessment questionnaire. In addition, 526 supplier sites' Sedex memberships lapsed this year, meaning we were unable to view their site data. We've asked these suppliers to renew their membership, and will disconnect on Sedex from those with whom we no longer have a commercial relationship.
		Suppliers who represent a potential high risk are flagged, so they can be independently audited against the Sedex Members Ethical Trade Audit (SMETA) Four Pillar Audit Protocol or equivalent. We have 442 such suppliers, of whom 346 or 78% were independently audited in the past three years. We commissioned all audits, but some will be accessed through the mutual recognition work stream of our stakeholder network AIM-PROGRESS.
		A total of 2,831 issues of non-compliance have been raised through these audits, with 49% relating to health, safety, and hygiene issues; 10% to wages and benefits; 9% to management systems; 9% to working hours; and the remaining 23% to other categories. We've followed up with the relevant suppliers with corrective action plans and are working together to resolve them, having already closed 2,292 issues of non-compliance – of which five were business critical – in the financial year ended 30 June 2022. Where required, we are arranging follow-up audits to verify the issues have been closed.
		Merchandising materials remain one of our highest-risk categories, because they're frequently made in higher-risk countries, and we often buy them through intermediaries, so we may not know where they were produced. We continue to work with our key merchandising suppliers to develop their capability and processes to drive auditing and assurance further down their supply chains. To date, our key merchandising suppliers have audited more than 151 factories in our supply chain.

How we have met each disclosure	● Fully disclosed as outlined by the GRI Sustainability Reporting Standards	◑ Partially disclosed and missing at least one required indicator	○ Not disclosed	⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

PUBLIC POLICY

103-02 **Our management approach to public policy**

As part of doing business, we engage with governments, public interest groups, industry associations and a broad range of similar bodies around the world.

In doing so, our aim is always to comply with all laws governing political activity.

Our Corporate Relations team manages our engagement with stakeholders on public policy matters, assessing risk and aiming to support the delivery of our strategy, including, for example, promoting positive drinking and relevant fiscal and regulatory policies. For more details on our approach to public policy, see our Code.

The team assesses public policy risks and opportunities and develops our Corporate Relations strategy in line with our Performance Ambition at market and global levels. We regularly monitor and evaluate international trade, indirect tax and regulatory risks around the world, analysing their impact and developing mitigation and response strategies.

More information on how we manage indirect tax, trade and regulatory risks can be found in our Annual Report on pages 48-49, while our position on specific issues related to alcohol policy is described on our website.

103-03 **Evaluation of the management approach**

We track the effectiveness of our approach across our markets through internal reporting frameworks and ensure we adopt our strategy and allocate resources appropriately throughout the year.

Our overall approach, along with the management of specific public policy issues, is reviewed by the Executive Committee, the Audit Committee and the management-level Audit and Risk Committee as part of our overall corporate risk management activity.

Recent reviews have led to an increased focus on global trade tensions, indirect tax policy – for example, excise – risks and government regulations in response to inflation and geopolitical issues.

We continue to make good progress carrying out our public policy strategy in key markets and have strengthened our network of stakeholders. We are also improving our analysis of policy issues through economic modelling.

Together, this work means that we're in an increasingly strong position to navigate the global trading environment and engage stakeholders on tax reform, alcohol policies and regulations, including e-commerce.

Disclosure		Our response
415-01	**Political contributions**	We have not given any money for political purposes in the United Kingdom, made no donations to EU political organisations nor incurred any EU political expenditure during the year.
		We made contributions to non-EU political parties totalling £0.64 million during the financial year in North America, where it is common practice. Contributions of approximately £0.64 million were made to US federal and state candidates and committees, consistent with applicable laws.
		No particular political persuasion was supported, and contributions were made with the aim of promoting a better understanding of our business and our views on commercial matters, as well as a generally improved business environment.

How we have met each disclosure
● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
◐ Partially disclosed and missing at least one required indicator
○ Not disclosed
⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

CUSTOMER HEALTH AND SAFETY

103-02	Our management approach to customer health and safety	103-03	Evaluation of the management approach

103-02 — **Our management approach to customer health and safety**

We aim to design and make products that are always safe for consumers to drink, and that meet their expectations in terms of taste, consistency and presentation. We have a programme of certification for our sites that includes:

- Site internal assessment to Diageo standards
- Market independent assurance of adherence to standards
- ISO 9001 for our production facilities
- FSSC 22000 at our brewing and packaging locations.

At the date of this ESG Reporting Index, 92% of our business units were certified to ISO 9001 and 86% to FSSC 22000. The number of certifications is growing, with eight sites in India recently accredited – but it takes time to bring acquisitions in line with these standards. The pace of accreditation has been slower than anticipated this year given that Covid-19 restricted travel and site accreditation visits. Our focus has been on remote verification of site self-assessment to the standards and on remote surveillance audits.

For more details, see our Quality Global Policy and the Diageo Marketing Code.

103-03 — **Evaluation of the management approach**

We review customer safety at a number of levels across the organisation depending on the severity of the issue.

Our management-level Audit and Risk Committee reviews our key risks relating to customer health and safety, counterfeit and contamination – with a particular focus on food fraud.

The Supply and Procurement Tier 6 meeting, chaired by the President, Global Supply and Procurement, monitors our top KPIs for quality: total and critical pack defects, quality incidents and distribution defects.

Market-level teams meet monthly with the market head of governance to review these KPIs, along with other global and local quality KPIs, and escalate any issues to the market head of supply chain. This is part of our broader environment, health, safety and quality agenda.

Disclosure		Our response
416-01	Assessment of the health and safety impacts of product and service categories	Our products are mostly low risk in that they are unlikely to be a source of food poisoning and are stable at ambient temperatures. All products are subject to liquid testing and inspection for defects – which include critical defects relating to product safety and legislative requirements. We have continued to review and update our global quality and global risk management standards. These are shared with all production sites as they are published. See our Reporting boundaries and methodologies on pages 90-110 of this ESG Reporting Index for more information on how we measure and monitor packaging defects and total product concerns (complaints).
416-02	Incidents of non-compliance concerning the health and safety impacts of products and services	To the best of our knowledge, we have had no incidents of non-compliance with regulations resulting in a fine, a penalty or a warning.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

MARKETING AND LABELLING

103-02 **Our management approach to marketing and labelling**

We take very seriously our duty to develop, produce, market and sell our brands responsibly, and all our marketing is governed by our Diageo Marketing Code, Digital Code, Responsible Research Global Standard and Data Protection Global Policy. Our Diageo Consumer Information Standard provides mandatory minimum standards for the information that must be included on labels and packaging on all Diageo-owned brands in all geographies (where legally permitted). Labels and packaging must include alcohol content and nutrition information per serve, alcohol content by volume (ABV), at least one and up to three responsible drinking symbols, a reference to our global responsible drinking website, DRINKiQ.com, a list of allergens, and recycling and sustainability symbols.

For more details about labelling and information, see the Diageo Marketing Code, Quality Global Policy and the Diageo Consumer Information Standard.

103-03 **Evaluation of the management approach**

We have a cross-functional review process in place for all marketing communications that ensures compliance with the Diageo Marketing Code. On rare occasions, where communications are in breach of the Code, we revise them accordingly. Our Marketing, Legal, Brand Technical and Regulatory functions review packaging and labelling of new products to ensure they comply with the Diageo Consumer Information Standard.

We review the Diageo Marketing Code every two years to ensure it remains best-in-class compared with rigorous standards in our industry, and that it is consistent with evolving technologies. Any changes are signed off by the Chief Marketing Officer, General Counsel and Director of Corporate Relations.

Our market-based teams, including general managers, review the efficacy of marketing communications, as do our global brand teams and global Marketing function.

By continually assessing our communications, we gain feedback that helps improve future campaigns.

Disclosure		Our response
417-01	**Requirements for product and service information and labelling**	Our approach is as follows: ● **Sourcing of components of the product or service:** we do not provide sourcing information for our ingredients; 0% of our product labels include this information. ● **Content, particularly with regard to substances that might produce an environmental or social impact:** legislation requires a statement of alcohol by volume on all our products; 100% of our products contain this information. ● **Safe use of the product or service:** the Global Beer, Wine and Spirits Producers' Commitments (see our website) required all our products to carry at least one and up to three responsible drinking symbols by 2017. We have been working towards this in all markets. The majority of our products are compliant, and we continue to work towards full compliance. This and all other requirements of the Diageo Consumer Information Standard (see above) are implemented on new brand innovations and when we renovate existing brands. Together with companies that form the International Alliance for Responsible Drinking we have committed to adding an age-restriction symbol or equivalent words on all our alcohol brand labels, including alcohol-free extensions of alcohol brands. We started to roll this out last year, where legally permissible, aiming for compliance across all markets by 2024. ● **Disposal of the product and environmental/social impacts:** we mandate the Mobius loop (or equivalent) on all packaging and point of sale materials as part of our Diageo Consumer Information Standard; all of our products comply with this requirement, with the exception of USL, which does not use the Mobius loop on its product labelling at present.
416-02	**Incidents of non-compliance concerning product and service information and labelling**	To the best of our knowledge, we have had no significant incidents of non-compliance with regulations resulting in a fine, a penalty or a warning.
417-03	**Incidents of non-compliance concerning marketing communications**	This year one complaint against Diageo was upheld by advertising regulators that we report on, globally. It was a 'no-fault breach' decision issued on 30 May 2022 by the ABAC scheme in Australia. A no-fault finding is appropriate if an alcohol marketer has acted properly and diligently in seeking to comply with its ABAC obligations, but a failure has occurred that was outside the reasonable control of the marketer or their advertising agency. For more details, and for industry complaints, see the Annual Report on page 31.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◑ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

Topic-specific standards

GRI 400: SOCIAL continued

CUSTOMER PRIVACY

103-02	**Our management approach to customer privacy**	103-03	**Evaluation of the management approach**

We hold personal data about employees, customers and suppliers, consumers and other individuals, including prospective and former employees. Our global data privacy programme, led by a Senior Data Privacy Director, has been designed to protect all personal information that we handle in our business activities.

Our Code and data privacy global policy set out our key principles and standards in how we handle data in line with our values, data protection laws and respect for privacy as a human right.

Our Chief Information Security Officer (CISO) is responsible for safeguarding our information assets, including personal data, through simplified compliance management, embedding a security-aware culture and operating an intelligence-driven cyber resilience programme.

The CISO co-chairs the Digital and Technology Risk Management Committee, which performs quarterly reviews of key security risks and determines the best actions to mitigate those risks. Cyber drills are conducted every year by our Executives and in manufacturing plants. Red team tests are conducted every year.

Our Global Counsel Asia, Brands, Innovation and Commerce oversees internal accountability and legal compliance across the business and reports on key aspects to the Audit Committee.

Our internal audit team regularly audits our global data privacy programme. Any findings are reviewed, with mitigation and improvement activities developed as appropriate, including escalation to our Audit and Risk Committee if required.

Data privacy issues may also be raised through our SpeakUp helpline, line managers, market legal counsel, data privacy stewards, HR team or directly to the Senior Data Privacy Director.

For more information, see our Code.

Disclosure		Our response
418-01	**Substantiated complaints concerning breaches of customer privacy and losses of customer data**	We follow our internal procedures when we receive any requests by individuals to exercise their rights – for example, the right to access personal information or to unsubscribe – or receive reports of any personal data incidents. This year, there have been no known instances of regulatory action against, or investigation into, us in the EU concerning consumer privacy.

How we have met each disclosure   ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

United Nations Global Compact (UNGC) Index

United Nations Global Compact (UNGC) Index

The following index is structured in line with the UNGC advanced level reporting criteria. Our annual Communication on Progress is made up of our Annual Report together with this ESG Reporting Index. This index directs readers to the relevant parts of both documents.

IMPLEMENTING THE 10 PRINCIPLES INTO STRATEGIES AND OPERATIONS		
Criterion	Description	Cross reference/direct answer
1	Mainstreaming into corporate functions and business units	Our Society 2030: Spirit of Progress plan supports the delivery of the 10 principles of the UN Global Compact (the 10 principles), and this year we continued to embed it into corporate functions and business units, including through our work towards our external targets for 2025 and 2030. An overview of our strategy can be found on page 6 of this document, with further discussion in the strategic priorities section of our Annual Report 2022, pages 26-31. Several other sections of our Annual Report reflect the mainstreaming of the 10 principles. These include: ● Our Chairman's statement, pages 6-7 ● Our Chief Executive's statement, pages 10-11 ● Our principal risks and risk management, and Climate-related risks sections, pages 42-56. More reporting in this ESG Reporting Index relating to the 10 principles includes: **Human rights and labour** Our support and respect for the protection of internationally proclaimed human rights, and our processes for ensuring that we are not complicit in human rights abuses, are described in GRI 103-02 to 103-03 and GRI 412, pages 72-73. Our commitment to upholding the freedom of association and the effective recognition of the right to collective bargaining is described in GRI 103-02 to 103-03 and GRI 407, page 68. We describe our work to eliminate all forms of forced and compulsory labour in GRI 103-02 to 103-03 and GRI 409, page 70 in this document. Our work to support the effective abolition of child labour is described in GRI 103-02 to 103-03 and GRI 408, page 69. Our work to eliminate discrimination and create a fair, inclusive and diverse workplace is described in GRI 103-02 to 103-03 and GRI 405, pages 65-66. **Environment** Our approach to environmental challenges, including the initiatives we undertake to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies, is described in GRI 103-02 to 103-03 and GRI 301 to 308, pages 31-53. **Anti-corruption** We have an internal Anti-Corruption Global Policy, and its core principles are included in our Code of Business Conduct (Code). Our work to prevent all forms of corruption, including extortion and bribery, and how we conduct our business transparently, is described in GRI 103-02 to 103-03 and GRI 205, page 28.
2	Value chain implementation	Our Society 2030: Spirit of Progress plan supports the delivery of the 10 principles of the UN Global Compact. It covers our entire value chain, from grain to glass, as described in the Strategic priorities and Doing business the right way from grain to glass sections of our Annual Report, pages 26-31 and 30-31 respectively. Further reporting in this ESG Reporting Index relating to value chain implementation of the 10 principles includes: **Human rights and labour** Details of how we implement our Partnering with Suppliers Standard, are described in GRI 103-02 to 103-03 and GRI 414, page 74. In our Partnering with Suppliers Standard we set out the minimum social and ethical standards we require suppliers to follow as part of their contract with us. As part of this, we outline our expectation that all our suppliers act in accordance with the UN Guiding Principles on Business and Human Rights (UNGP) and the international standards set out by the eight core International Labour Organization (ILO) conventions and recommendations. **Environment** We describe our approach to environmental standards in our supply chain and our work on climate change and water supply chain initiatives in GRI 103-02 to 103-03 and GRI 308, pages 52-53. **Anti-corruption** As well as our own measures to prevent all forms of corruption, described throughout GRI 103-02 on page 28 in this document, we evaluate suppliers against the risk of bribery and corruption through our Know Your Business Partner (KYBP) assessment, which considers operating risks, market/sector risks and feedback from our internal reviews and assessments. This is described in GRI 103-02 to 103-03 and GRI 205, page 28.

Topic-specific standards

ROBUST HUMAN RIGHTS MANAGEMENT POLICIES AND PROCEDURES		
Criterion	Description	Cross reference/direct answer
3	Robust commitments, strategies or policies in the area of human rights	We committed to act in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs) in 2014. Our Human Rights Global Policy outlines our commitment to respect and embed human rights, as articulated in the Universal Declaration of Human Rights, across all our operations and throughout our business and value chain. Through appropriate contractual arrangements and our Global Partnering with Suppliers standard, we make our suppliers aware of, and expect their compliance with, our human rights commitments. In our workplaces and the communities in which we operate, we believe a serious commitment to respecting human rights is fundamental to our way of doing business. We recognise that we are responsible for the impact of our operations on our employees, on all workers in our supply chain, on consumers of our products and on the communities in which we operate. Therefore we have policies and processes in place to identify, prevent and mitigate human rights risks, and to provide remedy for any adverse impact we have caused or contributed to through our operations. This includes a commitment to support the rights of indigenous peoples, migrant workers and the communities where we work, including their land rights. We're also committed to supporting rights to water and sanitation, delivered through our Preserve water for life strategy, our community water, sanitation and hygiene (WASH) programmes, and our Partnering with Suppliers Standard. We are a signatory to the UN Global Compact and the UN Women's Empowerment Principles. Our Human Rights Global Policy is also informed by the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights to Work, the Children's Rights and Business Principles, and the UN Global LGBTI Standards of Conduct for Business. By committing to these international frameworks, we are dedicated to enriching the workplace. We act with integrity, in compliance with local law, and we respect the unique customs and cultures in the communities in which we operate.
4	Effective management systems to integrate human rights principles	We have a clear Human Rights Global Policy which sets out our commitment to human rights. We also have a number of other policies and standards that reinforce our human rights principles to our employees, suppliers and other stakeholders. We have well-developed management systems, including our global framework for compliance training, which mandates that every employee has to complete training about our Code and key policies (such as human rights) on joining Diageo. The Annual Certificate of Compliance (ACC) is designed to confirm that all mid-level and senior managers fulfil their duties with regard to compliance and have read and understood our Code and key global policies. In 2019, following an external review, we extended the ACC to include certain non-management roles. Each market has a training plan on our key policies, which is delivered through locally organised, risk-based training. In 2019, we rolled out human rights training with a specific focus on modern slavery to our Procurement teams and a selection of key roles within the business. Employees worldwide have received Dignity at Work training, which is now available through an e-learning module in 22 languages. We used a comprehensive human rights impact assessment (HRIA) approach, which is progressively assessing the human rights risks across our whole value chain within all of our markets. Assessments were prioritised by risk, initially at an international level and then within the local market context. For more information, see page 39 of our Annual Report, and GRI 103-02 to 103-03 and GRI 405 to 414, pages 65-74.
5	Effective monitoring and evaluation mechanisms of human rights integration	We have established a human rights governance structure to embed the due diligence and integration of human rights as business as usual across our operations. We aim to proactively manage and monitor any infringement of human rights on an ongoing basis and take appropriate remedial action as and when required. Our HRIA programme was carried out by external human rights specialists alongside our own teams. It covers our own operations and those of our suppliers, including primary producers such as farmers, and our consumer markets. We consider all aspects of human rights through the assessment programme, both through focused assessments and through our routine engagement with key areas of our value chain such as agriculture. We also engage with the different stakeholders in our value chain, identifying those potentially affected by human rights risks. In 2019, we further strengthened this assessment process through our HRIA toolkit, which was developed as a result of a significant internal review. It provides additional structure to our processes, and guidance material for markets undergoing the assessment process. This aims to ensure a consistent approach for each HRIA. The programme supported markets through a systematic review of their businesses to identify and assess potential human rights impacts, and covered all aspects of our value chain, from raw materials to consumption. Trends identified to date were communicated along with relevant mitigation activity. More information on our progress on delivering HRIAs this year; please see GRI 103-02 on page 72.

Topic-specific standards

ROBUST LABOUR MANAGEMENT POLICIES AND PROCEDURES		
Criterion	Description	Cross reference/direct answer
6	Robust commitments, strategies or policies in the area of labour	Our Code of Business Conduct, which was refreshed in fiscal 20, sets the standard for what is expected of everyone working at Diageo, as well as of third parties who are contractually required to adhere to its terms. Other policies, such as our Global Health, Safety and Wellbeing Policy and our Human Rights Global Policy, flow from its principles.

Our overall commitment to our people is outlined in the Champion inclusion and diversity and Our people sections of the Annual Report, pages 28-29 and page 18 respectively, which discuss how we manage issues such as diversity and engagement. The Doing business the right way from grain to glass section on pages 36-37 explains how we manage health and safety and labour issues in our supply chain to the same standards. |
| 7 | Effective management systems to integrate the labour principles | Our risk and compliance programme, referenced above, also covers labour issues. For more information on how we manage issues such as diversity, health and safety, or engagement, see the Champion inclusion and diversity and Our people sections of the Annual Report, pages 28-29 and page 18 respectively, and the Doing business the right way from grain to glass section on page 30-31.

Additional details can also be found in GRI 103-02 to 103-03 and GRI 405 to 409, pages 62-66. |
| 8 | Effective monitoring and evaluation mechanisms of labour principles integration | Our risk and compliance programme, referenced above, also applies to labour issues. Reports through our SpeakUp website and telephone line help us monitor these issues, as outlined in the Annual Report, page 40.

We have set targets for aspects of labour implementation, notably safety, diversity and employee engagement. These are key performance indicators for our business, as set out on pages 33-34 of the Annual Report. Each is routinely monitored, and reviewed at site, market and global level, with programmes in place to improve performance where necessary in order to deliver our 2030 targets.

Additional details can also be found in GRI 103-02 to 103-03 and GRI 405 to 409, pages 64-70. |

ROBUST ENVIRONMENTAL MANAGEMENT POLICIES AND PROCEDURES		
9	Robust commitments, strategies or policies in the area of environmental stewardship	Our Environment Policy outlines our commitment to reducing our impact on the environment. We have a series of environment targets that we aim to achieve by 2025 and 2030.

For more information, see the following sections of the Annual Report: Pioneer grain-to-glass sustainability on pages 30-31, Doing business the right way from grain to glass on pages 39-40 and Responding to climate-related risk on pages 47-56. See also GRI 103-02 to 103-03 and GRI 301 to 308, pages 31-53 of this ESG Reporting Index. |
| 10 | Effective management systems to integrate the environmental principles | Our robust environmental management system helps us with our targets for water efficiency, water quality, water replenishment, carbon emissions, waste to landfill and sustainable packaging. For more information, see the following sections of the Annual Report: Pioneer grain-to-glass sustainability, Doing business the right way from grain to glass, Responding to climate-related risk, pages 30-31, 39-40 and 47-56, and GRI 103-02 to 103-03 and GRI 301 to 308, pages 31-53 of this ESG Reporting Index. |
| 11 | Effective monitoring and evaluation mechanisms for environmental stewardship | Our risk and compliance programme, referenced above, also applies to our Environment Policy. Beyond this we have a robust system to monitor environmental performance managed by our Environmental Leadership Team which meets monthly, our 2030 Grain-to-Glass Strategy Business Review (SBR), and our Climate Risk Steering Group which meets quarterly. We independently externally assure select environmental key performance indicators. More details can be found in the Reporting boundaries and methodologies section on pages 90-110 of this ESG Reporting Index.

For more information, see the following sections of the Annual Report: Pioneer grain-to-glass sustainability, Doing business the right way from grain to glass, Responding to climate-related risk, on pages 30-31, 39-40 and 47-56, and GRI 103-02 to 103-03 and GRI 301 to 308, on pages 31-53 of this ESG Reporting Index. |

Topic-specific standards

ROBUST ENVIRONMENTAL MANAGEMENT POLICIES AND PROCEDURES continued		
Criterion	Description	Cross reference/direct answer
12	Robust commitments, strategies or policies in the area of anti-corruption	Our Code of Business Conduct and Anti-Corruption Global Policy set the standard for what is expected of everyone working at Diageo, and those who represent or act on behalf of Diageo. We have made a commitment that we will not condone the offer or acceptance of bribes in any form, anywhere we operate.
13	Effective management systems to integrate the anti-corruption principle	Our risk and compliance programme, referenced in the Our principal risks and risk management section of the Annual Report, pages 42-46, outlines how we deliver our anti-corruption commitment. We also have an internal Know Your Business Partner (KYBP) programme to assess third parties, such as suppliers and customers, against the risk of bribery and corruption, and to mitigate risks. For more information, see GRI 103-02 to 103-03 and GRI 205 to 206, pages 28 and 29.
14	Effective monitoring and evaluation mechanisms for the integration of anti-corruption	The Our principal risks and risk management section of the Annual Report, pages 42-46, sets out our monitoring and evaluation mechanisms. Our internal Global Audit and Risk (GAR) programme checks that these principles are consistently applied. For more information, see GRI 103-02 to 103-03 and GRI 205 to 206, pages 28 and 29.

TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES		
15	Core business contributions to UN goals and issues	Diageo is committed to contributing to many goals of the United Nations (UN) as well as those of other affiliated, specialised agencies, such as the World Health Organization (WHO) and the International Labour Organization (ILO). Our Society 2030: Spirit of Progress plan is aligned to the UN Sustainable Development Goals (SDGs), and delivery of our 2025 and 2030 targets contributes to the delivery of those goals. Areas of specific focus are water and sanitation, health and non-communicable disease, carbon, diversity and empowerment, livelihoods and decent work. These also contribute to poverty reduction. Further details are available on pages 28-31 of the Annual Report. We focus particularly on promoting positive drinking through encouraging moderation and tackling harmful use of alcohol, and the WHO target of reducing alcohol-related harm by 10% across the world by 2025. Every one of our responsible drinking programmes, partnerships and campaigns are in service of this.
16	Strategic social investments and philanthropy	Our community programmes focus on the most material areas for our business, with support for water and sanitation, diversity and inclusion, skills development for employment and sustainable agriculture. We also support critical issues and disaster relief as they arise in our markets, providing financial and material support for relief programmes, when necessary through NGO partners. For more on our strategic community investment programmes, see pages 28-29 of the Annual Report, and GRI 103-02 to 103-03 and GRI 205 to 206.

Topic-specific standards

TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES continued		
Criterion	Description	Cross reference/direct answer
17	Advocacy and public policy engagement	We engage on many issues important to our Society 2030: Spirit of Progress plan. For example, we have signed up to the Business Ambition for 1.5°C, the UNGC/SBTI Uniting Business to Recover Better, Race to Resilience and Race to Zero and the UNGC Government Letter on SDGs in Recovery; and have joined the Open for Business coalition, an alliance of leading companies that are committed to supporting LGBTQ+ inclusion worldwide. For more information, see our website.
		We engage in advocacy at national and international levels with governments and civil society. For example, we have a strategic partnership with WaterAid to promote access to safe drinking water, hygiene and sanitation, and more broadly for water stewardship; and we are strong global advocates for various important issues through our membership of the Alliance for Water Stewardship, UNGC CEO Water Mandate, Water Resilience Coalition and local partnerships with NGOs including Oxfam and Amref.
		On positive drinking issues we advocate, for example, for road safety, including through our partnership with the United Nations Institute of Research's (UNITAR) road safety initiative. The partnership supports road safety events aimed at reducing traffic deaths and injuries and improving road safety globally. It has a particular focus on high-visibility enforcement in Africa, Asia and Latin America. In April 2020, in response to Covid-19, we collaborated with UNITAR as it launched a series of online training resources in English and Spanish for government officials responsible for road safety and law enforcement.
		In 2018 we also led discussions at the OECD Development Assistance Committee, representing the wider private sector and supporting the role of the private sector in the development and delivery of the SDGs. We discussed our work on skills for young people and water in particular, and the importance of leveraging our core business to support shared value.
		For more information, see GRI 103-02 to 103-03 and GRI 203-02, pages 25-26.
18	Partnerships and collective action	We believe partnership is the best way to make progress against our ESG strategy and goals.
		In the case of positive drinking, the most significant initiative we have been part of in recent years is the Global Beer, Wine and Spirits Producers' Commitments to Reduce Harmful Drinking – the largest ever industry-wide initiative to implement effective ways to address harmful drinking. The commitments ended in December 2017, but the signatory companies remain committed to the spirit of the five commitments and the 10 action areas.
		We will continue to work with our peers in this area. Together with companies that form the International Alliance for Responsible Drinking (IARD) we have committed to adding an age-restriction symbol or equivalent words on all our alcohol brand labels, including alcohol-free extensions of alcohol brands. We have started to roll this out this year, where legally permissible, with compliance across all markets by 2024. Our partnership with UNITAR on road safety to address drink driving globally is a further example of how we use partnerships to increase the scale and impact of our efforts to deliver the commitments.
		We have strategic partnerships with two global NGOs, WaterAid and CARE International UK, to support our advocacy and programmes on water, sanitation and hygiene, and women's empowerment. These are in addition to focused partnerships to deliver programmes, including with government agencies such as the UK government's Department for International Development (DFID) and national and international NGOs such as Amref and Oxfam.
		Elsewhere in our supply chain activity, partnering with suppliers and peers through AIM-PROGRESS and Sedex is critical to the success of our programme to improve human rights and labour standards within our global supply network. For more information, see the Pioneer grain-to-glass sustainability section of the Annual Report, pages 30-31.

CORPORATE SUSTAINABILITY GOVERNANCE AND LEADERSHIP		
19	CEO commitment and leadership	In the Annual Report, pages 6-11, our Chairman and Chief Executive confirm their commitment to sustainability and responsibility.
20	Board adoption and oversight	The process by which the Board adopts and oversees aspects of our sustainability and responsibility strategy is described in GRI 2-9 and 2-12, pages 14-15.
21	Stakeholder engagement	We engage stakeholders on two levels, local and global. At a local level, employees across the business engage their colleagues, local governments, customers, media, community groups and consumers on issues of immediate concern to them. At a global level, we engage investors, customers, suppliers and multinational organisations such as UN agencies and NGOs. Routine dialogue through the Corporate Relations function is critical to those engagement processes, with regular assessment of stakeholder sentiment within the various sectors, the review of which strengthens our engagement process and public policy activity. For more information, see GRI 2-28 and 2-29, pages 20-21.

Our response to the Sustainability Accounting Standards Board (SASB)

Our response to the Sustainability Accounting Standards Board (SASB)

The US-based SASB sets out sustainability reporting standards for various sectors. The following table summarises our response to the sector-specific standard for alcoholic beverage companies.

ENERGY MANAGEMENT	
SASB metric	Our response
(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable energy	See GRI 302 in this document

WATER MANAGEMENT	
SASB metric	Our response
(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with high or extremely high baseline water stress	See GRI 303 in this document. See pages 47-56 of the Annual Report.
Discussion of water management risks and description of management strategies and practices to mitigate those risks	See GRI 303 in this document. See pages 47-56 of the Annual Report. See our website, under Preserve water for life.

RESPONSIBLE DRINKING AND MARKETING	
SASB metric	Our response
Percentage of advertising impressions made on individuals above the legal drinking age	All advertising impressions are targeted to those above the legal drinking age; see the Diageo Marketing Code for more details. See page 27 of the Annual Report for breaches of our Marketing Code.
Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	See GRI 417-03 in this document. See page 27 of the Annual Report.
Total amount of monetary losses as a result of legal proceedings associated with labelling and/or marketing practices	See Note 18 of the Financial Statements, pages 191-192 of the Annual Report, for details of contingent liabilities and legal proceedings. See page 27 of the Annual Report for details of breaches of marketing practices.
Description of efforts to promote responsible consumption of alcohol	See pages 26-27 of the Annual Report. See the Society 2030 section of our website, under Promote positive drinking.

PACKAGING LIFECYCLE MANAGEMENT	
SASB metric	Our response
(1) Total weight of packaging, (2) percentage made from recycled or renewable materials, (3) percentage that is recyclable or compostable	See GRI 301 in this document. See page 38 of the Annual Report.
Description of strategies to reduce the environmental impact of packaging throughout its lifecycle	See GRI 301 in this document. See page 38 of the Annual Report. See the Society 2030 section of our website, under Become sustainable by design.

How we have met each disclosure ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards ◑ Partially disclosed and missing at least one required indicator ○ Not disclosed ⊗ Not considered material to our business at this time

Our response to the Sustainability Accounting Standards Board (SASB)

ENVIRONMENTAL AND SOCIAL IMPACT OF INGREDIENTS SUPPLY CHAIN	
SASB metric	**Our response**
Suppliers' social and environmental responsibility audit: (1) non-conformance rate, (2) associated corrective action rate for (a) major and (b) minor non-conformances	See GRI 414 in this document.

INGREDIENT SOURCING	
SASB metric	**Our response**
Percentage of beverage ingredients sourced from regions with high or extremely high baseline water stress	See page 49 of the Annual Report for the location of our sites in water-stressed areas. **Omissions:** percentage of ingredients.
List of priority beverage ingredients and description of sourcing risks due to environmental and social considerations	See GRI 301 in this document. See pages 47-56 of the Annual Report.

ACTIVITY METRIC	
SASB metric	**Our response**
Volume of products sold	See page 12 of the Annual Report.
Number of production facilities	See GRI 103-01 in this document.
Total fleet road miles travelled	See GRI 305-03 in this document.

**How we have met
each disclosure**   ● Fully disclosed as outlined by the GRI
Sustainability Reporting Standards   ◖ Partially disclosed and missing
at least one required indicator   ○ Not disclosed   ⊗ Not considered material
to our business at this time

Reporting boundaries and methodologies

Reporting boundaries and methodologies

The reporting boundaries and methodologies outlined here relate to the social and environmental performance disclosures set out in our Annual Report and this ESG Reporting Index.

Reporting boundaries

Our reporting covers the global operations of Diageo plc in the financial year ended 30 June 2022. Dates refer to financial years unless otherwise stated. Excluding the few exceptions below, the boundaries for all data disclosed in the Annual Report and this ESG Reporting Index include the results of the company and its subsidiaries, together with our attributable share of the results of significant joint ventures.

The reporting scope depends to a significant extent on the nature of each indicator, and we have explained exceptions and limitations of each indicator in this document. When a business is acquired, or an interest in an associate or joint venture, fair values, reflecting conditions at the date of acquisition, are attributed to the net assets, including identifiable intangible assets and contingent liabilities acquired.

New acquisitions are included in the consolidated reporting for non-financial data as soon as practically possible, and no later than one year after assuming operational control. This covers environmental data and impacts from new operational sites. This duration varies as each new acquisition has unique systems and processes that must be integrated. Environmental data is collected and reported for all sites where we have operational control, including office sites with more than 50 employees. The reporting boundaries are based on The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) from the World Resources Institute and World Business Council for Sustainable Development (WRI/WBCSD Protocol).

The environmental impacts associated with leased facilities and the carbon emissions associated with company vehicles and leased cars are also excluded and considered immaterial to the company's overall impacts. This is reviewed every three years to assess the data and extent of impacts.

EXCEPTIONS

Environmental and safety data from joint ventures and associates where we do not have operational control are excluded.

DEFINITION OF DIAGEO MARKETS[1,2]

Diageo markets are defined as countries/locations where we operate and/or sell our products.

Our markets fall under five regions, and we report our performance across these regions. Our five regions and corresponding markets include:

- **North America:** Diageo North America comprises US Spirits, Diageo Beer Company USA (DBC USA) and Diageo Canada.
- **Europe and Turkey:** The region comprises Great Britain, Ireland, Northern Europe, Eastern Europe, Southern Europe and Turkey. All these markets now operate with end-to-end accountability.
- **Asia Pacific:** Asia Pacific comprises India (including Nepal and Sri Lanka), Greater China (China, Taiwan, Hong Kong and Macau), Australia (including New Zealand), South East Asia (Vietnam, Thailand, the Philippines, Indonesia, Malaysia, Singapore, Cambodia, Laos, Myanmar), North Asia (Korea and Japan) and Travel Retail Asia and Middle East.
- **Africa:** Africa region comprises East Africa (Kenya, Tanzania and Uganda), Africa Regional Markets (including Ghana, Cameroon, Ethiopia, Indian Ocean and Angola), Nigeria and South Africa.
- **Latin America and Caribbean:** Latin America and Caribbean (LAC) region comprises PUB (Paraguay, Uruguay and Brazil), Mexico, CCA (Central America and Caribbean), Andean (Colombia and Venezuela) and PEBAC (Peru, Ecuador, Bolivia, Argentina and Chile).

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1. In the case of any organisational restructure these markets and their alignment to specific regions are subject to change.
2. In some cases the market definition varies according to the programme and will be specified within the programme reporting boundaries and methodologies.

RESTATEMENTS OF DATA

Over the past three years, we have made a number of disposals, notably United National Breweries in South Africa in 2019, and acquisitions of brands, distribution rights and equity interests in premium drinks businesses. See Note 8 to the Financial Statements in the Annual Report on pages 163-165 for details. Changes in our operations will result in restatement of historical data. Data associated with any divestments is removed from the baseline, intervening years and current year to ensure relevant comparisons and consistent performance tracking towards targets.

Restatement of baseline environmental data

We restate environmental data for the baseline year and intervening years to reflect changes in the company that would otherwise compromise the accuracy, consistency and relevance of the reported information. Restatements are made in line with the protocols defined by the WRI/WBCSD Protocol and the Beverage Industry Greenhouse Gas (GHG) Emissions Sector Guidance (Version 4.2).

The baseline year environmental impact data, and data for intervening years, are adjusted to reflect acquisitions, divestments, updates to databases for CO_2e emission factors, any errors in calculations, and any significant changes in reporting policy that result in a material change to the baseline of more than 1%. We also restate data where we can show that structural changes regarding outsourcing and insourcing have an impact of more than 1%.

In the financial year ended 30 June 2022, the baseline year environmental impacts were restated to reflect changes to CO_2e emission factors and updated calorific values. Any restatements are carried out in accordance with the WRI/WBCSD Protocol, which defines the requirements for companies to restate environmental impacts for consistent tracking over time when they undergo significant structural changes. We deem this necessary to make meaningful historical comparisons.

Reporting boundaries and methodologies

The baseline year environmental impacts associated with acquisitions and bringing production in-house are primarily determined directly from the historical data records for production volumes, energy, water use and waste generated for the baseline year and intervening years. In certain cases, where historical data is unavailable, the environmental impacts for the baseline year and intervening years are extrapolated from current environmental impact data, based on production patterns.

BASELINES

Our baseline year, set as the financial year ended 30 June 2020, applies to the majority of our Society 2030: Spirit of Progress targets. Where baselines differ, this has been described within each reporting boundary. The baseline data is used as the basis for calculating progress against our targets.

Reporting methodologies are reviewed and updated each year by leadership teams. Material changes to the environmental reporting methodologies are ratified at the 2030 Grain-to-Glass Strategic Business Review (SBR) quarterly meeting, chaired by the President, Global Supply and Procurement.

REPORTING SYSTEMS

There are three main systems used for collection, validation and analysis of reported data.

- **Health and Safety and Human Resources data:** Health and Safety and Human Resources data are reported at site level using our global information management systems.
- **Environmental data:** We collect data on key measures of environmental performance every year. This is collated and analysed using a web-based environmental management system. For the reporting period 1 July 2021 to 30 June 2022, 132 sites in 23 countries reported environmental impact data.

– *Denominator for efficiency indicators:* To calculate efficiency ratios, we use litres of packaged product as the standard measure for comparison, because this measures the environmental impact associated with the production of our products. We measure litres of packaged product by site and aggregate them at group level. For fiscal 22, the total volume packaged used for the denominator in efficiency indicators is 4,239,215,340 litres$^\Delta$.

- **Local market Society 2030: Spirit of Progress data:** Where Society 2030: Spirit of Progress programmes are managed at a local level, this performance data is collated every quarter in our market reporting template. The data is compiled at a market, regional and global level, alongside our other Society 2030: Spirit of Progress targets, and reviewed by general managers, functional leadership teams, the 2030 Grain-to-Glass Strategic Business Review (SBR), and the Global Executive Committee during quarterly meetings. This regular assessment of performance enables us to manage programme risks and opportunities, and ensures that we have the right level of resources to deliver on our commitments.

RELIABILITY AND ACCURACY OF DATA

We have processes governing the collection, review and validation of non-financial data included in this report, at market, regional and global level.

We have clear reporting lines and documentation of our processes; within this report we provide more detail of our reporting methodologies and calculation processes.

While we make every effort to capture all information as accurately as possible, it is neither feasible nor practical to measure all data with absolute certainty. Where we have made estimates or exercised judgement, this is highlighted within the reporting methodologies. PwC provides limited assurance over selected indicators as described in our Annual Report and this ESG Reporting Index.

Δ Within PwC's independent limited assurance scope
– see pages 112-116 of this ESG Reporting Index.

Reporting methodologies

The content of this section of our Reporting boundaries and methodologies is based on our Society 2030: Spirit of Progress targets and elements relevant to our commitment to doing business the right way from grain to glass. Society 2030: Spirit of Progress is our 10-year action plan to help create a more inclusive and sustainable world.

On the following pages, we explain our methodology for calculating our targets and other key information disclosed in our Annual Report and this ESG Reporting Index under these headings:

- Promote positive drinking
- Champion inclusion and diversity
- Pioneer grain-to-glass sustainability
  - Preserve water for life
  - Accelerate to a low-carbon world
  - Become sustainable by design
- Doing business the right way from grain to glass
  - Our people
  - Sustainable supply chains
  - Environmental impact
  - Governance and ethics
  - Food safety and quality.

PROMOTE POSITIVE DRINKING

Our 2030 targets are to:

- Champion health literacy and tackle harm through DRINKiQ in every market where we live, work, source and sell
- Scale up our SMASHED partnership, and educate 10 million young people, parents and teachers on the dangers of underage drinking
- Extend our UNITAR partnership and promote changes in attitudes to drink driving, reaching five million people
- Leverage our marketing and innovation to make moderation the norm, reaching one billion people with dedicated responsible drinking messaging.

TARGET

Champion health literacy and tackle harm through DRINKiQ in every market where we live, work, source and sell

Performance measures (KPIs)

- Number of markets that have launched DRINKiQ.

Reporting boundaries and methodologies

Baseline

The baseline for our DRINKiQ target is the total number of Diageo markets in scope where we live, work, source and sell.

The baseline year for the reporting of progress towards our Society 2030: Spirit of Progress KPI – *Champion health literacy and tackle harm through DRINKiQ in every market where we live, work, source and sell* – is fiscal 20, that is, July 2019 onwards.

Definitions

- Markets required for DRINKiQ rollout were identified during the initial project scoping phase in fiscal 20. Please see our definition of Diageo markets on page 91 of this ESG Reporting Index.
- 'Launched' means the DRINKiQ website is live and accessible by consumers in the market from November 2020.
- 'Live' is defined as accessible on the production environment, www.drinkiq.com/ as of 30 June 2022.

Scope

- The Global Spirit of Progress team committed to roll out at least one DRINKiQ website (locale) in every Diageo market where it is legally permissible to do so.
- Where language is not shared across a market (such as the case in Southern Europe) we aim to launch at least two language versions where possible. This is subject to resource.
- Criterion for rolling out DRINKiQ in any market is that it is legally permissible to do so.
  - Global legal teams co-create and sign-off all global content and markets are requested to secure local legal approval for any local adaptations where relevant.
- Turkey is the only market in which we are unable to roll out DRINKiQ due to legal restrictions, where any advertisement of alcohol or open-source information on alcohol-related topics is prohibited by local regulation.

- Travel Retail Asia covers global travel across multiple geographical territories. It includes the retail spaces in airports. Therefore, the relevant DRINKiQ locale will be available to consumers based on the geographical location. This means that Travel Retail Asia is not counted as an individual market in scope for delivering our DRINKiQ target.

Data preparation and assumptions

Project management, design and build:

- Diageo Executive Committee and Corporate Relations Leadership Team signed off the new DRINKiQ vision and market rollout plan.
- The Global Spirit of Progress team manages all aspects of DRINKiQ design, development, and deployment.
  - The only exception to this is China, which had to use a local vendor for build due to firewall issues. However, our DRINKiQ Digital & Technology Project Manager worked with the team throughout the project to ensure total alignment and delivery.
- We engage and manage the global agency that is responsible for building and testing every website in every market throughout all stages of development, user-acceptance testing and deployment.

Go-live process – deployment and testing:

- The agency web developers who build the DRINKiQ website undertake a series of steps to deploy DRINKiQ to the production environment.
- Once deployment(s) is complete, the agency conducts testing on the production environment to verify updates. The agency then performs general regression testing to verify overall site performance and functionality is operating as intended.
- Completion of the above concludes the deployment process. The site/updates are now deemed as 'live' since they are available on the www.drinkiq.com/ website.
- The agency then confirms the market's locale is live, the Global Spirit of Progress team tests the URL and then the in-market DRINKiQ lead is requested to test the URL and confirm all content is live and displayed accurately.

- It is possible for users to switch between all live locales directly through the DRINKiQ menu at any time. An up-to-date list of URLs for all live locales is held centrally by the Global Spirit of Progress team.

Measurement and performance:

- Google Analytics (GA) is our mechanism for monitoring DRINKiQ traffic and site performance across every live locale.
- The Global Spirit of Progress team manages two global agencies (AnalogFolk and Media Monks) to develop KPIs and build and manage GA tracking.
- Each quarter DRINKiQ agency AnalogFolk performs a deep-dive review of all activity across the site. Key insights are pulled out and used to inform strategy (design and development) for the following quarters as well as to provide guidance to markets on efficacy of campaign activity, sweet spots for user engagement and so on.
- Guidance has been provided to markets on how to tag their campaigns for traffic to be tracked sufficiently in GA.

Ensuring assumptions or judgements are free from bias:

- There are very few assumptions in the development and deployment process.
- The site being live is a technical process and empirical – a website is either live or not – and therefore not subject to bias.
- The definition of markets in which we work, live, source and sell is defined above. This was drawn from the Diageo Annual Report to ensure consistency the and Global Spirit of Progress team have stretched beyond this launching in multiple locations across markets.
- All locations with an existing DRINKiQ website received the new version of the platform.
- Any additional locations added to the roll out were assigned based on regional priority and/or request.
- Priorities would include additional languages required (in multi language markets) or opportunities for reach and impact with the programme in a specific market as identified by the local Corporate Relations lead.

Reporting boundaries and methodologies

Ongoing assessment and QA of DRINKiQ:

- We work with three primary agencies to ensure DRINKiQ remains relevant, live and engaging: AnalogFolk (digital strategy and design), Thorium (website build, testing and deployment) and Media Monks (GA set up and management).
- Weekly project status calls are held with all DRINKiQ agencies, Global Spirit of Progress DRINKiQ lead and Diageo Digital & Technology lead – agenda includes review of any live production issues, required content corrections of live sites, rollout status of locales in development/deployment stage, review of GA insights as/when relevant.
- Collectively we conduct ongoing:
  - monitoring, maintenance and enhancements of live DRINKiQ locales
  - monitoring of servers and performance.
- The issue management process includes automated email alerts from the server team (should downtime occur) and an escalation process in place should any downtime be encountered, to ensure a thorough investigation of all technical scenarios that may affect server connectivity – as well as a clear process for markets to raise any issues or requests via a dedicated Team channel, which Thorium then works directly to resolve.
- AnalogFolk analyse DRINKiQ GA each quarter – site traffic and performance – to assess user engagement, user journeys and 'sticky' (most popular/engaged) content. The Global Positive Drinking team reviews this each quarter and uses insights to inform future strategy.

TARGET

Scale up our SMASHED partnership, and educate 10 million young people, parents and teachers on the dangers of underage drinking

Performance measures (KPIs)

- Number of people educated on the dangers of underage drinking through a Diageo-supported education programme.
- Number of people who confirmed changed attitudes on the dangers of underage drinking following participation in a Diageo-supported education programme.

Baseline

The baseline year for the reporting of cumulative progress towards our Society 2030: Spirit of Progress target is our financial year ended 30 June 2018, so from July 2018 onwards.

The complexity of gathering data from hundreds of schools globally with different academic years means there is a lag in reporting information from our live programmes. So, each financial year we include data from June to May: for example, for the financial year ended 30 June 2022, we would be reporting data from 1 June 2021 to 31 May 2022. This deadline allows us to consolidate the numbers to reflect most of the programmes we have delivered in an academic year.

Definitions

We deliver our education on underage drinking through SMASHED Live and Online.

- **Live:** An empowering and relatable live theatre performance in schools, with interactive workshops for students, resources for teachers and parents, and comprehensive evaluation.
- **Online:** An innovative and engaging e-learning course, telling the SMASHED story through powerful filmed clips, with interactive learning tools, student assessment and teacher support.
- **People educated:** Young people within the target age group (11–15), who have participated in the full 60-minute live or online learning experience. Completions for online are counted only on course completion, and live completion is counted when the year group number, as stated by the teacher, has completed the full 60-minute session, which is then confirmed by the delivery partner.
- **Changed attitudes:** A young person who confirmed a changed attitude is someone who responds to the post-survey question by stating that they are less likely to drink underage. This is supported by evidenced progression through pre- and post-performance surveys against all other learning outcomes, with the 'less likely to drink underage' results as the core indicator.

Scope

Diageo partners with Collingwood Learning (Collingwood) to sponsor the development and delivery of SMASHED. If a third party wishes to partner or implement the SMASHED programme, we have to provide written consent.

When SMASHED is delivered by a third party and is partially funded by us, we only claim the proportion of people educated that our funding contributes to: for example, if we fund 25% of a programme that educates 20,000 young people, we would only claim 5,000 people were educated by our contribution. This year we delivered two SMASHED tours in Nigeria, one through Guinness Nigeria (Diageo) and one through the Beer Sectoral Group (BSG). Guinness Nigeria funded 22.4% of BSG, so we will only count 22.4% of the total beneficiaries of the tour.

Our programmes are run in two main formats: live and online.

- **Live:** Live programmes are conducted either in person or virtually, through live video conferencing software. The live video conferencing version was developed in response to Covid-19 restrictions, which may continue as the Covid-19 pandemic continues to evolve. These live programmes run for 60 minutes, and participants are only counted if they participate in the full 60-minute programme, tracked via attendance sheets for live in person and by teacher summaries for virtual live.
- **Online:** Online programmes are run through a dedicated online portal. Signed-up participants are only counted if they complete the full online course.
- **Local adaptations:** Collingwood has set criteria for partners – a local delivery partner, ministry of education (or similar) and sponsors – to support the success of local adaptations on the ground. Collingwood supplies a comprehensive range of course materials for adaptation and/or translation, including a script, workshop format, teaching materials, evaluation and administrative guides.

  Guided by Collingwood, each delivery partner will culturally and linguistically adapt the storyline and interactive project elements to make it suitable for the audience in that geography. These are

Reporting boundaries and methodologies

minor amendments that do not affect the intention, structure or learning objectives of the course – but are vital to ensure young people relate to the content.

Collingwood also works with the in-country partners to make sure they comply with the original content while accommodating adaptations that are appropriate. This is also supported by programme sponsors and educational stakeholders to support links with existing curriculum. With regards to evaluation, every question pre- and post-programme is the same anywhere in the world. Collingwood does not allow changes to questions in terms of content or intent. The only adaptations are for language translation. In some cases, keywords or phrases might not have a direct translation into the local language, so the tone and intent of the question are matched instead. In all, approximately 10% of the learning content is adapted and 90% stays the same across the globe for all programmes.

Live programmes have been implemented in Ghana, Hungary, Tanzania, Uganda, Nigeria, Angola, Ivory Coast, Cameroon, Seychelles, South Africa, Australia, Taiwan, Great Britain, Northern Ireland and Brazil.

Online programmes have been implemented in Kenya, South Africa, Australia, Indonesia, the Philippines, Cambodia, Great Britain, Northern Ireland, Hungary, Italy, Greece, Spain, India, Brazil, Mexico, Colombia and Peru.

Data preparation and assumptions

Collingwood provides both the performance measures listed above. The number of people educated is calculated by adding together the number of people reached in each country where the programme has been implemented. The number of people who confirmed a changed attitude is calculated by adding together the number of people who responded to the post-survey question by stating that they are less likely to drink underage.

This data, along with supporting evidence, is supplied by in-country delivery partners (not-for-profit organisations or agencies with educational experience), and then consolidated and reviewed by Collingwood, before being shared with us for review and reporting.

The following sampling criteria have been established to measure attitude change:

- Assess 20% of programme participants through pre- and post-evaluation surveys
- The participants that make the 20% sample have to be selected randomly
- If the sample is below 200 people, the same participants must take the pre- and post evaluation surveys
- The gender distribution of the sample has to be approximately 50% male and 50% female.

SMASHED Live operates pre- and post-evaluation surveys of at least 20% of the target audience of young learners. This represents 20% of the participating schools on any given tour. When a tour schedule is confirmed, the delivery partner is asked to demonstrate that the schools they have chosen to sample for evaluation meet the criteria provided by Collingwood – and so are representative of the wider school/tour population. We aim to sample a wide demographic within the confines of the schools being visited.

After reviewing our evaluation methodology, we amended the evaluation approach for both SMASHED Live and Online based on the Assessment for Learning (AFL) model established in UK schools by the Department for Education. This means we have now established more succinct surveys that allow teachers and students to assess their learning progression. We implemented this change in December 2021.

Discount factor

We apply a discount factor of 4.6% to the number of people educated through Virtual Live sessions to account for the anticipated absence rate in schools in England, Scotland and Northern Ireland. This is based on the latest data released by Gov.uk and the Office for National Statistics for the 2020-2021 academic year.

The following assumptions have been included in the calculations:

1. Education and health ministries, as well as other partners, are equipped to identify the relevant age group and areas of highest need.
2. Public schools are more likely to lack social and health-based education provision.

3. The format remains the same anywhere in the world, including performance storyline, with minor translations to account for cultural references and locations.
4. Teachers are an impartial provider of student numbers, with clear knowledge of the groups allocated to SMASHED.
5. Students completing SMASHED Live and Online have sufficient levels of literacy to fully understand and complete written evaluation forms.

Double counting

We consider the risk of double counting to be very low for this programme. It would only occur in cases where a student was required to repeat a school year or where they moved schools. We consider duplication highly unlikely, given the activity is only delivered once to any audience within the curricular requirements for the year. No unique personal identifiers are collected, for data privacy reasons.

The following statements are based on the data available to date:

1. We avoid having schools run SMASHED Live and Online concurrently by offering only a single option in the vast majority of countries. Where two programmes are available – currently the United Kingdom, Australia, South Africa, Brazil and Hungary – we will mitigate risk of duplication by offering programmes strategically to different school areas. In the unlikely event a school uses SMASHED Online and SMASHED Live, we assume that the school will utilise courses for different student groups to meet this singular curricular objective. We mitigate the risk further by checking participating school data quarterly and communicating with teachers.
2. Some 6% of students repeat a year group or grade at least once in secondary school in OECD countries (source: OECD). This equates to 2% repeating any specific school year group at lower secondary (the SMASHED target age group). In the unlikely event that SMASHED is a constant school programme – that is, applied every year without fail – there is a very small chance of one or two individuals repeating the programme. We do not believe this number to be statistically significant, so we haven't applied a discount factor.

Reporting boundaries and methodologies

3. We calculate that approximately 1% of students change secondary schools annually (sources: Department for Education and The Guardian). This represents 1.5 children per average year group. Given the relative reach of SMASHED across schools in the United Kingdom, for example – 35,000 out of a secondary population of 3.41 million – the risk of the same child experiencing the programme twice in one year by moving schools is negligible.

TARGET

Extend our UNITAR partnership and promote changes in attitudes to drink driving reaching five million people by 2030

Performance measures (KPIs)
- Number of people educated on the dangers of drink driving through a Diageo supported programme.
- Number of people who confirmed attitudinal change on the dangers of drink driving through the Diageo supported programme.
- Number of law enforcement officers trained through the UNITAR High Visibility Enforcement (HVE) programme.

Baseline
The baseline year for the reporting of our cumulative progress towards our Society 2030: Spirit of Progress target is fiscal 21, that is, July 2021 onwards.

Definitions
Programmes that aim to educate people on the dangers of drink driving and count towards our target include:

The Diageo drink driving programme
This programme, Wrong Side of the Road (WSOTR), is designed to help people to understand the consequences of drink driving by listening to the repercussions for people who decided to get behind the wheel after drinking.

All stories are real and aim to help prevent other people from making the same mistakes. The purpose is to show the effects that this decision can have on the individual and the people around them, helping viewers to consider what would happen if they were in a similar situation.

People engaged: People within the target age group (18 years and above, apart from in countries where the legal driving age is 16) who have participated in Diageo's learning experience. Completions are counted once they have viewed a minimum of one of the testimonial videos.

The WSOTR is hosted on our digital platform and is currently live in 24 countries. There are a few delivery methodologies:

- **Online:** Direct on our website through partnership engagement. Individuals complete the experience using laptops, iPads or mobile phones.
- **Online through third parties:** We have leveraged relationships with third parties where they utilise their customer base to complete the experience.
- **Offline:** In markets where internet access is a challenge, we have tailored the experience to be used offline at events or high footfall locations. This is also used in some markets for presentations.

Changed attitudes: A person who confirmed a changed attitude is someone who responds to the post-experience survey by stating that they are less likely to drink and drive because of participating in the Diageo learning experience.

Diageo-supported programmes: A Diageo-supported programme is one delivered by a third party but either wholly or partially funded by Diageo. For the programme to be counted, it must deliver changed attitude measurement, as defined above. For programmes that are partially funded by Diageo, we only claim the proportion of people educated that our funding contributes to. For example, if Diageo funds 25% of a programme that educates 20,000 people, we will only claim 5,000 people were educated by our contribution.

UNITAR high-visibility enforcement (HVE) training programme
This programme aims to strengthen the capabilities of government officials and law enforcement officers to design and implement interventions that contribute to reducing the number of alcohol-related fatalities and injuries.

The online training module consists of four weeks of self-paced learning and comprises five modules, including a special module on Covid-19 preparedness and response. Participants are only counted if they complete the full online course.

Scope
The commitment extends to all global markets. The programme is run in a few formats; online and offline.

The Diageo drink driving programme is hosted on our digital platform and is currently live in 24 countries. There are a few delivery methodologies:

- **Online:** Direct on our website through partnership engagement. Individuals complete the experience using laptops, iPads or mobile phones. Validation is provided through the database where the platform is hosted or where iPads are used with a group of people, certificates are deemed proof of completion.
- **Online through third parties:** We have leveraged relationships with third parties where they utilise their customer base to complete the experience. They provide the completion data and back-up evidence. This is then verified by the global team.
- **Offline:** In markets where internet access is a challenge, we have tailored the experience to be used offline at events or high-footfall locations. Completions are captured on forms that are then collated and input into a report. These reports are submitted quarterly and reviewed and verified by the global team.

Data preparation and assumptions
The different formats are reported in the following ways:

- **Online:** The online completions are reported monthly through a data report pulled from the system hosting our platform. An agency is used to prepare the final report.
- **Online through third parties:** Depending on the format their numbers can either be generated by the main system through the monthly report or through their own reports. They must provide back-up data which is then validated by the Diageo global team.
- The performance measure for the Diageo drink driving programme is calculated by adding the number of people who completed the learning experience in each country where the programme has been implemented. This is a combination of all the different formats.

Reporting boundaries and methodologies

Sampling criteria have been established to measure attitude change:

- Assess a minimum of 20% of programme participants through a pre- and post-programme survey.

The HVE data is consolidated and reviewed by the United Nations Institute for Training and Research (UNITAR) being shared with Diageo for review and reporting.

TARGET

Leverage our marketing and innovation to make moderation the norm – reaching one billion people with dedicated responsible drinking messaging

Performance measures (KPIs)

- Number of people reached (unique reach) through campaigns and training specifically designed to promote moderation.

Definitions

Campaigns and training could be delivered through social media or as viral videos, events, traditional media campaigns and other forms of marketing by brands including Brand Diageo.

Moderation messaging campaigns could include specific responsible drinking campaigns: for example, 'Crown Royal Water Break' or 'Guinness Clear'.

Scope

The target extends to all global markets.

Data preparation and assumptions

The reach data for our campaigns is collected by our media agencies and reported to us. The reach is deduplicated at a market level to avoid double counting. Where the unique reach cannot be deduplicated, the largest unique campaign in a market is reported. Our aim is to communicate with consumers on multiple occasions, so our impressions and reach far exceed our unique reach.

CHAMPION INCLUSION AND DIVERSITY

Our 2030 ambitions and targets are to:

- Champion gender diversity with an ambition to achieve 50% representation of women in leadership roles[1].
- Champion ethnic diversity with an ambition to increase representation of leaders from ethnically diverse backgrounds to 45%[1].

- We will use our creative and media spend to support progressive voices, measuring and increasing the percentage spend year on year.
- Accelerate inclusion and diversity in our value chain, measuring and increasing the percentage of spend with Diageo suppliers from diverse-owned and disadvantaged businesses to 15%.
- Provide business and hospitality skills to 200,000 people, increasing employability and improving livelihoods through Learning for Life and our other skills programmes.
- Through the Diageo Bar Academy, deliver 1.5 million training sessions providing skills and resources to help build a thriving hospitality sector that works for all.
- Ensure 50% of beneficiaries from our community programmes are women and our community programmes are designed to enhance diversity and inclusion of under-represented groups.

AMBITION

Champion gender diversity with an ambition to achieve 50% representation of women in leadership roles by 2030[1]

Performance measure (KPIs)

- The percentage of women who were in Diageo leadership roles as an average of the four quarters across fiscal 22.

Definitions

The 'leadership' population is defined as Executive Committee (Exec), Senior Leader (SL), Level 2 (L2) and Level 3 (L3) roles some of which will be vacant at any point in time. The leadership population does not include Level 4 (L4), Level 5 (L5), Level 6 (L6) or Level 7 (L7) positions.

Scope

All Diageo women 'leadership' employees are in scope of the performance measure. Employee type includes Regular and Fixed Term Contract (FTC) across all Workday, our online Human Resources System, and Non-Workday markets (off-line data management).

Data from Non-Workday markets is collected by the local HR team and provided to our data analytics team to incorporate a total

1. Statements on representation are an ambition for us and should not be considered a target.

Diageo view. No employees from Non-Workday markets are in the leadership population. Non-Workday markets are Ypióca, which forms part of the Paraguay, Uruguay, Brazil (PUB) market, and Don Julio, which forms part of the Mexico market. Indonesia, Japan and Turkey implemented Workday in fiscal 22. All existing Diageo employee gender data, prior to Workday launch, was transferred from the previous source, which obtained gender information from employee documentation and identification shared and stored with HR during the onboarding process. All new Diageo employees, post-Workday implementation, self-disclose gender data on the Workday system.

Data preparations and assumptions

The company will take the average of the four quarter ends across the fiscal year, based on filled roles.

The gender (sex) of employees, as female or male, is disclosed by employees on Workday. Where employees have 'Not Declared' this information is excluded from the gender representation data.

Work levels are maintained in Workday based on the role and position in which women are employed. An extract of all employees at leadership level (Exec, SL, L2 and L3) is monitored internally on a quarterly basis but reported externally as an average of the four quarters across fiscal 22, including both Workday and Non-Workday markets.

Across Non-Workday markets, gender information is not self-disclosed by employees. Instead this is recorded by the local HR team through official personal identification documents e.g. Passport, National ID, Social Security Information, provided by employees during their onboarding. This process was followed by markets that launched Workday in fiscal 22. All new employees post-Workday launch self-disclose gender information on the Workday system.

All other markets collect gender information through Workday where employees self-disclose this information.

Non-Executive Directors and Extended Workers (agency workers, independent contractors, freelance and consultants) are not in scope. Data from joint ventures and associates where Diageo does not have operational control is also not included.

Reporting boundaries and methodologies

AMBITION

Champion ethnic diversity with an ambition to increase representation of leaders from ethnically diverse backgrounds to 45% by 2030[1]

Performance measures (KPIs)

The percentage of ethnically diverse individuals who were in Diageo leadership roles as an average of the four quarters across fiscal 22.

Definitions

The 'leadership' population is defined as Executive Committee (Exec), Senior Leader (SL), Level 2 (L2) and Level 3 (L3) roles, some of which will be vacant at any point in time. The leadership population does not include Level 4 (L4), Level 5 (L5), Level 6 (L6) or Level 7 (L7) positions.

In order to define Diageo's global approach to ethnicity reporting, we worked together with a third party, to take into account both the latest global considerations on ethnic diversity and an assessment of where Diageo employs leadership roles. Through this study 'Ethnically Diverse' is defined as ethnic groups who are/were historically and systematically under-represented, disenfranchised and/or economically excluded in society. Ethnically Diverse individuals are at most risk of prejudice and discrimination due to their race, ethnic or national origin or cultural heritage. Ethnically Diverse people can be a majority or a minority in a country.

Ethnicity/Race is selected by individuals within the leadership population from a pre-selected list that encompasses those ethnic types most readily seen across the consumer group. Eight global ethnic categories were determined considering Diageo's market footprint, historic under-representation and aligning across regions: Asian, Black, Hispanic/Latin American, Indian, Indigenous, Middle Eastern & Turkish, Mixed and Other Ethnic Groups. If an individual has identified as another type of local ethnicity, not listed here, the people analytics team manually re-map them to the closest fit for the purposes of this data gathering exercise only.

Individuals that identify as White, those that have 'Declined to Self-Identify' i.e. have

completed the Workday field but selected the option to not provide race/ethnicity information, and individuals that have 'Not Disclosed' their ethnicity/race i.e. the Workday field remains incomplete/blank, are not captured in the data set of Ethnically Diverse.

Scope

All Diageo 'ethnically diverse' employees are in the scope of the performance measure. Employee type includes Regular and Fixed Term Contract (FTC) across all Workday and Non-Workday markets.

Non-Workday markets are Ypióca, which forms part of the Paraguay, Uruguay, Brazil (PUB) market, and Don Julio, which forms part of the Mexico market. Although on the Workday system some markets do not collect Ethnicity Data through Workday. Where there are employees in leadership positions, data from Non-Workday markets and non-ethnicity collecting Workday markets is obtained by local HR and provided to the Data Analytics team to incorporate a total Diageo view.

Non-Executive Directors and Extended Workers (agency workers, independent contractors, freelancers and consultants) are not in scope. Data from joint ventures and associates where Diageo does not have operational control is not included.

Data preparations and assumptions

The company will take the average of the four quarter ends across the fiscal year, based on filled roles.

Disclosed ethnicity types are maintained in Workday. Ethnicity types are based on the country in which the position is employed to ensure all are culturally relevant while nothing has come to our attention that this is not legally sound. An extract of all employees at leadership level (Exec, SL, L2 and L3) is monitored internally on a quarterly basis but reported externally as an average of the four quarters across fiscal 22, including both Workday and Non-Workday markets.

Currently, there are leadership roles based in India which does not collect ethnicity information via Workday due to cultural sensitivities, therefore self-disclosure is not the basis for data capture. Nationality is obtained by the local HR team through official identification documents e.g. Passport, National ID, Social Security Information,

provided by employees during the onboarding and disclosed on Workday. This information informs local HR on Indian Nationals who are captured as 'Indian' ethnicity. For employees that have a non-Indian nationality, the local HR director confirms and obtains through a confidential conversation with the individual.

Based on the Diageo commissioned third party led study, it was found that outside of the LAC (Latin America & Caribbean) region, 'Hispanic/Latin American' is adopted as a term to categorise people originating from LAC, including both indigenous or historically migrant populations. Across the LAC region, for mapping purposes therefore, all employees identifying as White with a LAC nationality have been manually re-mapped as Hispanic/Latin American for the purposes of this data gathering exercise only. Non-LAC Nationals are mapped to their identified ethnicity.

AMBITION

Accelerate inclusion and diversity in our value chain, measuring and increasing the percentage of spend with Diageo suppliers from diverse-owned and disadvantaged businesses to 15%

Performance measures (KPIs)

- Percentage of our spend with diverse-owned and disadvantaged businesses

Definitions

We're proud to have launched our Supplier Diversity programme globally and, as such, have chosen to define the parameters that constitute a diverse or disadvantaged business consistently across all our markets where possible. We recognise, however, that diversity can differ across geographical regions, cultures and communities. So, in some markets, we have identified regionally specific under-represented groups to make sure we're as inclusive as possible.

In defining the scope of our Supplier Diversity programme, we also recognise that similar programmes are in place across other organisations. This means that many of our suppliers will also be suppliers to other organisations with similar programmes, so it's sensible to adopt industry-standard definitions and parameters – such as the share of company ownership required – to make sure our suppliers can be certified easily and understand requirements.

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1. Statements on representation are an ambition for us and should not be considered a target.

Reporting boundaries and methodologies

Diverse supplier: This is a for-profit business that is majority owned (>51%) and operated by under-represented communities, including (but not limited to) women, ethnic minorities, LGBTQIA+, people with disabilities or any other minority groups identified in the markets where we source. Businesses that are not majority owned by a diverse or disadvantaged group, NGOs and publicly traded companies are not considered to be diverse suppliers.

Disadvantaged business: We consider smallholder farmers to be disadvantaged businesses and so include them in the scope of Supplier Diversity. These are farmers who manage areas up to a threshold defined by the UN's Food and Agriculture Organization in the market they operate. These suppliers can be individuals or farm families, whether they have a direct relationship with us or are represented by an organized cooperative or aggregator. These farmers are widely considered to be disadvantaged in their produce supply chain because of various factors – including their size and exposure to global commodity market fluctuations – so are considered within the scope of Supplier Diversity.

Scope

All the markets we operate in or source from are in scope of the performance measure for Supplier Diversity. Spend related to joint ventures and associates where we don't have direct operational control – and, so, don't influence spend – will not be included in the scope of Supplier Diversity. Other defined spend categories that are deemed non-influenceable, such as taxation and charitable donations, are also not included in the scope of Supplier Diversity. Where our direct suppliers are not diverse owned, we will consider spend with diverse owned and disadvantaged businesses in their own value chains. This is considered as tier two diverse spend.

Data assumptions and preparation

Our total global spend data will be taken from SAP ECC, an integrated software system that incorporates key business functions. Some of our global spend from specific markets is not incorporated in SAP. For these markets only, data is provided by market representatives using their local ERP software systems.

Tier two spend is collated from our tier one suppliers and is included when collating the total spend across our business with diverse suppliers.

All defined non-influenceable spend categories are deducted from our total global spend calculation.

TARGET

Provide business and hospitality skills to 200,000 people, increasing employability and improving livelihoods through Learning for Life and our other skills programmes

Performance measures (KPIs)

- Number of people reached through Learning for Life and other skills programmes.

Definitions

Business and hospitality skills training programmes, including Learning for Life, aim to increase participants' employability, improve livelihoods and support a thriving hospitality sector that works for all.

We measure the number of people who have gained business and hospitality skills through Learning for Life (online or face to face) or other similar face-to-face business and hospitality skills training programmes, and entrepreneurial programmes.

To qualify for this target, programmes offering skills and training to secure employment must be linked to our business, industry or broader supply chain. The training may vary from market to market; however, broadly, the following elements are included as part of the curriculum:

- Provide work readiness and life skills
- Provide technical skills relevant to our business, the hospitality industry or our broader supply chain
- Provide work experience
- Seek to provide employment with our customers or partners wherever possible
- Actively include and empower women and other under-represented groups.

In 2021 we launched a new Learning for Life Online digital asset, which is hosted on our Diageo Bar Academy (DBA) platform and is available in Spanish, English and Portuguese. Markets develop their own unique course using a range of the available online modules to make up a full curriculum that is suitable for the market context.

Broadly, markets must include a theoretical, practical and life-skills element in the curriculum. This year Learning for Life Online was delivered in Spain, the United States, Colombia and Venezuela.

To count towards this target, beneficiaries must have completed a Learning for Life or other similar business and hospitality skills training programme, or have completed a market's online Learning for Life curriculum. This year, there was one exception to this in Great Britain where the number of beneficiaries that started a Learning for Life training course was reported. From next year, the number of beneficiaries that have completed a training course in Great Britain will be reported.

For entrepreneurship programmes to be included, the metric owner at Diageo will determine that the initiatives are appropriate to be included under the definition of providing business or hospitality skills: for example, working with women in our water, sanitation and hygiene (WASH) communities in rural India and Africa to start their own small business to increase their household income.

Scope

Learning for Life (online or face to face) or other similar face-to-face business or hospitality skills training programmes and entrepreneurship programmes described above are included in scope.

Data preparation and assumptions

Metric owners in the markets obtain data on the number of beneficiaries of Learning for Life and other skills programmes in different ways, depending on the programme.

- **Face-to-face training:** participant programme completion records are maintained by Diageo programme managers or third-party delivery partners.
- **Online training:** individual participant data on programme completion is provided to markets from DBA's central reporting system.

Reporting on Learning for Life and other skills programmes is done quarterly. Data is verified by regional Society 2030: Spirit of Progress teams and signed off by regional Corporate Relations Leadership Team members.

Reporting boundaries and methodologies

For face-to-face training, markets and delivery partners make sure double counting is avoided through programme registration and completion records. Our DBA online platform also ensures that if participants complete Learning for Life Online more than once they are only counted once.

TARGET

Through the Diageo Bar Academy, we will deliver 1.5 million training sessions providing skills and resources to help build a thriving hospitality sector that works for all

Performance measures (KPIs)

- Number of training sessions delivered through Diageo Bar Academy (DBA).

Definitions

We measure the number of participations in Diageo Bar Academy (DBA) training sessions. DBA delivers a range of hospitality skills training to owners, managers, bartenders and wait staff with the objective of raising professional standards in the industry. Examples of course content include alcohol category knowledge, drink preparation skills, serving skills including responsible serving and business and bar management skills.

'Trainings delivered to participants in hospitality skills' is defined in different ways depending on the type of training. Our four types of DBA training are described below:

- **Physical training:** course modules are delivered to groups of participants by an accredited DBA trainer through face-to-face sessions. The length of training ranges from two to five hours depending on the customer.

- **Virtual training:** course modules are delivered virtually (e.g. via Zoom) to a group of invited participants, by an accredited DBA trainer. Content is delivered in a series of 60 short training sessions.

- **E-learning:** course modules are completed through self-directed learning. Participants register to DBA during face-to-face trainings to continue their learning journey. They are also bar professionals who chose to sign-up independently as a result of their engagement in the DBA online ecosystem platforms (social media, podcasts, website). The length of e-learning training varies depending on the topic. Each session includes interactive games and quizzes with a certificate of completion.

- **Masterclass:** tutorials about a specific topic are delivered by subject matter experts. Bar professionals can participate in the live session or view the recorded session on DBA website on-demand. These sessions are self-selected and driven by participant interest.

Scope

Participants of DBA who complete at least one of these trainings are included in this performance measure.

Data preparation and assumptions

The metric owner at Diageo obtains data on the number of trainings delivered to participants via DBA in different ways depending on the types of course, as outlined below, and training session data and supporting evidence is saved centrally:

- **Physical training:** attendance numbers are captured and recorded by accredited DBA trainers

- **Virtual training:** attendance numbers are captured via Zoom technology and recorded by accredited DBA trainers

- **E-learning:** participant data is captured through website functionality (sign-up plus course completion)

- **Masterclass:** participant data is captured through Zoom technology for the live attendance and website functionality for the post viewership of the recording session.

This target looks at the number of trainings received by participants. One individual could receive multiple trainings on a variety of hospitality skills topics and each training would count towards our target. Our aim is that individuals come back to DBA again and again to continue their learning journey and use the DBA community for upskilling and networking.

TARGET

Ensure 50% of beneficiaries from our community programmes are women and our community programmes are designed to enhance diversity and inclusion of under-represented groups

Performance measures (KPIs)

- Percentage of female beneficiaries from our community programmes.

Definitions

Currently this metric is focused on measuring our business and hospitality skills training programmes that aim to increase participants' employability, improve livelihoods and support a thriving hospitality sector that works for all.

We measure the number of females who have gained business and hospitality skills through Learning for Life (online or face to face) or other similar face-to-face business and hospitality skills training programmes, and entrepreneurial programmes. For more information about what constitutes a business and hospitality skills programme, see our Reporting boundaries and methodologies on this target on page 91 of this ESG Reporting Index.

Scope

We are developing our approach to measuring our target of ensuring 50% of community programme beneficiaries are women. Currently our scope includes female beneficiaries from registered business and hospitality skills training programmes, where we track beneficiaries who are women through participation registrations.

In the future the scope of this target will also include females who benefit from initiatives such as community water, sanitation and hygiene (WASH) projects and smallholder farmer programmes.

Data preparation and assumptions

Metric owners in the markets obtain data on the number of female beneficiaries of Learning for Life and other skills programmes in different ways, depending on the programme.

- **Face-to-face training:** participant programme completion records are maintained by Diageo programme managers or third-party delivery partners. Participants' gender is recorded as part of their registration records.

- **Online training:** individual participant data on programme completion is provided to markets through a local and central reporting system, which captures the participants' gender.

For more information on data preparation and assumptions used to count the number of people trained in business and hospitality skills programmes, see the Reporting boundaries for this target on page 91 of this ESG Reporting Index.

Reporting boundaries and methodologies

PIONEER GRAIN-TO-GLASS SUSTAINABILITY

Our targets for 2030 are:

- **Preserve water for life**
  - Reduce water use in our operations with a 40% improvement in water-use efficiency in water-stressed areas and a 30% improvement across the company
  - Replenish more water than we use for our operations for all of our sites in water-stressed areas by 2026
  - Invest in improving access to clean water, sanitation and hygiene (WASH) in communities near our sites and local sourcing areas in all of our water-stressed markets
  - Engage in collective action in all of our Priority Water Basins to improve water accessibility, availability and quality and contribute to a net positive water impact

- **Accelerating to a low-carbon world**
  - Become net zero carbon in our direct operations (Scope 1 and 2)
  - Reduce our value chain (Scope 3) carbon emissions by 50%
  - Use 100% renewable energy across all our direct operations

- **Become sustainable by design**
  - Achieve zero waste in our direct operations and zero waste to landfill in our supply chain
  - Continue our work to reduce total packaging and increase recycled content in our packaging (delivering a 10% reduction in packaging weight and increasing the percentage of recycled content of our packaging to 60%)
  - Ensure 100% of our packaging is widely recyclable (or reusable, compostable)
  - Achieve 40% recycled content in our plastic bottles by 2025 – and 100% by 2030[1]
  - Ensure 100% of our plastics are designed to be widely recyclable (or reusable/ compostable) by 2025[1]
  - Provide all of our local sourcing communities with agricultural skills and resources, building economic and environmental resilience (supporting 150,000 smallholder farmers)
  - Develop regenerative agriculture pilot programmes in five key sourcing landscapes

1. These targets were introduced in 2018.

Preserve water for life

TARGET

Reduce water use in our operations with a 40% improvement in water-use efficiency in water-stressed areas and a 30% improvement across the company

Performance measures (KPIs)

- Percentage improvement in litres of water used per litre of packaged product.

We prepare and report water withdrawal data from sites where we have operational control, using internally developed reporting methodologies based on the GRI Standards. In addition to tracking total water usage, we also prepare and report water efficiency, meaning the ratio of the amount of water consumed to produce one litre of packaged product.

Definitions

- **Water-stressed locations and classification:** the World Resource Institute Aqueduct tool, UN Definitions and internal survey information are used to determine the number of our sites that are in water-stressed areas. For the financial year ended 30 June 2022, there are 43 locations across 12 countries that have been identified as water-stressed, with 34 of these locations currently operational and nine non-operational. These sites are subject to more intense water stewardship measures over and above our target to improve water efficiency by 30% by 2030.
- **Total quantity of water withdrawals:** water obtained from ground water, surface water, mains supply and water delivered to the site by tanker less any clean water provided back to local communities directly from a site. Uncontaminated water abstracted and returned to the same source under local consent, water abstracted from the sea, and rainwater collection are excluded from water usage data reported.

Scope

The scope includes our supply and office sites.

Data preparation and assumptions

Water withdrawals are measured primarily based on meter readings and invoices for the majority of sites. In some limited instances estimations are used to calculate withdrawals. Water withdrawals are reported by source at site level using the environmental management system.

Water efficiency (water use rate), per litre of packaged product, is calculated by converting the total water withdrawal in cubic metres to litres, then dividing by the total packaged volume in litres.

The extent of water use at Diageo-operated agricultural lands – in Brazil, Mexico and Turkey – is quantified and reported separately.

TARGET

Replenish more water than we use for our operations for all of our sites in water-stressed areas by 2026

Performance measures (KPIs)

- Annual volumetric replenishment capacity (m^3) of projects developed in fiscal 22.

Definitions

This performance measure is total water replenishment capacity created in fiscal 22 in water-stressed areas. The complexity of gathering data on the ground from multiple projects globally, means there can be a delay in reporting information. So, each fiscal year (1 July – 30 June) we currently include data from projects completed by 15 June; to allow us to consolidate the numbers to reflect most of the projects delivered to the fiscal year end.

Replenishment (or Volumetric Water Benefit) is defined by the World Resources Institute as "the volume of water resulting from water stewardship activities, relative to a unit of time, that modify the hydrology in a beneficial way and/or help reduce shared water challenges, improve water stewardship outcomes, and meet the targets of Sustainable Development Goal 6".

Replenishment capacity created by replenishment projects is calculated by reference to Diageo's Water Replenishment Implementation Guide and Technical Protocol which is summarised below for 'data preparation and assumptions'. When projects are delivered by a third party and partially funded by Diageo, we only claim the proportion of volumetric capacity attributable to Diageo to avoid double counting. E.g. If Diageo fund 25% of a project that creates capacity of 100,000 m3, we would only claim 25,000m3.

In order to be considered within the annual volumetric replenishment capacity, replenishment projects need to be in

Reporting boundaries and methodologies

a water-stressed area (i.e., a site's water catchment and/or water-stressed water basins from which we source local raw materials). Water-stressed catchments/basins are defined using the WRI aqueduct tool at the Minor Basin level.

Water-stressed areas and classification: the World Resource Institute Aqueduct tool, UN Definitions and internal survey information are used to determine the number of our sites that are in water-stressed areas. For fiscal 22, there are 43 Diageo sites across 12 countries that have been identified as water-stressed, with 34 of these locations currently operational and 9 non-operational. These sites are subject to more intense water stewardship measures, for example have a target to improve water efficiency by 40% by 2030. An assessment of our sites located in water stressed areas is completed every two years and includes any new build or acquired sites and excludes any sites divested.

For the purposes of measuring annual performance against our 2030 target, calculation of this performance measure is total water replenished during fiscal 21-26 at sites located in water-stressed areas as a percentage of our estimated fiscal 26 total consumptive water at sites located in water-stressed areas. On an annual basis, we measure our annual cumulative water replenishment at water-stressed sites as a percentage of our fiscal 26 estimated total consumptive water at sites located in water-stressed areas. This percentage metric is not subject to assurance.

Scope

Replenishment projects include, but are not limited to, activities such as reforestation, wetland restoration, desilting ponds, aquifer recharge, rainwater harvesting, and clean water, sanitation and hygiene (WASH) programmes.

Sanitation activities, which account for a small proportion of total water replenished, are not defined within the VWBA methodology but are included within our replenishment volume in line with Water Benefit Standard method.

The scope is water-stressed markets in which Diageo is operational. For fiscal 22, there are 43 Diageo sites across 12 countries that have been identified as water-stressed, with 34 of these locations are currently operational and 9 non-operational (excluded from scope). In fiscal 22, 34 projects were implemented in India, Turkey, Brazil, Nigeria, Kenya, Ghana, Tanzania, South Africa, Seychelles and Uganda.

Data preparation and assumptions

Indicative volume (m^3) of water replenished data is collected by an implementation partner and, on completion of the project, confirmed. This data is then validated by an external validator, and then confirmed by the Diageo global lead for water. The Diageo Water Replenishment Implementation Guide provides templates for calculating water volume replenished – the estimated volumes are pre-validated by the global team before the project is implemented. Volumes are then be validated again after commissioning of the project.

The volumetric replenishment capacity (m^3) created by each individual project completed in fiscal 22 is then added together to create the total reported annual volumetric replenishment capacity (m^3) for fiscal 22.

The recommended process for planning and implementing a market-level water replenishment programme is outlined below:

Step 1.1: Identity water challenges and their causes and understand the catchment

- **When:** At the start of the replenishment program and on-going
- **Who:** Market Sustainability Managers, project developers and local water experts

Step 1.2: Understand catchment stakeholders and ongoing water stewardship activities. Consider selecting multi-year strategic partners (i.e., partnership selection ideally is not done annually)

- **When:** At the start of the replenishment program and on-going
- **Who:** Market Sustainability Managers, project developers and local water experts

Step 2.1: Select partners and project activities based on elements of good water stewardship

- **When:** July – September
- **Who:** Market Sustainability Managers, project developers

Step 2.2: Submission of key project indicators for pre-validation of expected replenishment figures (Recommended)

- **When:** October – January
- **Who:** Market sustainability managers, project developers, external validators

Step 3.1: Document baseline and select water replenishment and complementary indicators

- **When:** October – January
- **Who:** Market Sustainability Managers, Project developers

Step 3.2: Gather required data and calculate water replenishment and complementary indicator

- **When:** February – May
- **Who:** Market sustainability managers, project developers, external validators

Step 3.3: Submit validated replenishment volumes to Diageo Global and Enablon for annual reporting

- **When:** May – June
- **Who:** Market sustainability managers (supply), Global

Step 3.4: Annual ongoing project status check (for completed project only)

- **When:** July – December of the following fiscal/reporting year
- **Who:** Market sustainability managers, project developers, external validators

Robust controls for project data reporting are embedded into the programme and summarized as follows:

- Initial project information is provided for pre-validation
  - Sustainability managers and project developers submit information to external validator
- Approved pre-validated information is inputted to the project tracker
  - External validators inputs information based on data from sustainability managers
- Final validation template is submitted for validation
  - Sustainability managers and project developers submit information to external validator
- Approved validated replenishment figures are inputted to the project tracker
  - External validators input information based on data from sustainability managers

Reporting boundaries and methodologies

The methodology for calculating the volume of water replenished for Diageo's Water Replenishment Programme is based on the World Resources Institute's Volumetric Water Benefit Accounting: A Method For Implementing and Valuing Water Stewardship Activities (2019, www.wri.org/research/volumetric-water-benefit-accounting-vwba-method-implementing-and-valuing-water-stewardship), which is a "comprehensive, standardized and science-based methodology to calculate and valuate the benefits of water stewardship activities." We detail the approach adopted and mathematical calculations applied in the Diageo Water Replenishment Programme Technical Protocol (2019) and provide a step-by-step implementation guide for markets to ensure consistency and robust controls: Diageo Water Replenishment Implementation Guide (2022).

TARGET

Invest in improving access to clean water, sanitation and hygiene (WASH) in communities near our sites and local sourcing areas in all of our water-stressed markets

Performance measures (KPIs)
- Percentage of water-stressed markets with investment in WASH.

Definitions

The reporting period for this KPI is for fiscal 22.

We outline Diageo's market structure on page 91. Diageo's markets are defined as countries/locations where we operate and/or sell our products. The definition of market used in this KPI is different to the definition used elsewhere in this ESG Reporting Index. To ensure comprehensive coverage each market is instead defined as an individual country as set out on page 91. This means that the KPI considers water-stress and investment at a country level, rather than at a market level as defined elsewhere in this document.

Water-stressed areas and classification: The World Resource Institute (WRI) Aqueduct tool, UN Definitions and internal survey information are used to determine the number of our sites that are in water-stressed areas. An assessment of our sites located in water stressed areas is completed every two years and includes any new build or acquired sites and excludes any sites divested.

'Invested' is defined as funding committed and spent on new WASH facilities.

Improving access is defined by local community access to clean water, sanitation or hygiene, which has strengthened as a result of the new or improved WASH facility.

Communities 'near our sites and local sourcing areas' are defined as being within the same water basin.

WASH projects are defined as projects which deliver improved access to clean drinking water, sanitation and hygiene. Data on the WASH programmes including locations, clean water yield, and number of people and number of women benefiting from a WASH programme is calculated by NGO delivery partners and validated by an external validator.

Scope

The scope includes all water-stressed markets in which Diageo is operational. For fiscal 22, there are 43 locations across 12 countries that have been identified as water-stressed, with 34 of these locations currently operational and 9 non-operational (excluded from scope).

The scope excludes water-stressed markets in which Diageo operates where there is no demand/requirement for new community WASH projects (for example, Turkey). These exclusions are verified by an expert implementing partner, and based on government, WRI and WHO information on WASH risk/availability. It also excludes Diageo WASH projects in markets that are not assessed as water-stressed (for example, Cameroon) or where we do not have direct operations (for example, Myanmar).

Data preparation and assumptions

WASH programme investment data is tracked at a market level. The total number of WASH programmes, locations and total beneficiaries is summarised at a global level.

The KPI is calculated as a percentage, i.e., the total number of water-stressed markets in which Diageo has invested in WASH programmes divided by the total number of (in scope) water-stressed markets in which Diageo operates.

TARGET

Engage in collective action in all of our Priority Water Basins to improve water accessibility, availability and quality and contribute to a net positive water impact

Performance measures (KPIs)
- Percentage of Priority Water Basins with collective action participation.

Definitions
- Priority Water Basin: Diageo carried out an assessment to identify Priority Water Basins for its operational sites. This assessment was based on a combination of:
  - a Diageo criticality assessment (based on expert judgement and consumption volumes)
  - high water risks scores (based on WRI Aqueduct indicators) for each site.

In combination, these two indicators allowed the identification of water basins where Diageo operational sites would benefit the most from taking collective action to address identified water challenges.

- Collective Action in water stewardship encompasses multi-stakeholder water management initiatives or projects that involve interaction with government entities, local communities, NGOs, and/or civil society organisations that ultimately benefit all actors and the health of the basin by addressing shared water challenges.

Scope

The scope includes countries with operational sites located in water-stressed areas.

Data preparation and assumptions

Priority water basins with collective action participation are reported at a local country level and tracked by the Diageo global metric owner.

Accelerating to a low-carbon world

TARGET

Become net zero carbon in our direct operations (Scope 1 and 2)

Performance measures (KPIs)
- Percentage reduction in absolute greenhouse gas emissions ($ktCO_2e$).

Definitions
- **Scope 1 emissions (direct CO_2e emissions):** those from on-site energy consumption of

Reporting boundaries and methodologies

fuel sources, such as gas, fuel oil and diesel, as well as fugitive and agricultural emissions. In keeping with WRI/WBCSD Protocol guidance relating to biofuels, we report CO_2e emissions attributable to CH_4 and N_2O only, and exclude direct CO_2 emissions for biomass, biogas and the biogenic element of biofuels, because this is outside each scope and reported separately. Minor quantities, typically at office sites, to a maximum of 50 tonnes CO_2e, are excluded, as are the carbon emissions associated with biogas flaring and leased cars, since they are considered immaterial to our overall impacts. These areas are routinely reviewed to reassess the materiality of the data.

- **Scope 2 emissions (indirect CO_2e emissions):** those from purchased electricity and heat.

Scope

The scope includes our supply and office sites.

Data preparation and assumptions

CO_2e emissions data is externally reported in metric tonnes and is the measure used to compare the emissions from the six main greenhouse gases based on their global warming potential.

The CO_2e emissions data is calculated based on direct measurement of energy use (meter readings/invoices) for the majority of sites. In certain limited instances (<1%[1]), where invoices are not available – for example, due to timing differences – consumption is estimated. Fuel consumption is reported by fuel type at site level using the environmental management system. It is then converted to energy consumption, in kWh, by fuel type and multiplied by the relevant CO_2e emission factor to derive the total CO_2e emissions.

Scope 1 emission factors for fuels are typically average fuel CO_2e emissions factors and calorific values (the latest available at the start of the reporting year) from the UK Department for Business, Energy and Industrial Strategy (BEIS). However, where product-specific factors are available, these are applied.

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[1] Energy estimates determined to be 0.59%, in aggregate – from assessment of 85% of total energy consumption for the financial year ended 30 June 2020 and the <1% threshold – thereby seem reasonable.

Energy attribute certificates (EACs), derived from our distillery by-products and processed by a third party to generate biogas, form a component of our decarbonisation, together with purchased renewable EACs. This is reflected in data preparation and aggregation.

Carbon emissions from electricity (Scope 2) are reported as both market emissions and location emissions in line with the WRI/WBCSD Protocol Scope 2 amendment made in January 2015. Our CO_2e reduction targets and reporting protocols (since 2007) are based on market emissions, applying emissions factors specified in EACs, contracts, power purchase agreements and supplier utility emissions, as detailed in WRI/WBCSD Protocol Scope 2 guidance. Our net zero emissions target for 2030 remains consistent with earlier reporting protocols and is based on market emissions.

The reporting of location (gross) emissions has been added to our protocols (since financial year ended 30 June 2014). For location-based reporting of grid electricity consumption, regional or sub-national factors are used where available.

These include, for example, CER (Ireland), BEIS (United Kingdom), the National Inventory Report (Canada), US eGRID (United States) and the Indian power sector report (India). In all other cases, country or sub-regional factors are provided by the International Energy Agency (IEA).

TARGET

Reduce our value chain (Scope 3) carbon emissions by 50%

Performance measures (KPIs)

- Percentage reduction in absolute greenhouse gas emissions ($ktCO_2e$).

Definitions

Scope 3 emissions are all indirect emissions (not included in Scope 1 and 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

The CO_2e emissions relating to all categories of material and services to our supply chain include purchased raw materials, packaging, capital equipment, third-party manufacturers, consumer use and disposal. Upstream and downstream logistics and distribution, including Category 4 logistics emissions, are aggregated, with emissions attributable to all

categories of materials and services providing a total value chain, Scope 3 footprint.

Category 4, Scope 3 emissions – that is, indirect CO_2e emissions from upstream transportation and distribution – are independently assured.

Carbon dioxide emissions from the fermentation process are excluded from our reported environmental data because these emissions are from a biological short-cycle carbon source and are outside Scope 1, 2 and 3.

Scope

Our value chain emissions, upstream and downstream, are in scope.

Data preparation and assumptions

CO_2e emissions data is externally reported in metric tonnes and is the measure used to compare the emissions from the seven main greenhouse gases based on their global warming potential.

The CO_2e emissions data is calculated on the basis of volume of materials purchased, services provided, capital equipment purchased and distances travelled for upstream/downstream logistics. Supplier-specific emission factors and/or emission factors from literature are then applied to the component type to derive an absolute CO_2e emissions volume, measured in metric tonnes.

TARGET

Use 100% of renewable energy across all our direct operations

Performance measures (KPIs)

- Percentage of renewable energy across our direct operations

Definitions

Total energy and renewable energy are externally reported in MWh and/or TJ. Total energy and renewable energy use are determined from direct and indirect energy consumption.

Direct energy (renewable/non-renewable) is determined from the quantity of different fuel types (metric tonnes, litres) of renewable and non-renewable fuels, and by applying the relevant calorific value (BEIS, supplier-specific).

Indirect energy (renewable/non-renewable) is measured in MWh/TJ from energy/utilities suppliers and/or by applying the relevant EACs.

Reporting boundaries and methodologies

Scope
Our supply and office sites are in scope.

Data preparation and assumptions
Total energy and renewable energy are externally reported in MWh and/or TJ.

The energy data – direct and indirect – is calculated based on direct measurement of energy use (meter readings/invoices for volumes of fuel supplied) for the majority of sites. In certain limited instances (<1%[1]), where invoices are not available – for example, due to timing differences – consumption is estimated.

Fuel consumption is reported by fuel type at site level using the environmental management system. It is then converted to energy consumption, in kWh, by fuel type, applying the relevant calorific values (BEIS, supplier-specific, International Energy Agency).

Direct energy factors for fuels are typically UK BEIS average fuel factors (latest available at the start of the reporting year). However, where product-specific factors are available, these are applied.

Renewable direct energy is determined from the quantity of different fuel types (metric tonnes, litres), of renewable fuels and by applying the relevant calorific value (BEIS, supplier-specific). Indirect renewable energy is measured in MWh for energy/utilities suppliers and/or by applying relevant EACs.

Become sustainable by design

TARGET

Achieve zero waste in our direct operations and zero waste to landfill in our supply chain

Performance measures (KPIs)
- Percentage reduction in total waste to landfill in our direct operations.

Definitions
We record the type and quantity of all waste to landfill using our internal environmental reporting methodologies and GRI Standards.

The definition of waste to landfill includes all hazardous waste and all unwanted or discarded material produced in solid,

sludge or liquid form from manufacturing and office sites – except asbestos waste and/or other waste required by national or state legislation to be landfilled in either specified registered sites or other landfill sites. The definition includes all refuse, garbage, construction debris, treatment and process sludge, and materials that a site has been unable to reclaim, reuse or recover.

Scope
Our supply and office sites are in scope.

Data preparation and assumptions
Sites collect primary waste data typically in the form of weighbridge tickets and invoices from waste handlers. Data is reported by waste type at site level using the environmental management system. All waste to landfill is reported in metric tonnes.

We aim to maintain zero waste to landfill everywhere we operate. However, incidents may occur where small quantities of waste are sent to landfill by accident or because of operational changes, such as acquiring new sites, changing who handles our waste and issues with waste disposable suppliers. We consider we have achieved zero waste to landfill if we have disposed of less than 0.2%[2] of baseline waste-to-landfill volume during the year.

TARGETS
- Continue our work to reduce total packaging and increase recycled content in our packaging, delivering a 10% reduction in packaging weight and increasing the percentage of recycled content of our packaging to 60%
- Ensure our packaging is widely recyclable (or reusable or compostable)

Performance measures (KPIs)
- Percentage reduction of total packaging (by weight)
- Percentage of recycled content (by weight)
- Percentage of packaging widely recyclable (by weight).

Definitions
We monitor and assess the type and volume of packaging used and the alternatives available to ensure, where practical, that our brands are delivered to the consumer with the smallest possible environmental footprint. The methodology for sustainable packaging includes packaging weight, recycled content and recyclability.

- **Packaging weight:** pack weight changes are determined by quantifying the weight reduction in grammes and multiplying by the number of product lines (SKUs) affected, on an annualised basis.
- **Recycled content:** recycled content is determined by establishing the volume in grammes/kgs of non-virgin materials used to generate the pack components and adjusting for current-year changes to recycled content.
- **Recyclability:** volume of materials (metric tonnes) deemed to be recyclable in market (reusable, compostable)/total volume of materials used (metric tonnes), expressed as a percentage.

Scope
Our supply and office sites are in scope.

Data preparation and assumptions
Packaging material volume data is collated from enterprise software including SAP (materials supplied) and other sources, for each of our three metrics (weight, recycled content and recyclability). It is then consolidated and internally verified, based on the best available information.

TARGETS
- Ensure 100% of our plastics are designed to be widely recyclable (or reusable or compostable) by 2025[3]
- Achieve 40% recycled content in our plastic bottles by 2025 – and 100% by 2030[3]

Performance measures (KPIs)
- Percentage of recyclable (or reusable/compostable)/percentage of plastic used.
- Percentage of recycled content/percentage of plastics used.

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1. Energy estimates determined to be 0.59%, in aggregate – from assessment of 85% of total energy consumption for the financial year ended 30 June 2020 and the <1% threshold – thereby seem reasonable.

2. 0.2% of baseline waste-to-landfill volume equates to 200 tonnes and excludes any waste we are required to dispose to landfill under local regulations.

3. These targets were introduced in 2018.

Reporting boundaries and methodologies

Definitions

- **Plastics volume (metric tonnes):** determined from the total volume of plastic purchased at each site/market and reported on a plastics database, on a quarterly basis.
- **Recycled content:** determined by quantifying the volume (metric tonnes) of non-virgin materials over the total volume of plastic used, at each site/market and reported on a plastics database, on a quarterly basis.
- **Recyclability of plastics:** determined by quantifying the weight (metric tonnes) of non-recyclable (or reusable or compostable) plastic components used at each site/market and aggregated at group level. This volume (metric tonnes) is expressed as a percentage of total volume (metric tonnes) of plastic used.

Scope

Our supply and office sites are in scope.

Data preparation and assumptions

Plastics material volume data is collated from enterprise software including SAP (materials supplied) and other sources, for total volume of plastic used, recycled content and recyclability. It is then consolidated and internally verified, based on the best available information.

TARGET

Provide all our local sourcing communities with agricultural skills and resources, building economic and environmental resilience (supporting 150,000 smallholder farmers)

Performance measures (KPIs)

- Number of smallholder farmers in our supply chain supported by our smallholder farmer programme focused on improving economic, environmental and social resilience.

Definitions

Farmers are defined as individuals or farm families – whether they have a direct relationship with us or are represented by an organised cooperative – who directly manage the land, grow crops or rear livestock.

A smallholder farmer is one who farms an area of less than the median of the country they reside in, as per FAO's Smallholder Farmers' Data Portrait. The differences in smallholder farms between countries can be significant, and often reflect differences in the stages of economic development across countries. For our ESG reporting, we have defined a smallholder farmer as an individual or family who farm an area of less than four hectares.

For this performance measure, our local sourcing communities are defined as those communities where we engage directly with smallholder farmers, or indirectly through our suppliers.

We define providing agricultural skills and inputs as improving the methods and activities used by smallholder farmers to farm effectively and sustainably by:

- Providing a range of training to upskill farmers in agricultural methods and practices; environmental training, including climate smart agricultural interventions; and social training, including human rights and female empowerment.
- Providing or facilitating access to farm inputs such as certified seeds and access to mechanisation.

Building economic and environmental resilience is defined by improvement in smallholders' financial awareness, improved family income and an understanding about how to act in a climate-smart way.

Scope

Countries in scope are principally Cameroon, Ghana, India, Kenya, Mexico, Nigeria, Tanzania, Turkey, the Seychelles, South Africa and Uganda. We will continue to add other raw material sourcing areas as applicable.

Data preparation and assumptions

Our sourcing teams and third-party partners track the number of smallholder farmers trained in these initiatives. This monitoring is likely to evolve over time, because collecting data at smallholder-farm level is complex, with a heavy reliance on individuals, a lack of publicly available high-impact datasets and a lack of real-time data.

TARGET

Develop regenerative agriculture pilot programmes in five key sourcing landscapes

Performance measures (KPIs)

- Number of regenerative agriculture pilot programmes active.

Definitions

The regenerative agriculture pilot programmes being implemented consist of:

- On-the-ground programmes working with farmers to test and integrate regenerative and low-carbon practices in crop production systems.
- On-farm measurements and data collection protocols to track continuous improvements from the captured baseline on soil health, soil carbon, below-ground and above-ground biodiversity, water stewardship and farm profitability.
- Collaborative programmes delivered in partnership with our suppliers, other commodity off-takers, expert agronomists, technology providers, NGOs or specialist organisations.

Scope

Our agricultural raw material supply chains are in scope.

Data preparation and assumptions

Data is consolidated for each pilot, tracking KPIs and reporting on improvements against five key outcomes: soil health, soil carbon, biodiversity, water stewardship and farm profitability.

Reporting boundaries and methodologies

DOING BUSINESS THE RIGHT WAY FROM GRAIN TO GLASS

This section details additional reporting methodologies for key information disclosed in our Annual Report and this ESG Reporting Index that is not a specific Society 2030: Spirit of Progress target. It includes information on:

Our people
– Health and safety
– Engagement results
– Employee profile data
– Human rights impact assessments
– Community investment figures

Sustainable supply chains
– Sedex self-assessment
– Audits of high-risk suppliers

Environmental impact
– Biodiversity
– Effluents and waste

Governance and ethics
– Annual Certification of Compliance
– SpeakUp
– Reported and substantiated breaches

Food safety and quality
– Packaging defects
– Total concerns.

Our people
Health and safety
Performance measures (KPIs)
- Lost-time accident frequency rate (LTAFR).
- Total recordable accident frequency rate (TRAFR).
- Number of fatalities.

Definitions
Lost-time accident frequency rate (LTAFR) is defined as the number of LTAs per 1,000 full-time employees (FTE).

A lost-time accident (LTA) is defined as any work-related incident resulting in injury or illness, where a healthcare professional or Diageo recommends one or more full days away from work or where a job restriction/modification prevents the employee from conducting any routine and meaningful tasks normally part of their role. If the injured person did not report the accident on the same shift to their immediate line manager and/or Diageo point of contact, unless there are reasonable grounds, this accident can be rejected as work-related.

We consider an injury or illness to be work related when an event or exposure in the work environment (including people working at home) either caused or contributed to the resulting condition, or significantly aggravated a medically documented and treated pre-existing injury or illness. Given the ongoing impact of Covid-19 and of FTEs having to work from home, we have looked closely into which home-working injuries should be in scope for reporting: for example, an injury would be in scope if it was caused by an activity involving work-related equipment, such as an employee injuring a finger by getting it trapped in a laptop cover.

LTA numbers also include any FTE work-related fatalities.

In line with industry best practice, for the purposes of calculating LTAs and FTEs, we include all employees, temporary staff and contractors who work under our direct day-to-day supervision in our definition of 'employee'.

Total recordable accident frequency rate (TRAFR) is defined as the sum of all work-related lost-time accidents (including fatalities, and FTE and non-FTE LTAs), FTE medical treatment cases (MTCs), and non-FTE MTCs (permanent site-based contractors) expressed as a rate per 1,000 FTEs and non-FTEs.

Fatalities include any employee work-related fatality arising in their day-to-day work environment (on or off our premises), or any work-related fatalities occurring to third parties and contractors (non-FTEs) while on our premises.

Scope
We do not report an LTA rate for independent contractors because of the difficulty and administrative burden in accurately recording headcount.

Data preparation and assumptions
Safety data is collected and reported for all sites where we have full operational control, including all office sites. The safety data includes newly acquired businesses as soon as practical, and no later than one year after we have assumed operational control. Safety data associated with any divestments during the current reporting year is excluded from reporting in the current period.

At all sites (operational, corporate office, remote commercial and remote home-working environments), when an incident occurs, the local line manager and local health and safety team will initiate an accident investigation and root-cause analysis. If the accident is classified as an LTA, then the local health and safety representative will escalate to the site leadership team, who will in turn escalate to regional, market and global leadership.

Each month, sites are required to submit details associated with all incidents, accidents and LTAs, and FTE data for their site. FTE data is primarily obtained directly from the global HR/payroll system or estimated using employee numbers, average number of hours worked, absences and overtime information, if actual data is not readily available.

Safety data and FTE data is reported at site level using the global data management system.

Engagement results
Engagement is assessed through our annual employee survey, Your Voice, which is administered by Karian and Box. In 2022 the data represented 88% of those able to participate (21,154 employees) compared with 85% in 2021. With our question set unchanged, our 2022 results are fully comparable to 2021.

Reporting boundaries and methodologies

In fiscal 21 the survey was updated to create a fresh, future-proof question set that has sufficient continuity to allow historical tracking on key aspects, but that also embraces important themes such as inclusion and diversity, belonging, adaptability and agility, and empowerment and innovation.

Employee profile data

Performance measures (KPIs)

- Employees by region
- Average number of employees by role by gender.

Definitions

Employees by region:

- Employees have been allocated to the region in which they reside.

Average number of employees by role by gender:

- **Senior manager:** top leadership positions in Diageo, excluding Executive Committee
- **Line manager:** all Diageo employees (non-senior managers) with one or more direct reports
- **Supervised employee:** all Diageo employees (non-senior managers) who have no direct reports.

Scope

All Diageo employees are in scope of the performance measure.

Employee type includes Regular and Fixed Term Contract (FTC) across all Workday and Non-Workday markets. Non-Workday markets are India, Indonesia and Turkey, as well as Ypióca, which forms part of the Paraguay, Uruguay, Brazil (PUB) Market; and Don Julio, which forms part of the Mexico market. Data from Non-Workday markets is collected by local HR teams and provided to the HR Analytics team to form a total Diageo view.

Data from joint ventures and associates where Diageo does not have operational control is not included.

Data preparation and assumptions

Total employee data comprises our average number of full-time equivalent employees.

Total employee data is captured globally through financial and HR information and reporting systems. New hire and leavers data considers the total number of employees, irrespective of type of contract.

Gender data is collected by region. The majority of the gender information is collected from our global HR system. A few markets, as defined in the scope, are not yet using the global HR system. For those markets, the HR teams provide gender information at the market level from their local HR and finance systems.

Human rights impact assessments

We've been signatories to the UN Guiding Principles on Business and Human Rights (UNGPs) since 2014. As part of our commitment to act in accordance with the UNGPs, we partnered with Business for Social Responsibility (BSR) in 2016 to formulate and deliver our human rights strategy. We have since conducted a corporate-level risk assessment and mapped our global policies and processes against the UNGPs, while also considering risks in different geographies using our understanding and external reference data.

Following the corporate-level assessment, we developed a comprehensive human rights impact assessment (HRIA) toolkit to guide our markets through a systematic review of their businesses to identify and assess potential human rights impacts, including modern slavery risks. Our assessments are robust and involve a detailed examination of our value chain, from raw material sourcing – which includes visits to farming communities and fields where we source our barley, wheat, sorghum, sugar cane, agave and other agricultural products – to the suppliers and manufacturing units where we procure our glass, labels, caps and other items, to our production operations, and to the retailers and bars selling our products.

These assessments involve meetings with employees, union members, workers on factory production lines, manpower providers, contract workers, NGOs we support and other external parties. Where assessments identify human rights concerns or suggest our approach can be strengthened to better identify and prevent risk, we put in place robust action plans to resolve matters, working with external experts when appropriate.

Community investment figures

Community investment includes contributions – in the form of cash, in-kind donations, programme delivery costs or employee time – from Diageo plc. It includes contributions to charitable entities, non-branded responsible drinking programmes that benefit charities, and the delivery costs of our community programmes. We use the principles of Business for Societal Impact to measure our community investment.

Cash, in-kind donations, programme delivery costs and employee time contributions are recorded by local markets using our market reporting template.

Sustainable supply chains

Sedex self-assessment

Performance measures (KPIs)

- Percentage of suppliers that have completed the Sedex self-assessment questionnaire (95%+).

Baseline

All performance figures against targets are from 1 July 2021 to 30 June 2022.

Definitions

Sedex (Supplier Ethical Data Exchange) is a not-for-profit organisation that enables suppliers to share assessments and audits on ethical and responsible practices with their customers.

Scope

All suppliers that have been screened as medium and high risk are requested to join Sedex and complete the self-assessment questionnaire (SAQ). This screening factors in location, category and spend, with a supplier needing to meet at least two-thirds of the criteria to trigger an SAQ completion.

Data preparation and assumptions

Self-assessment data is provided to us in reports run from Sedex. The system includes the number of suppliers who have registered with Sedex, linked their operating sites with ours, and then completed the self-assessment or submitted any other performance-related data.

Reporting boundaries and methodologies

Audits of high-risk suppliers

Performance measures (KPIs)

- Audits of highest-risk suppliers.

Baseline

All performance figures against targets will be from 1 July 2021 to 30 June 2022.

Definitions

Audits are conducted by independent third-party auditing companies trained to Sedex Members Ethical Trade Audit (SMETA) protocols or equivalent. The breakdown of our audit compliance data comes from what is held within the Sedex platform and, in this ESG Reporting Index, relates both to audits that we've requested and audits from industry-wide mutual recognition programmes. Audits are valid for three years, and our data relates to the most recent full audit date (full initial audit, periodic audit, full follow-up audit) that has occurred at a site.

Scope

A supplier is assessed as a potential high risk by considering location, category type and spend. We have only reported the number of audits of supplier sites assessed as a potential high risk, rather than all suppliers linked to us on Sedex that have an ethical audit.

Environmental impact

Biodiversity

We track our impact on local biodiversity by measuring where operational sites owned, leased and managed by us are in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

Definitions

We define proximity as:

- Inside: inside boundary of protected area
- Adjacent: <1km to boundary of protected area
- Near: 1–5km to boundary of protected area
- Close: 5–20km to boundary of protected area.

The protected area designations are compiled from leading wildlife bodies designations:

- Alliance for Zero Extinction
- CI (Conservation International Biodiversity Hotspot)
- IUCN (International Union for Conservation of Nature) Categories I–VI.

Key Biodiversity Areas are compiled from IUCN Red List of Threatened Species™, BirdLife International's Important Bird Areas, Plantlife International's Important Plant Areas, IUCN's Important Sites for Freshwater Biodiversity, and sites identified by the Alliance for Zero Extinction, Natura 2000, Ramsar and the World Heritage List.

Scope

Our supply and office sites are in scope.

Data preparation and assumptions

We refresh the classification data for our sites and protected area designations each year.

Effluents and waste

Performance measures (KPIs)

- Wastewater polluting power (biological oxygen demand or BOD), total under direct control (tonnes).
- Percentage reduction in BOD, total under direct control from the prior year.

Definitions

Much of the water used in brewing, distilling and beverage packaging facilities is used for cleaning process equipment, and such water becomes polluted with product residues. The strength of this pollution in the wastewater discharged as effluent is expressed as BOD. BOD is a direct measure of the polluting strength of effluent, and quantifies the oxidisable organic matter present in the wastewater or effluent stream.

We measure and report the final BOD load discharge to the environment outside the site boundary that is directly treated and controlled and/or treated by third parties, consistent with international methods and literature describing the determination of BOD impacts.

The BOD load to the environment (thousands of tonnes) attributable to our owned and operated wastewater treatment facilities is covered by external independent assurance.

Scope

Our supply and office sites are in scope.

Data preparation and assumptions

The final BOD load to the environment is determined from the volume in cubic metres of site effluent multiplied by the BOD concentration in mg/l and is expressed as thousands of tonnes. Wastewater used for irrigation is excluded from reported BOD.

Effluent volume is either determined from an on-site flow meter or by calculating a 'mass balance' formula/ratio of effluent volume: water withdrawal. In the limited instances where mass balance and ratios are applied, these are validated through industry standard coefficients for wastewater volume for brewing, distilling and packaging operations. The BOD concentration of the effluent is determined on either a composite sample or grab sample basis, depending on a local testing equipment, from one of the following:

- On/off-site BOD laboratory analysis
- On/off-site chemical oxygen demand (COD) laboratory analysis and applying industry (or site-specific) correlation coefficient to convert to BOD
- Third-party/municipal treatment facility BOD data.

Data is reported at site level using the environmental management system.

Governance and ethics

Annual Certification of Compliance

We ask all employees at manager level and above, and in certain non-manager roles, to confirm their understanding and commitment to their compliance and ethics accountabilities in the Annual Certification of Compliance (ACC). The ACC and Code of Business Conduct e-learning are delivered through our global online training tool, My Learning Hub, which holds a record of who has participated and completed the certification. Participation and completion records are reported to market and function leadership teams and reviewed by Business Integrity managers.

Reporting boundaries and methodologies

SpeakUp

Our SpeakUp whistleblowing telephone service and online portal – www.diageospeakup.com – are communicated to all employees and third parties, and are available in all 20 of our Code languages. The service is run by an independent external party 24 hours a day, 365 days a year. Allegations reported either via Speakup or our internal channels – for example, through Business Integrity members, Human Resources or Legal – are captured in our global breach management tool, Ethicspoint.

Reported and substantiated breaches

We update the numbers of substantiated breaches and Code-related leavers from previous years to include the outcomes of those reports made in one financial year – but for which the investigation and any associated disciplinary actions are not closed until the following financial year, after the Annual Report has been published. This enables us to make a full and accurate year-on-year comparison.

Food safety and quality

Packaging defects (ppm)

Packaging defects data is based on a 0.1% sampling for spirits and a 0.025% for beers. Individual packs are inspected against a global finished product standard. The number of defects is recorded and reported monthly against the sample size for the production run. Figures are aggregated globally and are weighted based on volume of production.

Distribution defects

Distribution defects data is based on a 1% sampling of goods received at the first shipped-to warehouse. Individual pallets are inspected against a global distribution quality standard. The number of defects is recorded and reported monthly against the sample size. Figures are aggregated globally and are weighted based on volume of product shipped.

Quality incidents

Quality incidents are defined as an issue that has an impact on product quality with the potential to have a negative affect on our corporate or brand reputation or customer service. Clear criteria are in place to ensure consistent reporting. This is reported as the number of quality incidents for the reporting period.

External assurance:
PwC

External assurance: PwC

Independent Limited Assurance Report to the Directors of Diageo plc

1. Our unmodified conclusion

Based on the procedures we have performed, as described under "Summary of work performed" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information described below (together the 'Subject Matter Information') marked with the symbol Δ in Diageo plc's ('Diageo's') Annual Report and ESG Reporting Index (together 'the Reports') for the year ended 30 June 2022, has not been prepared, in all material respects, in accordance with "Diageo's Reporting boundaries and methodologies" (the 'Reporting Criteria') set out on pages 90-110 of the ESG Reporting Index.

WHAT WE ASSURED

The Subject Matter Information needs to be read and understood together with the Reporting Criteria which Diageo is solely responsible for selecting and applying.

Subject Matter Information (for the year ended 30 June 2022 unless otherwise stated)		Location of Subject Matter Information
Environmental and Safety indicators:		
Total volume packaged (litres)[1]	**4,239,215,340**	ESG Reporting Index
Direct carbon emissions by weight (market/net based) (1,000 tonnes CO_2e)[1]	**436**	ESG Reporting Index
Indirect carbon emissions by weight (market/net based) (1,000 tonnes CO_2e)[1]	**11**	ESG Reporting Index
Total direct and indirect carbon emissions by weight (market/net based) (1,000 tonnes CO_2e)[1]	**447**	Annual Report
Direct carbon emissions by weight (location/gross based) (1,000 tonnes CO_2e)[1]	**554**	ESG Reporting Index, Annual Report
Indirect carbon emissions by weight (location/gross based) (1,000 tonnes CO_2e)[1]	**158**	ESG Reporting Index, Annual Report
Total direct and indirect carbon emissions by weight (location/gross based) (1,000 tonnes CO_2e)[1]	**712**	ESG Reporting Index, Annual Report
Total direct (renewable and non-renewable) energy consumption (TJ)[1]	**11,119**	ESG Reporting Index
Direct energy efficiency (MJ/litre packaged)[1]	**2.6**	ESG Reporting Index
Indirect energy efficiency (MJ/litre packaged)[1]	**0.5**	ESG Reporting Index
Total direct and indirect energy efficiency (MJ/litre packaged)[1]	**3.1**	ESG Reporting Index
Market based (net) intensity ratio of GHG emissions (g CO_2e per litre of packaged product)[2]	**106**	ESG Reporting Index
Location based (gross intensity) ratio of GHG emissions (g CO_2e per litre of packaged product)[2]	**168**	ESG Reporting Index, Annual Report
Total mains water withdrawn (cubic metres)[1]	**9,272,326**	ESG Reporting Index
Total groundwater withdrawn (cubic metres)[1]	**6,462,048**	ESG Reporting Index
Total surface water withdrawn (cubic metres)[1]	**1,780,834**	ESG Reporting Index
Total water withdrawn (cubic metres)[1]	**17,515,208**	ESG Reporting Index
Water use efficiency per litre of product packaged (litres/litre)[2]	**4.13**	Annual Report
Wastewater polluting power ('BOD'), total under direct control (tonnes)[1]	**28,430**	ESG Reporting Index
Total volume of waste sent to landfill (tonnes)[1]	**168**	ESG Reporting Index
Percentage reduction in absolute carbon emissions (direct and indirect carbon emissions by weight (market/net based)) from the prior year 8	**5.3%**	ESG, Reporting Index, Annual Report
Percentage improvement in litres of water used per litre of product packaged from the prior year[8]	**3.7%**	Annual Report
Percentage reduction in wastewater polluting power ('BOD'), total under direct control (tonnes) from the prior year[8]	**3.7%**	ESG Reporting Index
Percentage reduction in total waste sent to landfill from the prior year[8]	**-265%**	Annual Report
Scope 3 distribution and logistics GHG emissions (CO_2e tonnes) for the year ended 30 June 2021[1]	**279,820**	Scope 3 Logistics CO_2e emissions Report
Lost time accident frequency rate per 1,000 full-time employees (FTEs).[3]	**0.92**	ESG Reporting Index, Annual Report

External assurance: PwC

Subject Matter Information (for the year ended 30 June 2022 unless otherwise stated)		Location of Subject Matter Information
Smashed – underage drinking programme indicators (for the period 1 June 2021 to 31 May 2022):		
Number of people educated on the dangers of underage drinking through a Diageo supported education programme[1]	607,374	Annual Report
Number of people who confirmed changed attitudes on the dangers of underage drinking following participation in a Diageo supported education programme[1]	491,128	Annual Report
DRINKiQ indicator:		
Number of markets that have launched DRINKiQ[4]	21	Annual Report
Inclusion and Diversity indicators:		
The percentage of female leaders globally[5]	44%	ESG Reporting Index, Annual Report
The percentage of ethnically diverse leaders globally[6]	41%	Annual Report
Water Replenishment indicators:		
Annual volumetric replenishment capacity (m^3) of projects developed[3]	1,058,822	Annual Report
Percentage of water-stressed markets where Diageo have invested in improving access to clean water, sanitation and hygiene near sites and local sourcing areas (in the current or prior year)[7]	88.9%	Annual Report

The footnotes refer to our assessment of materiality discussed in section 2 of this report.

BASIS FOR OUR CONCLUSION

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

2. Our work

THE SCOPE OF OUR WORK AND OUR RESPONSIBILITIES

Our responsibilities are to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error, and to issue a report containing our independent conclusion formed on the basis of our work. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions the Directors would take on the basis of the Subject Matter Information, for example in relation to management's long term incentive plan.

Limited assurance can cover a range of assurance from low (i.e. just above assurance that is likely to enhance the intended user's confidence about what has been assured

to a degree that is clearly more than inconsequential) to just below reasonable assurance. Because the level of assurance in a limited assurance engagement varies in this way, we give more detail about the procedures performed, so that the Directors can understand the nature, timing and extent of procedures we performed as context for our conclusion. These procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Limited assurance is not a guarantee that a conclusion reached in accordance with professional standards will always detect a material misstatement when it exists.

External assurance: PwC

SUMMARY OF WORK PERFORMED

Our work, which was the basis for our conclusion, comprised the following procedures:

- considered the suitability of Diageo's use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;
- through inquiries and by performing walkthrough procedures with Diageo's management responsible for the Subject Matter Information, we have obtained an understanding of the control environment, processes and systems relevant to its preparation;
- evaluated whether Diageo's methods for developing estimates are reasonable and have been consistently applied. We did not separately develop our own estimates against which to evaluate Diageo's;
- the Subject Matter Information related to Environmental and Safety indicators is aggregated from information submitted by Diageo's operational sites. To understand the key processes and controls for reporting site performance data, we selected 12 of Diageo's sites based on their inherent risk, materiality and an analysis of unexpected fluctuations in the Subject Matter Information since the prior period. Nine of these sites based in Australia, Cameroon, Kenya, Seychelles, Turkey and the United States were performed virtually using live feed streaming under our direction. A further three sites in India, the United Kingdom and United States were conducted as physical visits;
- the Subject Matter Information related to Water Replenishment indicators is aggregated from the specific water replenishment programmes undertaken by Diageo. In order to understand the key processes and controls for reporting we sampled five out of 34 projects, including one in India that we visited physically, based on their inherent risk and
- materiality to the annual volumetric water replenishment capacity. This specifically focused on understanding how programmes are selected and implemented by implementation partners on behalf of Diageo;

- we performed limited substantive testing of the Subject Matter Information related to the Smashed, DRINKiQ, Inclusion and Diversity, and Water Replenishment indicators. This testing was performed at the Diageo head office, with some testing undertaken remotely at sites to check that underlying information had been appropriately evaluated or measured, recorded, collated and reported. Whilst the extent and nature of the testing varies according to each metric, as an example, for four of the 21 countries where DRINKiQ is live, we performed testing of over their DRINKiQ URL at different dates in the assurance process to confirm existence and availability across the year;
- for selected metrics we compared year on year movements and made inquiries of management to obtain explanations for significant differences or movements we identified;
- we have reperformed the calculation for each aspect of the Subject Matter Information to ensure its mathematical accuracy; and
- reviewed the disclosure and presentation of the Subject Matter Information in conjunction with the Reporting Criteria.

Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities.

MATERIALITY

The scope of our work was influenced by our application of the concept of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our assurance engagement and the nature, timing and extent of our procedures in support of our conclusion. We believe that it is important that the Directors understand the scope and the concept of materiality in order to understand the assurance that our conclusion provides.

We determined materiality for the Subject Matter Information as follows:

OVERALL MATERIALITY

Materiality differs depending upon the nature of the Subject Matter Information. We apply professional judgement to consider the most appropriate materiality benchmark for each aspect of the Subject Matter Information, having taken due regard to how the Directors may use the information. The benchmark approach for each aspect of the Subject Matter Information is indicated in the table by one of the following numbers;

1 This metric is an absolute number. A benchmark materiality of 5% has been applied.

2 This metric measures intensity, which is calculated as a ratio between 2 different numbers. A benchmark of 5% has been applied to both the numerator and denominator used in the calculation.

3 This metric is a ratio. Each misclassified lost time accident is considered material whilst materiality for FTEs is set at 5%.

4 This metric is an absolute number. Each individual market is considered material.

5 This metric is a percentage. A benchmark materiality of 2.5% has been applied to both the number of female leaders and total number of leaders used in the percentage calculation.

6 This metric is a percentage. A benchmark materiality of 2.5% has been applied to both the number of ethnically diverse leaders and total number of leaders used in the percentage calculation.

7 This metric is a percentage. Any identified misstatement in either the numerator or denominator is considered material.

8 This metric is a percentage change. A benchmark of 5% has been applied to both the numerator and denominator and the mathematical accuracy of the percentage change has been recalculated.

We also agreed to report to the Directors misstatements ('reportable misstatements') identified during our work at a level below overall materiality, as well as misstatements below that lower level, that in our view warranted reporting for qualitative reasons. The Directors are responsible for deciding whether adjustments should be made to the Subject Matter Information in respect of those items.

External assurance: PwC

KEY AREAS OF FOCUS

We considered the following areas to be those that required our particular focus and discussed these areas with Diageo's management. This is not a complete list of all areas of focus identified by our work.

Use of third party contractors	
Nature of the issue	Diageo engages with a wide range of third party providers across their operations. Several of these contractors are required to provide information critical to the complete and accurate reporting of the Subject Matter Information.
	This is especially relevant in relation to the provision of waste management services, where third parties routinely dispose of waste on behalf of Diageo in a manner set out in contracts. As soon as waste matter leaves a site, Diageo is no longer in control of the waste journey taken and there is a loss of visibility of waste disposal routes. Diageo often use management information provided by third party waste handlers as part of their management information. Another example would be in relation to upstream logistics providers; Diageo relies on these third parties for the collection and delivery of its finished goods. Diageo often relies on delivery data provided by different distribution providers in local markets to determine Diageo's Category 4 scope 3 emissions.
How our work addresses the key area of focus	Whilst our testing approach in relation to third parties is unique to each individual aspect of the Subject Matter Information, the following are examples of work performed at some of the 12 Diageo sites selected in relation to waste specifically:
	• Performed walkthrough procedures to gain an understanding of the end-to-end waste journey for selected waste streams, and enquired with local management to understand how they are comfortable with data obtained from third party waste handlers;
	• Enquired with third party waste handlers to understand how they compile their management information they send to Diageo;
	• Obtained an understanding of any specific contractual obligations in place on third party waste handlers in relation to sending waste to landfill;
	• Where the number of waste collections exceeded 200 at a site, performed substantive testing for a sample of 5-15 waste collections within management information and corroborated to weighbridge tickets, to confirm accuracy and classification of waste values reported;
	• Obtained and reviewed waste traceability audit reports completed by local site management of waste collections made from by third parties;
	• Obtained weighbridge calibration certificates, or equivalent documents, to confirm accuracy of actual waste collection volumes;
	• Obtained and reviewed calculations performed by selected waste handlers to report total waste sent to landfill figures; and
	• Obtained and assessed reasonableness of estimation methodologies applied locally in the absence of reliable third party data, and validated data inputs.
Subject Matter Information most significantly impacted	Total volume of waste sent to landfill (tonnes):
	• Scope 3 distribution and logistics GHG emissions (CO_2e tonnes) for the year ended 30 June 2021,
	• Number of people educated on the dangers of underage drinking through a Diageo supported education programme, and
	• Lost time accident frequency rate per 1,000 full-time employees (FTEs) (as temporary site-based contractors who work under Diageo's direct day-to-day supervision is included within the 'employee' definition).

Application of complex criteria	
Nature of the issue	Diageo has extensive internal risk management and assurance guidance to support local site management teams to collate and report Subject Matter Information consistently. Whilst this guidance is detailed, there are some metrics that have complex areas (e.g. key terms/definitions), which can sometimes be open to interpretation or judgemental, resulting in elevated assurance risks around completeness, accuracy, classification and presentation and disclosure.
	This is especially relevant for safety incident reporting, where there are complex definitions and exception criteria, which determine whether an incident is reportable and how it should be classified. For example, in relation to the lost time accident reporting, judgements can arise in interpreting key definitions: work-related or job restriction.

External assurance: PwC

Application of complex criteria continued	
How our work addresses the key area of focus	Whilst our testing approach in relation to judgements is unique to each individual aspect of the Subject Matter Information, the following are examples of work performed at some of the 12 Diageo sites selected in relation to lost time accident reporting specifically: • Obtained an understanding of local safety governance and escalation channels available to local site management; • Performed walkthrough procedures to gain an understanding of local incident reporting procedures to ensure assess consistency when utilising classification guidance; • Enquired with local site management to understand how they classify incidents for complex or unusual incidents; • Performed substantive testing over all lost time accidents reported to date, and a sample of between 5-15 other incidents to confirm classification; • Obtained additional corroborating evidence where underlying incident reporting was not sufficient to substantiate incident classification. In some instances, these were escalated and discussed with Global Governance. Additional testing has also been performed at a group-level, specifically: • Substantive testing for a sample of 20 incidents globally not classified as a lost time accident (e.g. medical treatment case or first aid case) to ensure incident classification was appropriate. Australia was targeted as a market as part of sample selection whilst other incidents were randomly selected; • Enquired with the Global Governance team on incident classification for a sample where underlying evidence was not clear and obtained additional corroborating evidence, where needed.
Subject Matter Information most significantly impacted	• Lost time accident frequency rate per 1,000 full-time employees, • Annual volumetric replenishment capacity (m^3) of projects developed

CHALLENGES OF NON-FINANCIAL INFORMATION

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities, and over time.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

3. Reporting on other information

The other information comprises all of the information in the Reports other than the Subject Matter Information and our assurance report. The Directors are responsible for the other information. Our conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter

Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

4. Responsibilities of the Directors

As explained in the Directors' Statement on page 98 of the Annual Report, which extends to the ESG Reporting Index, the Directors of Diageo are responsible for:

• determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
• ensuring that those criteria are relevant and appropriate to Diageo and the intended users of the Reports;
• the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over information relevant to the evaluation or measurement of the Subject Matter

Information, which is free from material misstatement, whether due to fraud or error, against the Reporting Criteria; and
• producing the Reports, including underlying information and statements of Directors' responsibility, which provide an accurate, balanced reflection of Diageo's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Reports.

5. Use of this report

This report, including our conclusion, has been prepared solely for the Directors of Diageo in accordance with the agreement between us dated 8th February 2022 (as varied). To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and Diageo for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

Chartered Accountants
London
27 July 2022

External assurance: Corporate Citizenship

Diageo 2022 B4SI Assurance Statement

Corporate Citizenship has conducted an assurance of Diageo's use of the Business for Societal Impact (B4SI) Framework for measuring corporate community investment activity occurring between July 2021 and June 2022.

Diageo is an active member of B4SI. The B4SI measurement Community Investment Framework helps businesses to improve the management, measurement and reporting of their social impact. It moves beyond charitable donations to include the full range of contributions (time, in-kind and cash) made to social causes, and assesses the actual results for the community and for the business. (See https://b4si.net for more information).

As managers of B4SI, we have worked with Diageo to ensure the B4SI model and its principles have been applied across all operations when measuring community investment programmes in 2021-22. The scope of the B4SI assurance covers the inputs contributed and the outputs achieved through its corporate community investment activities.

Having conducted an assessment, we are satisfied that the data reflects the B4SI principles. Our work has not extended to an independent audit of the data and the scope of the statement is limited to the reporting period.

The main findings of the assurance process, including the strengths to Diageo's embedding of the Framework as well as opportunities for development, are explained in a separate management report.

Corporate Citizenship

www.corporate-citizenship.com

July 2022

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