

DIAGEO

ESG
Reporting
Index
2021

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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](#) strategy 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 goals.

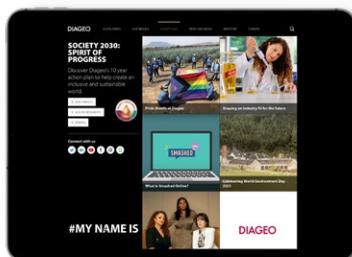
Non-financial reporting is a rapidly evolving area. We are committed to continual evaluation and improvement of our approach and we actively track emerging ESG frameworks and best practice.

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 give additional disclosures in line with the GRI Standards index and the UNGC advanced reporting criteria index, plus our response to the Sustainability Accounting Standards Board (SASB).

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 on pages 20-21 of our Annual Report. We provide further details in disclosure GRI 101-01 on [page 9](#) of this ESG Reporting Index.

Contact us

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

Since 2014 we have used the International Integrated Reporting Commission (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 sustainability 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	Climate Change A, Water Security A: Diageo was one of only eight beverage companies globally and 65 companies overall (out of 9,600) to achieve A for both Water Security and Climate Change
	Bloomberg Gender Equality Index	Member of the index since its inception
	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
	Dow Jones Sustainability Index	Member of the Dow Jones World Index, ranked as one of the top four beverage companies worldwide
	Gartner Supply Chain Top 25	Ranked 17th for supply chain excellence among companies globally
	MSCI ESG Rating	AAA rating: Diageo has scored a AAA rating for the last five years
	Sustainalytics ESG Risk Rating	Score 15.5 (low risk): as of July 2021, Diageo was ranked third out of 578 companies in the food product industry*

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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.

Unlike our Annual Report, which 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, our ESG Reporting Index provides 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's 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 strategy.
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 strategy.
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 which 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 targets and various other quantitative metrics. For each Society 2030 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 which have been assured and a description of the approach PwC took.

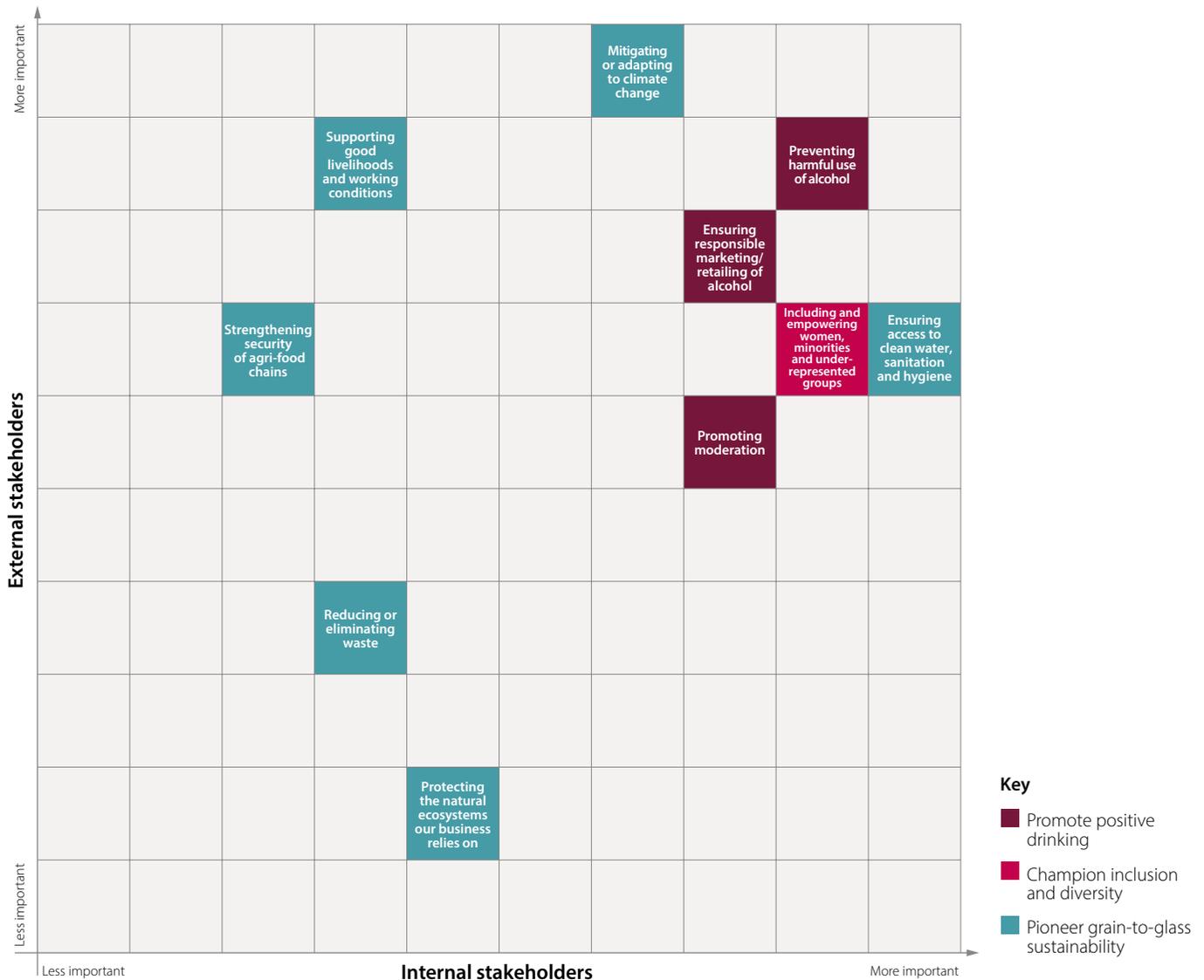
Materiality

What matters most – to our stakeholders and to our business

In 2019, as we developed our [Society 2030: Spirit of Progress](#) strategy 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 strategy. For more details, please see pages 20-21 of our Annual Report.



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

Our Society 2030: Spirit of Progress strategy

Society 2030: Spirit of Progress is our ten-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 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 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

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 2020 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 strategy 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	101	Foundation – reporting principles	<ul style="list-style-type: none"> • Approach to reporting 	<ul style="list-style-type: none"> • Doing business the right way from grain to glass
	102	General disclosures	<ul style="list-style-type: none"> • Organisational profile • Strategy • Ethics and integrity • Governance • Stakeholder engagement • Reporting practice 	<ul style="list-style-type: none"> • Doing business the right way from grain to glass
	103	Management approach	<ul style="list-style-type: none"> • Material topics and their boundaries • Management approaches • Evaluation of management approaches 	<ul style="list-style-type: none"> • Doing business the right way from grain to glass
Topic-specific standards	200	Economic		<ul style="list-style-type: none"> • Champion inclusion and diversity • Pioneer grain-to-glass sustainability
	300	Environmental		<ul style="list-style-type: none"> • Pioneer grain-to-glass sustainability
	400	Social		<ul style="list-style-type: none"> • 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	SOCIAL
GRI 101-01 to 101-10 from GRI 101: Foundation 2016	GRI 401-01 to 401-03 from GRI 401: Employment 2016
GENERAL	GRI 402-01 from GRI 402: Labour/Management Relations 2016
GRI 102-01 to 102-56 from GRI 102: General Disclosures 2016	GRI 403-01 to 403-10 from GRI 403: Occupational Health and Safety 2018
MANAGEMENT APPROACH	GRI 404-01 to 404-03 from GRI 404: Training and Education 2016
GRI 103-01 to 103-03 from GRI 103: Management Approach 2016	GRI 405-01 to 405-02 from GRI 405: Diversity and Equal Opportunity 2016
ECONOMIC	GRI 406-01 from GRI 406: Non-discrimination 2016
GRI 201-01 to 201-04 from GRI 201: Economic Performance 2016	GRI 407-01 from GRI 407: Freedom of Association and Collective Bargaining 2016
GRI 202-01 to 202-02 from GRI 202: Market Presence 2016	GRI 408-01 from GRI 408: Child Labour 2016
GRI 203-01 to 203-02 from GRI 203: Indirect Economic Impacts 2016	GRI 409-01 from GRI 409: Forced or Compulsory Labour 2016
GRI 204-01 from GRI 204: Procurement Practices 2016	GRI 410-01 from GRI 410: Security Practices 2016
GRI 205-01 to 205-03 from GRI 205: Anti-corruption 2016	GRI 411-01 from GRI 411: Rights of Indigenous Peoples 2016
GRI 206-01 from GRI 206: Anti-competitive Behaviour 2016	GRI 412-01 to 412-03 from GRI 412: Human Rights Assessment 2016
GRI 207-01 to 207-04 from GRI 207: Tax 2019	GRI 413-01 to 413-02 from GRI 413: Local Communities 2016
ENVIRONMENTAL	GRI 414-01 to 414-02 from GRI 414: Supplier Social Assessment 2016
GRI 301-01 to 301-03 from GRI 301: Materials 2016	GRI 415-01 from GRI 415: Public Policy 2016
GRI 302-01 to 302-05 from GRI 302: Energy 2016	GRI 416-01 to 416-02 from GRI 416: Customer Health and Safety 2016
GRI 303-01 to 303-05 from GRI 303: Water 2018	GRI 417-01 to 417-03 from GRI 417: Marketing and Labelling 2016
GRI 304-01 to 304-04 from GRI 304: Biodiversity 2016	GRI 418-01 from GRI 418: Customer Privacy 2016
GRI 305-01 to 305-07 from GRI 305: Emissions 2016	GRI 419-01 from GRI 419: Socioeconomic Compliance 2016
GRI 306-01 to 306-05 from GRI 306: Effluents and Waste 2016	
GRI 307-01 from GRI 307: Environmental Compliance 2016	
GRI 308-01 to 308-02 from GRI 308: Supplier Environmental Assessment 2016	

GRI Index

Universal standards

GRI 101: FOUNDATION

REPORTING PRINCIPLES

Disclosure		Our response
101-01	Stakeholder inclusiveness	<p>For us, everyone who is affected by our business, and everyone who affects it, is a stakeholder.</p> <p>In the Society 2030 section of our website, under Doing business the right way, Stakeholder engagement, we have set out each stakeholder group and provided examples of how we currently engage them on all issues, including ESG issues. Our stakeholder groups, and how we engage with them, are also covered in our Annual Report on pages 20-21.</p>
101-02	Sustainability context	<p>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.</p> <p>Our Annual Report also presents how our material issues, economic, environmental and social, relate to our long-term strategy, risks, opportunities and goals, including throughout our value chain.</p>
101-03	Materiality	<p>Our aim is to report fully on issues we deem to be material and to explain our approach.</p> <p>In 2019 we worked with stakeholders to inform our materiality matrix, set out on page 5 of this ESG Reporting Index.</p> <p>This year, we launched our Society 2030: Spirit of Progress strategy. Informed by the materiality assessment that we delivered in 2019, it aims to support sustainable growth over the critical decade until 2030. More information on our Society 2030: Spirit of Progress strategy can be found in our Annual Report and in the Society 2030 section of our website.</p>
101-04	Completeness	<p>Our coverage of material topics is explained in the Reporting boundaries and methodologies section at the end of this document.</p>
101-05	Accuracy	<p>We clearly, consistently and transparently report our performance against our Society 2030 plan on pages 38-41 of our Annual Report.</p> <p>We explain our methodology for calculating performance against targets in the Reporting boundaries and methodologies section of this ESG Reporting Index. PricewaterhouseCoopers LLP (PwC) were 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 2021.</p>
101-06	Balance	<p>We report against stretching targets and against GRI indicators, whether or not our performance has been strong. This gives a balanced view of our impacts, which we have defined by considering the views of a range of stakeholders.</p> <p>We aim to present information in such a way that the reader can assess trends in performance year on year.</p>
101-07	Clarity	<p>Our sustainability 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 ensure readers can find all the information they seek, including our responses to all GRI Standards.</p> <p>Our approach to ESG reporting is outlined in our Annual Report on page 44 and a guide around how to use this ESG Reporting Index can be found on page 4 of this report.</p>

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 101: FOUNDATION continued

REPORTING PRINCIPLES continued

Disclosure		Our response
101-08	Comparability	We continue to report against our external targets, respond to universal standards such as the GRI Standards, and 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.
101-09	Reliability	<p>Our reporting methodologies for non-financial information can be found on pages 85-100 of this ESG Reporting Index. This year we refreshed our reporting boundaries and methodologies, making them more navigable. In some cases, our data and processes are assured by third parties.</p> <p>PwC were 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 2021.</p> <p>Corporate Citizenship were 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 Diageo is a member.</p>
101-10	Timeliness	We continue to publish this ESG Reporting Index alongside the Annual Report.

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 102: GENERAL DISCLOSURES

ORGANISATIONAL PROFILE

Disclosure		Our response
102-01	Name of organisation	Diageo plc.
102-02	Activities, brands, products and services	<p>Diageo produces more than 200 alcoholic beverage brands, with our global giants such as Johnnie Walker, Smirnoff, Captain Morgan, Baileys, Tanqueray and Guinness representing over a third of our net sales. Key details about each of these brands can be found in the Our brands section, pages 2-3, of the Annual Report, while an overview of our production can be found in the Our business model section, pages 18-19, and a review of our product categories on pages 72-73.</p> <p>We only sell products that are approved and legal in our markets. Some markets do not allow the sale of alcohol due to 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 may complain to one of the many regulatory bodies of which Diageo is a member, or directly to Diageo through our website or our customer care lines. We will always respond to complaints to industry bodies, abide by the decisions made and respond to all consumer enquiries or complaints.</p>
102-03	Location of headquarters	London, UK.
102-04	Location of operations	Our products are sold in more than 180 countries around the world and we have 138 supply sites in 26 countries. A breakdown of which markets are in each region can be found in the Business review section of the Annual Report, pages 62-71.
102-05	Ownership and legal form	<p>Full name: Diageo plc</p> <p>Registered number: 23307</p> <p>Registered office: Lakeside Drive, London NW10 7HQ</p> <p>Place of registration: England and Wales</p> <p>Diageo is a limited liability public company listed on the London, New York, Paris and Dublin stock exchanges.</p>
102-06	Markets served	Our customers vary from large global retailers and convenience stores, to bars, restaurants and hotels, to governments such as 'control states' in the United States, and state monopolies in certain countries like Sweden and Norway. These organisations are conduits to our shoppers and consumers, to whom we market. An overview of our business model can be found on pages 18-19 of the Annual Report, and a geographic breakdown is outlined in the Business review section, pages 62-71.
102-07	Scale of the organisation	<p>Diageo employs 27,650 people around the world. The production side of the business includes 138 sites in 26 countries.</p> <p>This year we made £19,153 million in net sales. Further details of our business model can be found on pages 18-19 of the Annual Report, and detailed financial performance, including information on total capitalisation broken down in terms of debt and equity and quantity of products sold, is included in the Financial Statements, from page 132.</p>

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 102: GENERAL DISCLOSURES continued

ORGANISATIONAL PROFILE continued

Disclosure	Our response																																																																																																																								
102-08	Employees by region, by gender, and by employment contract type¹																																																																																																																								
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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.

Total workforce by employees and supervised workers, and by gender: this information is included in the Our people section of the Annual Report, page 22.

Most people who work on behalf of Diageo are employed by Diageo, although, in common with most manufacturing companies, we also employ contractors, the numbers of whom vary significantly by region. For the most part, when we use contractors, it is for the following:

- Construction projects, resulting from investments we are 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.

Universal standards

GRI 102: GENERAL DISCLOSURES *continued*ORGANISATIONAL PROFILE *continued*

Disclosure		Our response
102-09	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, pages 34-35.
102-10	Significant changes to the organisation and its supply chain	<p>For acquisitions and disposals, see Note 8 to the Financial statements in the Annual Report, pages 157-158.</p> <p>For material organisational restructuring programmes, see Note 3 to the Financial statements in the Annual Report, pages 150-151. For changes in share capital structure, see Note 9 to the Financial statements in the Annual Report, page 159-161.</p> <p>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.</p> <p>We continue to promote local raw material sourcing, particularly in Africa. In 2021 we sourced 80% of the agricultural raw materials used in our African operations locally. This means we are importing proportionately fewer raw materials from Europe, and promoting economic development in local communities, while maximising the tax benefits of local sourcing.</p>
102-11	Precautionary principle or approach	We take a precautionary approach to our environmental strategy, as described in our work to reduce greenhouse gases in the Pioneer grain-to-glass sustainability and Responding to climate-related risk sections of the Annual Report, pages 34-35 and 50-55 respectively.
102-12	External initiatives	Diageo is a signatory to a number of global external codes and charters that reflect our commitment to sustainability and responsibility. These include, among others, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the CEO Water Mandate, the CEO Water Resilience Coalition, the Sustainable Development Goals Business Avenger for SDG 6 (clean water and sanitation), the Business Ambition for 1.5°C, the UN Women's Empowerment Principles, the We Mean Business Coalition and the Open For Business coalition. More details can be found in the Society 2030 section of our website .
102-13	Membership of associations	We have helped establish many social aspects organisations (SAOs) – industry-funded bodies that work with governments, the private sector and NGOs to reduce the harmful use of alcohol. A list of our SAOs and trade associations that run responsible drinking initiatives can be found in the Alcohol policy section of our website .

Universal standards

GRI 102: GENERAL DISCLOSURES *continued*

STRATEGY

Disclosure		Our response
102-14	Statement from senior decision-maker	In our Annual Report, pages 6-13, our Chairman and Chief Executive comment on how Diageo's role in society, ESG strategy and targets support Diageo's Performance Ambition to create one of the best performing, most trusted and respected consumer products companies in the world.
102-15	Key impacts, risks and opportunities	<p>In 2019, we carried out a materiality assessment to determine what is most material to our stakeholders. Our analysis confirmed the importance of several key themes: promoting positive drinking through 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.</p> <p>The results of this study are shown in the materiality matrix found on page 5 of this ESG Reporting Index.</p> <p>Those risks considered most material from both a financial and non-financial perspective are included in our Annual Report, pages 45-49. Like last year, we have highlighted climate-related risks within the Our principal risks and risk management section of our Annual Report. Please see page 50 of our Annual Report for more information.</p>

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 102: GENERAL DISCLOSURES *continued*

ETHICS AND INTEGRITY

Disclosure	Our response
102-16  Values, principles, standards and norms of behaviour	<p>Diageo has a set of five values that are at the heart of our business and key to delivering our Performance Ambition.</p> <ul style="list-style-type: none"> • We are passionate about customers and consumers • We give ourselves and each other the freedom to succeed • We are proud of what we do • We strive to be the best • We value each other <p>Our Code of Business Conduct ('our Code') sets out what we stand for as a business and how we demonstrate the highest standards of integrity and ethical behaviour, 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 that comes into contact with our company.</p> <p>Our Code is underpinned by a number of global policies, standards and guidelines covering specific areas of our activities. We review our policies every year to ensure that we take account of any changes in our external environment and update them accordingly. Each one reflects our values and our commitment to doing business the right way and can be found on our website.</p>
102-17  Mechanisms for advice and concerns about ethics	<p>Our Code, policies and standards provide practical guidance to ensure all our employees and everyone who comes into contact with our company live the values and behaviours that underpin all of our work.</p> <p>Diageo has a confidential service (SpeakUp) available for people to raise concerns about compliance with the law, our Code of Business Conduct, 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 Diageo employees and by those in our value chain.</p> <p>For more information on SpeakUp, see page 52 and disclosure GRI 103-02: Our management approach to grievance mechanisms.</p> <p>Overall statistics and significant matters are reported quarterly to our Executive and our Audit Committee.</p> <p>Diageo does 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.</p> <p>More information is included in the Our principal risks and risk management section of the Annual Report, pages 45-49.</p>
102-18  Governance structure	<p>Diageo's governance structure is included in the Governance section of the Annual Report, pages 84-131. 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 Diageo's Executive Committee. In this way, Society 2030 is embedded across the whole organisation, with senior executives being accountable for its delivery.</p> <p>For example:</p> <ul style="list-style-type: none"> • The President, Global Supply and Procurement is responsible for environmental performance, health and safety, and for labour standards within the supply network; he 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. <p>To further improve our oversight of ESG, our Board receives updates on our ESG strategy and performance on a quarterly basis. 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.</p>

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 102: GENERAL DISCLOSURES *continued*

GOVERNANCE

Disclosure	Our response
102-19 ● Delegating authority	Please see GRI 102-18 for more information about our delegation of authority for economic, environmental and social topics.
102-20 ● Executive-level responsibility for economic, environmental and social topics	Please see GRI 102-18 for more information about our executive-level responsibility for economic, environmental and social topics.
102-21 ● Consulting stakeholders on economic, environmental and social topics	<p>External stakeholders are consulted widely and may also raise questions on issues with us routinely, via our website, through channels such as our SpeakUp helpline (also available for our employees), or directly with local contacts depending on the issues and nature of their relationship. Consultation may be delegated to key functions globally or locally within the business. For example, our Investor Relations team addresses issues raised through the broad investor community and will also consult on specific issues with members of other teams, including the Diageo in Society team.</p> <p>Feedback on stakeholder engagement is provided to the Executive Committee and the Board as appropriate. In the case of the investor community, the Investor Relations team reports the views of institutional shareholders to the Board throughout the year, and, when relevant, those of private investors as well. Private shareholders engage directly with the Chairman or with 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 for the Board's Audit Committee.</p> <p>The Board and Executive Committee discuss wider external concerns regularly, and they consider external views when shaping our strategy in relation to economic and ESG topics.</p> <p>The Board receives a report highlighting global aggregated results of Diageo's 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 necessary.</p>
102-22 ● Composition of the highest governance body and its committees	<p>At publication of the 2021 Annual Report, the Board was made up of ten members – the Chairman, seven other non-executive directors, all of whom were independent, and two executive directors. Six members of the Board were women. Four members of the Board were from ethnic minority backgrounds, as defined by the Parker Review.</p> <p>The Board has three standing committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. Further information on the membership and work of these committees is included in the Governance section of the Annual Report, pages 84-131.</p>
102-23 ● Chair of the highest governance body and its committees	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.

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 102: GENERAL DISCLOSURES *continued*GOVERNANCE *continued*

Disclosure	Our response
102-24  Nominating and selecting the highest governance body	<p>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.</p> <p>Further detail is included in the Governance section of the Annual Report, page 102.</p> <p>The terms of reference of all Board committees are available on our website.</p>
102-25  Conflicts of interest	<p>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 also references how potential conflicts of interest are managed. Further information is included in the Board of Directors sub-section of the Governance section of the Annual Report, page 84-85.</p>
102-26  Role of highest governance body in setting purpose, values and strategy	<p>Our Performance Ambition and strategy are outlined in our Annual Report, the delivery of which includes key economic and ESG issues.</p> <p>In 2020, the Chief Executive announced a range of 25 bold and ambitious goals in our Society 2030: Spirit of Progress action plan to help create an inclusive and sustainable world. More information on our Society 2030 targets can be found in the Annual Report, pages 38-41, and on our website. The President, Global Supply and Procurement and the Global Corporate Relations Director update the Executive Committee and Board regularly on progress against this ambition. Our strategy and progress are also discussed at Board level four times a year, as part of the Board's ESG discussions. Policies are generally discussed and agreed at Executive Committee level, although policies relating to material risks are signed off at Board level.</p>
102-27  Collective knowledge of highest governance body	<p>Background reports are submitted throughout the year on various economic and ESG topics, some of which are discussed in detail in Board meetings. The Audit Committee reviews management's assessment of our principal risks, including risks associated with our economic and ESG performance.</p> <p>The Board was involved in shaping and approving the approach taken in relation to our Society 2030: Spirit of Progress targets. 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.</p>
102-28  Evaluating the highest governance body's performance	<p>During the year ended 30 June 2021, the Company Secretary oversaw an externally facilitated evaluation of the Board's effectiveness. This included interviewing each director, receiving feedback from senior management and external advisors, plus external benchmarking. Further detail is included in the Governance section of the Annual Report, page 94.</p> <p>Following the Annual Strategy Conference, the Board considered and agreed what should be included on their agenda for the following year.</p>
102-29  Identifying and managing economic, environmental and social impacts	<p>The Executive Committee is responsible for managing economic and ESG impacts with the accountabilities outlined in GRI 102-20. However, as explained in GRI 102-19 and GRI 102-21, our sustainability and responsibility strategy is considered at Board level regularly, with reports on progress towards the Society 2030 goals provided to the Board four times a year, and incorporates stakeholder consultation where possible. In some cases, based on past reports, Board members identify new economic and ESG impacts that Diageo should manage.</p> <p>Risks, including those identified in the Our principal risks and risk management section of the Annual Report, pages 45-49, are discussed at least twice a year by the Audit Committee.</p>

Universal standards

GRI 102: GENERAL DISCLOSURES *continued*GOVERNANCE *continued*

Disclosure		Our response
102-30	Effectiveness of risk management processes	At each of its meetings, the Audit Committee reviews detailed reports from the heads of the Business Integrity, Controls Assurance and Global Audit and Risk teams, and sees the minutes of management's Audit and Risk Committee meetings. These reports and minutes include economic and ESG risks. Relevant members of the Executive Committee and other senior leaders present context informing our strategy, including risks, to the Board. Further detail can be found in the Governance section of the Annual Report, pages 84-131.
102-31	Review of economic, environmental and social topics	The Audit Committee is updated on risks at least twice a year. The Board is updated on our strategy and performance against targets at least four times a year, as well as through our Filings Assurance Committee. The Executive Committee discusses these issues more frequently.
102-32	Highest governance body's role 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 Audit Committee reviews our performance against our ESG-related targets.
102-33	Communicating critical concerns	The Board maintains a process for communicating critical concerns through the Audit Committee, which reviews the effectiveness of the company's systems of internal control and risk management, including oversight of all of the company's whistleblowing activities. Further detail can be found in the Governance section of the Annual Report, pages 84-131.
102-34	Nature and total number of critical concerns	See the principal risks table in the Annual Report, pages 45-49.
102-35	Remuneration policies	The Directors' remuneration report in the Annual Report, pages 104-128 includes our remuneration policy. As explained in that report, remuneration is driven by both financial and individual business performance objectives, which 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 to achieve ESG goals through their long-term incentive plans. We may also include ESG-type measures in the individual business objective (IBO) element of Executive Committee members' shorter-term annual incentive plans.
102-36	Process for determining remuneration	Diageo's Remuneration Committee recommends senior and executive level remuneration. Key aspects are included in the Directors' remuneration report in the Annual Report, pages 104-128. Details of independent third-party advisers, including remuneration consultants, are described on page 109 of the Annual Report.
102-37	Stakeholders' involvement in remuneration	As described in the Directors' remuneration report in the Annual Report, pages 104-128, the Remuneration Committee actively engages with shareholders each year. In 2021, the company consulted with a number of shareholders about the introduction of ESG performance goals under the long-term incentive plan, as well as considering the impact of the pandemic on outstanding incentive plans and discussing the approach to target setting under the incentive plans. The Remuneration Committee also reviewed insights from the Chairman's discussions with employees to help inform its decision making. 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 97.09% of votes. The Directors' remuneration policy, which is approved by shareholders at least every three years, was approved by 93.12% of votes last 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

Universal standards

GRI 102: GENERAL DISCLOSURES *continued*GOVERNANCE *continued*

Disclosure	Our response
102-38  Annual total compensation ratio	We report the remuneration of our highest-paid executives in the Directors' remuneration report in our Annual Report, pages 104-128. We report the CEO pay ratio (total compensation for the CEO vs median total compensation for UK employees) on pages 123-125 of the Annual Report, and the year-on-year change in directors' salaries, bonuses and benefits relative to all employees globally on pages 125-126. We also report the total amount paid in salaries and benefits to employees under GRI indicator 201-01. We do not report publicly on this data by country. Omissions: data by country.
102-39  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, pages 104-128. We also report the total amount paid in salaries and benefits to employees under GRI indicator 201-01. We do not report publicly on this data by country. We report the year-on-year change in directors' salaries, bonuses and benefits relative to all employees globally on pages 125-126 of the Annual Report. Omissions: data by country.
102-40  List of stakeholder groups	We engage internal and external stakeholders, ranging from employees, investors and commercial partners to governments, NGOs and local communities. A full list is included on our website and in the Stakeholder engagement section, on pages 20-21 of our Annual Report.
102-41  Collective bargaining agreements	We have a strong commitment to transparent dialogue. In 2021, 39.1% of our employees were covered by collective bargaining agreements.
102-42  Identifying and selecting stakeholders	We define our stakeholders as all those who affect, are affected or could be affected by Diageo's business. Our stakeholders range from employees to investors to corporate partners, and from consumers to communities, farmers and governments. More information can be found on the Stakeholder engagement section of our website .
102-43  Approach to stakeholder engagement	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 United Nations agencies and NGOs. A list of stakeholders, and examples demonstrating how we currently engage with them, can be found in the Stakeholder engagement section of our website and our Annual Report on pages 20-21.
102-44  Key topics and concerns raised	Our materiality matrix on page 5 was informed by a detailed stakeholder engagement exercise we undertook in 2019. We review materiality on an ongoing basis in light of stakeholder comments, including those arising from our Corporate Relations activity, financial analysis and external developments including the UN SDGs, the Paris Climate Agreement, Business Ambition for 1.5°C, UNGC/SBTI Uniting Business to Recover Better, the Race to Zero and the UNGC Government Letter on SDGs in Recovery.

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 102: GENERAL DISCLOSURES *continued*

REPORTING PRACTICE

Disclosure		Our response
102-45	Entities included in the consolidated financial statements	Our Financial statements can be found in our Annual Report from page 132. We describe the entities that are included and not included in our ESG reporting in Reporting boundaries and methodologies on pages 85-100 of this ESG Reporting Index.
102-46	Defining report content and the topic boundaries	<p>Through stakeholder and financial analysis conducted in 2019, we identified those ESG issues most material to Diageo's business. This is illustrated in the materiality matrix on page 5 of this ESG Reporting Index. At a minimum our reporting includes these issues, although we also report on certain additional issues included in the GRI Standards.</p> <p>See pages 9-10 of this ESG Reporting Index for how we have implemented the reporting principles for defining report content.</p> <p>See pages 85-100 which provides an overview of our Reporting boundaries and methodologies. This year we have refreshed this section to make it more navigable.</p>
102-47	List of material topics	<p>In 2019, we carried out a materiality analysis to determine what is most material to our stakeholders and to us. This analysis informed our Society 2030: Spirit of Progress strategy. Our materiality analysis also helped us to define the scope of reporting content in this ESG Reporting Index.</p> <p>Results of our analysis are shown in the materiality matrix on page 5 of this ESG Reporting Index. See pages 9-10 of this ESG Reporting Index for how we have implemented the reporting principles for defining report content.</p>
102-48	Restatements of information	<p>Restatement of baseline environmental data Diageo restates 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 accordance with the WRI/WBCSD Reporting Protocol, and Diageo's Environmental Reporting Methodology.</p> <p>The baseline year environmental impact data, and data for intervening years, are adjusted to reflect acquisitions, divestments, updates to databases for CO₂e 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%. These changes have been absorbed, and do not affect our environmental sustainability targets.</p> <p>Restatement of code breach data Prior year numbers of substantiated breaches and code-related leavers are updated to include the outcomes of those reports made in one financial year 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.</p>
102-49	Changes in reporting	There have not been any significant changes to our list of material topics and topic boundaries since the previous reporting period.
102-50	Reporting period	Year ended 30 June 2021.
102-51	Date of most recent report	August 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 102: GENERAL DISCLOSURES *continued*

REPORTING PRACTICE CONTINUED

Disclosure	Our response
102-52  Reporting cycle	Annual.
102-53  Contact point for questions regarding the report	sustainability@diageo.com
102-54  Claims of reporting in accordance with the GRI Standards	We have prepared this report in accordance with the GRI Standards: Comprehensive option. Please refer to the table on page 8.
102-55  GRI content index	This index serves as the GRI content index and is summarised by the content index on page 8 of this report.
102-56  External assurance	<p>Assurance policy and practice</p> <p>Diageo's 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 financial year. We believe in reporting against reliable data and strive to improve the quality of our non-financial disclosures.</p> <p>PwC</p> <p>Towards these aims, PwC were 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 2021. Information that is within PwC's limited scope is marked with the symbol Δ.</p> <p>PwC is an independent auditor.</p> <p>Diageo's Chief Executive and Chief Financial Officer approve the appointment and set the scope of PwC's limited assurance engagement.</p> <p>Corporate Citizenship</p> <p>Corporate Citizenship were engaged to assess our corporate community investment figures.</p> <p>Corporate Citizenship is the manager of Business for Societal Impact (a global standard for measuring, benchmarking, and reporting on corporate community investment), of which Diageo is a member.</p> <p>The Global Director of Society appoints, and sets the scope of, Corporate Citizenship's engagement.</p>

Universal standards

GRI 103: MANAGEMENT APPROACH

To make this index easier to understand, we have described each management approach (GRI 103-02) and its evaluation (GRI 103-03) alongside the relevant indicators. So, for example, you will find the management approach and its evaluation for GRI 201, economic performance, on [page 23](#), with the economic performance indicators following it.

MATERIAL TOPICS AND THEIR BOUNDARIES

Disclosure	Our response
103-01 Explanation of the material topic and its boundary	<p>The following GRI aspects are particularly material to our 138 supply sites in 26 countries: procurement practices; materials; energy; water; biodiversity; emissions; effluent and 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 make and sell products around the world, with the exception of indigenous rights which did not surface as material through our stakeholder study.</p> <p>We took a value chain approach to our materiality matrix. Therefore, the issues that we identified as material are also material to our suppliers and other business partners.</p>

MANAGEMENT APPROACHES

103-02 The management approach and its components	103-03 Evaluation of the management approach
See relevant topics.	See relevant topics.

GRI Index

Topic-specific standards

GRI 200: ECONOMIC

ECONOMIC PERFORMANCE

<p>103-02</p> <p>Our management approach to economic performance</p> <p>●</p> <p>Our relationships with suppliers, investors, lenders, governments, employees and local community stakeholders have direct economic and social impacts which we measure, manage and evaluate.</p> <p>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.</p>	<p>103-03</p> <p>Evaluation of the management approach</p> <p>●</p> <p>The Board, the Executive Committee and management teams at market and function level review economic performance at each of their meetings, tracking key performance indicators and annual operating plans. Details of financial KPIs are in the Annual Report.</p> <p>Where necessary, we develop or adapt our activities to improve performance against our targets or in response to external factors.</p>
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Disclosure	Our response
<p>201-01</p> <p>Direct economic value generated and distributed</p> <p>◐</p>	<p>Our revenues this year totalled £19,125 million¹. Economic value distributed contains operating costs (£6.3 billion), taxes (£7.8 billion), employee salaries and benefits (£1.5 billion), payments to providers of capital (£2.2 billion) and community investment (£21 million). Tax paid contains all cash tax paid by the company excluding £1.1 billion of VAT.</p> <p>Omissions: we do not currently break down direct economic value by local market.</p> <p>1. Data is presented on a cash basis.</p>
<p>201-02</p> <p>Financial implications and other risks and opportunities due to climate change</p> <p>●</p>	<p>A variety of trends associated with climate change affect our business, in particular the risk of water stress. This is explained in more detail in the Responding to climate-related risks section of our Annual Report, pages 50-55, which has been updated this year to further align with the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations.</p> <p>As of last year, we have highlighted climate-related risk as one of our principal risks: sustainability and responsibility. Please see pages 50-55 of our Annual Report for more information.</p> <p>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. In 2021, we completed a comprehensive assessment of physical and transition climate risks in countries representing a significant share of our production, and use climate scenarios to help us develop detailed mitigation and adaptation plans. This work is overseen by our Climate Risk Steering Group. We have also updated our global water risk assessment of our own operations.</p> <p>Total environmental protection expenditure was approximately £22 million, which was spent on water conservation projects in Kenya and Nigeria and continuous improvement and energy efficiency initiatives elsewhere.</p>
<p>201-03</p> <p>Defined benefit plan obligations and other retirement plans</p> <p>◐</p>	<p>Diageo operates a number of pension plans throughout the world, devised in accordance with 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, which provide employees' post-employment medical costs. Where required, we have deficit funding arrangements in place for our defined benefit plans.</p> <p>For full details, see Note 13 to the Financial statements in the Annual Report, pages 164-167.</p> <p>Omissions: we do not disclose the number of employees included in the schemes or the percentage of salary contributed by employer and employee as this information is not readily available with the exception of our larger markets including the United Kingdom, Republic of Ireland and North America.</p>

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

Disclosure	Our response
201-04  Financial assistance received from government	Diageo is a publicly-listed company and is 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 page 154 and page 162 respectively. Diageo did not access any Covid-19 related government financial support this year. Omissions: 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
Diageo operates as a market-based business and has a presence in over 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, page 62-71. 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 key performance indicators.	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 the development of our overall strategy, described in our Annual Report. It is routinely reported to the Executive Committee and the Board.

Disclosure	Our response
202-01  Ratios of standard entry level wage by gender compared to local minimum wage	Omissions: Diageo complies with all local legislation in relation to minimum wages in all countries in which it operates. However, we do not currently collect data in relation to this indicator at a global level.
202-02  Proportion of senior management hired from the local community	The global nature of our business encourages diversity in leadership and we believe in supporting local communities. We estimate that 90% of our senior leaders come from the market in which they work. Our leadership and talent programmes are structured to promote a balanced intake by gender and across markets.

Topic-specific standards

GRI 200: ECONOMIC continued

INDIRECT ECONOMIC IMPACTS

<p>103-02</p> <p>Our management approach to indirect economic impacts</p> <p>As a global business operating in numerous locations, Diageo has many indirect economic impacts on the communities in which we operate.</p> <p>Our Society 2030: Spirit of Progress strategy has been developed to address all our most material issues, including to support sustainable social and economic growth in the communities in which we operate. 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.</p> <p>Please see more information about our strategy and indirect economic impacts within the Our strategic priorities section of our Annual Report on pages 23-35.</p> <p>Please see GRI 413-01 and the Reporting boundaries and methodologies section on pages 85-100 for more information about how we monitor and evaluate the impact of our programmes.</p>	<p>103-03</p> <p>Evaluation of the management approach</p> <p>Indirect economic impacts are reviewed as part of strategy development and risk management and are reported to the Executive Committee and the Board.</p>
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Disclosure	Our response
<p>203-01</p> <p>Infrastructure investments and services supported</p>	<p>Details of the water-related infrastructure and services that we support 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 and those where we source our local raw materials.</p> <p>More information about the infrastructure and services that we support can be found in the Our strategic priorities sections of the Annual Report, pages 23-35 and in the Reporting boundaries and methodologies section of this ESG Reporting Index, pages 85-100.</p>

Topic-specific standards

GRI 200: ECONOMIC continued

INDIRECT ECONOMIC IMPACTS

Disclosure	Our response																																
203-02  Significant indirect economic impacts	<p>Diageo has a diverse array of indirect economic impacts associated with our business relationships and community investment projects. This year, we invested £21 million or 1% of operating profit in programmes to support the communities where we live, work, source and sell.</p> <p>Community investment by focus area:</p> <table border="1"> <thead> <tr> <th>Focus area</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Promote positive drinking</td> <td>36</td> </tr> <tr> <td>Includes community aspects of our positive drinking programmes and is a sub-section of the total responsible drinking budget.</td> <td></td> </tr> <tr> <td>Champion inclusion and diversity</td> <td>12</td> </tr> <tr> <td>Includes business and hospitality skills training programmes.</td> <td></td> </tr> <tr> <td>Grain-to-glass sustainability</td> <td>6</td> </tr> <tr> <td>Includes water sanitation and hygiene (WASH) programmes.</td> <td></td> </tr> <tr> <td>Local and brand-led community investment</td> <td>46</td> </tr> <tr> <td>Includes Covid-19 community support and other community charitable donations.</td> <td></td> </tr> </tbody> </table> <p>Community investment by region</p> <table border="1"> <thead> <tr> <th>Region</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>AFRICA</td> <td>11</td> </tr> <tr> <td>APAC</td> <td>9</td> </tr> <tr> <td>EUROPE</td> <td>19</td> </tr> <tr> <td>INDIA</td> <td>8</td> </tr> <tr> <td>LAC</td> <td>6</td> </tr> <tr> <td>NAM</td> <td>47</td> </tr> </tbody> </table> <p>Last year, we also made a \$100 million commitment to support the recovery of the hospitality sector around the world, namely our Raising the Bar initiative, and we recently pledged £4.5 million to provide infrastructure and equipment in support of India's Covid-19 response. Please see pages 11 of our Annual Report for more information on these two initiatives.</p> <p>Details on the impact of our community investment this year and how we contribute to local economic development can be found in the Sustainability performance section of our Annual Report, pages 38-44, and our website.</p>	Focus area	%	Promote positive drinking	36	Includes community aspects of our positive drinking programmes and is a sub-section of the total responsible drinking budget.		Champion inclusion and diversity	12	Includes business and hospitality skills training programmes.		Grain-to-glass sustainability	6	Includes water sanitation and hygiene (WASH) programmes.		Local and brand-led community investment	46	Includes Covid-19 community support and other community charitable donations.		Region	%	AFRICA	11	APAC	9	EUROPE	19	INDIA	8	LAC	6	NAM	47
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Topic-specific standards

GRI 200: ECONOMIC continued

PROCUREMENT PRACTICES

Disclosure	Our response
<p>103-02 ● Our management approach to procurement practices</p> <p>We select our suppliers based on their ability to effectively deliver our needs in terms of service, material and timing as set out in our Partnering with Suppliers Standard.</p> <p>Suppliers are also evaluated against various risk processes such as business continuity and financial risks including 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.</p> <p>Ongoing performance against contract and service levels is reviewed by Procurement teams, while adherence to specific requirements on issues such as labour and human rights is addressed as described from GRI 406-01 to GRI 412-03.</p> <p>This year, as part of our Society 2030: Spirit of Progress strategy, we set targets around building supplier diversity. More information about our supplier diversity activities can be found on pages 39 of our Annual Report.</p>	<p>103-03 ● Evaluation of the management approach</p> <p>Procurement practices are reviewed by Internal Audit and by the Business Integrity team. The audit leads to a report for functional management and relevant Executive Committee members and includes remedial actions and recommendations.</p>
<p>204-01 ● Proportion of spending on local suppliers</p>	<p>We estimate that more than 90% of our raw material volume is dedicated to 'in-country' suppliers for our sites in the following locations: India, Ireland, United Kingdom, USA, Mexico and Turkey. For our sites in Africa, 80% of agricultural raw material volume used in our operations came from suppliers based in the continent during 2021.</p>

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

Disclosure	Our response
103-02	<p>Our management approach to anti-corruption</p> <p>We have an internal Anti-Corruption Global Policy, and its core principles are included in our Code of Business Conduct (our Code). This is applied to all operations and personnel, with routine training undertaken throughout the business, as well as specialised training for specific employee groups in high risk locations and functions. Adherence to the policy is driven through global and local management within routine business operations and reviewed during assessments carried out by independent internal assessors.</p>
103-03	<p>Evaluation of the management approach</p> <p>Our Business Integrity team monitors compliance with our Code of Business Conduct, 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 as well as recommended improvements.</p> <p>The Business Integrity team checks that all necessary personnel have completed their Code training, and reports results to the Executive Committee and the Board.</p>
205-01	<p>Operations assessed for risks related to corruption</p> <p>Each of our markets is required to carry out a legal compliance risk assessment annually, including consideration of 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.</p>
205-02	<p>Communication and training about anti-corruption policies and procedures</p> <p>Everyone who joins the business has to complete training on 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.</p> <p>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 2020, in line with our external risk landscape.</p>
205-03	<p>Confirmed incidents of corruption and actions taken</p> <p>Public legal cases are reported in Note 18 to the Financial statements of the Annual Report pages 182-186.</p> <p>Omissions: any non-public incidents are not reported.</p>

ANTI-COMPETITIVE BEHAVIOUR

Disclosure	Our response
103-02	<p>Our management approach to anti-competitive behaviour</p> <p>We have an internal competition and anti-trust policy, which is included in our Code of Business Conduct and in our Code training programme. We monitor adherence through review of emerging issues, outcomes from SpeakUp, and routine assessment of all business functions through our internal independent reviews.</p>
103-03	<p>Evaluation of the management approach</p> <p>Our Business Integrity team monitors compliance with our Code of Business Conduct, which includes our internal competition and anti-trust principles.</p> <p>More information on how we evaluate our approach to compliance issues, including anti-competitive behaviour, can be found in GRI 103-03 Anti-corruption, above.</p>
206-01	<p>Legal actions for anti-competitive behaviour, anti-trust and monopoly practices</p> <p>Each of our markets is required to carry out a legal compliance risk assessment annually, including consideration of human rights, bribery and corruption, and to develop mitigation plans for their most significant risks.</p> <p>Omissions: we disclose details of such matters to the extent that it is required as part of our contingent liability disclosure, but this will not include details of all ongoing regulatory investigations or sanctions.</p>

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

<p>103-02</p> <p>Our management approach to tax</p> <p>Diageo pays tax in accordance with all relevant laws and regulations in the countries where we do business.</p> <p>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.</p> <p>Our approach to tax, including our commitments, core principles and governance mechanisms are described in detail in our publicly available global Tax Policy.</p>	<p>103-03</p> <p>Evaluation of the management approach to tax</p> <p>The Board of Directors approves the group's Tax Policy and tax strategy, and monitors compliance annually via the Audit Committee, and, as appropriate, on an ad hoc basis. It delegates authority to execute against this policy framework to the Group CEO, who sub-delegates this authority to the Finance Committee.</p> <p>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. This Committee reviews any relevant developments on issues covered by our policy three times a year, and, as appropriate, on an ad hoc basis.</p> <p>For more information about our tax governance and evaluation of our approach, please see page 5 of our Tax Policy.</p>
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Disclosure	Our response
<p>207-01</p> <p>Approach to tax</p>	<p>Information about our tax strategy, approach to regulatory compliance and how our approach to tax links to our business strategy can be found in our Tax Policy, pages 3-5.</p>
<p>207-02</p> <p>Tax governance, control, and risk</p>	<p>Information about our tax governance, risk management and compliance, can be found in our Tax Policy, pages 3-5. A description of the mechanisms for reporting concerns about unethical or unlawful behaviour and the organisation's integrity in relation to tax can also be found on page 5 of the policy, in our Code of Business Conduct and within GRI 102-17.</p> <p>A description of our assurance process can be found in GRI 102-56.</p>
<p>207-03</p> <p>Stakeholders engagement and management of concerns related to tax</p>	<p>A description of our approach to engagement with tax authorities, public policy advocacy on tax (please also see GRI 415-01) and our process for collecting and considering the views and concerns of stakeholders, including external stakeholders, can be found in our Tax Policy.</p>
<p>207-04</p> <p>Country-by-country reporting</p>	<p>Omissions: breakdown of corporate tax information by jurisdiction is not included. In line with OECD guidelines, Diageo submits, annually, a country-by-country report for the Group to the UK tax authorities. The UK tax authorities share Diageo's information with other jurisdictions' tax authorities, where these authorities have agreed to the OECD's guidelines.</p> <p>We continue to review our position and will make changes in due course.</p> <p>We are engaging constructively to support measures to put the taxation of international companies on a clear, fair and consistent basis.</p>

Topic-specific standards

GRI 300: ENVIRONMENTAL

GRIEVANCE MECHANISMS

103-02	Our management approach to environmental grievance mechanisms	103-03	Evaluation of the management approach
●	<p>Our SpeakUp helpline and website act as a conduit for all grievances, including those to do with environmental issues. They can be accessed by employees, those in our value chain and any interested stakeholders. Grievances are investigated independently and, where necessary, anonymised to protect those raising the issue. Employees can also report issues to line managers, the Legal team, the Human Resources team or Business Integrity managers.</p> <p>Environmental grievances are reviewed in-market by the relevant functions and escalated as required to the 2030 Grain-to-Glass Strategic Business Review (SBR) team, which meets quarterly. Mitigation activities are developed as appropriate.</p> <p>During the reporting year, 38 grievances about environmental impacts were filed. All were addressed, with seven being resolved through formal grievance mechanisms. One grievance about environmental impacts, filed last year, was resolved this year.</p>	●	<p>Our Environmental teams in each market review grievances to consider whether mitigation has been effective and whether grievances have been addressed.</p> <p>Effectiveness of approach is monitored by:</p> <ol style="list-style-type: none"> 1) Drawing on internal and/or independent external expertise 2) Conducting meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation 3) Reviewing internal and external audit schedules 4) Drawing on feedback from both internal and external sources, including affected stakeholders.

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

103-02 Our management approach to materials

For information on our management approach to materials, please see the Society 2030 section of our [website](#), under Become sustainable by design and Responsible sourcing.

For information about our Society 2030 targets relating to packaging and raw materials, please see the Sustainability performance section of our Annual Report on pages 38-44 and the Pioneer grain-to-glass sustainability section on pages 34-35.

Our materials can largely be categorised as packaging and agricultural raw materials. Our general approach is for our Supply and Procurement teams to evaluate and review our processes and materials to ensure they are efficient and cost-effective.

Packaging

Our Become sustainable by design targets include commitments to continue light-weighting our packaging, to further reduce our carbon footprint and to increase recycled content and recyclability across all formats, with particular emphasis on plastics.

This year we have continued to develop and improve the recycling sectors in key markets to improve end-of-life recycling for our packaging and to return these materials back to our suppliers to progress towards circularity. We continue to reuse returned glass bottles in parts of our business and research how we can expand reuse in other markets. Almost 100% of our paper and board is FSC/PEFC approved.

Additionally, this year, we 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 and from grain to glass.

Please see our Sustainable Packaging Commitments for more information on how we manage our use of packaging materials.

Agricultural raw materials

Our vision is to make our agricultural supply chains economically, socially and environmentally sustainable.

Our [Sustainable Agriculture Guidelines](#) set out how we have adopted the [Sustainable Agriculture Initiative's](#) (SAI) Farm Sustainability Assessment (FSA) tool to assess sustainability within our agricultural supply chain and drive improvements.

We are also an active member of a Regenerative Agriculture working group, working with other SAI members to align and agree on the core principles and indicators of regenerative agriculture, to ensure farmers are not over-burdened by competing company standards and can focus on continuous improvement and verifiable outcomes.

Please see our [Sustainable Agriculture Guidelines](#) for more information on how we manage agricultural supply chains and raw materials.

We remain committed to local raw materials (LRM) sourcing across our African markets and other regions where smallholders form part of our supply chain. This LRM sourcing approach includes provision of skills training, access to farming inputs and credit and other support and 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 on a quarterly basis. 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 Working Group.

Packaging

Covid-19 has challenged the availability of post-consumer recycled material as communities have slowed or halted collection in many markets. Despite this challenge, we remain focused on our goals to continue to improve our recycled content across all packaging, with particular focus on plastics.

Agricultural raw materials

To support our new 2030 targets, we are building on our existing sustainable agriculture strategy and being more specific about the farming practices and principles that deliver regenerative outcomes for soils and biodiversity and improve carbon sequestration capacity and farmer livelihoods.

As with our adoption of the FSA, we are working collaboratively with other SAI Platform members to ensure industry alignment in what this means for our suppliers and farmers. A new Society 2030: Spirit of Progress Supplier Toolkit has been created and made available to all suppliers through our Supply Service Hub which includes guidance on our ambition with respect to regenerative agriculture.

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 1.68 million tonnes of agricultural raw materials such as barley, wheat and maize, and approximately 1.42 million tonnes of packaging.																																										
		Global raw materials¹ by volume (Total – 1.68 million tonnes)																																										
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		<p>1. Figures represent raw materials we buy directly, and exclude raw materials used to make the neutral spirit we purchase.</p> <p>2. Includes malted barley.</p>																																										
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Topic-specific standards

GRI 300: ENVIRONMENTAL continued

MATERIALS continued

Disclosure		Our response																																																
301-02	Recycled input materials used	This year, 42.8% of the materials used in our packaging were recycled input materials. When returnable glass is included, our overall recycled content is 45.3%.																																																
301-03	Reclaimed products and their packaging materials	<p>Recovery rates and recycling rates for primary packaging categories¹</p> <table border="1"> <thead> <tr> <th>Market</th> <th>Recovery rate¹</th> <th>Recycling rates</th> </tr> </thead> <tbody> <tr> <td>Germany</td> <td>96.9 %</td> <td>68.5%</td> </tr> <tr> <td>Republic of Ireland</td> <td>90.9%</td> <td>63.9%</td> </tr> <tr> <td>Italy</td> <td>77.6%</td> <td>68.3%</td> </tr> <tr> <td>Great Britain</td> <td>68.2%</td> <td>62.1%</td> </tr> <tr> <td>Spain</td> <td>74.5%</td> <td>68.8%</td> </tr> <tr> <td>Greece</td> <td>71.6%</td> <td>68.6%</td> </tr> <tr> <td>Brazil</td> <td>No published data</td> <td>No published data</td> </tr> <tr> <td>Australia</td> <td>68%</td> <td>56%</td> </tr> <tr> <td>North America</td> <td>No published data</td> <td>50.1%</td> </tr> <tr> <td>South Africa</td> <td>No published data</td> <td>47%</td> </tr> <tr> <td>Venezuela</td> <td>No published data</td> <td>No published data</td> </tr> <tr> <td>Kenya</td> <td>No published data</td> <td>No published data</td> </tr> <tr> <td>Nigeria</td> <td>No published data</td> <td>No published data</td> </tr> <tr> <td>South Korea</td> <td>No published data</td> <td>58%</td> </tr> <tr> <td>Singapore</td> <td>No published data</td> <td>61%</td> </tr> </tbody> </table>	Market	Recovery rate ¹	Recycling rates	Germany	96.9 %	68.5%	Republic of Ireland	90.9%	63.9%	Italy	77.6%	68.3%	Great Britain	68.2%	62.1%	Spain	74.5%	68.8%	Greece	71.6%	68.6%	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%
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1. Primary packaging categories include glass, aluminium, paper and board.

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

ENERGY

103-02	Our management approach to energy	103-03	Evaluation of the management approach
●	<p>Please see our Pioneer grain-to-glass sustainability and Climate-related risk sections of our Annual Report, pages 34-35 and 50-55 respectively and our Environment Policy which outline our approach to energy.</p> <p>Our Society 2030: Spirit of Progress strategy has a target for 100% renewable energy use by 2030; please see page 40 of our Annual Report for more details about our performance to date.</p> <p>Our approach is based on four main activities:</p> <p>1. Improving energy efficiency in our operations Improving energy efficiency in our operations reduces carbon emissions, cuts energy bills and reduces our exposure to energy risks. Measures include improving insulation on cookers and stills, installing variable speed drives and low-energy lighting systems, and improving air condensers and boilers.</p> <p>2. Generating renewable energy at our sites Alcohol production creates a number of by-products which can be used as sources of renewable energy. We are investing in the bioenergy potential of our distilleries and breweries.</p> <p>3. Sourcing renewable or low-carbon energy Renewable and low-carbon energy from bioenergy, nuclear, wind, solar and hydro-electric sources can contribute significantly to reducing emissions. We are committed to procuring 100% of our electricity from renewable sources by 2030.</p> <p>4. Partnering to reduce carbon in our supply chain Supporting and encouraging our key suppliers to measure, manage and report their carbon emissions is essential to reducing our overall greenhouse gas emissions. In addition, we are committed to ensuring that all our new refrigeration equipment in-trade is free from hydrofluorocarbons (HFCs).</p>	●	<p>Our performance against our Society 2030: Spirit of Progress targets, including those focused on energy and carbon, is reported on a quarterly basis. Performance is reviewed at market, regional and global level by stakeholders through the business, including at the 2030 Grain-to-Glass Strategic Business Reviews (SBR) team, which meet quarterly.</p> <p>More broadly, we are taking steps to better understand the direct and indirect impacts of climate change and as part of this, we continuously evaluate our energy approach.</p> <p>Please see more information in GRI 201-02 and our Climate-related risk section of our Annual Report on pages 50-55.</p> <p>Please see our Reporting boundaries and methodologies on pages 85-100 for more information on how we measure and report on our energy-related targets.</p>

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

ENERGY continued

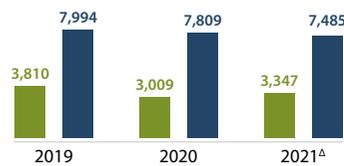
Disclosure

Our response

302-01

**Energy consumption within the organisation**

We report renewable and non-renewable direct energy consumption for the last three years, with our new baseline year being 2020.

Renewable and non-renewable direct energy consumption (TJ)^{1,2}

● Renewable energy source
● Non-renewable energy source

1. Direct energy consumption refers to energy sources that are owned or controlled by the company and generate Scope 1 emissions as defined by the WRI/WBCSD Greenhouse Gas Reporting Protocol.
 2. 2020 baseline data, and data for the period ended 30 June 2019, has been restated in accordance with the WRI/WBCSD Greenhouse Gas Reporting Protocol and Diageo's environmental reporting methodologies.
- △ Total direct energy, renewable and non-renewable, (TJ) is within PwC's independent assurance scope; see [pages 101-102](#) of this report.

Indirect (grid electricity) accounted for 13.96% of total energy consumption.

Omissions: the breakdown of energy consumption by heating, cooling and steam is not included here as currently this level of detail is unavailable due to the inherent complexity of heat recovery systems.

302-02

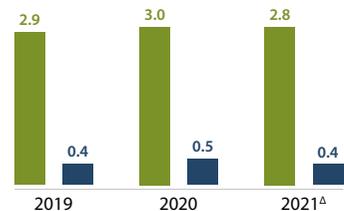
**Energy consumption outside of the organisation**

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 of Diageo's direct use. This year total energy consumption outside the organisation is determined to be 28,749,200 gigajoules, (GJ). Packaging materials account for 14 million GJ, raw materials account for 7.2 million GJ, transport and distribution account for 7,874 GJ, and chilling and refrigeration equipment account for 207,779 GJ.

302-03

**Energy intensity**

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

Direct and indirect energy efficiency (MJ/litre packaged)^{1,2,3}

● Direct ● Indirect

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 2019, has been restated in accordance with the WRI/WBCSD Greenhouse Gas Reporting Protocol and Diageo's environmental reporting methodologies.
 3. Energy included was used for fuel, electricity, heating, cooling and steam.
- △ Total energy efficiency, direct and indirect, (MJ/litre packaged), is within PwC's independent limited assurance scope, see [pages 101-102](#) of this report.

302-04

**Reduction of energy consumption**

This year energy consumption from fuel, electricity, heating, cooling and steam increased by 1.2% compared with 2020. Significantly higher distilled and packaged volumes were the main drivers. We have ongoing energy efficiency initiatives to de-couple and minimise impact of production volume increases from energy consumption.

Reporting boundaries and methodologies can be found on [pages 85-100](#) 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 as GHG emissions from this energy use do not meet the relevancy criteria stipulated by the WRI Scope 3 Reporting Standard. Specifically: they do not contribute significantly to Diageo's overall Scope 3 footprint, nor do they contribute to Diageo's 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

103-02	Our management approach to water	103-03	Evaluation of the management approach
●	<p>As part of our Society 2030 strategy, our priority to preserve water for life defines our strategic approach to water stewardship. This strategy is made up of four key pillars:</p> <ol style="list-style-type: none"> 1. Water in our operations 2. Water in our supply chain 3. Water in our communities 4. Water advocacy <p>For more information on each pillar, please see the Society 2030 section of our website, under Preserve water for life.</p> <p>To deliver our strategy we have set four key water targets to be achieved by 2030, against a 2020 baseline. Please see page 39 of our Annual Report for details of our water targets and our performance against them this year.</p> <p>Diageo's strategy builds on the holistic, context-based approach of the past decade, recognising the multiple inter-dependencies and inter-linkages between our use of water and our impact on communities, supply chains and the environment. It's a 'grain-to-glass' approach which supports farmers (especially smallholders), improves water use in operations, replenishes water in water-stressed basins, provides clean water to our communities, and strongly advocates for more collective action to build a better water world for everyone.</p> <p>Partnership, collective action, and collaboration are at the heart of our strategy and key to us achieving our ambition to help deliver SDG 6 – Clean Water and Sanitation for All.</p> <p>For more details see the Pioneer grain-to-glass sustainability section of our Annual Report, pages 34-35, and our Environment Policy.</p>	●	<p>Delivery of our Preserve water for life strategy and our four targets is managed by various functions within the business including Supply, Procurement and Corporate Relations teams.</p> <p>Performance against our Society 2030: Spirit of Progress targets is assessed on a quarterly basis, at a market, regional and global level. Performance is reviewed by market General Managers, functional leadership teams and at our quarterly 2030 Grain-to-Glass Strategic Business Reviews (SBR) meetings. This regular assessment of performance against our targets enables us to manage programme risks and opportunities and ensures that we have the right level of resources to deliver on our commitments.</p> <p>Please see our Reporting boundaries and methodologies on pages 85-100 for more information on how we measure and report on our water-related targets.</p>

Disclosure	Our response
●	<p>As a beverage company, water is an essential ingredient in all Diageo 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.</p> <p>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. We conduct ongoing water assessments for brands and suppliers and undertake assessments every three years in our own sites. We use a range of tools, including lifecycle analysis, environmental foot printing, the World Resource Institute Aqueduct tool and our internal risk assessment process.</p> <p>Please see more information on 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.</p> <p>Omissions: assessment of catchments where Diageo may cause significant water-related impacts.</p>

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 continued

Disclosure	Our response		
303-02	Management of water discharge-related impacts	Diageo aims to return all wastewater from operations to the environment safely. Our internal voluntary standard sets stringent criteria for wastewater discharge which ensure we meet or exceed local and national regulations and return our wastewater in a state as close to nature as possible and 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 in development.	
303-03	Water withdrawal		
	Water withdrawal by source		
	Surface water	All areas	Areas with water stress
	– Freshwater	1,761 ^Δ ML	1,104 ML
	– Other water	1,761 ML	1,104 ML
	Ground water	0 ML	0 ML
	– Freshwater	6,996 ^Δ ML	2,117 ML
	– Other water	6,996 ML	2,117 ML
	Seawater	0 ML	0 ML
	Produced water	0 ML	0 ML
	Third-party water	8,034 ^Δ ML	2,964 ML
	– Freshwater	8,034 ML	2,964 ML
	– Other water	0 ML	0 ML
	Total third-party water withdrawal by withdrawal source	Surface water	8,034 ML
		Ground water	0 ML
		Seawater	0 ML
		Produced water	0 ML
	Total water withdrawal	Surface water (total) + Ground water (total) + Seawater (total) + Produced water (total) + Third-party water (total)	16,791 ML
			6,185 ML

Δ Within PwC's independent limited assurance scope; see pages 101-102 of this document.

Please refer to Reporting boundaries and methodologies on pages 85-100 of this report for more information on how data has been compiled such as standards, methodologies and assumptions used.

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

WATER continued

Disclosure	Our response		All areas	Areas with water stress
303-04	Water discharge			
	Water discharge	Surface water	2,824 ML	1,398 ML
		Ground water	655 ML	104 ML
		Seawater	3,033 ML	0 ML
		Third-party water (total)	5,827 ML	2,033 ML
		Third-party water sent for use to other organisations	0 ML	0 ML
	Total water discharge	Surface water + Ground water + Third-party water (total)	12,339 ML	3,535 ML
	Water discharge by freshwater and other water	Fresh water	0 ML	0 ML
		Other water	0 ML	0 ML
		Please refer to GRI 306-01 for information on wastewater polluting power by region, by year (BOD/tonnes). Please refer to Reporting boundaries and methodologies on pages 85-100 of this report for more information on how data has been compiled such as standards, methodologies and assumptions used.		
303-05	Water consumption			
	Water consumption	Total water consumption	4,452 ML	2,650 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 85-100 of this document for more information on how data has been compiled such as standards, methodologies and assumptions used.		

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 support a wide range of plant and animal species and 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. Additionally, we carry out biodiversity impact assessments for new builds and sites in sensitive locations.

Please see our Biodiversity section of our [website](#) for more information on how we manage biodiversity around our distilleries, breweries and other sites.

103-03

Evaluation of the management approach

We have identified 35 operational sites, and other land we own, near or adjacent to areas designated as having biodiversity value by the United Nations or national conservation lists. These have a relatively small total area of approximately 8.5km² and are listed under GRI 304-01.

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 accordance with our licence conditions and 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	Position in relation to area of high biodiversity value				Biodiversity value attribute
			Inside	Adjacent	Near	Close	
Victoria, Seychelles	Brewing	C.I. Biodiversity Hotspot	●				Terrestrial, freshwater, marine ecosystem
		IUCN Category I-VI, Alliance for Zero Extinction, Key Biodiversity Area		●			
		Ramsar			●		
Cragganmore, Scotland	Distilling	IUCN Category I-IV, Natura 2000	●				Terrestrial, freshwater
		Key Biodiversity Area		●			
		IUCN Category V-VI			●		
Dalwhinnie, Scotland	Distilling	IUCN Category V-VI	●				Terrestrial, freshwater
		IUCN Category I-IV, Natura 2000		●			
		Key Biodiversity Area			●		
		Ramsar				●	
Lochnagar, Scotland	Distilling	IUCN Category V-VI	●				Terrestrial, freshwater
		IUCN Category I-IV, Natura 2000,		●			
		Key Biodiversity Area					

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 continued		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas continued					
		See table below (continued).					
Site	Type of operation	Protected status of area	Position in relation to area of high biodiversity value				Biodiversity value attribute
			Inside	Adjacent	Near	Close	
Quetzaltenango, Guatemala	Packaging	C.I. Biodiversity Hotspot	●				Terrestrial, freshwater
		Key Biodiversity Area, Alliance for Zero Extinction		●			
		IUCN Category I-IV, IUCN Category V-VI			●		
Gazimagusa, Cyprus	Packaging	C.I. Biodiversity Hotspot	●				Terrestrial, freshwater, marine ecosystem
		Key Biodiversity Area, Natura 2000		●			
Dailuaine, Scotland	Distilling	IUCN Category I-IV, Natura 2000	●				Terrestrial, freshwater
		IUCN Category I-IV, IUCN Category V-VI		●			
Dufftown, Scotland	Distilling	Natura 2000	●				Terrestrial, freshwater
		Key Biodiversity Area		●			
		IUCN Category I-IV, IUCN Category V-VI			●		
Dar es Salaam, Tanzania	Brewing	Key Biodiversity Area, Natura 2000, Ramsar		●			Terrestrial, freshwater
		IUCN Category I-IV			●		
		IUCN Category V-VI				●	
Meta Abo, Ethiopia	Brewing	C.I. Biodiversity Hotspot	●				Terrestrial, freshwater
		IUCN Category V-VI		●			
		Key Biodiversity Area			●		
		IUCN Category I-IV				●	
Benin, Nigeria	Brewing	IUCN Category V-VI, Key Biodiversity Area	●				Terrestrial, freshwater
Nairobi, Kenya	Malting	C.I. Biodiversity Hotspot	●				Terrestrial, freshwater
		IUCN Category I-IV, IUCN Category V-VI, Key Biodiversity Area			●		
Ponda, Goa, India	Distilling	IUCN Category I-IV, IUCN Category V-VI	●				Terrestrial, freshwater
		Key Biodiversity Area, Alliance for Zero Extinction, C.I. Biodiversity Hotspot			●		

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 continued		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas continued					
		See table below (continued).					
Site	Type of operation	Protected status of area	Position in relation to area of high biodiversity value				Biodiversity value attribute
			Inside	Adjacent	Near	Close	
St Croix, USVI	Distilling	C.I. Biodiversity Hotspot	●				Terrestrial, freshwater
		Key Biodiversity Hotspot, Alliance for Zero Extinction			●		
		IUCN Category I-IV, IUCN Category V-VI				●	
Moshi, Tanzania	Brewing	Key Biodiversity Area, C.I. Biodiversity Hotspot		●			Terrestrial, freshwater
		IUCN Category V-VI			●		
		IUCN Category I-IV, World Heritage Site				●	
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	Ramsar, IUCN Category I-IV, Natura 2000, Key Biodiversity Area			●		Terrestrial, freshwater
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	Warehousing	IUCN Category I-IV, Natura 2000, Key Biodiversity Area			●		Terrestrial, freshwater
		IUCN Category V-VI				●	
Broxburn, Scotland	Distilling	Ramsar, Natura 2000, IUCN Category I-IV, Key Biodiversity Area				●	Terrestrial, freshwater
Burghead, Scotland	Malting	IUCN Category I-IV; Natura 2000		●			Terrestrial, freshwater
		IUCN Category V-VI, Key Biodiversity Area				●	
Cambus, Scotland	Warehousing	Ramsar, IUCN Category I-IV, Natura 2000, Key Biodiversity Area		●			Terrestrial, freshwater
		IUCN Category V-VI, Key Biodiversity Area				●	
Cardhu, Scotland	Distilling	IUCN I-IV, Natura 2000			●		Terrestrial, freshwater
		Key Biodiversity Area				●	

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 continued	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas continued						
			Position in relation to area of high biodiversity value				
Site	Type of operation	Protected status of area	Inside	Adjacent	Near	Close	Biodiversity value attribute
Carsebridge, Scotland	Warehousing	Ramsar, IUCN Category I-IV, IUCN Category V-VI, Natura 2000, Key Biodiversity Area			●		Terrestrial, freshwater
Glen Ord, Scotland	Distilling	Ramsar, IUCN Category I-IV, Natura 2000, Key Biodiversity Area			●		Terrestrial, freshwater
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
		IUCN Category V-VI				●	
Knockando, Scotland	Distilling	IUCN Category I-IV; Natura 2000		●			Terrestrial, freshwater
Menstrie, Scotland	Warehousing	IUCN Category I-IV		●			Terrestrial, freshwater
		Ramsar, Natura 2000, Key Biodiversity Area				●	
Mortlach, Scotland	Distilling	Natura 2000		●			Terrestrial, freshwater
		IUCN Category I-IV, Key Biodiversity Area				●	
Mwanza, Tanzania	Brewing	IUCN Category I-IV, Key Biodiversity Area		●			Terrestrial, freshwater
		IUCN Category V-VI				●	
Shieldhall, Scotland	Bottling	Ramsar, IUCN Category I-IV, IUCN Category V-VI, Natura 2000, Key Biodiversity Area				●	Terrestrial, freshwater
Teainich, Scotland	Distilling	Ramsar, IUCN Category I-IV, Natura 2000, Key Biodiversity Area			●		Terrestrial, freshwater
Kampala, Uganda	Brewing	Ramsar		●			Freshwater

Please see more information on how we report on biodiversity including definitions, scope and data preparations in the Reporting boundaries and methodologies section on [pages 85-100](#).

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: impact of products.
304-03 	Habitats protected or restored	This year, we have carried out initiatives in various locations to protect habitats. In India, we initiated planting of 75,000 trees near Dharmabad village in the Nanded District of Maharashtra and in Ethiopia we planted a further 25,000 trees in the local Sebeta community. In Scotland we ran successful projects to improve habitat restoration and peatland preservation. In addition, Johnnie Walker announced its commitment to plant one million trees across the four corners of Scotland – supporting the establishment of 389,000 trees in 2021. Diageo employees around the world took part in volunteer-led environment-related activities, such as tree planting, establishing community gardens and community clean ups in support of the United Nations World Water Day on 22 March and World Environment Day on 5 June 2021. Omissions: total size and location of all habitats restored/protected; methodologies and assumptions.
304-04 	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Critically endangered: 1 Endangered: 3 Vulnerable: 3 Near threatened: 3 Least concern: 11 See table at GRI 304-01 for 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

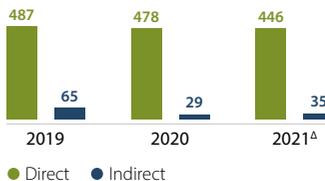
 Not considered material to our business at this time

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

EMISSIONS

<p>103-02 Our management approach to emissions</p> <p>Please see our Pioneer grain-to-glass sustainability and Responding to climate-related risks sections of our Annual Report, pages 34-35 and 50-55 respectively, and our Environment Policy which outline our approach to emissions.</p> <p>As part of our Society 2030: Spirit of Progress strategy, we have two targets around carbon emissions. Please see page 40 of our Annual Report for information on our performance against our emissions targets.</p> <p>Distillation and brewing can generate emissions that have an impact on the environment. We comply with all local laws and regulations regarding air emissions.</p> <p>We are committed to ensuring that all our new refrigeration equipment in-trade is free from hydrofluorocarbons (HFCs).</p> <p>A few of our sites have nitrogen oxides (NO_x) and sulphur oxides (SO_x) air emissions associated with the roasting and kilning of cereals. These emissions are measured but are minimal in the context of our overall total NO_x/SO_x levels, which remain low compared with background NO_x and SO_x data. We are committed to measuring and reducing emissions under the We Mean Business initiative to reduce Short-Lived Climate Pollutants.</p>	<p>103-03 Evaluation of the management approach</p> <p>Please see GRI 103-03 on page 34 for more information on how we evaluate our approach towards energy and emissions.</p>
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Disclosure	Our response												
<p>305-01 and 305-02 Direct (Scope 1) and indirect (Scope 2) GHG emissions</p>	<p>Diageo's total direct and indirect carbon emissions, (location/gross) this year were 691,999^a tonnes, comprising direct emissions (Scope 1) of 549,469 tonnes and indirect emissions (Scope 2) of 142,530 tonnes.</p> <p>Direct and indirect GHG emissions (market-based) ('000 tonnes CO₂e)^{1,2}</p>  <table border="1"> <caption>Direct and indirect GHG emissions (market-based) ('000 tonnes CO₂e)</caption> <thead> <tr> <th>Year</th> <th>Direct</th> <th>Indirect</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>487</td> <td>65</td> </tr> <tr> <td>2020</td> <td>478</td> <td>29</td> </tr> <tr> <td>2021^A</td> <td>446</td> <td>35</td> </tr> </tbody> </table> <p>● Direct ● Indirect</p> <p>1. CO₂e figures are calculated using the WRI/WBCSD GHG Protocol Guidance available at the beginning of our financial year; the kWh/CO₂ conversion factor provided by energy suppliers; the relevant factors to the country of operation; or the International Energy Agency, as applicable.</p> <p>2. 2020 baseline data, and data for the period ended 30 June 2019, has been restated in accordance with the WRI/WBCSD Greenhouse Gas Reporting Protocol and Diageo's environmental reporting methodologies.</p> <p>△ Total GHG emissions, direct and indirect, ('000 tonnes CO₂e), is within PwC's independent limited assurance scope; see pages 101-102.</p> <p>For reporting methodologies, please see pages 85-100 of this ESG Reporting Index.</p>	Year	Direct	Indirect	2019	487	65	2020	478	29	2021 ^A	446	35
Year	Direct	Indirect											
2019	487	65											
2020	478	29											
2021 ^A	446	35											

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

EMISSIONS continued

Disclosure	Our response	Metric tonnes CO ₂ e (fiscal year 2021)
305-03	Other indirect (Scope 3) GHG emissions	
	Sources of Scope 3 GHG¹ emissions	
	Purchased goods: raw materials	1,531,475
	Purchased goods: packaging	1,900,068
	Purchased goods: services	507,672
	Capital goods	194,942
	Fuel- and energy-related activities (not included in Scope 1 or 2)	21,288
	Upstream transportation and distribution ² (Category 4 Outbound logistics)	245,921 ^Δ
	Upstream transportation and distribution (Category 4 Inbound Logistics)	199,532
	Upstream/downstream transportation and distribution, (Categories 1-9, except outbound and inbound logistics)	87,462
	Waste generated in operations	24,097
	Use of sold products (chillers/refrigeration)	216,878
	End of Life treatment of sold product	30,332
	Business travel	0
	Employee commuting	12,156
	1. The principal greenhouse gas is carbon dioxide; others include HFCs and nitrous oxide (N ₂ O) from fertilisers. 2. Latest data available. ^Δ PwC were engaged to provide limited assurance over this figure in our Scope 3 Logistics GHG Report for the year ended 30 June 2020. This figure has been reproduced here. Our total fleet miles travelled during the year was 44,088,520.	
305-04	GHG emissions intensity	
	The market-based (net) intensity ratio of our GHG emissions was 123g ^Δ CO ₂ e per litre of packaged product (2020 – 141g/l) and the location-based (gross) intensity ratio of our GHG emissions was 177g ^Δ CO ₂ e per litre of packaged product (2020 – 194g/l). For reporting methodologies, including methods of calculation, please see pages 85-100 of this ESG Reporting Index. ^Δ Within PwC's limited assurance scope; see pages 101-102 .	
305-05	Reduction of GHG emissions	
	This year we reduced GHG emissions by 5.1% ^Δ compared with 2020. For more details, see our Annual Report, page 40. For reporting methodologies, please see pages 85-100 of this ESG Reporting Index. ^Δ Within PwC's limited assurance scope; see pages 101-102 .	

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																												
305-06	Emissions of ozone-depleting substances	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																												
		<table border="1"> <thead> <tr> <th></th> <th>Present (kg)</th> <th>Emitted (kg)</th> <th>Emissions CO₂e (tonnes)</th> </tr> </thead> <tbody> <tr> <td>Halons</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>CFC</td> <td>27</td> <td>12</td> <td>88</td> </tr> <tr> <td>HCFC</td> <td>3,166</td> <td>672</td> <td>1,216</td> </tr> <tr> <td>HFC</td> <td>20,335</td> <td>1,607</td> <td>3,645</td> </tr> <tr> <td>SF₆</td> <td>3</td> <td>0</td> <td>0</td> </tr> <tr> <td>PCC</td> <td>0</td> <td>3</td> <td>4</td> </tr> </tbody> </table>		Present (kg)	Emitted (kg)	Emissions CO ₂ e (tonnes)	Halons	0	0	0	CFC	27	12	88	HCFC	3,166	672	1,216	HFC	20,335	1,607	3,645	SF ₆	3	0	0	PCC	0	3	4
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PCC	0	3	4																											
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 which have impacts on the environment. In 2021, we emitted 418 tonnes of nitrogen oxides (NO _x) and 196 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 /SO _x levels, which remain low compared with background NO _x and SO _x data. NO_x and SO_x emissions by year (tonnes)																												
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Topic-specific standards

GRI 300: ENVIRONMENTAL continued

EFFLUENTS AND WASTE

<p>103-02</p> <p>Our management approach to effluents and waste</p> <p>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 look for alternative uses for wastewater via recycling and reuse where appropriate. We set targets for reducing water use and wastewater discharge, setting more challenging water use and replenishment targets in areas of water stress.</p> <p>As part of our Society 2030: Spirit of Progress strategy, we have two targets on waste. Please see pages 40-41 of our Annual Report for information on our performance against our waste targets.</p> <p>We monitor waste streams, promoting awareness of the need to increase resource efficiency. To minimise the waste we send to landfill, we operate a hierarchy of actions: omit, reduce, reuse, recycle and dispose. We monitor levels of waste recycling and waste to energy recovery.</p> <p>For more details see the Pioneer grain-to-glass sustainability section of the Annual Report, pages 34-35 and our Environment Policy.</p>	<p>103-03</p> <p>Evaluation of the management approach</p> <p>Our performance against our Society 2030: Spirit of Progress targets, including those focused on waste is reported on a quarterly basis. Performance is reviewed at market, regional and global level by market and regional leadership teams throughout the business and at our quarterly, 2030 Grain-to-Glass Strategic Business Review (SBR) meetings.</p> <p>Our 2030 Grain-to-Glass SBR ensures compliance with our Environment Policy is measured and monitored.</p> <p>Please see our Reporting boundaries and methodologies on pages 85-100 for more information on how we measure and report on our waste-related targets</p>
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Disclosure	Our response																								
<p>306-01</p> <p>Water discharge by quality and destination</p>	<p>In 2021 total effluent volume was 12,338,899m³ and total BOD was 29,784 tonnes of which 29,547^Δ tonnes were under Diageo's direct control. We report on wastewater polluting power by region, by year, in GRI 303-03, above.</p> <p>The immediate receiving medium after leaving Diageo site</p> <table border="1"> <thead> <tr> <th></th> <th>As a percentage of total Diageo effluent volume</th> <th>Percentage of the final BOD to the environment</th> </tr> </thead> <tbody> <tr> <td>Lake</td> <td>3.4</td> <td>0</td> </tr> <tr> <td>Third-party municipal</td> <td>49.8</td> <td>0.8</td> </tr> <tr> <td>Land</td> <td>3.0</td> <td>1.8</td> </tr> <tr> <td>River</td> <td>19.2</td> <td>0.8</td> </tr> <tr> <td>Sea</td> <td>24.6</td> <td>96.6</td> </tr> <tr> <td>Wetland</td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>100</td> <td>100</td> </tr> </tbody> </table> <p>^Δ Within PwC's limited assurance scope; see pages 101-102.</p>		As a percentage of total Diageo effluent volume	Percentage of the final BOD to the environment	Lake	3.4	0	Third-party municipal	49.8	0.8	Land	3.0	1.8	River	19.2	0.8	Sea	24.6	96.6	Wetland	0	0	Total	100	100
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Topic-specific standards

GRI 300: ENVIRONMENTAL continued

EFFLUENTS AND WASTE continued

Disclosure	Our response																																
306-01 continued	<p>Water discharge by quality and destination continued</p> <p>Wastewater polluting power by region, by year (BOD/tonnes)¹</p> <table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>836</td> <td>357</td> <td>586</td> </tr> <tr> <td>Europe and Turkey</td> <td>18,354</td> <td>18,053</td> <td>28,893</td> </tr> <tr> <td>Africa</td> <td>1,605</td> <td>950</td> <td>304</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>10</td> <td>1</td> <td>0</td> </tr> <tr> <td>Asia Pacific</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Total</td> <td>20,807</td> <td>19,362</td> <td>29,784</td> </tr> <tr> <td>Total under direct control</td> <td>20,531</td> <td>19,143</td> <td>29,547^Δ</td> </tr> </tbody> </table>		2019	2020	2021	North America	836	357	586	Europe and Turkey	18,354	18,053	28,893	Africa	1,605	950	304	Latin America and Caribbean	10	1	0	Asia Pacific	2	1	1	Total	20,807	19,362	29,784	Total under direct control	20,531	19,143	29,547^Δ
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1. 2020 baseline data restated in accordance with Diageo's environmental reporting methodologies.

Δ Within PwC's limited assurance scope; see pages 101-102.

For standards and methodologies, see pages 85-100 of this ESG Reporting Index.

Wastewater treatment by method

In 2021, 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. 49.8% of wastewater volume was sent to off-site treatment facilities. This represents 0.8% of final BOD to the environment.

Treatment method	Sites using treatment method (%)	Volume (m ³) of effluent by treatment method
Aerobic treatment	24	1,748,062
Anaerobic treatment	21	3,251,366
pH balance	14	2,383,928
Filtration	4	1,637,775]
Reverse osmosis	5	214,752
Settling area	8	1,045,427
Stabilisation ponds	5	380,533
Other	10	737,146

Omissions: whether the water was reused by another organisation; and volume of planned and unplanned water discharges.

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

EFFLUENTS AND WASTE continued

Disclosure		Our response																																																								
306-02	Waste by type and disposal method	<p>Total weight of waste by type and disposal method (tonnes)¹</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Total waste to landfill</th> <th>Total waste used or recycled</th> <th>Total waste</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>10</td> <td>142,653</td> <td>142,663</td> </tr> <tr> <td>Europe and Turkey</td> <td>0</td> <td>442,893</td> <td>442,893</td> </tr> <tr> <td>Africa</td> <td>2</td> <td>247,404</td> <td>247,406</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>0</td> <td>3,116</td> <td>3,116</td> </tr> <tr> <td>Asia Pacific</td> <td>34</td> <td>113,686</td> <td>113,720</td> </tr> <tr> <td>Total</td> <td>46^Δ</td> <td>949,752</td> <td>949,798</td> </tr> </tbody> </table> <p>1. This information is collected both by Diageo and by our waste disposal contractors. ^Δ Within PwC's limited assurance scope; see pages 101-102.</p> <p>Hazardous waste, reused, recycled and sent to landfill (tonnes)</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Hazardous waste to landfill</th> <th>Hazardous waste used or recycled</th> <th>Total hazardous waste</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>98</td> <td>942</td> <td>1,040</td> </tr> <tr> <td>Europe and Turkey</td> <td>28</td> <td>242</td> <td>270</td> </tr> <tr> <td>Africa</td> <td>0</td> <td>672</td> <td>672</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>0</td> <td>127</td> <td>127</td> </tr> <tr> <td>Asia Pacific</td> <td>1</td> <td>36</td> <td>37</td> </tr> <tr> <td>Total</td> <td>127</td> <td>2,019</td> <td>2,146</td> </tr> </tbody> </table>	Region	Total waste to landfill	Total waste used or recycled	Total waste	North America	10	142,653	142,663	Europe and Turkey	0	442,893	442,893	Africa	2	247,404	247,406	Latin America and Caribbean	0	3,116	3,116	Asia Pacific	34	113,686	113,720	Total	46^Δ	949,752	949,798	Region	Hazardous waste to landfill	Hazardous waste used or recycled	Total hazardous waste	North America	98	942	1,040	Europe and Turkey	28	242	270	Africa	0	672	672	Latin America and Caribbean	0	127	127	Asia Pacific	1	36	37	Total	127	2,019	2,146
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306-03	Significant spills	There were 33 spills or incidents during the reporting year, totalling 260,630 litres of spilled material. In each case regulators were informed and were satisfied with our response and follow-up. There were no significant spills; as such none were reported in our financial statements.																																																								
306-04	Transport of hazardous waste	Waste deemed hazardous under the terms of the Basel Convention is not relevant to our business.																																																								
306-05	Water bodies affected by water discharges and/or runoff	None of our operations has a known significant impact on protected water bodies as a result of wastewater discharges or runoff. Omissions: further research required on potential impact and biodiversity value.																																																								

Topic-specific standards

GRI 300: ENVIRONMENTAL continued

ENVIRONMENTAL COMPLIANCE

103-02	Our management approach to environmental compliance	103-03	Evaluation of the management approach
	<p>Our approaches to water, energy, biodiversity, emissions, and effluents and waste are described in detail above. These all form part of our overall approach to managing our environmental impact and complying with all local laws and regulations, or with Diageo standards (whichever are higher), at each site. These are set out in our Environment Policy and our supporting framework of policies.</p>		<p>Our 2030 Grain-to-Glass Quarterly Strategic Business Review (SBR), ensures our Environment Policy is monitored across the business. The Grain-to-Glass SBR is led by the President, Global Supply and Procurement (who is also our Chief Sustainability Officer), and reviews environmental performance and progress on a regular basis throughout the year. There are also routine reports to the Executive Committee and an annual review of performance against yearly and longer-term targets.</p>
Disclosure	Our response		
307-01	Non-compliance with environmental laws and regulations	<p>There were 15 incidents of non-compliance with environmental consents this reporting year, resulting in a total of £3,897 in fines. No cases were brought through dispute resolution mechanisms. There were two incidents of non-compliance with environmental consents from last year reported this year.</p>	

SUPPLIER ENVIRONMENTAL ASSESSMENT

103-02	Our management approach to supplier environmental assessment	103-03	Evaluation of the management approach
	<p>We work with suppliers on environmental issues through our climate change and water supply chain programmes with CDP, and the implementation of our sustainable agriculture strategy. We have held detailed reviews with our largest suppliers concerning their climate change risks and performance and developed specific action plans on areas for improvement. This year we shared supplier profile data and feedback that highlights areas of improvement with participating suppliers. We intend to develop our engagement with participating suppliers significantly in support of our Society 2030 Scope 3 emissions reductions target.</p> <p>Our Procurement function reviews suppliers' environmental performance across the programmes outlined above. We track progress throughout the year and expect suppliers to take action on areas identified for improvement.</p> <p>For more details on our approach to environmental management with suppliers, see Diageo's Partnering with Suppliers Standard.</p>		<p>Environmental performance is reviewed by the Procurement function, which reports to the 2030 Grain-to-Glass Strategy Business Review (SBR) team who meet quarterly. Mitigation and improvement activities are developed as appropriate.</p>

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 ensure we are driving the greatest impact within our supply chain when working with suppliers on carbon and water improvement programmes. We review certain industries which 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 the CDP.
308-02  Negative environmental impacts in the supply chain and actions taken	<p>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.</p> <p>Carbon</p> <p>In 2012, we began to identify suppliers with whom we could partner to manage the carbon footprint of our supply chain. In the 2020 calendar year we identified 235 which account for approximately 80% of our global spend in the categories we identified as having the highest impact, namely packaging, raw materials, logistics, information services and third-party operations (other businesses that make our brands under licence). Of these 235 suppliers, 89% responded to the CDP questionnaire, with 55% of those reporting that they have an absolute or intensity emissions reduction target. Compared to the previous year, suppliers reporting Scope 1 emissions has increased slightly from 75% to 78%, and suppliers integrating climate-related issues into long-term business objectives has increased from 80% to 88%.</p> <p>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 experience in completing their climate change disclosures and in identifying opportunities to work with us to improve. This year, we have taken steps to improve our engagement with them through support webinars and have plans to create a Supplier Toolkit and training programme to build capability and drive further emissions reductions.</p> <p>Water</p> <p>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 2020 calendar year we asked 144 of our largest suppliers to disclose their water management practices. Of the 83% of suppliers that responded, 75% reported having a water target. This compared with 144 suppliers asked in the previous year, of which 86% responded, and of those responding, 70% reported having a water target.</p> <p>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.</p>

Topic-specific standards

GRI 400: SOCIAL

GRIEVANCE MECHANISMS

103-02

**Our management approach to grievance mechanisms**

Our social grievance mechanisms cover a wide range of areas, including:

- Impacts on society
- Human rights, including child labour
- Labour practices.

Our key grievance mechanism is our third-party [SpeakUp](#) helpline and website, available in all 20 Code of Business Conduct languages, which can be accessed by employees and anyone in our value chain, including contractors, suppliers, customers and consumers.

For employees, SpeakUp complements, but does not replace, reporting issues to line managers, the Legal team, the Human Resources team or Business Integrity managers.

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.

Omissions: we do not disclose how each individual grievance is resolved since this may compromise the anonymity of those involved.

103-03

**Evaluation of the management approach**

Our global breach management committee meets quarterly to oversee key trends, identify and align on key themes and determine whether any interventions or actions are required. As part of the evaluation process, the forum considers trends and root causes for allegations we've received through SpeakUp or other mechanisms and improves the process where necessary and practical. We also engage with local judicial or non-judicial grievance mechanisms to address matters when needed. An independent assessment on the effectiveness of our global compliance programme took place in 2019 and included a review of our breach management programme and adjustments have been made accordingly.

Labour standards breaches

In addition to routine tracking and review, which we carry out for all grievance mechanisms, 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.



Topic-specific standards

GRI 400: SOCIAL continued

EMPLOYMENT

<p>103-02</p> <p>Our management approach to employment</p> <p>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.</p> <p>For more details, see the Our people section of the Annual Report, page 22.</p> <p>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).</p>	<p>103-03</p> <p>Evaluation of the management approach</p> <p>We measure employee engagement as one of our overarching KPIs, as set out in our Annual Report on page 22, 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.</p> <p>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.</p> <p>During the pandemic, an employee pulse survey tool has helped to strengthen the employee voice on topics such as health and wellbeing, helping us in our duty of care at this difficult time.</p>
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Disclosure	Our response																																																																																																
<p>401-01</p> <p>New employee hires and employee turnover</p>	<p>Diageo employs 27,650 people around the world. In 2021, we hired 3,556 employees.</p> <p>Employee turnover in 2021 was 12.9%, a result of both voluntary departures and those stemming from organisational changes in certain areas of the business.</p> <p>New hires by region by age¹</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Under 30</th> <th>30-50</th> <th>Over 50</th> <th>Total</th> <th>Percentage of headcount</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>194</td> <td>223</td> <td>62</td> <td>479</td> <td>17.7%</td> </tr> <tr> <td>Europe and Turkey</td> <td>313</td> <td>451</td> <td>55</td> <td>819</td> <td>8.4%</td> </tr> <tr> <td>Africa</td> <td>143</td> <td>153</td> <td>9</td> <td>305</td> <td>7.7%</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>417</td> <td>422</td> <td>60</td> <td>899</td> <td>31.0%</td> </tr> <tr> <td>Asia Pacific</td> <td>357</td> <td>627</td> <td>70</td> <td>1,054</td> <td>12.7%</td> </tr> <tr> <td>Total</td> <td>1,424</td> <td>1,876</td> <td>256</td> <td>3,556</td> <td>12.9%</td> </tr> <tr> <td>Percentage of total new hires</td> <td>40.0%</td> <td>52.8%</td> <td>7.2%</td> <td>100.0%</td> <td>N/A</td> </tr> </tbody> </table> <p>Leavers by region by age¹</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Under 30</th> <th>30-50</th> <th>Over 50</th> <th>Total</th> <th>Percentage of headcount</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>68</td> <td>129</td> <td>64</td> <td>261</td> <td>9.7%</td> </tr> <tr> <td>Europe and Turkey</td> <td>317</td> <td>653</td> <td>250</td> <td>1,219</td> <td>12.4%</td> </tr> <tr> <td>Africa</td> <td>50</td> <td>270</td> <td>34</td> <td>354</td> <td>8.9%</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>238</td> <td>363</td> <td>25</td> <td>627</td> <td>21.6%</td> </tr> <tr> <td>Asia Pacific</td> <td>212</td> <td>721</td> <td>167</td> <td>1,100</td> <td>13.3%</td> </tr> <tr> <td>Total</td> <td>885</td> <td>2,136</td> <td>540</td> <td>3,561</td> <td>12.9%</td> </tr> <tr> <td>Percentage of total leavers</td> <td>24.9%</td> <td>60.0%</td> <td>15.2%</td> <td>100.0%</td> <td>N/A</td> </tr> </tbody> </table>	Region	Under 30	30-50	Over 50	Total	Percentage of headcount	North America	194	223	62	479	17.7%	Europe and Turkey	313	451	55	819	8.4%	Africa	143	153	9	305	7.7%	Latin America and Caribbean	417	422	60	899	31.0%	Asia Pacific	357	627	70	1,054	12.7%	Total	1,424	1,876	256	3,556	12.9%	Percentage of total new hires	40.0%	52.8%	7.2%	100.0%	N/A	Region	Under 30	30-50	Over 50	Total	Percentage of headcount	North America	68	129	64	261	9.7%	Europe and Turkey	317	653	250	1,219	12.4%	Africa	50	270	34	354	8.9%	Latin America and Caribbean	238	363	25	627	21.6%	Asia Pacific	212	721	167	1,100	13.3%	Total	885	2,136	540	3,561	12.9%	Percentage of total leavers	24.9%	60.0%	15.2%	100.0%	N/A
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Total	1,424	1,876	256	3,556	12.9%																																																																																												
Percentage of total new hires	40.0%	52.8%	7.2%	100.0%	N/A																																																																																												
Region	Under 30	30-50	Over 50	Total	Percentage of headcount																																																																																												
North America	68	129	64	261	9.7%																																																																																												
Europe and Turkey	317	653	250	1,219	12.4%																																																																																												
Africa	50	270	34	354	8.9%																																																																																												
Latin America and Caribbean	238	363	25	627	21.6%																																																																																												
Asia Pacific	212	721	167	1,100	13.3%																																																																																												
Total	885	2,136	540	3,561	12.9%																																																																																												
Percentage of total leavers	24.9%	60.0%	15.2%	100.0%	N/A																																																																																												

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

GRIEVANCE MECHANISMS continued

Disclosure	Our response																																								
401-01 continued	<p>New employee hires and employee turnover continued</p> <p>Leavers by region by gender¹</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Men</th> <th>Women</th> <th>Total</th> <th>Percentage of headcount</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>164</td> <td>97</td> <td>261</td> <td>9.7%</td> </tr> <tr> <td>Europe and Turkey</td> <td>670</td> <td>549</td> <td>1,219</td> <td>12.4%</td> </tr> <tr> <td>Africa</td> <td>205</td> <td>149</td> <td>354</td> <td>8.9%</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>435</td> <td>192</td> <td>627</td> <td>21.6%</td> </tr> <tr> <td>Asia Pacific</td> <td>714</td> <td>386</td> <td>1,100</td> <td>13.3%</td> </tr> <tr> <td>Total</td> <td>2,188</td> <td>1,373</td> <td>3,561</td> <td>12.9%</td> </tr> <tr> <td>Percentage of total leavers</td> <td>61.4%</td> <td>38.6%</td> <td>100%</td> <td>N/A</td> </tr> </tbody> </table>	Region	Men	Women	Total	Percentage of headcount	North America	164	97	261	9.7%	Europe and Turkey	670	549	1,219	12.4%	Africa	205	149	354	8.9%	Latin America and Caribbean	435	192	627	21.6%	Asia Pacific	714	386	1,100	13.3%	Total	2,188	1,373	3,561	12.9%	Percentage of total leavers	61.4%	38.6%	100%	N/A
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For total workforce by employees and supervised workers, and by gender, please refer to GRI 102-08 and see the Our people section of the Annual Report, page 22.

401-02	<p>Benefits provided to full-time employees that are not provided to temporary or part-time employees</p>	<p>Benefits provided to employees vary across the countries where we do business. We can comment on two of our significant locations: the United Kingdom (17% of our global employee base) and the United States and Canada (9% of our global employee base). In the United Kingdom 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 non-unionised employees that work less than 20 hours per week are not eligible to receive benefits; those employees that 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.</p> <p>Omissions: list of benefits, details across all locations.</p>
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401-03	<p>Parental leave</p>	<p>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, Ireland, Italy, Netherlands, North America, the Philippines, Russia, Singapore, Spain, Thailand, United Kingdom and Venezuela.</p> <p>As a result, we have seen a significant increase in the use of parental leave and the amount of time taken, with 180,536 days of parental leave used by our employees this year. The number of men taking advantage of this policy increased from 484, to 561 showing the positive impact of the new policy.</p> <p>Number of employees taking parental leave and average number of days taken by gender</p> <table border="1"> <thead> <tr> <th></th> <th>Men</th> <th>Women</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Number of employees taking parental leave</td> <td>561</td> <td>471</td> <td>1,032</td> </tr> <tr> <td>Average days of parental leave taken in the year</td> <td>99</td> <td>266</td> <td>175</td> </tr> </tbody> </table>		Men	Women	Total	Number of employees taking parental leave	561	471	1,032	Average days of parental leave taken in the year	99	266	175
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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
●	<p>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 are encouraged to involve employee representatives early in business decisions to give them an opportunity to contribute to key issues.</p> <p>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.</p> <p>Dedicated training modules which cover our Code of Business Conduct 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.</p> <p>More information can be found in our Human Rights Global Policy.</p>	●	<p>HR professionals such as Employee Relations Directors and Managers are monitored and evaluated on their performance in managing industrial dialogue.</p> <p>Our central global risk database allows us to report and save all breaches so they can be monitored until completion and, as appropriate, analysed for trends or themes.</p> <p>The annual Your Voice employee engagement survey provides a key indicator of labour relations and leads to ongoing action plans to improve relations.</p>
Disclosure	Our response		
402-01	● Minimum notice periods regarding operational changes	We adhere to the law in countries which 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 cannot 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.	

Topic-specific standards

GRI 400: SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY

<p>103-02</p> <p>Our management approach to occupational health and safety</p> <p>Diageo maintains best practice global risk management standards for occupational health and safety that apply to all our operations and business units. These standards aim to ensure that all our people go home safe and healthy, every day, everywhere. 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.</p> <p>Each location is required to:</p> <ul style="list-style-type: none"> • 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 closure incidents and identified hazards (unsafe behaviours and conditions) • For more details, see Diageo’s Global Health, Safety and Wellbeing Policy. <p>Our occupational health and safety targets include:</p> <ul style="list-style-type: none"> • Achieving a leading Total Recordable Accident Frequency Rate (TRAFR) of less than 3.5 per 1,000 • Achieving less than one Lost-time Accident (LTA) per 1,000 employees and no fatalities. 	<p>103-03</p> <p>Evaluation of the management approach</p> <p>Occupational health and safety is monitored continuously and reviewed by site, market and functional teams. We report our KPIs to the Supply Chain Leadership team every month. These KPIs are also reviewed by the Executive Committee.</p> <p>We act where necessary to improve our performance, with measures such as capability building, improvements to processes, and investments in systems, technology, assets and resources.</p> <p>For more details, see Diageo’s Global Health, Safety and Wellbeing Policy.</p> <p>For more information on how we measure and report on our health and safety data, please see the Reporting boundaries and methodologies section on pages 85-100.</p>
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Disclosure	Our response
<p>403-01</p> <p>Occupational health and safety management system</p>	<p>Diageo’s Occupational Health and Safety Management System is implemented through a robust audit assurance programme and adherence to Diageo’s risk management standards.</p> <p>The system covers Diageo workers and activities across our entire supply chain from procurement, manufacturing and production to marketing, sales and distribution. It includes onsite third-party contractors and third-party logistics providers.</p>
<p>403-02</p> <p>Hazard identification, risk assessment and incident investigation</p>	<p>Diageo identifies work-related hazards and assesses risk based on our global risk management standard framework and policy. Audit programmes review the quality of risk assessments and the competency of individuals creating assessments.</p> <p>We also have a global ‘hazard and behaviour’ reporting system, which enables us to identify and rectify unsafe conditions or behaviours as well as recognise positive ideas and behaviours.</p> <p>Our Global Health, Safety and Wellbeing Policy encourages our workers to report work-related hazards as soon as possible and remove themselves from work situations that they believe could cause injury or ill health. The Global Health, Safety and Wellbeing Policy cascades down to individual markets and sites. We have recognition schemes in place to proactively encourage every employee to look after the health and safety of themselves and their colleagues.</p> <p>Our global learning platform, My Learning Hub, has tailored guidance on how to investigate work-related incidents, including how to identify hazards and assess risks in order to determine corrective actions.</p>

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	<p>Our 2025 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 Diageo global risk management standards ensures the appropriate health and wellbeing controls are in place.</p> <p>Internal data protection/privacy policies and national regulations apply to the recording or disclosure of occupational health-related incidents, ensuring that workers' participation in occupational health services is not used in any favourable or unfavourable treatment of workers.</p>
403-04	Worker participation, consultation and communication on occupational health and safety	<p>Diageo's global risk management standards (GRMS) mandate the use of employee consultation forums (e.g. safety committees) at facility level. These cover 100% of Diageo's operations. Our GRMS also require employees to be involved in risk assessment and change-management processes as they relate to health and safety.</p> <p>This year, given the challenges faced by all employees during the Covid-19 pandemic, we developed new ways to support and engage our people, including new global Covid-19 protocols, which outlined new ways of working for our production, home and commercial employees as well as Covid-19 information resources. Periodic employee surveys provided useful data insights to help us understand how our employees were adapting to the new ways of working. Their collective feedback helped generate additional guidance, with a particular focus on health and wellbeing. Additionally we developed Diageo's 'Flex Philosophy' which provides our employees with a framework and principles of working patterns. We delivered new health and wellbeing resources on My Learning Hub and a two-week programme of online events for our employees on health and wellbeing.</p> <p>We have also clarified which health and safety aspects now relate to home working.</p>
403-05	Worker training on occupational health and safety	<p>Sites must complete a training needs assessment to determine their occupational health and safety training requirements.</p> <p>We train our people on occupational health and safety through several channels including:</p> <ul style="list-style-type: none"> • Our My Learning Hub is a learning management system 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 forklift truck training or explosive atmospheres training is delivered by internal and external trainers; some other subject-matter-expert training is delivered through video conferencing.
403-06	Promotion of worker health	<p>Diageo promotes worker health and encourages workers to access local services and systems as and when required through several channels:</p> <ul style="list-style-type: none"> • The Diageo 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 (Workplace Options) as well as access to voluntary health promotion training courses on My Learning Hub, such as our DRINKiQ e-learning programme on positive drinking behaviours. In response to Covid-19, we created a new Wellbeing channel on My Learning Hub. • Our Employee Engagement Team run health and wellbeing awareness capability weeks covering subjects including 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	Diageo prevents and mitigates significant occupational health and safety impacts directly linked to its operations, products or services through its business relationships by building core health and safety requirements and KPI deliverables into third-party service level agreements (SLAs). We meet third-party service providers on a regular basis to review delivery against KPIs and we will withdraw from business relations with service providers who put the health and safety of employees at risk or who do not consistently deliver the KPIs within the service level agreements.
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 adhering to all global risk management standards. Adherence 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 a 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 Diageo recommends one or more days away from work is reportable to Diageo (e.g. any unplanned, identifiable event that results in personal injury or harm). Severe injury and fatality prevention All business units are required to conform to Diageo's 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 ensure employees and workers are trained on these requirements and conduct frequent, robust self-assessment audits to ensure ongoing compliance to this mandatory programme. Total recordable accident frequency rate We introduced a new, broader total recordable accident frequency rate (TRAFR) metric in 2019, with the aim of achieving a leading TRAFR performance of 3.5 per 1,000 or less. This year, our global TRAFR target was successfully delivered with a rate of 1.98, a 6.9% improvement on performance from last year. Our global LTA frequency rate was 1.03 ⁴ , an increase of 41.7% compared with 2020. This means the overall Diageo global target of <1 was not achieved this year. This was largely due to a significant increase at our sites in Europe. However the severity rate relating to accidents reduced 11.9% globally. This rate is represented 76% by men and 24% by women. For rates by region and year since 2017, please see the following page. This year, there were no fatalities across the Diageo business.

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	Employee LTA rate	TRA rate	Fatalities¹	Severity rate²	Independent contractor LTAs³
		North America	1.14	2.07	0	133.11	0
		Europe and Turkey	2.44	3.21	0	66.34	3
		Africa	0.25	1.12	0	18.05	5
		Latin America and Caribbean	1.06	2.16	0	15.82	4
		Asia Pacific	0.33	1.80	0	10.77	3
		Diageo (total)	1.03⁴	1.98	0	37.64	15

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 Diageo's premises.

2. While the number of lost-time accidents increased this year, the severity rate reduced by 11.9%. The introduction of our total recordable accident metric is ensuring more accidents are investigated with the same rigour as lost-time accidents, helping to prevent more serious injuries in the future.

3. A LTA rate is not reported for independent contractors due to the difficulty and administrative burden in accurately recording headcount. Performance is measured by an absolute incident number.

4. Given three regions did not achieve their LTAFR, the overall Diageo global target of <1 was not achieved this year, with a final rate of 1.03.

Δ Within PwC's limited assurance scope; see [pages 101-102](#).

Lost-time accident frequency rate per 1,000 full-time employees¹

Region	2017	2018	2019	2020	2021
North America	0.70	0	1.76	0.31	1.14
Europe and Turkey	1.46	1.58	1.00	1.03	2.44
Africa	1.26	1.35	1.22	0.36	0.25
Latin America and Caribbean	1.79	0.36	1.15	1.56	1.06
Asia Pacific	0.81	0.66	0.57	0.30	0.33
Diageo (total)	1.14	1.00	0.98	0.60	1.03^{Δ2}

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. Throughout the year the increasing LTAFR rate trend was closely monitored by region and detailed analysis carried out in order to identify appropriate mitigation measures and interventions to improve performance.

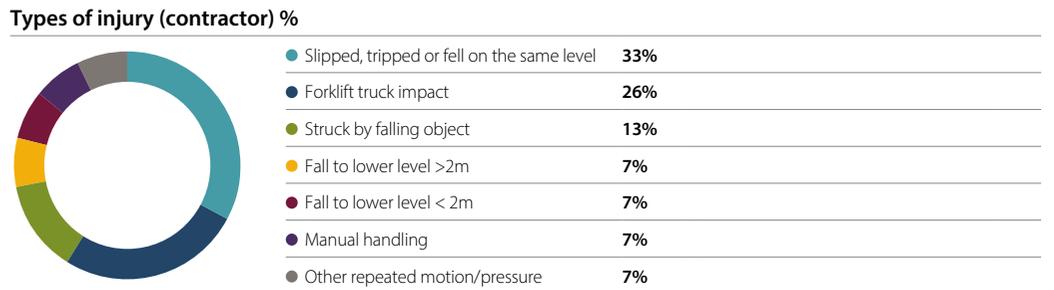
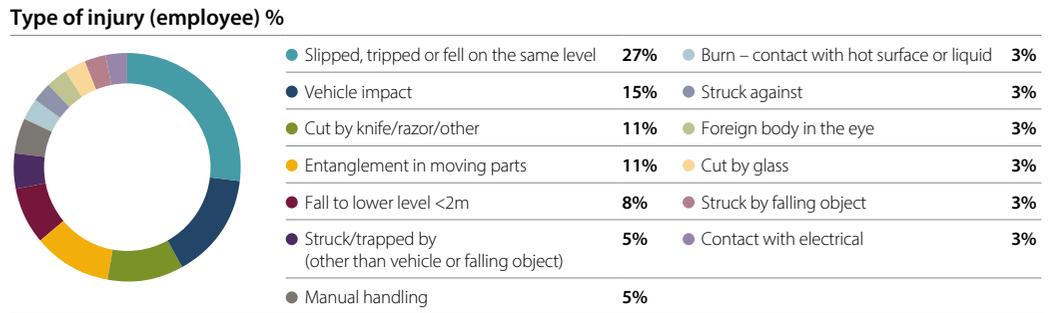
Δ Within PwC's independent limited assurance scope. Please see [pages 101-102](#) for further details.

Topic-specific standards

GRI 400: SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY continued

Disclosure	Our response
403-09 continued	Work-related injuries continued



Omissions: acute onset of occupational illness is included in our LTA definition. However, occupational disease rates are not disclosed due to 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 since, given the low LTA numbers, the trends are not statistically significant. We do not include absenteeism rates since 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 Diageo recommends one or more days away from work, is reportable to Diageo (e.g. any identified illness made worse or caused by workplace factors). Internal data protection/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 due to regional variations in capabilities and data privacy requirements and regulations. We are currently piloting a new work-related ill health reporting system in the United Kingdom/Ireland with a view to expanding this in the future.
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Omissions: Diageo does not collect data on work-related ill health at a global level.

Topic-specific standards

GRI 400: SOCIAL continued

TRAINING AND EDUCATION

103-02	<p>Our management approach to occupational training and education</p> <p>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.</p> <p>See GRI 404-02 for more detailed information.</p>	103-03	<p>Evaluation of the management approach</p> <p>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.</p>
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Disclosure	Our response
404-01	<p>Average hours of training per year per employee</p> <p>Our measurement control system enables markets to track and capture training hours of employees (from both global and local programmes) within the Diageo 'My Learning Hub' System.</p> <p>This year the system recorded 466,388 hours in total, an average of approximately 20.7 hours per employee of the c.22,500 employees recorded in the system. The average hours per person has increased slightly, year-on-year (from 20.4 to 20.7), despite our use of shorter, virtual learning assets given Covid-19. These figures exclude the training for our supply team, which is currently recorded manually in employees' personal files.</p> <p>Omissions: our system is not set up to record training hours per employee, by gender.</p>
404-02	<p>Programmes for upgrading employee skills and transition assistance programmes</p> <p>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:</p> <ol style="list-style-type: none"> 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. <p>Our learning and development platform, My Learning Hub, contains a library of over 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.</p> <p>The majority of employees at Diageo 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 further supports active coaching and mentorship and leadership development programmes such as Accelerate, made available in 2020 to all of our leadership population.</p>
404-03	<p>Percentage of employees receiving regular performance and career development reviews</p> <p>In 2020, 89.7% of our employees received regular performance reviews. During this time, a renewed focus on agility in our performance has been supported by broader quarterly business planning processes, setting clear goals for our people on a more regular basis.</p> <p>Omissions: data by gender and by employee category.</p>

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

<p>103-02</p> <p>Our management approach to diversity and equal opportunity</p> <p>We are committed to creating the most inclusive and diverse culture, not just because it is 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.</p> <p>Please see more information about our approach to diversity and equal opportunities in our Annual Report, under Champion inclusion and diversity on pages 32-33. For more information about Society 2030 inclusion and diversity goals and our performance against them this year, please see the Sustainability performance section of our Annual Report on pages 38-39.</p> <p>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.</p> <p>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+, 'Rainbow' networks. These groups give employees the opportunity to support each other, while helping leaders better understand the barriers and concerns of diverse communities.</p> <p>Every year passionate employees run a global 'Inclusion Week' comprising celebrations, discussions and personal storytelling on a range of important and challenging topics.</p> <p>Across our industry, manufacturing or STEM roles have traditionally been very male-dominated, but we're committed to shifting the narrative on this in order to create an industry that is truly diverse and inclusive. Since 2015, we have run our Women in Leadership programme for our manufacturing business and have seen more than 350 women take part over the past five years.</p> <p>As advertisers of some of the world's most loved brands, we know we can make a difference in culture with who we portray in our advertising and content and who we choose to make this work, and through where we place our advertising. We firmly believe diverse teams produce better creative work and are 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 partner with Creative Equals on a returner scheme to support women across the UK, North America and India to return to the industry following a career break.</p> <p>We are also committed to supporting people with career paths in hospitality, through Learning for Life and Diageo Bar Academy. Furthermore, 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.</p>		<p>103-03</p> <p>Evaluation of the management approach</p> <p>We have a number of inclusion and diversity goals, which we track on a monthly basis and which are reviewed by our Executive Committee on a quarterly basis.</p> <p>We have backed up our ambition by directly linking our senior leader Long-Term Incentive Plan awards to the delivery of these goals. We also keep track of our employees' experience of diversity through our annual Your Voice survey.</p> <p>For more information about our Society 2030 inclusion and diversity goals, and our performance against them this year, please see the Our sustainability performance section of our Annual Report pages 38-39.</p> <p>Please see our Reporting boundaries and methodologies which provides more information on how we track and calculate diversity and equal opportunity performance.</p>
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Disclosure	Our response
<p>405-01</p> <p>Diversity of governance bodies and employees</p>	<p>Women comprise 42% of top leadership roles across the company¹, 38% of our Executive Committee and 60% of our Board. Further employee profile information by gender is included in the Our People section of the Annual Report, page 22.</p> <p>We strive to cultivate a diverse leadership group both in terms of nationality and ethnic background, and we leverage international moves alongside local hiring and development across our global operations to achieve this. 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 112 different nationalities at Diageo.</p> <p>Omissions: employee profile information by age and specific group.</p> <p>1. Top leadership positions in Diageo below our Executive Committee.</p>
<p>405-02</p> <p>Ratio of basic salary and remuneration of women to men</p>	<p>Omissions: Given the complexity of our operations, we do not currently collect this data at a global level. In 2017, the UK government introduced legislation on gender pay gap reporting, and in December 2020 we published our latest detailed gender pay analysis covering our UK businesses. The headline figure was a mean pay gap in our UK businesses of -7.5% (i.e. on average women earned 7.5% more than men).</p>

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
●	<p>All our employees have the right to expect that their basic 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.</p> <p>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.</p> <p>During 2020, 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 Diageo's values. Our Dignity at Work e-learning module is available in 20 languages and has been adapted in line with local legislation and cultures.</p>	●	<p>Employees and everyone we work with are entitled to human rights without discrimination.</p> <p>We evaluate this through internal review and in response to feedback received through external formal processes. Our evaluation includes input from SpeakUp data and from other engagement mechanisms.</p> <p>Any confirmed breach of our Dignity at Work policy is taken seriously and followed up with appropriate disciplinary measures, determined by the local disciplinary committees with central oversight by a member of the global Business Integrity or Employee Relations teams to ensure consistency of approach and outcomes.</p>

Disclosure	Our response
406-01	<p data-bbox="237 1112 380 1215">Incidents of discrimination and corrective actions taken</p> <p data-bbox="467 1112 578 1140">Operations</p> <p data-bbox="467 1144 1487 1193">We have measures in place to monitor and manage any allegations, and we raise awareness amongst our employees through various function-wide and local programmes and our Dignity at Work policy.</p> <p data-bbox="467 1204 1487 1283">This year, 89 discrimination and harassment allegations were raised via SpeakUp. At the time of publication, 20 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.</p> <p data-bbox="467 1300 565 1327">Suppliers</p> <p data-bbox="467 1332 1487 1491">Our review of all high-risk supplier audits found 15 issues of non-compliance related to the category of discrimination. Five issues have been identified relating to no discrimination policy in place, 5 relating to discriminatory systems in hiring practices, 1 relating to gender discrimination in recruitment, 1 relating to a lack of sexual harassment committee, 1 relating to evidence of discrimination against agency workers with regards to benefits and sick leave, 1 relating to terms and conditions for agency workers differing from other workers, contrary to law and 1 relating to a defined retirement/maximum age when not permitted by law.</p> <p data-bbox="467 1502 1487 1549">At the time of writing, 13 of the issues of non-compliance had been verified as closed. We are following up with suppliers as part of their corrective action plans to ensure the other issues are resolved.</p>

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	<p>Our management approach to freedom of association and collective bargaining</p> <p>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.</p> <p>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 and Core Labour Standards section of our Partnering with Suppliers Standard.</p>	103-03	<p>Evaluation of the management approach</p> <p>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.</p> <p>For more details, see our Human Rights Global Policy.</p>
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Disclosure	Our response
407-01	<p>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</p> <p>Operations In 2021 39.1% of our employees were covered by collective bargaining agreements. We are 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.</p> <p>Suppliers Our review of all high-risk supplier audits found 65 issues of non-compliance related to the category of freedom of association and collective bargaining, 30 to the lack of a worker committee, 11 to the lack of a formal policy about freedom of association and right to collective bargaining, 10 to issues relating to the effectiveness of worker committees, 6 to issues concerning collective bargaining agreements, 5 to the effectiveness of the representation body for the workers, 2 to trade unions, 2 to lack of communication to workers about their right to join or form any worker committee or trade union, or bargain collectively, and 2 to the attitude of the employer towards representation bodies.</p> <p>At the time of writing, 49 of the issues of non-compliance had been verified as closed. We are following up with suppliers as part of their corrective action plans to ensure the other issues are resolved.</p>

Topic-specific standards

GRI 400: SOCIAL continued

CHILD LABOUR

103-02	Our management approach to child labour	103-03	Evaluation of the management approach
	<p>We act in accordance 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.</p> <p>We have identified child labour as a potential risk within our agricultural supply chains, in Africa in particular. To address this, we developed a child protection toolkit to educate our own people on the risks to children’s safety of working on smallhold farms, including what activities are unacceptable and pose a risk to their development. The toolkit arms them with the ability to identify and prevent any form of child labour.</p> <p>We will build similar awareness with farming communities through our training programme, and monitor standards during visits to farmers. We will carry out further investigations to evaluate ongoing risk, the level of awareness amongst our teams and the farming communities, and the effectiveness of our child protection activity.</p>		<p>Our due diligence approach focuses on child labour, which is one of the areas that our human rights impact assessments (HRIA) investigate.</p> <p>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.</p> <p>Our human rights steering group is accountable for reviewing this activity.</p> <p>Our child protection 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.</p> <p>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).</p>
Disclosure	Our response		
408-01	<p>Operations and suppliers at significant risk for incidents of child labour</p>	<p>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 the Diageo employees who are involved with them.</p> <p>Our review of all high-risk supplier audits raised 58 issues of non-compliance under the category of children and young workers. 36 issues relate to the lack of a formal policy at the supplier’s facility in relation to child labour or young workers or not having records in place to verify workers’ age, 18 to the lack of child labour remediation programmes, and 4 to a violation of the minimum age of employment.</p> <p>At the time of writing, 49 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.</p>	

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

<p>103-02</p> <p>Our management approach to forced or compulsory labour</p> <p>Details of our approach to forced or compulsory labour are set out in our Human Rights Global Policy.</p> <p>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, 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.</p> <p>If any allegations are reported, we will investigate and take appropriate remedial action, involving relevant local agencies as appropriate.</p> <p>Further details are included in our submission in the UK under the Modern Slavery Act.</p>	<p>103-03</p> <p>Evaluation of the management approach</p> <p>Each of our HRIAs results in an action plan. There is a cross-functional committee in place in each market where an HRIA has been conducted which meets quarterly to review progress against the action plan, as well as raise any emerging issues.</p>
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Disclosure	Our response
<p>409-01</p> <p>Operations and suppliers at significant risk for incidents of forced or compulsory labour</p>	<p>Our due diligence approach focuses on the risk of forced and compulsory labour, which is investigated by our human rights impact assessments (HRIAs).</p> <p>Operations We are 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 appropriate remedial action, involving relevant local agencies as appropriate.</p> <p>Suppliers Our review of all high-risk supplier audits raised 14 issues of non-compliance related to the SMETA audit section 'freely chosen employment'. 8 of these issues relate to the lack of a formal policy at the supplier's facility, 3 relate to wage deductions for staying in employment, 1 issue related to lack of evaluation systems in place to ensure compliance with laws on slavery and human trafficking, 1 relates to unreasonable delay in payments due to workers when they leave, and one relates to passports/ID papers of foreign workers kept by employer.</p> <p>We have followed up with the relevant suppliers with corrective action plans. At the time of writing, 13 of these issues of non-compliance had been verified as closed.</p>

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	103-03	Evaluation of the management approach
	<p>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.</p> <p>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.</p> <p>Markets and sites are supported by a central team of security experts who have regional and functional responsibility for security delivery across all Diageo 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 Diageo satisfies external regulations and requirements.</p> <p>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.</p>		<p>Market adherence to Corporate Security policies and standards is continually monitored through Corporate Security reviews and audits, and other internal mechanisms such as audit by Global Audit and Risk. Any adverse findings are recorded and remediation tracked.</p> <p>Global Corporate Security policies and standards are also subject to regular review; all updates or adjustments are communicated clearly to markets and sites.</p> <p>The Corporate Security team regularly benchmarks with other multinationals and liaises closely with government security experts through 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.</p>

Disclosure	Our response
410-01 	<p>Security personnel trained in human rights policies or procedures</p> <p>Omissions: We do not record this data since our security staff contracts and training practices vary by market, some being direct security employees, and others third-party contractors. It is a contractual requirement for third-party security personnel to adhere to our Code of Business Conduct, 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 Global Standard, which also includes express reference to compliance with human rights conventions.</p>

RIGHTS OF INDIGENOUS PEOPLES

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

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
●	<p>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.</p> <p>We have been signatories to the UN Guiding Principles on Business and Human Rights (UNGP) since 2014 and continue to embed human rights throughout our value chain.</p> <p>We have a comprehensive human rights impact assessment (HRIA) programme, prioritised by risk and based on a global mapping process. This programme is our opportunity to reach across our whole value chain, from our own operations to our suppliers, customers and other partners. Through it, we identify those people potentially affected by human rights issues, assess the risks and develop mitigation action plans. In 2018, we further strengthened this assessment process through our HRIA toolkit.</p> <p>HRIAs are conducted by specialists in human rights alongside our teams, who receive training to support their role. We also ensure that members of teams with direct involvement in specific areas of human rights risks, such as procurement, receive training to support their role.</p> <p>For details of how we assess human rights in our supply chain, please see the supplier social assessment indicator, on page 71.</p>	●	<p>Each of our HRIAs results in an action plan. There is a cross-functional committee in place in each market where an HRIA has been conducted which meets quarterly to review progress against the action plan, as well as raise any emerging issues.</p>

Disclosure	Our response
412-01 ●	<p>Operations that have been subject to human rights reviews or impact assessments</p> <p>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.</p> <p>Beyond this, as part of our commitment to act in accordance with the UNGP, we have developed a comprehensive human rights impact assessment (HRIA) programme.</p> <p>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 HRIAs in Middle East (second phase), India (second phase), PEBAC (Peru, Ecuador, Bolivia, Argentina, Chile), and North Asia (South Korea, Japan). All markets develop action plans to address specific salient risks. 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, PEBAC, South Africa, Tanzania, Thailand, Turkey, Uganda, and the United Kingdom.</p> <p>Details of our approach are included in our Annual Report, pages 42-43 and within our submission in the United Kingdom under the Modern Slavery Act.</p>

Topic-specific standards

GRI 400: SOCIAL continued

HUMAN RIGHTS ASSESSMENT continued

Disclosure	Our response
412-02  Employee training on human rights policies or procedures	<p>All middle managers and above are required to complete an Annual Certification of Compliance, which certifies their compliance with, and understanding of, our Code, which includes human rights. Within the certification, those who mark the Human Rights Global Policy as most important are required to complete a certification of their knowledge and understanding of some of the key points of the policy.</p> <p>We have implemented a global Brand Promoters Standard and accompanying training aimed at protecting brand promotion teams from sexual harassment.</p> <p>In 2019, 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.</p> <p>This year we rolled out a new responsible sourcing toolkit with additional training both internally for procurement staff and also externally for suppliers to access through the Diageo Suppliers Service Hub. 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 on security standards and awareness to ensure the integrity of our supply chain, and reduce the risk of human trafficking.</p> <p>Omissions: total hours of training. Training sessions on our Code and policies vary in duration, it is not possible to report accurately the number of hours spent on specific subjects during training sessions.</p>
412-03  Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<p>100% of suppliers are contractually obliged to abide by the standards set out in our Code of Business Conduct 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 stipulated in our standard purchase order terms and conditions.</p>

Topic-specific standards

GRI 400: SOCIAL continued

LOCAL COMMUNITIES

103-02	Our management approach to local communities	103-03	Evaluation of the management approach
	<p>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.</p> <p>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.</p> <p>Our Society 2030: Spirit of Progress targets address these areas, while contributing to the UN Sustainable Development Goals.</p> <p>For more information on our Society 2030: Spirit of Progress strategy, targets and approach to local communities, please see our website and our Champion inclusion and diversity section of our Annual Report on pages 32-33.</p>		<p>Delivery of 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.</p> <p>Please see GRI 103-03 on page 33 for more information on our Society 2030: Spirit of Progress quarterly reporting system and review process.</p> <p>Where appropriate, we also evaluate our community and inclusion and diversity programmes through more detailed research as described in GRI 413-01.</p> <p>Please see our Reporting boundaries and methodologies on pages 85-100 for more information on how we measure and report on our Champion inclusion and diversity targets.</p>

Disclosure	Our response
413-01  Operations with local community engagement, impact assessments and development programmes	<p>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 and Uganda. 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 and Europe.</p> <p>Please see more information on our performance against our Society 2030: Spirit of Progress targets, including business and hospitality skills programmes and our water, sanitation and hygiene (WASH) programmes in our Annual Report on pages 38-39.</p> <p>Please see our Reporting boundaries and methodologies on pages 85-100 for more information on how we measure and report on our community-related targets.</p>
413-02  Operations with significant actual and potential negative impacts on local communities	<p>The social impacts of our operations and community investment are discussed in the Annual Report on pages 32-41.</p> <p>Omissions: we discuss significant actual and potential negative impacts on local communities at a global level but not by specific location.</p>

Topic-specific standards

GRI 400: SOCIAL continued

SUPPLIER SOCIAL ASSESSMENT

103-02

Our management approach to supplier social assessment

Our [Partnering with Suppliers Standard](#) (PwS) sets out the minimum social, ethical and environmental standards we require suppliers to follow as part of their contract with us. The standards sets out our commitment to acting in accordance with the UN Guiding Principles on Business and Human Rights (UNGP), and with the international standards set out by the eight core International Labour Organization (ILO) conventions and recommendations. We also expect our suppliers to promote the principles of our PwS 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 sales (POS) materials, reflecting the inherent risk of procuring POS through marketing agencies.

Our [Responsible Sourcing](#) programme 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. SEDEX is a not-for-profit organisation that enables suppliers to share assessments and audits of ethical and responsible practices with their customers. This means suppliers only have to go through one assessment process for many customers.

Audits follow the SEDEX Members Ethical Trade Audit (SMETA) Four Pillar Audit Protocol, or equivalent, covering health and safety, labour standards, environment and business ethics. Where non-compliances are identified, a corrective action plan report (CAPR) 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 who 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 UNGP 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, please see GRI 103-02 Human Rights Assessments on [page 68](#).

In line with the UNGP's, 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, please see GRI 103-02 Child Labour and GRI 103-02 Forced or Compulsory Labour on [pages 65](#) and [66](#) respectively.

We have also developed initiatives aimed at preventing sexual harassment in the hospitality sector, including a [Global Brand Promoter Standard](#), which establishes principles and guidelines to protect brand promoters' rights.

103-03

Evaluation of the management approach

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

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 . This includes areas such as labour standards, human rights including child labour, and legal compliance on issues such as pay.
414-02  Negative social impacts in the supply chain and actions taken	<p>All suppliers determined to be a potential risk are required to register with SEDEX, and to complete the SEDEX self-assessment questionnaire. To date, 1,863 of the company's supplier sites assessed as a potential risk are registered with SEDEX. Of these, 1,020 have completed the SEDEX self-assessment questionnaire. In addition, 360 supplier sites' SEDEX memberships have lapsed this year, meaning we were unable to view their site data. We ask these suppliers to renew their membership, and we will disconnect on SEDEX from those with whom we no longer have a commercial relationship.</p> <p>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 426 such suppliers, of whom 370 or (87%) were independently audited during the last three years. 166 audits were commissioned by Diageo, and 204 accessed through SEDEX and AIM-PROGRESS.</p> <p>A total of 2,540 issues of non-compliance have been raised through these audits, with 45% relating to health, safety, and hygiene issues; 11% relating to wages and benefits, 8% relating to management systems, 15% relating to working hours; and the remaining 20% to other categories. We have followed up with the relevant suppliers with corrective action plans and are working together to resolve them, having already closed 1,559 issues of non-compliance in fiscal year 21 (out of which five were business critical). Where required, we are arranging follow-up audits to verify the issues have been closed.</p> <p>Merchandising materials remain one of our highest-risk categories, because they are frequently made in higher-risk countries, and we often buy them through intermediaries and therefore 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 over 352 factories in our supply chain.</p>

Topic-specific standards

GRI 400: SOCIAL continued

PUBLIC POLICY

Disclosure	Our response
103-02	<p>Our management approach to public policy</p> <p>As part of doing business, Diageo engages 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.</p> <p>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 of Business Conduct.</p> <p>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. Further information on how we manage indirect tax, trade and regulatory risks can be found in our Annual Report on pages 48-49 and our position on specific issues related to alcohol policy is described on our website.</p>
103-03	<p>Evaluation of the management approach</p> <p>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.</p> <p>Our overall approach, along with the management of specific public policy issues, is reviewed by the Executive Committee, the Audit Committee and the Audit and Risk Committee as part of overall corporate risk management activity.</p> <p>Recent reviews have led to an increased focus on global trade tensions, indirect tax policy (e.g. excise) risks and government regulations in response to Covid-19.</p> <p>We continue to make good progress in 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 are in an increasingly strong position to navigate the global trading environment and engage stakeholders on tax reform, alcohol policies and regulations, including e-commerce.</p>
415-01	<p>Political contributions</p> <p>Diageo has not given any money for political purposes in the United Kingdom, has made no donations to EU political organisations and has incurred no EU political expenditure during the year. We made contributions to non-EU political parties totalling £380,000 during the financial year in North America, where it is common practice. Contributions of approximately £380,000 were made to US Federal and State candidates and committees (consistent with applicable laws). In addition, we made contributions to the National and Labour Party in Australia totalling approximately £6,000. 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.</p>

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

Disclosure	Our response
<p>103-02 ● Our management approach to customer health and safety</p> <p>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 which includes:</p> <ul style="list-style-type: none"> • Site internal assessment to Diageo standards • Market independent assurance of adherence to standards • ISO 9001 for our production facilities • FSSC22000 at our brewing and packaging locations. <p>At the date of this report, 69% of our business units were certified to ISO 9001 and 84% to FSSC22000. We have updated the way we calculate the number of accredited business units this year to improve the accuracy of the number reported. The number of certifications is growing, but it takes time to bring acquisitions in line with these standards. The pace of accreditation has been slow this year as Covid-19 pandemic travel restrictions prevented site accreditation visits. Our focus has been on remote verification of site self-assessment to the standards and remote surveillance audits.</p> <p>For more details, see our Quality Global Policy and the Diageo Marketing Code.</p>	<p>103-03 ● Evaluation of the management approach</p> <p>We review customer safety at a number of levels across the organisation depending on the severity of the issue.</p> <p>Our management's Audit and Risk Committee reviews our key risks that relate to customer health and safety, counterfeit, and contamination (with a particular focus on food fraud).</p> <p>The Supply and Procurement Tier 6 meeting chaired by the President, Global Supply and Procurement, monitors our top KPIs for quality – total pack defects and distribution defects.</p> <p>Market-level teams meet monthly with the market head of governance to review these KPIs along with other global and local quality KPIs as part of a broader environment, health, safety and quality agenda, and escalate any issues to the market head of supply chain.</p>
<p>416-01 ● Assessment of the health and safety impacts of product and service categories</p>	<p>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 (these include critical defects which relate to product safety and legislative requirements).</p> <p>We have continued to review and update our quality and global risk management standards, and these are shared with all production sites as they are published.</p> <p>Please see our Reporting boundaries and methodologies on pages 85-100 for more information on how we measure and monitor packaging defects and total product concerns (complaints).</p>
<p>416-02 ● Incidents of non-compliance concerning the health and safety impacts of products and services</p>	<p>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.</p> <p>In November 2020, as a precautionary measure we recalled Guinness 0.0 in Great Britain because of a microbiological contamination which may have made some cans of Guinness 0.0 unsafe to consume. This did not result in a fine, a penalty or a warning. Results can be viewed on The Food Standards Agency assessment website.</p>

Topic-specific standards

GRI 400: SOCIAL continued

MARKETING AND LABELLING

<p>103-02</p> <p>Our management approach to marketing and labelling</p> <p>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.</p> <p>For more details about labelling and information, see the Diageo Marketing Code, Quality Global Policy and the Diageo Consumer Information Standard.</p>	<p>103-03</p> <p>Evaluation of the management approach</p> <p>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.</p> <p>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.</p> <p>Our market-based teams, including general managers, review the efficacy of marketing communications, as do our global brand teams and global Marketing function.</p> <p>By continually assessing our communications, we gain feedback that helps improve future campaigns.</p>
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Disclosure	Our response
<p>417-01</p> <p>Requirements for product and service information and labelling</p>	<p>Our approach is as follows:</p> <ul style="list-style-type: none"> • 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.
<p>417-02</p> <p>Incidents of non-compliance concerning product and service information and labelling</p>	<p>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.</p>
<p>417-03</p> <p>Incidents of non-compliance concerning marketing communications</p>	<p>This year one complaint against Diageo's advertising was upheld by an advertising regulator in Australia. For more details, and for industry complaints as a whole, see the Annual Report on page 31.</p>

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	<p>Our management approach to customer privacy</p> <p>Diageo holds personal data about employees, customers and suppliers, consumers and other individuals, including prospective and former employees. We have a global data privacy programme that has been designed to protect all personal information that we handle in our business activities. Our Code of Business Conduct, Data Privacy Global Policy and Digital Code set out how we handle data in line with data protection laws.</p> <p>All employees must take part in global training on data privacy, and we carry out data privacy assessments for processing activities to manage and mitigate data privacy risks.</p>	103-03	<p>Evaluation of the management approach</p> <p>Our Chief Business Integrity Officer, supported by the Global Privacy Lead, oversees internal accountability and legal compliance across Diageo and reports on key aspects to the Audit Committee.</p> <p>As part of our Data Privacy Programme, we are reviewing our processes to make these more effective and consistent.</p> <p>Data privacy issues may also be raised through our SpeakUp helpline, via line managers, market legal counsel, data privacy alias, Human Resources or the Global Privacy Lead. Audits are reviewed, with remedial action being instigated as appropriate, including via the Audit and Risk Committee and an Executive oversight committee.</p> <p>For more information, see our Code of Business Conduct.</p>
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Disclosure	Our response
418-01	<p>Substantiated complaints concerning breaches of customer privacy and losses of customer data</p> <p>We follow our internal procedures when we receive any requests by individuals to exercise their rights (e.g. 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, Diageo in the EU.</p>

Topic-specific standards

SOCIOECONOMIC COMPLIANCE

103-02

Our management approach to socioeconomic compliance

Diageo has a sound corporate governance structure and a robust governance, risk and compliance programme, with our [Code of Business Conduct](#) at its centre.

We train employees across the company to comply with all standards and policies, and we conduct targeted interventions with managers and senior leaders to create a culture of integrity.

For more details, see our [website](#) and the Our principal risks and risk management section of the Annual Report, pages 45-49.

103-03

Evaluation of the management approach

Our Business Integrity team monitors and reviews compliance systems, training activity and mechanisms such as the [SpeakUp](#) helpline. Our Internal Audit team also undertakes regular audits at market level which include an assessment of compliance.

All audits are reported to the Executive Committee member responsible and to the Chief Executive and Chief Financial Officer. The Executive Committee routinely reviews the outcomes of audits, compliance monitoring of required processes and training, and the details of grievances raised through the [SpeakUp](#) helpline. These areas are also reviewed by management's Audit and Risk Committee and by the Audit Committee of the Board.

Reviews have led to further training on our Code of Business Conduct.

Disclosure

Our response

419-01

Non-compliance with laws and regulations in the social and economic area

This year there were no charges to exceptional items in respect of non-compliance with laws and regulations in the social and economic area.

Omissions: we do not report fines which the business does not deem to be material. Materiality is defined in the Independent Auditor's Report in the Annual Report, pages 134-135.

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

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	<p>Our Society 2030: Spirit of Progress Strategy 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.</p> <p>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 2021, pages 30-35.</p> <p>Several other sections of our Annual Report reflect the mainstreaming of the 10 principles. These include:</p> <ul style="list-style-type: none"> • Our Chairman's statement, pages 6-7 • Our Chief Executive's statement, pages 10-13 • Our principal risks and risk management, and Climate-related risks sections, pages 45-49. <p>Further reporting in this ESG Reporting Index relating to the 10 principles includes:</p> <p>Human rights and labour</p> <p>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 68-69. 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 64. We describe our work to eliminate all forms of forced and compulsory labour in GRI 103-02 to 103-03 and GRI 409, page 66 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 65. 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, page 62.</p> <p>Environment</p> <p>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 30-51.</p> <p>Anti-corruption</p> <p>We have an internal Anti-Corruption Global Policy, and its core principles are included in our Code of Business Conduct (our 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.</p>
2	Value chain implementation	<p>Our Society 2030: Spirit of Progress Strategy 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 30-35 and 42-43 respectively.</p> <p>Further reporting in this ESG Reporting Index relating to value chain implementation of the 10 principles includes:</p> <p>Human rights and labour</p> <p>Details of how we implement our Partnering with Suppliers Standard, are described in GRI 103-02 to 103-03 and GRI 414, page 72. 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 (UNGPR) and the international standards set out by the eight core International Labour Organization (ILO) conventions and recommendations.</p> <p>Environment</p> <p>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, page 51.</p> <p>Anti-corruption</p> <p>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.</p>

United Nations Global Compact (UNGC) Index

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	<p>We committed to act in accordance with the UN Guiding Principles on Business and Human Rights (UNGP) 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
4	Effective management systems to integrate human rights principles	<p>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.</p> <p>We have 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 are prioritised by risk, initially at an international level and then within the local market context. For more information, see page 42 of our Annual Report, and GRI 103-02 to 103-03 and GRI 405 to 414, pages 62-72.</p>
5	Effective monitoring and evaluation mechanisms of human rights integration	<p>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.</p> <p>Our HRIA programme is 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.</p> <p>The programme supports markets through a systematic review of their businesses to identify and assess potential human rights impacts, and covers all aspects of our value chain, from raw materials to consumption. Trends identified to date are communicated along with relevant mitigation activity.</p> <p>More information on our progress on delivering HRIsAs this year; please see GRI 103-02 on page 69.</p>

United Nations Global Compact (UNGC) Index

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 last year, 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 32-33 and page 22 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 32-33 and page 22 respectively, and the Doing business the right way from grain to glass section on page 42-43. 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 41. 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 30-33 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 63-67 .

ROBUST ENVIRONMENTAL MANAGEMENT POLICIES AND PROCEDURES

Criterion	Description	Cross reference/direct answer
9	Robust commitments, strategies or policies in the area of environmental stewardship	Our Environment Global 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 pages 34-35, Doing business the right way from grain to glass 42-43, and Climate-related risk 50-55. See also GRI 103-02 to 103-03 and GRI 301 to 308, pages 30-51 of this document.
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, Climate-related risk, pages 34-35, 42-43 and 50-55, and GRI 103-02 to 103-03 and GRI 301 to 308, pages 34-53 of this document.
11	Effective monitoring and evaluation mechanisms for environmental stewardship	Our risk and compliance programme, referenced above, also applies to our Environment Global 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 Methodologies section on pages 85-100 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, Climate-related risk, pages 34-35, 42-43 and 50-55, and GRI 103-02 to 103-03 and GRI 301 to 308, pages 34-53 of this document.

United Nations Global Compact (UNGC) Index

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 45-49, 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, page 28 .
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 45-49, 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, page 28 .

TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES

Criterion	Description	Cross reference/direct answer
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 strategy 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 38-41 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 32-33 of the Annual Report, and GRI 103-02 to 103-03 and GRI 205 to 206.

United Nations Global Compact (UNGC) Index

TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES *continued*

Criterion	Description	Cross reference/direct answer
17	Advocacy and public policy engagement	<p>We engage on many issues important to our Society 2030 strategy. For example, we have signed up to the Business Ambition for 1.5°C, the UNGC/SBTI Uniting Business to Recover Better, 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.</p> <p>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.</p> <p>On positive drinking issues we advocate, for example, for road safety, including through our partnership with the United Nations' road safety initiative, UNITAR. 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.</p> <p>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.</p>
18	Partnerships and collective action	<p>We believe partnership is the best way to make progress against our ESG strategy and goals.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 34-35.</p>

CORPORATE SUSTAINABILITY GOVERNANCE AND LEADERSHIP

Criterion	Description	Cross reference/direct answer
19	CEO commitment and leadership	In the Annual Report, pages 6-13, 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 102-18 to 102-39, pages 15-19 .
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 the Stakeholder engagement section of the Annual Report, pages 20-21 and GRI 102-40 to 102-44, page 19 .

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 54-55 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 54-55 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 31 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 31 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 183-186 of the Annual Report, for details of contingent liabilities and legal proceedings See page 31 of the Annual Report for details of breaches of marketing practices
Description of efforts to promote responsible consumption of alcohol	See pages 30-31 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 41 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 41 of the Annual Report See the Society 2030 section of our website , under Sustainable by design

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 54 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 50-55 of the Annual Report

ACTIVITY METRIC

SASB metric	Our response
Volume of products sold	See page 14 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

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 2021. 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 Diageo's 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 Diageo has 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 Diageo does not have operational control are excluded.

RESTATEMENTS OF DATA

Over the past three years, Diageo has 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. Please see Note 8 to the Financial statements in the Annual Report, pages 157-158, 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

Diageo restates 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 3.0). The baseline year environmental impact data, and data for intervening years, are adjusted to reflect acquisitions, divestments, updates to databases for CO₂e 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 (FY) ended 30 June 2021, the baseline year environmental impacts were restated to reflect changes to CO₂e 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.

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

Diageo's baseline year, set as FY 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 Diageo's targets.

Reporting methodologies are reviewed and updated on an annual basis 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.

- **Safety data:** Safety data and full-time employees (FTE) data are reported at site level using the global data management system.
- **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 2020 to 30 June 2021, 170 sites in 40 countries reported environmental impact data.

Reporting boundaries and methodologies

Denominator for efficiency indicators

To calculate efficiency ratios, Diageo uses 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.

- **Local market Society 2030 data:**

Where Society 2030 programmes are managed at a local level, this performance data is collated on a quarterly basis in our market reporting template. The data is compiled at a market, regional and global level, alongside our other Society 2030 targets, and reviewed by general managers, functional leadership teams, at our 2030 Grain-to-Glass Strategic Business Review (SBR), and with 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 the Annual Report and ESG Reporting Index.

Reporting methodologies

The content of this report is based on the Society 2030 targets and elements relevant to our commitment to doing business the right way from grain to glass. Society 2030: Spirit of Progress is Diageo's 10-year action plan to help create a more inclusive and sustainable world. It builds on the legacy of our founders to create a positive impact in our company, with our communities and for society, and is how we will continue to celebrate life, every day, everywhere.

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

- Number of markets that have launched DRINKIQ.

Definitions

DRINKIQ is Diageo's global resource that helps people make responsible choices about drinking – or not drinking – and champions consumer health literacy through promoting moderation and tackling harmful drinking in every market where we live, work, source and sell.

It is an online platform that tackles harmful use of alcohol through providing everyone, regardless of their current circumstances, the facts, tools and support to help them make informed choices. The platform includes a drinking self-assessment tool to help determine whether someone is at risk of problem drinking. The self-assessment tool is based on the World Health Organization's AUDIT tool, which stands for Alcohol Use Disorder Identification Test.

Scope

The commitment extends to all global markets where Diageo operates.

Data preparation and assumptions

This data is maintained by the Diageo metric owner who manages the global roll-out of DRINKIQ.

Target

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

Performance measures

- 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.

Reporting boundaries and methodologies

Baseline

The baseline year for the reporting of cumulative progress towards our Society 2030: Spirit of Progress target is our 2018 fiscal year, i.e. July 2018 onwards.

Due to the lag in reporting information from our live programmes as a result of the complexity of gathering data from hundreds of schools globally with different academic years, each fiscal year we include data from June to May. So for example, for the 2021 fiscal year, we would be reporting data from 1 June 2020 to 31 May 2021. This deadline allows consolidation of numbers that reflect the majority of delivery cycles related to the academic year.

Definitions

We deliver our education on underage drinking through our live workshop, SMASHED. This year we have developed an online programme alongside it.

- **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 upon 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.
- **Diageo-supported programmes:** A Diageo-supported programme is a programme that is 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, Diageo 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 young people, we would only claim 5,000 people were educated by our contribution.

Scope

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:** Our partner Collingwood Learning (Collingwood) has set criteria for partners – local delivery partner, ministry of education (or similar) and sponsors – to support the success of local adaptations on the ground. Collingwood supply 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 minor amends that do not impact the intention, structure or learning objectives of the course. However, this is vital to ensure young people relate to the content.

Collingwood also works with the in-country partners to aim for compliance to the original content whilst accommodating adaptations that are appropriate. This is further supported by programme sponsors and educational stakeholders to support curricular linkage. With regards to evaluation, every question

pre- and post- 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 and 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 Australia, Brazil, Cambodia, Cameroon, Ethiopia, Ghana, Great Britain, Italy, Ivory Coast, Nigeria, Northern Ireland, Seychelles, South Africa, Spain, Uganda and Taiwan.

Online programmes are running in Australia, Great Britain, India, Mexico and Northern Ireland.

Data preparation and assumptions

Both performance measures are provided by Collingwood. 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 Diageo for review and reporting.

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

- Assess 20% of programme participants through a pre- and post-survey.
- 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-survey.
- 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. Upon confirmation of the tour schedule,

Reporting boundaries and methodologies

the delivery partner is asked to demonstrate the schools they have chosen to sample for evaluation meet the criteria provided by Collingwood and therefore are representative of the wider school/tour population. We aim to sample a wide demographic within the confines of the schools being visited.

Discount factor

A discount factor of 5.5% is applied 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. The application of the discount factor is based on a report from Education Policy Institute about school attendance rates across the UK since full reopening in August/September 2020.

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. State 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

Diageo considers 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 as the activity is only delivered to any audience within the curricular requirements for the year. No unique personal identifiers are collected, for data privacy reasons.

We avoid schools running SMASHED Live and Online concurrently by offering only a single option in the vast majority of countries. Where two programmes are available (currently UK and Australia) 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.

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 (SMASHED target age group). In the unlikely event that SMASHED is a constant school programme (applied every year without fail), there is a very small likelihood of repetition of the programme for one or two individuals. We do not believe this number to be statistically significant and therefore no discount factor has been applied.

We calculate approximately 1% of students change secondary schools annually (Sources: DoE and Guardian). This represents 1.5 children per average year group. Given the relative reach of SMASHED across schools in the UK 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 through moving schools is negligible.

Specific discounting factors have been applied to the programme.

Target

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

Performance measures

- Number of people reached on the dangers of drink driving through a Diageo-supported education programme
- Number of people who confirmed changed attitudes on the dangers of drink driving in a Diageo-supported education programme
- Number of law enforcement officers educated through the UNITAR HVE training programme.

Definitions

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

1. 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.

2. The Diageo drink driving programme

This programme is designed to help people to understand the consequences of drink driving by speaking to 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.

3. Locally developed drink drive programmes

These programmes are similar in nature to our Diageo-developed drink drive programmes and fulfil attitude change measurement requirements.

People reached: People within the target age group (18 years and above, apart from in countries where the legal driving age is 16. In these cases the age group is 16 years and older) who have participated in Diageo's learning experience. Completions are counted only on completion of the post-programme survey.

Law enforcement officers who have participated in UNITAR HVE training programme – completions are counted only on completion of the course.

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

Reporting boundaries and methodologies

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 would only claim 5,000 people were educated by our contribution.

Scope

The commitment extends to all global markets.

Data preparation and assumptions

Both programmes are run through a dedicated online portal, so signed-up participants are only counted if they complete the full online course. 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.

Locally developed drink drive programmes where attitude change data is recorded are included in this calculation. This data is collected by Diageo teams or third parties in-market.

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 participants that make up the 20% sample have to be selected randomly
- If the sample is fewer than 200 people, the same participants will have to take the pre- and post-programme survey
- The gender distribution of the sample has to be approximately 50% female and 50% male.

The HVE data is consolidated and reviewed by UNITAR, before being shared with Diageo for review and reporting.

Target

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

Performance measures

- 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
- Champion ethnic diversity with an ambition to increase representation of leaders from ethnically diverse backgrounds to 45%
- Accelerate inclusion and diversity in our value chain, measuring and increasing the percentage of Diageo suppliers from female and minority-owned businesses year on year
- 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, we will 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 will be designed to enhance ethnic diversity and inclusion of under-represented groups.

Ambition

Champion gender diversity with an ambition to achieve 50% representation of women in leadership roles by 2030¹

Performance measures (KPIs)

- The percentage of women who were in Diageo Leadership roles as of 30 June 2021. The company will track the average of the four quarter ends across the fiscal year, based on filled roles.

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 the scope of the performance measure. Employee type includes Regular and Fixed Term Contract (FTC) across all markets.

In most markets we collect gender information through Workday, our online Human Resources System, where employees self-disclose this information.

In 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. Non-Workday markets are Turkey, Indonesia, 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 the local HR team and provided to our data analytics team to incorporate a total Diageo view.

Non-Executive members and Extended Workers (agency workers, independent contractors, freelance and consultants) are not in scope.

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

Reporting boundaries and methodologies

Data preparation and assumptions

The gender of employees, as female or male, is disclosed by employees on Workday (Diageo's Human Resources System). 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 at 30 June 2021, including both Workday and Non-Workday markets.

Ambition

Champion ethnic diversity with an ambition to increase representation of leaders from ethnically diverse backgrounds to 45% by 2030¹

Performance measures (KPIs)

- The percentage of ethnically diverse individuals who were in Diageo Leadership roles as at 30 June 2021. The company will track the average of the four quarter ends across the fiscal year, based on filled roles.

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' was captured 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 which 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, we have manually re-mapped them to the closest fit for the purposes of this data gathering exercise only. Individuals identified 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 Turkey, Indonesia, 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. These include Ethiopia, India and Japan. 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.

Currently, there are Leadership roles based in the following Workday/Non-Workday ethnicity collecting countries: India, Indonesia and Turkey. In India, 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.

The same approach is taken in Indonesia where nationality is considered first followed by a confidential conversation with local HRD for all non-national Indonesian employees. Email receipt of the conversation is issued to employees to confirm ethnicity self-disclosure and alignment which is shared with the Data Analytics team to include the total Diageo view.

In Turkey a survey is administered to the employee population providing the opportunity to disclose against locally relevant ethnicity types, an option to choose to self-decline is also available. This information is shared with the Data Analytics team to incorporate a total Diageo view.

Non-Executive members and Extended Workers (agency workers, independent contractors, freelancers and consultants) are not in scope.

Data preparation and assumptions

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 and 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 at 30 June 2021 including both Workday and Non-Workday markets.

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.

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

Reporting boundaries and methodologies

Ambition

Accelerate inclusion and diversity in our value chain, measuring and increasing the percentage of Diageo suppliers from female and minority-owned businesses year on year¹

Performance measures (KPIs)

- Percentage of suppliers with female and minority ownership.

Definitions

Female and minority-ownership suppliers are those at least 51% owned and operated by groups of individuals from under represented groups: women, ethnically diverse, LGBTQIA+, disabled or any other minority in the markets where we operate.

This year we are reporting qualitatively against this target as we are currently defining a robust quantitative measurement process.

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 trained through Learning for Life – online and face to face – and other Diageo business and hospitality skills training 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/partners wherever possible
- Actively include and empower women and other under represented groups.

This year we launched a new Learning for Life Online digital asset, which is hosted on our Diageo Bar Academy (DBA) platform and translated into Spanish, English and Portuguese. Markets develop their own unique course using a range of the available online modules to make up a full curriculum 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, United States 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.

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 on a quarterly basis. Data is verified by regional Diageo in Society teams and signed off by regional Corporate Relations Leadership Team members.

For face-to-face training, markets and delivery partners ensure 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 to individual participants in hospitality skills by Diageo Bar Academy (DBA) for the period 1 July 2020 to 30 June 2021.

Definitions

We measure the number of trainings delivered to individual participants of Diageo Bar Academy (DBA) training courses. 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, 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 face to face to groups of participants by an accredited DBA trainer through face-to-face sessions. Length of training ranges from half a day to a full day 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 sessions.

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

Reporting boundaries and methodologies

- **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). Virtual sessions are delivered and are a range of lengths 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 in video format and live-streamed, recorded and made available on the DBA website for users to view on-demand. These sessions are self-selected and driven by participant interest.

Scope

Participants of DBA that complete one of the aforementioned 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 through a variety of ways depending on the types of course. These are as follows:

- **Physical training:** attendance numbers captured and recorded by accredited DBA trainers
- **Virtual training:** attendance numbers captured via Zoom technology and recorded by accredited DBA trainers
- **E-learning:** participant data captured through website functionality (sign-up + course completion)
- **Masterclass:** participant data captured through social platform analytics and website functionality.

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 utilise the DBA community for upskilling and networking.

Target

Ensure 50% of beneficiaries from our community programmes are women and our community programmes will be designed to enhance ethnic 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 which 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 as a business and hospitality skills programmes please see our reporting boundaries and methodologies on this target on [page 91](#).

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 indirectly benefit from initiatives such as community water, sanitation and hygiene projects.

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 local and central reporting system. This system 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, please see the reporting boundaries for this target on [page 91](#).

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
 - Ensure 100% of our packaging is widely recyclable (or reusable, compostable)
 - 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 plastics are designed to be widely recyclable (or reusable/compostable) by 2025¹
 - Achieve 40% recycled content in our plastic bottles by 2025 – and 100% by 2030¹

1. These targets were introduced in 2018.

Reporting boundaries and methodologies

- 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.

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.

Diageo prepares and reports water withdrawal data from the sites over which it has operational control, using internally developed reporting methodologies based on the GRI Standards. In addition to tracking total water usage, Diageo also prepares and reports 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 FY 2021, there are 44 locations across 14 countries that have been identified as water-stressed, with 35 of these locations currently operational and 9 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 Diageo supply and office sites.

Data preparation and assumptions

Water withdrawals are measured primarily based on meter reads 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)

- Volume of water replenished (cubic metres m³).

Baseline

The baseline for our water replenishment target is FY 2026 estimated annual consumptive water volumes at sites located in water-stressed areas. The baseline is recalculated annually to incorporate estimated FY 2021-26 water efficiency improvements, water recovery, zero liquid discharge, production volume growth, new water-stressed sites, and acquisitions and divestments.

Definitions

Calculation of this performance measure is total water replenished during FY 2021-26 at sites located in water-stressed areas as a percentage of our estimated FY 2026 total consumptive water at sites located in water-stressed areas. On an annual basis, we measure our cumulative water replenishment at water-stressed sites as a percentage of our FY 2026 estimated total consumptive water at sites located in water-stressed areas.

Replenishment projects include activities such as reforestation, wetland restoration, desilting ponds, rainwater harvesting, and water sanitation and hygiene (WASH) programmes.

Replenishment targets are calculated based on all consumptive water used per site, are tracked and reported by site, and consolidated into a market target.

Replenishment projects need to be in a water-stressed site's water catchment and/or water-stressed water basins from which we source local raw materials.

Scope

The scope is water-stressed markets only. For FY 2021, there are 44 locations across 14 countries that have been identified as water-stressed, with 35 of these locations currently operational and 9 non-operational.

Data preparation and assumptions

Indicative volume (m³) of water replenished data is collected by a delivery partner and, on completion of the project, confirmed. The Diageo global metric owner provides final validation. This data is then validated by an external validator.

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 will then be validated again after commissioning of the project.

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 where we have invested in improving access to clean water, sanitation and hygiene near our sites and local sourcing areas.

Definitions

- **Near our sites and local sourcing areas for water-stressed markets:** includes all people within 1km of the water source, where we aim to provide a new WASH facility or an improved WASH facility.
- **Water-stressed locations and classification:** The World Resource Institute Aqueduct tool, local consultancy insight and internal survey information are used to determine which of our sites are in water-stressed areas. If we acquire new sites that are in water-stressed areas, these would be included in scope. We apply this target for newly acquired sites as soon as practically possible, and no later than one year after assuming operational control.

Reporting boundaries and methodologies

To qualify for this target, the investment must occur at least once in the period to 2030 in each water-stressed market where we have sites and local sourcing areas.

Scope

The scope includes water-stressed markets. For FY 2021, there are 44 locations across 14 countries that have been identified as water-stressed, with 35 of these locations currently operational and 9 non-operational.

The scope excludes new water-stressed markets where there is no demand/requirement for new community WASH projects (for example, Turkey), verified by an expert implementing partner, and government and WHO data. It also excludes 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. Data on the WASH programmes including locations, number of people and number of women benefitting from a WASH programme is calculated by NGO delivery partners and census data, and validated by an external validator. The total number of WASH programmes, locations and total beneficiaries is summarised at a global level.

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)

- % 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 markets with operational sites located in water-stressed areas.

Data preparation and assumptions

Priority water basins with collective action participation are reported at a local market level and tracked by 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 (ktCO₂e).

Definitions

- **Scope 1 emissions (direct CO₂e emissions):** those from on-site energy consumption of 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, Diageo reports CO₂e emissions attributable to CH₄ and N₂O only, and excludes direct CO₂ emissions for biomass, biogas and the biogenic element of biofuels. Minor quantities, typically at office sites, to a maximum of 50 tonnes CO₂e, are excluded, as are the carbon emissions associated with biogas flaring and leased cars, since they are considered immaterial to the company's overall impacts. These areas are routinely reviewed to reassess the materiality of the data.
- **Scope 2 emissions (indirect CO₂e emissions):** those from purchased electricity and heat.

Scope

The scope includes Diageo supply and office sites.

Data preparation and assumptions

CO₂e 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 (GWP).

The CO₂e emissions data is calculated based on direct measurement of energy use (meter reads/invoices) for the majority of sites. In certain limited instances (<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 CO₂e emission factor to derive the total CO₂e emissions.

Scope 1 emission factors for fuels are typically average fuel CO₂e emissions factors and calorific values (the latest available at the start of the reporting year) from the United Kingdom's Department for Business, Energy and Industrial Strategy (BEIS). However, where product-specific factors are available, these are applied.

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. Diageo's CO₂e 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 Diageo's protocols (since FY 2014). For location-based reporting of grid electricity consumption, regional or sub-national factors are used where available.

* Energy estimates determined to be 0.59%, in aggregate, from assessment of 85% of total energy consumption in financial year 2020 and <1% threshold thereby seems reasonable.

Reporting boundaries and methodologies

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 (ktCO₂e).

Definitions

Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

The CO₂e 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 CO₂e 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

Diageo's value chain emissions, upstream and downstream, are in scope.

Data preparation and assumptions

CO₂e 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 (GWP).

The CO₂e 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 CO₂e emissions volume, measured in metric tonnes.

Target

Use 100% of renewable energy across all our direct operations

Performance measures (KPIs)

- Total renewable energy (MWh)/Total energy use (MWh) expressed as a percentage.

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 applying the relevant EACs.

Scope

Diageo 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 reads/invoices for volumes of fuel supplied) for the majority of sites. In certain limited instances (<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 (IEA)).

Direct energy factors for fuels are typically United Kingdom 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 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)

- Total waste sent for disposal in landfill in tonnes, by site, in the year.

Definitions

Diageo records the type and quantity of all waste to landfill using Diageo's 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

Diageo 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 due to operational changes, such as acquiring new sites, changing who handles our waste and issues with waste

* Energy estimates determined to be 0.59%, in aggregate, from assessment of 85% of total energy consumption in financial year 2020 and <1% threshold, thereby seems reasonable.

Reporting boundaries and methodologies

disposable suppliers. We consider we have achieved zero waste to landfill if we have disposed of less than 0.2%* of baseline 'waste to landfill' volume during the year.

Targets

- Ensure 100% of our packaging is widely recyclable (or reusable, compostable)
- 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%)

Performance measures (KPIs)

- Reduction in total packaging volume in metric tonnes (grams/litre of packaged product)
- Percentage of recycled content in total packaging volume (recycled content in metric tonnes per total packaging volume in metric tonnes)
- Percentage of packaging widely recyclable (widely recyclable volume in metric tonnes per total packaging volume in metric tonnes).

Definitions

Diageo monitors and assesses 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

Diageo 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). They are 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/compostable) by 2025¹
- Achieve 40% recycled content in our plastic bottles by 2025 – and 100% by 2030¹

Performance measures (KPIs)

- Metric tonnes of recycled content/total tonnes of plastics used expressed as a percentage
- Metric tonnes of plastics widely recyclable (or reusable/compostable)/total tonnes of plastic used expressed as a percentage

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/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

Diageo supply and office sites are in scope.

Data preparation and assumptions

Plastics material volumes are collated from enterprise software including SAP (materials supplied) and other sources, for total volume of plastic used, recycled content and recyclability. They are then consolidated and internally verified, based on the best available information.

Target

Provide all of 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 network who we have provided with, or facilitated access to, initiatives providing agricultural skills and a minimum of three inputs (seeds, fertilisers, credit, crop insurance and so on).

Definitions

Farmers are defined as individuals or farm families – whether they have a direct relationship with Diageo or are represented by an organised cooperative – who directly manage the land, grow crops or rear livestock.

A smallholder farmer is defined, not just by the size of their farm (typically less than two hectares), but also by their approach to farm management, access to agricultural inputs, and the level of organisation within the supply chain, particularly where the ability of farmers to engage on environmental or social sustainability may be affected by a primary focus on economic viability.

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.

Providing agricultural skills and inputs is defined as improving the methods and activities used by smallholder farmers to farm effectively and sustainably by:

- providing a codified training curriculum delivered by qualified Diageo agronomists or approved third parties, in line with the principles and practices of SAI Platform and the FSA, and
- providing or facilitating access to at least three farm inputs, such as seeds, fertilisers, access to credit/crop insurance, mechanisation.

1. These targets were introduced in 2018.

* 0.2% of baseline waste to landfill volume equates to 200 tonnes and excludes any waste Diageo is required to dispose to landfill under local regulations.

Reporting boundaries and methodologies

Building economic and environmental resilience is defined by improvement in smallholders' financial awareness and improved family incomes, and enhanced security in times of adverse weather events, crop failure or other negative factors beyond the farmer's control.

Scope

Countries in scope are principally Cameroon, Ethiopia, Ghana, India, Kenya, Mexico, Nigeria, Tanzania, Turkey, Seychelles, South Africa and Uganda. We will continue to add other raw material sourcing areas as applicable.

Data preparation and assumptions

The number of smallholder farmers trained in these initiatives is recorded manually by Diageo sourcing teams and third parties running each initiative.

Target

Develop regenerative agriculture pilot programmes in five key sourcing landscapes

Performance measures (KPIs)

- Number of regenerative agriculture pilot programmes active.

Definitions

Regenerative agriculture pilot programmes may consist of:

- fully fledged on-the-ground programmes working with farmers to adopt and share regenerative practices
- data collection and measurement initiatives to track baseline data necessary to inform and develop on-the-ground adoption approaches
- demonstration farms and farmer field schools used to 'test and scale' or 'test and fail' specific practices in different farming systems
- collaborative programmes in conjunction with other off-takers, technology providers, NGOs or specialist organisations.

This year we are reporting qualitatively against this target as we are currently defining a robust quantitative process.

DOING BUSINESS THE RIGHT WAY FROM GRAIN TO GLASS

This section details additional reporting methodologies for key information disclosed in the Annual Report and 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 (LTA) frequency rate
- Total recordable accident frequency rate (TRAFR)
- Number of fatalities.

Definitions

Lost-time accident (LTA) frequency rate is defined as the number of LTAs per 1,000 full-time employees (FTE):

An 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 is required.

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. Due to the ongoing impact of

Covid-19 and FTEs having to work from home, we have looked closely into what home-working injuries should be in scope for reporting – for example, an injury would be in scope if 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 Diageo fatalities, 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 Diageo premises), or any work-related fatalities occurring to third parties and contractors (non-FTEs) while on Diageo's premises.

Scope

We do not report an LTA rate for independent contractors due to the difficulty and administrative burden in accurately recording headcount.

Data preparation and assumptions

Safety data is collected and reported for all sites at which Diageo has 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.

Reporting boundaries and methodologies

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, administered by Karian and Box. In 2021 the data represented 85% of those able to participate (19,491 employees) compared with 94% in 2019.

(Last year Covid-19 meant we did not conduct Your Voice. Instead, we established pulse surveys to measure engagement and listen to feedback from employees on their experience of working during the pandemic.)

This year's survey was designed with a view to create a fresh, future-proof question set that has sufficient continuity to allow historical tracking on key aspects, but also embraces new important themes such as inclusion and diversity, belonging, adaptability and agility, and empowerment and innovation. With the majority of our core questions unchanged, our 2021 results are partially comparable to 2019; it is, however, important to factor in the extended time gap between the two full surveys and the external circumstances (Covid-19) of the past 18 months.

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 Ypioca, 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.

Environmental and safety 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 Hires 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 have 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 informed by 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, sugarcane, 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.

They 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 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 who have completed the SEDEX self-assessment questionnaire.

Baseline

All performance figures against targets are from 1 July 2020 to 30 June 2021.

Reporting boundaries and methodologies

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 who 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.

Audits of high-risk suppliers

Performance measures (KPIs)

- Audits of highest-risk suppliers.

Baseline

All performance figures against targets will be from 1 July 2020 to 30 June 2021.

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 in this report relates to both audits requested by Diageo 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 Diageo on SEDEX that have an ethical audit.

Data preparation and assumptions

The total number of audits comes from data from audit reports that are held within SEDEX, combined with any offline audits that are sent through to us directly by suppliers. These are often non-SMETA audits that are part of our mutual recognition programme with AIM PROGRESS – for example, Coca-Cola or Unilever audits.

Environmental impact

Biodiversity

We track our impact on local biodiversity by measuring where operational sites owned, leased and managed by Diageo 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](#)
- [C.I. \(Conservation International\) 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 [World Heritage Site](#).

Scope

Diageo supply and office sites are in scope.

Data preparation and assumptions

We refresh the classification data for our sites and protected area designations on an annual basis.

Effluents and waste

Performance measures (KPIs)

- Wastewater polluting power (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.

Diageo measures and reports the final BOD load discharge to the environment outside of 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 ('000s tonnes), that is attributable to Diageo's owned and operated wastewater treatment facilities, is covered by external independent assurance.

Scope

Diageo 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 '000s 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 a sample basis, 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.

Reporting boundaries and methodologies

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 the global online training tool, MyLearningHub, 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.

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, via Business Integrity members, HR or Legal) are captured in our global breach management tool, Ethicspoint.

Reported and substantiated breaches

Prior year numbers of substantiated breaches and code-related leavers are updated 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 a full and accurate year-on-year comparison to be made.

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.

Total concerns (complaints)

All complaints are recorded (validated or not) through consumer care lines and in-market companies. The concern rate is calculated based on the volume of cases produced at the site in the same period as the complaint was received. Figures are aggregated globally, are weighted based on volume of production, and are expressed as number of complaints per units sold, with a unit being one case of nine one-litre bottles.

External assurance: PwC

Independent Limited Assurance Report to the Directors of Diageo plc

The Board of Directors of Diageo plc (“Diageo”) engaged us to provide limited assurance on the information described below and set out in Diageo’s Annual Report and ESG Reporting Index for the year ended 30 June 2021.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 30 June 2021 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the information marked with the symbol Δ in Diageo’s ESG Reporting Index 2021 and Diageo’s Annual Report 2021 (“Annual Report 2021”) (the “Selected Information”). We assessed the Selected Information using Diageo’s Reporting Methodologies (the “Reporting Criteria”) as set out on pages 85-100 of the ESG Reporting Index 2021. Our assurance does not extend to information in respect of earlier periods or to any other information included in the ESG Reporting Index 2021.

Professional standards applied and level of assurance

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. The procedures performed in a limited assurance engagement 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.

Environmental and Safety indicators: 1 July 2020 – 30 June 2021	Reported data
Direct and indirect carbon emissions by weight (market/net based) (1,000 tonnes CO ₂ e)	481
Direct and indirect carbon emissions by weight (location/gross based) (1,000 tonnes CO ₂ e)	692
Total direct (renewable and non-renewable) energy consumption (TJ)	10,832
Direct and indirect energy efficiency (MJ/litre packaged)	3.2
Market based (net) intensity ratio of GHG emissions (g CO ₂ e per litre of packaged product)	123
Location based (gross intensity) ratio of GHG emissions (g CO ₂ e per litre of packaged product)	177
Percentage reduction in absolute carbon emissions (direct and indirect carbon emissions by weight (market / net based)) from the prior year	5.1%
Total volume packaged (litres)	3,905,130,148
Total mains water withdrawn (cubic metres)	8,033,549
Total ground water withdrawn (cubic metres)	6,995,574
Total surface water withdrawn (cubic metres)	1,761,157
Water use efficiency per litre of product packaged (litres/litre)	4.3
Percentage improvement in litres of water used per litre of product packaged from the prior year (percentage)	7.7%
Wastewater polluting power (‘BOD’), total under direct control (tonnes)	29,547
Percentage reduction in wastewater polluting power (‘BOD’), total under direct control (tonnes) from the prior year	-54.3%
Total volume of waste sent to landfill (tonnes)	46
Percentage reduction in total waste sent to landfill from the prior year	97.5%
Lost time accident frequency rate per 1,000 full-time employees	1.03
SMASHED – underage drinking programme: 1 June 2020 – 31 May 2021	Reported data
Educate 10 million young people, parents, and teachers on the dangers of underage drinking	210,443
Number of people educated on the dangers of underage drinking through a Diageo-supported education programme	210,443
Number of people who confirmed changed attitudes on the dangers of underage drinking following participation in a Diageo-supported education programme	195,544
Inclusion and Diversity indicators: 1 July 2020 – 30 June 2021	Reported data
The percentage of female leaders globally	42%
The percentage of ethnically diverse leaders globally	37%

External assurance: PwC

Our Independence and quality Control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) 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 IESBA Code of Ethics.

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.

Our work was carried out by an independent team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria, which Diageo is solely responsible for selecting and applying. 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, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 30 June 2021.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of Diageo's management, including those with responsibility for management and group reporting of ESG data;
- performed walkthrough procedures to understand reporting processes for environmental and safety indicators;

- performed walkthrough procedures to understand how number educated and confirmed attitudinal change is captured via Collingwood Learning systems for SMASHED – underage drinking programme indicators;
- performed walkthrough procedures to understand how gender and ethnicity data is captured via Diageo's HR system, Workday and non-Workday markets;
- reviewed significant estimates and judgements made by management in the preparation of the reported data;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. We performed virtual site tours using live feed streaming under our direction for 11 sites in order to understand the key processes and controls for reporting site performance data to the group team. Sites were selected based on their inherent risk and materiality to the group;
- performed limited substantive testing remotely on a selective basis of the Selected Information for 11 sites to check that data had been appropriately measured, recorded, collated and reported;
- performed a governance review of the Selected Information for one site to confirm appropriate control and review process are in place;
- performed limited substantive testing remotely of BOD under direct control for the four sites using the DEFCO pipeline to check that data had been appropriately measured, recorded, collated and reported;
- attended a live-events online module for SMASHED – underage drinking programme;
- performed limited substantive testing remotely on a selective basis of the Selected Information for five countries where Smashed Live or Virtual is delivered to check that data had been appropriately measured, recorded, collated and reported;
- performed limited substantive testing remotely on a selective basis of the Selected Information to assess accuracy of underlying evidence for Gender and Ethnicity of Diageo leadership population; and
- considered the disclosure and presentation of the Selected Information.

Diageo's responsibilities

The Directors of Diageo are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the content of the ESG Reporting Index 2021 and Annual Report 2021.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Diageo.

This report, including our conclusions, has been prepared solely for the Board of Directors of Diageo in accordance with the agreement between us dated 20 January 2021, in order to assist the Directors in reporting Diageo's performance and activities. We permit this report to be disclosed in the ESG Reporting Index 2021 and online www.diageo.com/en/in-society/our-role-in-society/our-reporting* for the year ended 30 June 2021, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility 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

29 July 2021

* The maintenance and integrity of Diageo's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on Diageo's website.

External assurance: Corporate Citizenship

Social Investment Assurance Statement 2021 – Diageo

Corporate Citizenship has conducted an assurance of Diageo's use of the Business for Societal Impact (B4SI) model to measure and report on the voluntary contributions to social activity made through its Society 2030 initiatives, for the year to 30 June 2021.

Diageo is an active member of the B4SI network, whose 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, Corporate Citizenship have worked with Diageo to ensure its operations understand the model and have applied its principles to the measurement of activity. 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.

Commentary

Diageo's Society 2030 initiatives are multi-faceted, covering issues such as the promotion of positive alcohol consumption, skills development, and the preservation of natural resources, among others. The data for the year under review also reflects significant contributions to Covid-19 relief efforts.

When reporting its activity and contributions regarding the consumption of, and attitudes to, alcohol, Diageo is careful to separate, and only include as community contributions, those items that extend beyond its core responsibilities as an alcohol company and that:

- Relate directly to the delivery of community benefit
- Extend beyond consumers of its own products (e.g. school children)
- Are delivered by independent third-parties.

Our review has shown that the data reported for the year under review reflects this approach.

Corporate Citizenship

www.corporate-citizenship.com

July 2021