

# DIAGEO

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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](#) ESG action plan on our [website](#), we also submit non-financial information to benchmarking and index organisations throughout the year, including those listed on the Awards and rankings section of our website.

We track our non-financial performance measures 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. In fiscal 23, we began integrating our non-financial performance measures into our financial performance management system. Our aim is to provide internal stakeholders with non-financial performance alongside financial performance information, enabling early action to amplify opportunities and address risks, ensuring we stay on track to deliver our Society 2030: Spirit of Progress plan.

The Board of Directors of Diageo plc is responsible for the preparation and presentation of the ESG Reporting Index. More details about the information included in the ESG Reporting Index and its supporting data, including how Diageo has selected and determined appropriate key performance indicators, definitions, scope, baselines and other information is set out in the Reporting boundaries and methodologies section on pages 83-114. We have established and maintained procedures that are designed with the aim of ensuring that the information set out in the ESG Reporting Index is as accurate as possible at the time of publication, including review and approval by senior management and the Board of Directors prior to publication.

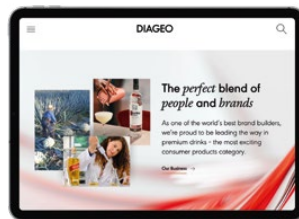
Non-financial reporting is a rapidly evolving area. We are committed to continuous evaluation and improvement of our approach and we actively track emerging ESG regulations, frameworks and standards.

## How we report to our stakeholders – our reporting suite



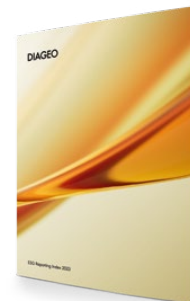
### Annual Report

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 ESG section, we give more details of our approach and performance, including examples of our strategy in action.



### ESG Reporting Index

Where we provide additional disclosures in line with the GRI Standards Index and our response to the Sustainability Accounting Standards Board (SASB). More information about how we use these frameworks can be found on page 3 of this ESG Reporting Index.

### Who are our stakeholders?

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

### Contact us

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

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

# How to use this ESG Reporting Index

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

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

We use two ESG reporting frameworks: the GRI and SASB. 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. In previous years, we also included our United Nations Global Compact (UNGC) Index in the ESG Reporting Index; however, this year we have reported this directly on the UNGC's website.

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

Section	What is in this section and how to use it
Introduction	An overview of our ESG reporting approach and our materiality assessment.
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 6 for information on how we have mapped the GRI Standards to our Society 2030: Spirit of Progress plan.
SASB	Sector-specific disclosures for alcohol beverage companies that are financially material to our business, in line with the SASB framework. To avoid duplication, this section cross-references widely to the GRI Index disclosures.
Reporting boundaries and methodologies	Information about how we report on each of our Society 2030: Spirit of Progress goals and various other quantitative metrics. For each Society 2030: Spirit of Progress goal 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 assurance scope is marked with the symbol ▲. PwC's assurance statement includes a list of metrics that have been assured and a description of the approach PwC took.

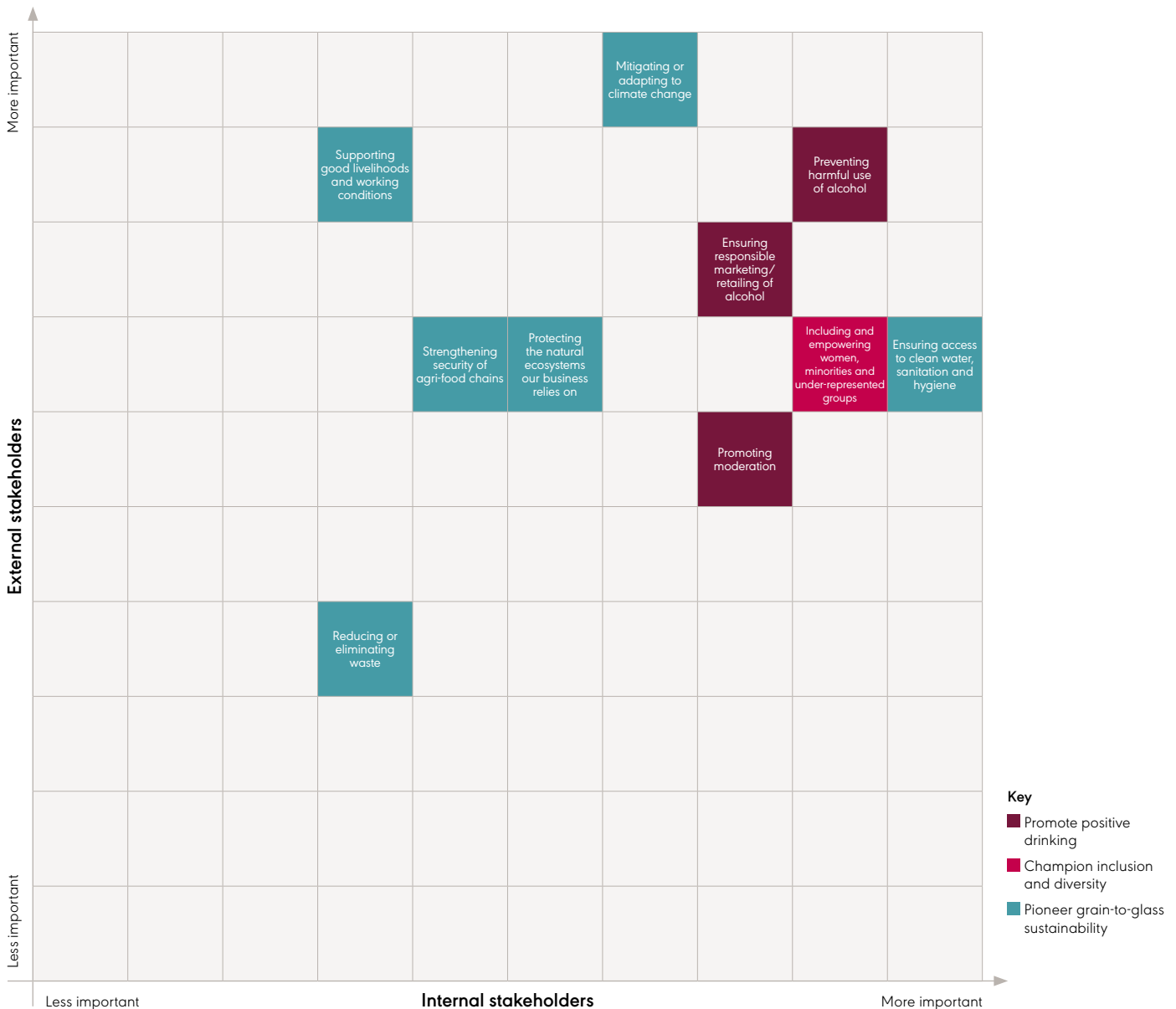
# ESG materiality

What matters most – to our stakeholders and to our business

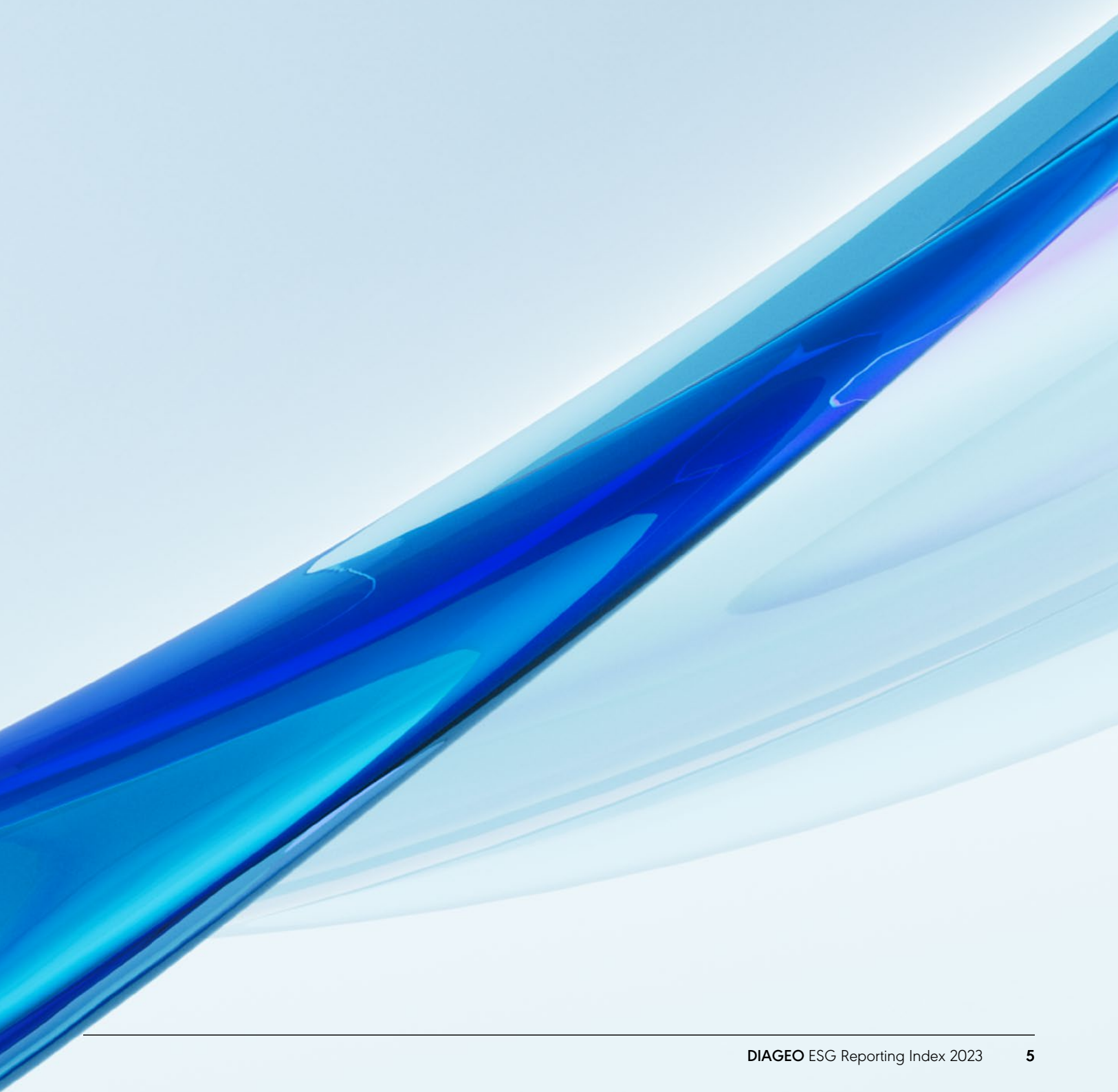
In 2020 we launched our Society 2030: Spirit of Progress plan to support sustainable growth over the critical decade until 2030. A rigorous ESG issues assessment delivered in 2019 informed our plan. This assessment looked at the external trends shaping our operating environment and how we can most effectively 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.

We review materiality on an annual basis, considering stakeholder comments – including those arising from our internal subject-matter experts – Corporate Relations activity, financial analysis and external developments.

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



# GRI Index



## This index outlines our response to the GRI Sustainability Reporting Standards

Our definition of material is relatively broad and includes issues that surfaced as part of our materiality assessment, regardless of priority, as illustrated on page 4. We have continued to develop our approach to reporting, building on our 2022 GRI report, and 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 ESG materiality review. We continue to report against the most recent versions of the GRI Standards, staying true to our philosophy of reporting in a transparent manner to global standards of good practice on a range of economic, environmental and social impacts.

## Translating our Society 2030: Spirit of Progress plan to GRI

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

GRI Standards		Our strategic focus area		
Universal standards	1	Foundation	<ul style="list-style-type: none"> <li>Reporting principles</li> </ul>	<ul style="list-style-type: none"> <li>Doing business the right way from grain to glass</li> </ul>
	2	General disclosures	<ul style="list-style-type: none"> <li>Organisational profile and reporting practices</li> <li>Activities and workers</li> <li>Governance</li> <li>Strategy, policies and practices</li> <li>Stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>Doing business the right way from grain to glass</li> </ul>
	3	Material topics	<ul style="list-style-type: none"> <li>Process to determine material topics</li> <li>List of material topics</li> <li>Management of material topics</li> </ul>	<ul style="list-style-type: none"> <li>Doing business the right way from grain to glass</li> </ul>
Topic standards		Economic		<ul style="list-style-type: none"> <li>Champion inclusion and diversity</li> <li>Pioneer grain-to-glass sustainability</li> </ul>
		Environmental		<ul style="list-style-type: none"> <li>Pioneer grain-to-glass sustainability</li> </ul>
		Social		<ul style="list-style-type: none"> <li>Promote positive drinking</li> <li>Champion inclusion and diversity</li> <li>Pioneer grain-to-glass sustainability</li> </ul>

## GRI Index

### How we have complied with the GRI Standards

This report has been prepared in accordance with the GRI 2021 Standards. The material in this report references the following disclosures:

<b>FOUNDATION</b>	<b>SOCIAL</b>
GRI 1-1 to 1-8 from GRI 1: Foundation 2021	GRI 401-01 to 401-03 from GRI 401: Employment 2016
<b>GENERAL</b>	GRI 402-01 from GRI 402: Labour/Management Relations 2016
GRI 2-1 to 2-30 from GRI 2: General Disclosures 2021	GRI 403-01 to 403-10 from GRI 403: Occupational Health and Safety 2018
<b>MATERIAL TOPICS</b>	GRI 404-01 to 404-03 from GRI 404: Training and Education 2016
GRI 3-1 to 3-3 from GRI 3: Material Topics 2021	GRI 405-01 to 405-02 from GRI 405: Diversity and Equal Opportunity 2016
<b>ECONOMIC</b>	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
<b>ENVIRONMENTAL</b>	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 and Effluents 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 306-01 to 306-05 from GRI 306: Waste 2020	
GRI 308-01 to 308-02 from GRI 308: Supplier Environmental Assessment 2016	



# GRI Index

## Universal standards


### GRI 1: FOUNDATION


#### REPORTING PRINCIPLES

Disclosure		Our response
1-1	<b>Accuracy</b>	<p>We clearly, consistently and transparently report our performance against our <a href="#">Society 2030: Spirit of Progress</a> plan on pages 58-87 of our <a href="#">Annual Report</a>.</p> <p>We explain our methodology for calculating performance against targets in the Reporting boundaries and methodologies section of this ESG Reporting Index. PwC was engaged to provide independent limited assurance over selected information in our Annual Report and in this ESG Reporting Index for the year ended 30 June 2023.</p>
1-2	<b>Balance</b>	<p>We report against stretching targets and GRI indicators, whether or not our performance has been strong. This gives a balanced view of the impacts we make, which we have defined by considering the views of a range of stakeholders.</p> <p>We aim to present information in such a way that readers can assess trends in performance year on year.</p>
1-3	<b>Clarity</b>	<p>Our ESG and responsibility information is described at a high level on our <a href="#">website</a>, with examples to bring our strategy to life. We identify and report on the most material issues in our Annual Report. And we have produced this ESG Reporting Index to make sure our readers can find all the information they seek, including our responses to all GRI Standards.</p> <p>Our approach to ESG reporting is outlined in our Annual Report on page 95. A guide on how to use this ESG Reporting Index can be found on page 3 of this ESG Reporting Index.</p>
1-4	<b>Comparability</b>	<p>We continue to report against our external targets, as well as respond to universal standards such as the GRI Standards. We have designed our Annual Report and this ESG Reporting Index to enable stakeholders to easily review our performance over time, and to help readers find comparable information.</p>
1-5	<b>Completeness</b>	<p>Our coverage of material topics is explained in the Material topics section on page 20 and the scope of our performance measures are outlined in the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index.</p>
1-6	<b>Sustainability context</b>	<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 SDGs.</p> <p>Our Annual Report also presents how our material issues – that is, economic, environmental and social issues – relate to our long-term strategy, risks, opportunities and goals, including throughout our value chain.</p>
1-7	<b>Timeliness</b>	<p>We continue to publish this ESG Reporting Index alongside the Annual Report.</p>
1-8	<b>Verifiability (Reliability)</b>	<p>The Reporting boundaries and methodologies section can be found on pages 83-114 of this ESG Reporting Index. In some cases, our data and processes are assured by third parties.</p> <p>PwC was engaged to provide independent limited assurance over selected non-financial information in this ESG Reporting Index and the Annual Report for the year ended 30 June 2023.</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 2: GENERAL DISCLOSURES


## ORGANISATIONAL PROFILE AND ITS REPORTING PRACTICES

Disclosure		Our response
2-1	<b>Organisational details</b>	<p>Legal name: Diageo plc.</p> <p>Nature of ownership and legal form: Diageo is a limited liability public company listed on the London and New York stock exchanges.</p> <p>Registered number: 23307.</p> <p>Place of registration: England and Wales.</p> <p>Location of headquarters: 16 Great Marlborough Street, London W1F 7HS.</p> <p>Countries of operation: Our products are sold in more than 180 countries and we have 126 supply sites in 21 countries. A breakdown of which markets are in each region can be found in the Business review section of the Annual Report on pages 40-53.</p>
2-2	<b>Entities included in the consolidated financial statements</b>	<p>We describe the entities included in our sustainability reporting within the Reporting boundaries and methodologies section of this ESG Reporting Index on page 83. It includes information about the difference between the list of entities included in our Financial Statements and our ESG reporting on this page, as well as an explanation of the approach used to consolidate information from multiple entities for the different indicators included in our ESG reporting.</p>
2-3	<b>Reporting period, frequency and contact point</b>	<p>Reporting period: Year ended 30 June 2023.</p> <p>Frequency of reporting: We report every year in line with our financial reporting.</p> <p>Publication date: Our Annual Report and our ESG Reporting Index were published on 3 August 2023.</p> <p>Contact information: <a href="mailto:spiritofprogress@diageo.com">spiritofprogress@diageo.com</a>.</p>
2-4	<b>Restatements of information</b>	<p>Our approach to restating information from previous reporting periods is included within the Reporting boundaries and methodologies section of this ESG Reporting Index on pages 83-114. This includes restatements of baseline environmental data on page 83.</p>
2-5	<b>External assurance</b>	<p><b>Assurance policy and practice</b></p> <p>Our policy is to align our reporting of non-financial information with the most up-to-date, and what we consider to be the best, standards and protocols available at the beginning of our fiscal year. We believe in reporting against reliable data, and strive to improve the quality of our non-financial disclosures. More information on our assurance approach can be found on our <a href="#">website</a> under ESG reporting approach.</p> <p><b>PwC</b></p> <p>PwC, an independent auditor, was engaged to provide independent limited assurance over selected information in the Annual Report, and this ESG Reporting Index, for the year ended 30 June 2023. Information that is within PwC's limited assurance is marked with the symbol ▲. The metrics with the symbol Δ are within PwC's independent limited assurance scope reported to the Directors – see page 263 of the Annual Report. Our Audit Committee approves the appointment and sets the scope of PwC's limited assurance engagement.</p>

## Universal standards

GRI 2: GENERAL DISCLOSURES *continued*

## ACTIVITIES AND WORKERS

Disclosure	Our response
2-6  <b>Activities, brands, products and services</b>	<p><b>Activities, brands, products and services</b></p> <p>We produce more than 200 alcoholic beverage brands, including the global giants Johnnie Walker, Smirnoff, Captain Morgan, Baileys, Tanqueray and Guinness. Key details about each of these can be found in the Our brands section of the Annual Report on pages 6-7. An overview of our production can be found in the Business model section on pages 24-30. For information about financial performance, see our Financial Statements from page 158 of the Annual Report.</p> <p><b>Markets served</b></p> <p>Our customers include large global retailers and convenience stores, bars, restaurants and hotels, governments such as 'control states' in the United States, and state monopolies in countries such as Sweden and Norway. These organisations are conduits to our shoppers and consumers, to whom we market. A geographic breakdown of our markets and supply operations is outlined in the Business review section of the Annual Report on pages 40-42.</p> <p>We only sell products that are approved and legal in our markets. Some markets do not allow the sale of alcohol because of religious concerns, and we respect this. If stakeholders or consumers have complaints either about a brand, its raw materials or how it is marketed, they can contact one of the many regulatory bodies of which we are a member, or us through our <a href="#">website</a> or our customer care lines. We always seek to respond to complaints made to industry bodies and will abide by the decisions made, and we seek to respond to all consumer enquiries and complaints.</p> <p><b>Supply chain</b></p> <p>Around 29,000 direct suppliers from more than 100 countries provide us with the raw materials, expertise and other resources for our brands. Many of those direct suppliers have extensive supply chains of their own, connecting us with thousands more farmers and businesses. Details of how we work with our suppliers are included in the Pioneer grain-to-glass sustainability section of the Annual Report on pages 71-93.</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>For acquisitions and disposals, material organisational restructuring programmes and for changes in share capital structure, please see the Notes section of our Annual Report from page 173.</p>

## Universal standards

## GRI 2: GENERAL DISCLOSURES continued

## ACTIVITIES AND WORKERS continued

Disclosure	Our response																																																																																																																																																												
2-7 <b>Employees</b>	We employ 30,273 people around the world. The production side of the business includes 126 sites in 21 countries. <b>Employees by region, by gender and by employment contract type<sup>1</sup></b>																																																																																																																																																												
	<table border="1"> <thead> <tr> <th></th> <th>Part time</th> <th>Full time</th> <th>Permanent</th> <th>Fixed term/ temporary</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>North America</b></td> </tr> <tr> <td>Men</td> <td>11</td> <td>1,828</td> <td>1,830</td> <td>9</td> <td>1,839</td> </tr> <tr> <td>Women</td> <td>7</td> <td>1,251</td> <td>1,249</td> <td>9</td> <td>1,258</td> </tr> <tr> <td>Not declared</td> <td>1</td> <td>17</td> <td>18</td> <td>-</td> <td>18</td> </tr> <tr> <td colspan="6"><b>Europe</b></td> </tr> <tr> <td>Men</td> <td>114</td> <td>5,722</td> <td>5,655</td> <td>181</td> <td>5,836</td> </tr> <tr> <td>Women</td> <td>235</td> <td>3,976</td> <td>4,012</td> <td>199</td> <td>4,211</td> </tr> <tr> <td>Not declared</td> <td>0</td> <td>15</td> <td>15</td> <td>0</td> <td>15</td> </tr> <tr> <td colspan="6"><b>Asia Pacific</b></td> </tr> <tr> <td>Men</td> <td>4</td> <td>5,953</td> <td>5,714</td> <td>243</td> <td>5,957</td> </tr> <tr> <td>Women</td> <td>19</td> <td>3,023</td> <td>2,716</td> <td>326</td> <td>3,042</td> </tr> <tr> <td>Not declared</td> <td>1</td> <td>-</td> <td>1</td> <td>-</td> <td>1</td> </tr> <tr> <td colspan="6"><b>Latin America and Caribbean</b></td> </tr> <tr> <td>Men</td> <td>0</td> <td>2,733</td> <td>2,700</td> <td>33</td> <td>2,733</td> </tr> <tr> <td>Women</td> <td>1</td> <td>1,591</td> <td>1,566</td> <td>26</td> <td>1,592</td> </tr> <tr> <td>Not declared</td> <td>0</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td colspan="6"><b>Africa</b></td> </tr> <tr> <td>Men</td> <td>0</td> <td>2,488</td> <td>2,411</td> <td>77</td> <td>2,488</td> </tr> <tr> <td>Women</td> <td>0</td> <td>1,244</td> <td>1,160</td> <td>84</td> <td>1,244</td> </tr> <tr> <td>Not declared</td> <td>0</td> <td>3</td> <td>3</td> <td>-</td> <td>3</td> </tr> <tr> <td colspan="6"><b>Diageo (total)</b></td> </tr> <tr> <td>Men</td> <td>129</td> <td>18,724</td> <td>18,310</td> <td>543</td> <td>18,853</td> </tr> <tr> <td>Women</td> <td>262</td> <td>11,085</td> <td>10,703</td> <td>644</td> <td>11,347</td> </tr> <tr> <td>Not declared</td> <td>2</td> <td>35</td> <td>37</td> <td>0</td> <td>37</td> </tr> <tr> <td><b>All</b></td> <td><b>393</b></td> <td><b>29,844</b></td> <td><b>29,050</b></td> <td><b>1,187</b></td> <td><b>30,237</b></td> </tr> </tbody> </table>		Part time	Full time	Permanent	Fixed term/ temporary	Total	<b>North America</b>						Men	11	1,828	1,830	9	1,839	Women	7	1,251	1,249	9	1,258	Not declared	1	17	18	-	18	<b>Europe</b>						Men	114	5,722	5,655	181	5,836	Women	235	3,976	4,012	199	4,211	Not declared	0	15	15	0	15	<b>Asia Pacific</b>						Men	4	5,953	5,714	243	5,957	Women	19	3,023	2,716	326	3,042	Not declared	1	-	1	-	1	<b>Latin America and Caribbean</b>						Men	0	2,733	2,700	33	2,733	Women	1	1,591	1,566	26	1,592	Not declared	0	-	-	-	-	<b>Africa</b>						Men	0	2,488	2,411	77	2,488	Women	0	1,244	1,160	84	1,244	Not declared	0	3	3	-	3	<b>Diageo (total)</b>						Men	129	18,724	18,310	543	18,853	Women	262	11,085	10,703	644	11,347	Not declared	2	35	37	0	37	<b>All</b>	<b>393</b>	<b>29,844</b>	<b>29,050</b>	<b>1,187</b>	<b>30,237</b>
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<b>Africa</b>																																																																																																																																																													
Men	0	2,488	2,411	77	2,488																																																																																																																																																								
Women	0	1,244	1,160	84	1,244																																																																																																																																																								
Not declared	0	3	3	-	3																																																																																																																																																								
<b>Diageo (total)</b>																																																																																																																																																													
Men	129	18,724	18,310	543	18,853																																																																																																																																																								
Women	262	11,085	10,703	644	11,347																																																																																																																																																								
Not declared	2	35	37	0	37																																																																																																																																																								
<b>All</b>	<b>393</b>	<b>29,844</b>	<b>29,050</b>	<b>1,187</b>	<b>30,237</b>																																																																																																																																																								

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 or temporary. Part time is defined as an employee not working at 100% of a full-time equivalent.

Information about our total workforce by employees and supervised workers, and by gender, is included in the Our people and culture section of our Annual Report on page 64.

The methodologies and assumptions used to compile this data are described in the Reporting boundaries and methodologies section of this ESG Reporting Index on pages 83-114.

## Universal standards

GRI 2: GENERAL DISCLOSURES *continued*ACTIVITIES AND WORKERS *continued*

Disclosure		Our response
2-8	<b>Workers who are not employees</b>	<p>Most people who work on our behalf are employed by Diageo. As of June 2023, the total number of our extended workforce from agencies was 4,644, and they supported our operations across 34 countries. This does not include people working through Consultancy, Master Service Agreements or Statements of Work. The number of people in the agency extended workforce is reported using our HR vendor management system.</p> <p>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 with our overall number of employees.</p> <p>As with most manufacturing companies, we also employ contractors and their numbers vary significantly by region. For the most part, when we use contractors, it's for:</p> <ul style="list-style-type: none"> <li>• Construction projects, resulting from investments we're making in the business</li> <li>• Logistics (from the end of the packaging line), such as warehouse operators, forklift truck drivers and loaders</li> <li>• Selected sales and merchandising activity</li> <li>• Cleaning, catering and site security.</li> </ul>

## GOVERNANCE

Disclosure		Our response
2-9	<b>Governance structure and composition</b>	<p>Our governance structure is included in the Governance report section of the Annual Report on pages 96-157. Our Chief Executive, Debra Crew, is ultimately accountable for overall performance against ESG goals and targets, while responsibility for the component parts of <a href="#">Society 2030: Spirit of Progress</a> is shared between members of our Executive Committee.</p> <p>In this way, Society 2030: Spirit of Progress is embedded across the whole organisation, with senior executives being accountable for its delivery – for example:</p> <ul style="list-style-type: none"> <li>• The President, Global Supply and Procurement is responsible for environmental performance, health and safety, and for labour standards within the supply network. This person also holds the post of Chief Sustainability Officer.</li> <li>• 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.</li> </ul> <p>Our Board receives updates on our ESG strategy and performance at least twice a year. 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 an issue or risk relating to other ESG topics is discussed, the Board or Committee may assign an executive to look into it and report back. In some cases, an issue will become a standing or repeating 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. The Executive Committee is provided with a quarterly update on performance against our Society 2030: Spirit of Progress plan.</p> <p>At the time of publication of our fiscal 23 Annual Report, the Board was made up of 11 members: the Chairman, eight other Non-Executive Directors, all of whom were independent, and two Executive Directors. Eight 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. More information on the membership and work of these committees is included in the Governance report section of the Annual Report on pages 96-157.</p>
2-10	<b>Nomination and selection of the highest governance body</b>	<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 <a href="#">website</a>.</p> <p>For more information, see the Governance report section of our Annual Report on pages 96-157.</p> <p>The terms of reference of all Board committees are available on our website.</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 2: GENERAL DISCLOSURES *continued*GOVERNANCE *continued*

Disclosure		Our response
2-11	<b>Chair of highest governance body</b>	The Chairman of the Board is a Non-Executive Director and, in accordance with Provision 9 of the UK Corporate Governance Code, was independent on appointment.
2-12	<b>Role of the highest governance body in overseeing the management of impacts</b>	<p>The Board helped shape and approve our approach to our <a href="#">Society 2030: Spirit of Progress</a> goals. The Executive Committee is responsible for managing economic and ESG impacts, with the accountabilities outlined in GRI 2-9 Governance structure and composition.</p> <p>Our ESG strategy is also considered at Board level regularly, as explained in GRI 2-9. Reports on progress towards the Society 2030: Spirit of Progress goals are provided to the Board at least twice a year, incorporating stakeholder consultation where appropriate. In some cases, Board members identify new economic and ESG impacts that we need to manage. Policies are generally discussed and agreed at Executive Committee level, although our <a href="#">Code of Business Conduct</a> (Code), which includes individual sections relating to material risks, is signed off at Board level.</p> <p>The Board and Executive Committee discuss wider external concerns regularly, and consider external views when shaping our strategy for addressing economic and ESG topics. Stakeholder feedback is provided to the Executive Committee and the Board as appropriate. For investors, the Investor Relations team reports the views of institutional shareholders to the Board throughout the year and, when relevant, those of private investors. Private shareholders engage directly with the Chairman or the entire Board at the Annual General Meeting.</p> <p>Elsewhere, feedback from our <a href="#">SpeakUp</a> helpline is reviewed independently by the Business Integrity team, which also summarises issues for the Executive Committee and the Audit Committee. The Board also receives a report highlighting global aggregated results of our Your Voice survey once a year. The survey is a confidential online survey used to measure our culture and engagement, listen to employee feedback and learn from their experience. The results are discussed by the Executive Committee, which develops action plans as needed.</p> <p>The Audit Committee reviews detailed reports – which include economic and ESG risks – from the heads of the Business Integrity, Controls Assurance, and Global Audit and Risk teams, including summaries of our management-level Audit and Risk Committee meetings. Relevant members of the Executive Committee and other senior leaders make presentations to the Board on any context or risks relevant to our strategy.</p> <p>More details can be found in the Governance report section of the Annual Report on pages 96-157.</p>
2-13	<b>Delegation of responsibility for managing impacts</b>	See GRI 2-9 Governance structure and composition for more information about our delegation of authority and executive-level responsibility for economic, environmental and social topics.
2-14	<b>Role of the highest governance body in sustainability reporting</b>	Our Annual Report and this ESG Reporting Index are approved by the Board, and are ultimately signed off by our Chief Executive and Chief Financial Officer.
2-15	<b>Conflicts of interest</b>	<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 also references how potential conflicts of interest are managed.</p> <p>The Annual Report includes disclosures on conflicts of interest. This year, for example, the Annual Report notes that the Board was not aware of any situation that could give rise to conflicts of interest other than those that might arise from Directors' other appointments, as disclosed in their biographies in the Annual Report.</p> <p>More information is included in the Board of Directors section of the Annual Report on pages 100-103.</p>
2-16	<b>Communication of critical impacts</b>	<p>The Board maintains a process for communicating critical concerns through the Audit Committee, which reviews the effectiveness of our systems of internal control and risk management, and is responsible for overseeing all actions taken relating to whistleblowing activities.</p> <p>The Annual Report sets out the total number of reported breaches during fiscal 23, together with the substantiation rate.</p> <p>More details can be found in the Doing business the right way section of the Annual Report on pages 61-62, and in the Governance report section of the Annual Report on pages 96-157. Also see the Principal risks table in the Annual Report on pages 88-93.</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 2: GENERAL DISCLOSURES *continued*GOVERNANCE *continued*

Disclosure	Our response
2-17 ● <b>Collective knowledge of the highest governance body</b>	<p>The Board's collective knowledge and experience of ESG is enhanced with background reports on various economic and ESG topics that it receives throughout the year. Some of these reports are discussed in detail in Board meetings. Additionally, our ESG Executive Working Group leads discussion of ESG topics and our Society 2030: Spirit of Progress plan, including at our Annual Strategy Conference held during the year, again improving the Board's knowledge and expertise in this area.</p> <p>The Audit Committee reviews management's assessment of our principal risks, including risks associated with our economic and ESG performance. This improves Directors' experience of risks associated with climate change and other ESG topics.</p> <p>The Board is also responsible for reviewing our Annual Report and ESG Reporting Index, which gives important contextual and performance information on economic and ESG topics. The Audit Committee reviews and recommends approval of the Annual Report and the ESG Reporting Index.</p> <p>The Board helped shape and approve our approach to our Society 2030: Spirit of Progress goals and receives an update on our performance against those targets at least twice a year.</p>
2-18 ● <b>Evaluation of the performance of the highest governance body</b>	<p>We evaluate the performance and effectiveness of the Board, its committees and Directors every year. At least once every three years, this evaluation is carried out by an independent professional consultancy.</p> <p>During fiscal 23, the Company Secretary oversaw an internally facilitated evaluation of the Board's effectiveness. This required each Director to complete a questionnaire seeking feedback on Board, Committee and Director performance and effectiveness, including in relation to how the Board supervises the company's ESG activities.</p> <p>The responses were reviewed by the Chairman and Company Secretary, who then provided a summary of main conclusions and proposed actions for the Board to consider and approve. These conclusions and actions, which are described in the Governance report section of our Annual Report on pages 96-157, include a continued focus on ESG matters and Board papers, action closure and time allocation.</p>
2-19 ● <b>Remuneration policies</b>	<p>The Directors' remuneration report in the Annual Report on pages 126-153 includes our Remuneration Policy. As explained in that report, remuneration is driven by both financial and individual business performance objectives that, in some cases, include ESG as well as financial goals.</p> <p>From 2020, Executive Directors, other members of the Executive Committee and senior leaders throughout the business have been directly incentivised through their long-term incentive plans to achieve ESG goals. Please see the Governance report section of our Annual Report for more information. We may also include ESG-type measures in the individual business objective element of Executive Committee members' shorter-term annual incentive plans.</p>
2-20 ● <b>Process to determine remuneration</b>	<p>Our Remuneration Committee determines senior- and executive-level remuneration, after engaging with shareholders and reviewing insights from the Chairman's discussions with employees. Key aspects are included in the Directors' remuneration report in the Annual Report on pages 126-153. Details of independent third-party advisers, including remuneration consultants, are also described in this section of the Annual Report.</p> <p>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 94.79% of votes. The Directors' remuneration policy, which is approved by shareholders at least every three years, was approved by 93.12% of votes in 2020. The remuneration policy will be presented for renewal at this year's AGM in September 2023.</p>
2-21 ● <b>Annual total compensation ratio</b>	<p>We report the remuneration of our highest-paid executives in the Directors' remuneration report in our Annual Report on pages 126-153.</p> <p><b>Annual total compensation ratio</b></p> <p>We report the Chief Executive's pay ratio – that is, the total compensation for the Chief Executive versus median total compensation for UK employees – in the Directors' remuneration section of the Annual Report.</p> <p><b>Percentage increase in annual total compensation ratio</b></p> <p>We report the year-on-year change in Directors' salaries, bonuses and benefits relative to the average increase for all employees globally in the Directors' remuneration section of the Annual Report. We also report the total amount paid in salaries and benefits to employees under GRI 201-01.</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 2: GENERAL DISCLOSURES *continued*

## STRATEGY POLICIES AND PRACTICES

Disclosure	Our response
2-22 	<p><b>Statement on sustainable development strategy</b></p> <p>In our Annual Report on pages 8-11, our Chairman and Chief Executive comment on how our role in society and our ESG strategy and targets support our Performance Ambition to be one of the best performing, most trusted and respected consumer products companies in the world.</p>
2-23 	<p><b>Our policy commitments and approach</b></p> <p>Our <a href="#">Code</a> sets out what we stand for as a business and how we demonstrate the highest standards of integrity and ethical behaviour. It is guided by our purpose and values. It provides clarity on how we are expected to behave to build the trust and respect of everyone who interacts with us.</p> <p>Our Code is underpinned by a number of global policies, standards and guidelines covering specific areas of our work. We review these every year to make sure we take account of any changes in our external environment and update them accordingly through Executive Committee approval. They reflect our values and our commitment to doing business the right way – and can be found on our <a href="#">website</a>.</p> <p>The Global Business Integrity team oversees the Global Policy Framework, which lays out the process of developing and revising policies, reviewing and approving them, and making them available to everyone at Diageo. This might be through global mandatory training, for example.</p> <p>We take a precautionary approach to our <a href="#">Environment Policy</a>, which sets out our obligations and expectations for managing impact on, and from, the environment. We describe this in how we are working to reduce emissions in the Pioneer grain-to-glass sustainability section of the Annual Report on pages 71-87.</p> <p><b>Policy commitment to respect human rights</b></p> <p>Our <a href="#">Global Human Rights Policy</a> covers a list of internationally recognised human rights and a list of specific at-risk groups that we give particular attention to.</p> <p>The authoritative intergovernmental instruments that we are committed to are referenced within our policies and standards. Our Global Human Rights Policy is informed by the UN Guiding Principles on Business and Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the UNICEF Children’s Rights and Business Principles, the UN Global LGBTI Standards of Conduct for Business, the UN Women’s Empowerment Principles and the UN Global Compact.</p> <p><b>Due diligence</b></p> <p>We review and refresh our Code at least every three years and our Policies and Standards annually. Where deemed necessary, we may update any of these documents throughout the fiscal year. Each Global Policy has assigned to it a Global Subject Matter Expert (SME) who is responsible for refreshing the applicable Policy or Standard each year, prior to distribution. We further strengthen our approach through analysing our breach reporting mechanism, SpeakUp, which is available to both our employees and business partners.</p>




## Universal standards

GRI 2: GENERAL DISCLOSURES *continued*STRATEGY POLICIES AND PRACTICES *continued*


Disclosure	Our response
2-24 <b>Embedding policy commitments</b>	<p>Neither compliance nor conducting our business with integrity are negotiable – and our approach to risk and compliance helps us to encourage the right behaviours and attitudes in our people and to ensure responsible business conduct in everything we do.</p> <p>In our Code, we set out which policies and standards are relevant for all our employees and allocate responsibility to specific groups for others: for example, all employees who work with suppliers are responsible for implementing the commitments of our Partnering with Suppliers Standard. We support our employees to embed our global policies in their work through an annual, risk-based training plan. This includes general awareness for all employees, as well as detailed training for functions managing specific business risks.</p> <p>Our Global Business Integrity team manages the integration of our commitments into organisational strategies, operational policies and procedures through our Global Policy Framework. This framework also sets out how we implement our commitments with and through our business relationships: for example, we expect all our suppliers to adhere to and commit to our <a href="#">Partnering with Suppliers Standard</a>, which sets out our minimum expectations on environmental, social and governance criteria.</p> <p>We undertake annual mandatory global training on our Code and key global policies. This includes an integrated Annual Certification of Compliance for all managers and their direct reports, which takes in a total of 21,827 eligible employees of which 21,103 have completed the training. HR is responsible for managing those who have not completed the training via consequence management. Our Code is available in 17 languages, ensuring that employees around the world can access the policy.</p>


## Universal standards


GRI 2: GENERAL DISCLOSURES *continued*STRATEGY POLICIES AND PRACTICES *continued*


Disclosure	Our response
2-25  <b>Processes to remediate negative impacts</b>	<p>Our ambition to do business the right way means we strive to remediate any negative impacts we have caused or contributed to. We do this through our grievance mechanisms, which provide a framework for dealing with any adverse impacts that arise.</p> <p><b>Our environmental and social grievance mechanisms</b></p> <p>Our grievance mechanisms cover a wide range of social and environmental issues such as impacts on society; human rights, health, safety and wellbeing; harassment and discrimination; and environmental damage and other environmental issues.</p> <p>Our key grievance mechanism is our third-party SpeakUp helpline and website, available in multiple languages. These can be accessed by employees and anyone in our value chain, including contractors, suppliers, customers and consumers.</p> <p>For employees, SpeakUp complements, rather than replaces, reporting issues directly to colleagues – line managers, the Legal team, the Human Resources (HR) team or Business Integrity managers. Grievances are investigated independently and, where necessary, anonymised to protect those raising the issue.</p> <p>For suppliers, we advertise SpeakUp through our <a href="#">Partnering with Suppliers Standard</a>. They are also encouraged to raise concerns to their most senior Diageo contact, a Diageo lawyer, or the market managing director or function head. We also expect our suppliers to apply these principles and processes to their own operations and workers as well as along their supply chains.</p> <p>Environmental grievances are addressed locally and also reviewed quarterly by the relevant functional Risk Management Committees for trends or hotspot areas of focus. Findings are escalated to the Global Governance team to develop mitigations as appropriate.</p> <p>During the reporting year, 15 grievances about environmental impacts were filed. All were addressed, with eight being resolved through formal grievance mechanisms. One grievance about environmental impacts, filed last year, was resolved this year. We do not disclose how each individual grievance is resolved because this may compromise the anonymity of those involved.</p> <p><b>How we assess the effectiveness of our grievance mechanisms</b></p> <p>On social grievances, our Global Breach Management Committee meets quarterly to oversee key trends, identify and align key themes, and determine whether any interventions or actions are required. We also engage with local judicial or non-judicial grievance mechanisms to address matters when needed. An independent assessment of our Breach Management Standard took place in 2022 to assess its compatibility with the EU Whistleblowing Directive, and relevant adjustments are being made.</p> <p>As well as routine tracking and review, we also review assessments through our newly launched Third-Party Risk Management programme, which assesses supplier risk prior to onboarding. Within our human rights risk domain, we require all suppliers to detail how grievances are reported to their management. We are also able to review grievance mechanism effectiveness within our supply chain through non-compliance 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.</p> <p>We are also members of AIM-Progress, the stakeholder initiative on responsible sourcing for Fast-Moving Consumer Goods companies, and we use several tools provided through the Grievance Mechanism working group to support our review of grievance mechanism effectiveness. These include the Grievance Mechanism Maturity Framework and self-assessment tool.</p> <p>On environmental grievances, our Environment teams in each market review grievances to consider whether mitigation has been effective and whether grievances have been addressed. The effectiveness of this approach is monitored by:</p> <ul style="list-style-type: none"> <li>• Drawing on internal and/or independent external expertise and feedback</li> <li>• Conducting meaningful consultation with potentially affected groups and other relevant stakeholders</li> <li>• Reviewing internal and external audit schedules</li> <li>• Reviewing global trends in grievances and grievance mechanisms.</li> </ul>

How we have met each disclosure

 Fully disclosed as outlined by the GRI Sustainability Reporting Standards

 Partially disclosed and missing at least one required indicator

 Not disclosed

 Not considered material to our business at this time

## Universal standards

GRI 2: GENERAL DISCLOSURES *continued*STRATEGY POLICIES AND PRACTICES *continued*

Disclosure		Our response
2-26	<b>Mechanisms for seeking advice and raising concerns</b>	<p>Our confidential SpeakUp service is available for people to raise concerns about compliance with the law, our Code, any of our global policies or standards, or any other compliance or ethics matter.</p> <p>Our SpeakUp whistleblowing phone line and web reporting tool can be accessed by all our employees and by those in our value chain, including contractors, suppliers, customers and consumers. Overall statistics and notable matters are reported quarterly to our Executive Committee and our Audit Committee.</p> <p>We do not tolerate reprisals against anyone who reports a concern or helps with an investigation in good faith. Anyone found to be involved in retaliation against an individual who has raised a concern will be subject to disciplinary action.</p> <p>More information is included in the Our principal risks and risk management section and Governance report section of the Annual Report on pages 88-93 and 96-157.</p>
2-27	<b>Compliance with laws and regulations</b>	<p><b>Environmental compliance</b></p> <p>Our approach to water, energy, biodiversity, emissions, and effluents and waste is described in the Environment section of this ESG Reporting Index on pages 29-50 below. This forms part of our overall approach to managing our environmental impact and complying with all local laws and regulations, or with our own standards – whichever are higher – at each site. These are set out in our <a href="#">Environment Policy</a> and our supporting framework of policies.</p> <p>The President, Global Supply and Procurement and Chief Sustainability Officer is the Environment Policy owner, and reviews environmental and compliance performance regularly during the year, including at quarterly Supply Chain and Procurement Environmental Compliance reviews, managed by our Governance function. There are also routine reports to the Executive Committee and an annual review of performance against yearly and longer-term targets.</p> <p>There were 32 incidents of non-compliance with environmental consents this fiscal year, resulting in a total of £12,559 in fines. There were no incidents of non-compliance with environmental consents from last year reported this year.</p> <p><b>Socioeconomic compliance</b></p> <p>There were no charges to exceptional items in respect of non-compliance with social and economic laws and regulations this year. For more information on how we manage socioeconomic compliance, please see GRI 2-23 and 2-24.</p> <p><b>Omissions:</b> the total number and the monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period.</p> <p><b>Reason:</b> not applicable.</p> <p><b>Explanation:</b> we do not report fines that the business does not deem to be material. Materiality is defined in the Independent Auditor's Report in the Annual Report from page 162.</p>
2-28	<b>Membership of associations</b>	<p>We have helped establish many social aspects organisations (SAOs) – that is, industry-funded bodies that work with governments, the private sector and NGOs to reduce the harmful use of alcohol. Information on how we work with the International Alliance for Responsible Drinking, and a list of our SAOs and trade associations that run responsible drinking initiatives, can be found in the Alcohol Policy section of our <a href="#">website</a>.</p> <p>We are proud signatories of a number of initiatives, including UNGC/Science Based Targets initiative, UNGC's Uniting Business and Governments to Recover Better, the Race To Zero, Race to Resilience, the UNGC Government Letter on SDGs in Recovery, and RE100.</p>

## Universal standards

GRI 2: GENERAL DISCLOSURES *continued*

## STAKEHOLDER ENGAGEMENT

Disclosure		Our response
2-29	<b>Approach to stakeholder engagement</b>	<p>We define our stakeholders as all those who affect, are affected or could be affected by our business.</p> <p>We engage internal and external stakeholders, including employees, investors, commercial partners, governments, NGOs, local communities and consumers.</p> <p>We actively engage stakeholders at local and global levels. At a local level, employees across our business engage their colleagues, local governments, customers, media and community groups on issues of immediate concern to them. At a global level, we engage investors, customers, suppliers and multinational organisations such as UN agencies and NGOs. We aim to ensure meaningful engagement by working with a varied group of stakeholders and by maintaining open dialogue with them. Examples of how we engage with stakeholders can be found in the Stakeholder engagement section of our <a href="#">website</a>.</p>
2-30	<b>Collective bargaining agreements</b>	<p>We have a strong commitment to transparent dialogue. In fiscal 23, 39% of our employees were covered by collective bargaining agreements. We have seen changes in our manufacturing operations in some locations, which have reduced the overall proportion of employees covered by collective bargaining agreements since fiscal 22.</p>

## Universal standards

## GRI 3: MATERIAL TOPICS

## MATERIAL TOPICS

Disclosure		Our response
3-1	<b>Process to determine material topics</b>	<p>In 2019, we carried out a rigorous materiality assessment. As a starting point to this process, we identified actual and potential negative and positive impacts that our business activities and relationships have on the economy, environment and people. The assessment examined the external trends shaping our operating environment. It also assessed how we can most effectively align our work and the way we do business with the UN SDGs. More information about our materiality assessment can be found in the Materiality section of our <a href="#">website</a>.</p> <p>The assessment showed us the significance of our impacts in terms of severity, scale, scope and likelihood, and it informed how we prioritise the most significant impacts – which we have illustrated in our materiality matrix on page 4 of this ESG Reporting Index. The findings have guided how we have developed our <a href="#">Society 2030: Spirit of Progress</a> plan, our reporting priorities and our assurance process.</p> <p>We review materiality on an annual basis, considering stakeholder comments – including those arising from our internal subject-matter experts – Corporate Relations activity, financial analysis and external developments such as the UN SDGs, the Paris Climate Agreement, other external initiatives and events.</p>
3-2	<b>List of material topics</b>	<p>Our materiality assessment informed our Society 2030: Spirit of Progress plan and helped us to define our reporting scope. Our analysis confirmed the importance of several key themes: promoting positive drinking by encouraging moderation and tackling the harmful use of alcohol; championing water stewardship and decarbonisation as part of pioneering sustainability from grain to glass; and championing inclusion and diversity, both within our business, with our suppliers and partners and in the communities where we live, work, source and sell.</p> <p>As shown in our materiality matrix on page 4, this year we have moved the position of the topic ‘protecting the natural ecosystems our business relies on’, to reflect its increasing importance to our external and internal stakeholders.</p> <p>Those risks considered most material from a financial and non-financial perspective are included in our Annual Report on pages 88-93. We continue to highlight climate-related risks within the Our principal risks and risk management section of our Annual Report: see page 89 for more information.</p> <p>The following GRI aspects are particularly material to our 126 supply sites in 21 countries: procurement practices, materials, energy, water and effluents, biodiversity, emissions, waste, supplier environmental assessment, environmental grievance mechanisms, occupational health and safety, supplier social and environmental assessment, diversity and equal opportunity and human rights assessment. The remaining additional aspects are material to all countries where we sell products around the world (more than 180) – except for indigenous rights, which did not come up as material through our stakeholder study. There have not been any significant changes to our list of material topics and topic boundaries since the previous reporting period. We took a value-chain approach to our materiality matrix, so the issues that we identified as material are also material to our suppliers and other business partners.</p>
3-3	<b>Management of material topics</b>	<p>To make this index easier to understand, we have described our management of material topics (GRI 3-3) alongside the relevant indicators. So, for example, the management approach for GRI 201 Economic Performance can be found on page 21 of this ESG Reporting Index, with the economic performance indicators following it.</p>

# GRI Index

## Topic standards

### ECONOMIC

#### ECONOMIC PERFORMANCE



##### 3-3 Our management approach to economic performance

Our relationships with suppliers, investors, lenders, governments, employees and local community stakeholders have direct economic and social impacts, which we measure, evaluate and manage.


Our [Annual Report](#) explains how we manage financial performance and includes financial performance measures. 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 our strategy.


The Board, the Executive Committee and management teams at market and function level review economic performance at each of their meetings, tracking performance measures and annual operating plans. Details of financial performance measures are in the Annual Report.


Where necessary, we develop or adapt our activities to improve performance against our targets or in response to external factors.


Disclosure	Our response
201-01  <b>Direct economic value generated and distributed</b>	<p>Our revenue this year totalled £24,033 million.<sup>1</sup> Economic value distributed includes operating costs (£11.5 billion), taxes (£8.3 billion), employee salaries and benefits (£1.7 billion), payments to providers of capital (£2.5 billion) and community investment (£22.7 million). Tax paid includes all cash tax paid by the company, excluding £1.2 billion of VAT.</p> <p><b>Omissions:</b> direct economic value by local market.</p> <p><b>Reason:</b> information unavailable/incomplete.</p> <p><b>Explanation:</b> we do not currently disaggregate direct economic value by local market.</p> <p>1. Data is presented on a cash basis.</p>
201-02  <b>Financial implications and other risks and opportunities due to climate change</b>	<p>Climate-related risk is identified as one of our principal risks (see pages 88-93 of our Annual Report). It has the potential to affect our business in many ways, which we outline in detail in the Pioneer grain-to-glass sustainability section of our Annual Report on pages 71-87, in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures. The physical climate risks with the greatest disruptive potential are water stress and agricultural material yield, and we are also exposed to transition climate risks associated with the cost of decarbonising our supply chain, packaging-material costs, recycling costs and changing consumer behaviour. The transition to a low-carbon economy also presents opportunities through innovation to develop more sustainable products.</p> <p>We have taken 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. Between 2021 and 2023, we conducted physical climate change risk assessments on more than 95% of our operations and key elements of our supply chain, assessed transition risks in key markets, and updated our global assessment of water risk in our own operations. We undertook scenario analysis to estimate the impact of climate-related risks on our operations and financial condition. We concluded that, while the impact is not expected to be significant prior to 2030, beyond 2030 the impact of water stress in particular could potentially be significant. More details on the financial implications of climate-related risks can be found in our Annual Report on pages 71-93.</p> <p>Recognising the importance of water efficiency and replenishment, we have set targets for both as outlined on page 79 of our Annual Report. Our total spend on environmental protection (including decarbonisation, water preservation, stewardship, energy efficiency and waste reduction) in fiscal 23 was approximately £55 million.</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 standards





## ECONOMIC continued

## ECONOMIC PERFORMANCE continued

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

## MARKET PRESENCE

3-3  <b>Our management approach to market presence</b>	<p>We operate as a market-based business and sell products in more than 180 countries. Each of our markets is accountable for its own performance and for driving growth. For more details, see the Business review section of the Annual Report on pages 40-53.</p> <p>Our strategic planning considers decisions to enter either geographic or product markets, as outlined in our Annual Report.</p> <p>We assess performance against our strategy using relevant performance measures.</p> <p>As we develop our overall strategy, we review our market presence, as described in our Annual Report. This process considers issues such as the scale of our activity in markets, our presence in existing or potential product sectors and geographies, and the relative risks and opportunities involved. Our market presence is routinely reported to the Executive Committee and the Board. For more details, see the Business review section of the Annual Report on pages 40-53.</p>
202-01  <b>Ratios of standard entry-level wage by gender compared with local minimum wage</b>	<p><b>Omissions:</b> ratios of standard entry-level wage by gender compared with local minimum wage.</p> <p><b>Reason:</b> information unavailable/incomplete.</p> <p><b>Explanation:</b> we comply with all local legislation in relation to minimum wages in all the countries we operate in. We don't, however, currently collect data in relation to this indicator at a global level.</p>
202-02  <b>Proportion of senior management hired from the local community</b>	<p>Diageo is committed to inclusion and diversity and the ongoing development of our people. We continue to enhance our positive market presence and deepen our understanding of local needs by appointing employees from the local community into senior management roles, while providing international experience for our people to develop further.</p> <p>During fiscal 23, 72.6% of the senior management appointments were from the local community. We will continue to maintain a balance between local community hires and international appointments into senior management roles to support our positive market presence, talent development, and diversity and inclusion.</p> <p><b>Definitions:</b> 'Senior management' refers to those in top leadership positions (L3+), excluding Executive Committee positions in Diageo. 'From the local community' refers to an employee that has citizen, national or residency rights to reside indefinitely.</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 standards

## ECONOMIC continued

## INDIRECT ECONOMIC IMPACTS

## 3-3 Our management approach to indirect economic impacts

As a global business operating in numerous locations, we have many indirect economic impacts on the communities we operate in.

Our [Society 2030: Spirit of Progress](#) plan has been developed to address our most material issues, including how we support sustainable social and economic growth in those communities. Our business and hospitality skills training programmes, for example, aim to increase employability, improve livelihoods and support a thriving hospitality sector that works for all.

We review indirect economic impacts as part of strategy development and risk management and we report them to the Executive Committee and the Board. For more information about our strategy and indirect economic impacts, see the Strategic report section of our Annual Report on pages 32-95.

For more information about how we monitor and evaluate the impact of our programmes, see GRI 413-01 and the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index.


Disclosure	Our response
203-01 <b>Infrastructure investments and services supported</b>	<p>For examples of significant infrastructure and services that we support, see the ESG section of our website and in the Strategic report section of the Annual Report on pages 32-95.</p> <p>Details of the water-related infrastructure and services that we support are outlined in the Society 2030: Spirit of Progress section of our <a href="#">website</a>. These include community water, sanitation and hygiene (WASH) programmes, which provide resources to those in need and often contribute to the development of local infrastructure. We prioritise communities near our operations in water-stressed areas and those where we source our local raw materials.</p> <p>Details of how we support development of recycling infrastructure can be found on our website, in the Society 2030: Spirit of Progress section, and under GRI 3-3 and GRI 306-01 on pages 45 and 46 respectively of this ESG Reporting Index.</p> <p>Although these infrastructure investments are not classified as commercial, we know that they will help ensure the sustainability of our business operations.</p>



## Topic standards

## ECONOMIC continued

## INDIRECT ECONOMIC IMPACTS continued

Disclosure	Our response																																							
203-02  <b>Significant indirect economic impacts</b>	<p>There are a diverse array of indirect economic impacts associated with our business relationships and our community investment programmes. We developed our <a href="#">Society 2030: Spirit of Progress</a> plan knowing that the way we do business influences the distribution of economic impacts on specific groups. For example, our supplier diversity programme, which aims to increase the percentage of Diageo suppliers from diverse-owned and disadvantaged businesses to 15%, is intended to have an indirect positive economic impact on specific communities, while supporting a more inclusive operating environment.</p> <p>In fiscal 23, we invested £22.7 million or 0.5% of operating profit in programmes to support the communities where we live, work, source and sell. This community investment data includes specific voluntary engagement with charitable organisations or activities that extend beyond our core business activities. It does not include our investment towards our Society 2030: Spirit of Progress activities, which are included as business-as-usual costs.</p> <p><b>Community investment by focus area</b></p> <table border="1"> <thead> <tr> <th>Focus area</th> <th>Investment (£ million)</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Positive drinking</td> <td>4.7</td> <td>21</td> </tr> <tr> <td>Inclusion and diversity</td> <td>5.6</td> <td>25</td> </tr> <tr> <td>Grain-to-glass sustainability</td> <td>2.3</td> <td>10</td> </tr> <tr> <td>Local and brand-led</td> <td>10.1</td> <td>44</td> </tr> <tr> <td><b>Total</b></td> <td><b>22.7</b></td> <td></td> </tr> </tbody> </table> <p><b>Community investment (cash) by region</b></p> <table border="1"> <thead> <tr> <th>Cash by region</th> <th>Investment (£ million)</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>5.6</td> <td>25</td> </tr> <tr> <td>Europe</td> <td>4.9</td> <td>21</td> </tr> <tr> <td>Asia Pacific</td> <td>4.5</td> <td>20</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>4.5</td> <td>20</td> </tr> <tr> <td>Africa</td> <td>3.2</td> <td>14</td> </tr> <tr> <td><b>Total</b></td> <td><b>22.7</b></td> <td></td> </tr> </tbody> </table> <p>For more information about the impact of our community investment, and how we contribute to local economic development, see the Champion inclusion and diversity and Pioneer grain-to-glass sustainability sections of our Annual Report on pages 67-87 and our <a href="#">website</a>.</p>	Focus area	Investment (£ million)	Percentage (%)	Positive drinking	4.7	21	Inclusion and diversity	5.6	25	Grain-to-glass sustainability	2.3	10	Local and brand-led	10.1	44	<b>Total</b>	<b>22.7</b>		Cash by region	Investment (£ million)	Percentage (%)	North America	5.6	25	Europe	4.9	21	Asia Pacific	4.5	20	Latin America and Caribbean	4.5	20	Africa	3.2	14	<b>Total</b>	<b>22.7</b>	
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## Topic standards

## ECONOMIC continued

## PROCUREMENT PRACTICES

## 3-3 Our management approach to procurement practices

As a multinational company, Diageo is connected to a large and varied group of suppliers. We can therefore seek to influence supplier behaviour and create positive social and environmental change through our procurement practices – who we choose to partner with and how we partner with them. Given the complexity of our supply chain, there are also risks related to our suppliers' social and environmental impacts that we need to manage.

We select our suppliers based on their ability to deliver services and materials effectively and in a timely fashion, as set out in our [Partnering with Suppliers Standard](#). We expect them to adopt clear commitments and minimum standards on ethical business, human rights and health and safety, as set out in our [Code](#). We also expect suppliers to share the priorities within our [Society 2030: Spirit of Progress](#) plan on promoting positive drinking, inclusion and diversity, and environmental sustainability.

Diageo has a role to play in supporting minority-owned businesses, and we have set targets to increase supplier diversity. More information about our supplier diversity activities can be found in our Annual Report on page 69.

We evaluate suppliers against various risk processes, such as business continuity and financial risk. These include the risk of bribery and corruption, which we manage through our One Trust assessment, which considers operating, market and sector risks, and which incorporates feedback from our internal reviews and assessments.

Procurement teams review each supplier's ongoing performance against contract and service levels. We assess our suppliers' adherence to specific requirements on issues such as labour and human rights, as we describe from GRI 406-01 to GRI 412-03 in this ESG Reporting Index.

Our Internal Audit and Business Integrity teams review our procurement practices. From their audit, we produce a report for functional management and relevant Executive Committee members, which includes remedial actions and recommendations.

We work extensively with our suppliers to help them manage social and environmental risks and promote positive impact. Diageo is a member of the CDP Supply Chain and Water Security programmes, through which we engage key suppliers on measuring and managing their carbon emissions and water-related impacts.

Disclosure		Our response
204-01	<b>Proportion of spending on local suppliers</b>	We estimate that more than 81% of our raw materials volume is dedicated to 'in-country' suppliers for our sites in the following locations: India, Ireland, Mexico, Turkey, the United Kingdom and the United States. For our sites in Africa, 72% of agriculture raw material volume in our operations came from suppliers based in Africa during fiscal 23.

## Topic standards

## ECONOMIC continued

## ANTI-CORRUPTION

Disclosure	Our response
3-3	<p><b>Our management approach to procurement practices</b></p> <p>We have an internal Countering Corruption Global Policy. Its core principles are included in our <a href="#">Code</a> and are applied to all our operations and personnel. Routine training is undertaken throughout the business, as is specialised training for specific employee groups in high-risk locations and functions. We drive adherence to the policy through our global and local management and within routine business operations – and we review this adherence during assessments carried out by independent internal assessors.</p> <p>Our Business Integrity team monitors compliance with our Code, including our internal anti-corruption principles. Our Global Audit and Risk team regularly audits our markets, which includes auditing their compliance procedures. The team specifies any required improvements, along with a mandatory completion date.</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 Audit Committee of the Board.</p>
205-01	<p><b>Operations assessed for risks related to corruption</b></p> <p>Each of our markets is required to carry out a legal compliance risk assessment each year, including considering human rights, bribery and corruption and anti-trust, 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><b>Communication and training about anti-corruption policies and procedures</b></p> <p>Everyone who joins the business has to complete training in our Code within 30 days. The training covers anti-corruption policies and procedures. All employees at manager level and above, and employees in certain non-manager roles, 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 2021, in line with our external risk landscape.</p>
205-03	<p><b>Confirmed incidents of corruption and actions taken</b></p> <p>Material cases are reported in Note 19 to the Financial Statements of the Annual Report.</p> <p><b>Omissions:</b> non-material incidents.</p> <p><b>Reason:</b> not applicable.</p> <p><b>Explanation:</b> we disclose details of such matters to the extent that it is required as part of our contingent liability disclosure. This does not include details of all ongoing regulatory investigations or penalties.</p>

## Topic standards

## ECONOMIC continued

## ANTI-COMPETITIVE BEHAVIOUR

3-3 **Our management approach to procurement practices**

We have an internal Competition and Anti-trust Global Policy, which is included in our [Code](#) and in our Code training programme. We monitor adherence by reviewing emerging issues and outcomes from SpeakUp and by routinely assessing all business functions through our internal independent reviews.

Our Business Integrity team monitors compliance with our Code, which includes our internal competition and anti-trust principles.

For more information on how we evaluate our approach to compliance issues, including anti-competitive behaviour, see GRI 3-3 Anti-corruption on page 26 of this ESG Reporting Index.

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

## Topic standards

## ECONOMIC continued

## TAX

3-3	<p><b>Our management approach to tax</b></p> <p>We pay 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 investors, governments, our people, customers, consumers, suppliers and the communities in which we operate.</p> <p>Our approach to tax, including our commitments, core principles and governance mechanisms, is described in detail in our global <a href="#">Tax Policy</a>.</p> <p>The Board of Directors approves our Tax Policy and tax strategy, and monitors compliance each year through the Audit Committee - and, as appropriate, on an ad hoc basis. It delegates the authority to execute against this policy framework to the Finance Committee.</p> <p>The Finance Committee, made up of senior management with relevant expertise (including the Chief Executive and the Chief Financial Officer), is the supervisory body for all group tax activities. This Committee reviews 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 how we evaluate our approach, see page 5 of our Tax Policy.</p>
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Disclosure	Our response
207-01	<p><b>Approach to tax</b></p> <p>Information about our tax strategy, our approach to regulatory compliance and how our approach to tax links to our business strategy can be found in our Tax Policy on pages 3-5.</p>
207-02	<p><b>Tax governance, control and risk management</b></p> <p>Information about our tax governance, risk management and compliance can be found in our Tax Policy on pages 3-5. A description of the mechanisms for reporting concerns about unethical or unlawful behaviour and our integrity in relation to tax can be found on page 5 of the policy too, as well as in our <a href="#">Code</a> and within GRI 2-26 of this ESG Reporting Index.</p> <p>A description of our assurance process can be found in GRI 2-5 of this ESG Reporting Index.</p>
207-03	<p><b>Stakeholder engagement and management of concerns related to tax</b></p> <p>A description of our approach to engaging with tax authorities, our public policy advocacy on tax and our process for collecting and considering the views and concerns of stakeholders, including external stakeholders, can be found in our Tax Policy.</p>
207-04	<p><b>Country-by-country reporting</b></p> <p><b>Omissions:</b> country-by-country reporting.</p> <p><b>Reason:</b> not applicable.</p> <p><b>Explanation:</b> a breakdown of corporate tax information by jurisdiction is not included. In line with OECD guidelines, we submit annually a country-by-country report for the group to the UK tax authorities. The UK tax authorities share our information with other jurisdictions' tax authorities, where these authorities have agreed to the OECD's guidelines.</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 standards

## ENVIRONMENTAL

## MATERIALS

## 3-3 Our management approach to materials

The materials we use can largely be categorised as packaging and agricultural raw materials. The production of those materials and the use and disposal of our products generates greenhouse gas emissions, uses water and other forms of natural capital, and may create waste. Most of the effects associated with our materials occur in our supply chain.

For more information, see:

- [Our website](#): For more information on our management approach to materials, see the Become sustainable by design and Responsible sourcing pages of our website.
- [Our reports](#): For information on our targets relating to packaging and raw materials, see the Pioneer grain-to-glass sustainability section of our Annual Report on pages 71-87. For more information about how we measure and report on our targets, see the Reporting boundaries and methodologies section of this ESG Reporting Index, on pages 83-114.
- [Our policies and standards](#): For information on our strategies on packaging and agricultural raw materials, see our Reinventing Packaging Policy and Sustainable Agriculture Guidelines.

Our general approach to materials is for our Supply and Procurement teams to evaluate the impacts linked to their sourcing and to review our suppliers' management processes.

We continue to scale our collaborative approach through partnerships such as GlassFutures to decarbonise glass and increase recycled content, BACALL (British Aluminium Consortium for Advanced Alloys) to decarbonise aluminium cans and OP2B (One Planet Business for Biodiversity) to scale regenerative agriculture and landscape transformation.

**Packaging**

Our Society 2030: Spirit of Progress goals include commitments to continue light-weighting and right-weighting our packaging to reduce our carbon footprint, and to increase recycled content and recyclability across all formats, with particular emphasis on glass and plastics. We have continued to collaborate with local authorities and trade bodies this year to help strengthen the recycling sector in key markets, helping to improve end-of-life recycling for our packaging and to return these materials to our suppliers to move towards circularity. Almost 100% of our paper and board packaging is sustainably sourced and certified to ensure zero net deforestation.

We are increasing and scaling up the use of returnable glass bottles across our business and continue to invest in new circular solutions to reduce our single-use packaging footprint.

We have worked cross-functionally to launch Diageo packaging mandates, which will increase the use of recycled content and reduce the weight of our bottles, while also focusing on secondary packaging removal and circular solutions. The availability of post-consumer cullet and rPET remains a challenge across the industry, and we continue to invest and partner in this area to increase availability.

We have published our [Reinventing Packaging strategy](#), which sets out our progressive vision for the future and will help us to reinvent our packaging.

**Agricultural raw materials**

Our vision is to make our agricultural supply chains economically, socially and environmentally sustainable and resilient, as described in our Sustainable Agriculture Guidelines.

We are collaborating with our suppliers and agronomic partners to improve farm management practices across our raw material supply chains and to promote the adoption of regenerative agriculture practices.

We are also developing protocols to monitor, report and verify the impact of our regenerative agriculture pilots, which are being implemented across our priority raw materials in key geographies.

We continue to engage across industry groups to contribute to the development of frameworks on regenerative agriculture as a new member of the One Planet for Business Biodiversity coalition, on carbon accounting and verification methodologies and more recently on forest, land and agriculture (FLAG) pathways.

We are working with our suppliers to improve the traceability of raw materials across our sourcing regions and are tracking the volumes of raw materials supplied to us that are covered by sustainability standards and certifications. We remain committed to sourcing local raw materials (LRM) across our African markets and other regions where smallholders form part of our supply chain. This LRM sourcing approach includes providing skills training and access to farming inputs, and credit and other support. This is underpinned by digitally connecting suppliers with Diageo, so we can better understand who and where growers are in our supply chain.

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

## Topic standards

## ENVIRONMENTAL continued

## MATERIALS continued

Disclosure		Our response																																							
301-01	<b>Materials used by weight or volume</b>	This year, we used approximately 1.92 million tonnes of agricultural raw materials such as barley, wheat and maize, and approximately 1.58 million tonnes of packaging.																																							
		<b>Global raw materials by volume</b> (Subtotal – 4.5 million tonnes)																																							
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		<p>1. Figure breakdown represents raw materials we buy directly, and excludes raw materials used to make the spirits we purchase.</p> <p>2. Excludes processed chemicals.</p> <p>3. Includes malted barley.</p>																																							
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		<table border="1"> <thead> <tr> <th>Packaging material</th> <th>Volume</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Glass</td> <td>1,296,054</td> <td>82.24</td> </tr> <tr> <td>Corrugate</td> <td>85,180</td> <td>5.41</td> </tr> <tr> <td>Cartons</td> <td>80,034</td> <td>5.08</td> </tr> <tr> <td>Closures and crowns</td> <td>33,930</td> <td>2.15</td> </tr> <tr> <td>PET</td> <td>21,755</td> <td>1.38</td> </tr> <tr> <td>Cans</td> <td>25,133</td> <td>1.59</td> </tr> <tr> <td>Other (beverage cartons, labels, sleeves, bags and sachets)</td> <td>33,783</td> <td>2.14</td> </tr> </tbody> </table>	Packaging material	Volume	Percentage (%)	Glass	1,296,054	82.24	Corrugate	85,180	5.41	Cartons	80,034	5.08	Closures and crowns	33,930	2.15	PET	21,755	1.38	Cans	25,133	1.59	Other (beverage cartons, labels, sleeves, bags and sachets)	33,783	2.14															
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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 standards

## ENVIRONMENTAL continued

## MATERIALS continued

Disclosure		Our response		
301-02	<b>Recycled input materials used</b>	This year, 38.99% of the materials used in our packaging were recycled input materials.		
301-03	<b>Reclaimed products and their packaging materials</b>	<b>Recovery rates and recycling rates for packaging categories<sup>1</sup></b>		
		<b>Market</b>	<b>Recovery rate %</b>	<b>Recycling rate %</b>
		Australia	68.0	56.0
		Brazil	32.0	No published data
		Germany	80.0	68.1
		Great Britain	68.2	63.2
		Greece	60.1	60.1
		Italy	73.0	69.6
		Kenya	No published data	No published data
		Nigeria	16.0	No published data
		North America	53.0	53.9
		Republic of Ireland	94.0	62.5
		Singapore	No published data	No published data
		South Africa	57.0	47.0
		South Korea	No published data	59.5
		Spain	79.0	68.2
		Venezuela	No published data	No published data

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

**Omission:** percentage of Diageo reclaimed products and their packaging materials for each product category.

**Reason:** information unavailable/incomplete.

**Explanation:** data source is market recovery rates. This is industry standard as materials are reclaimed via public infrastructure.



## Topic standards

ENVIRONMENTAL *continued*


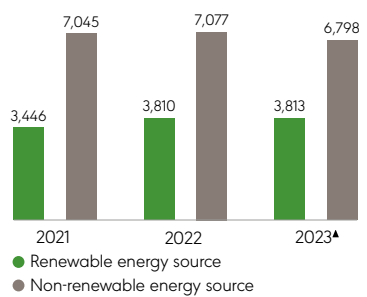


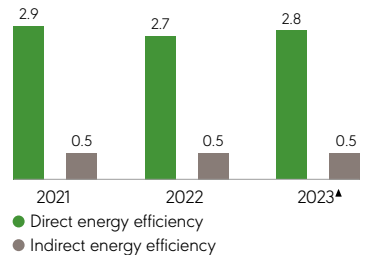


## ENERGY

3-3	<p><b>Our management approach to energy</b></p> <p>Climate change is having increasingly severe physical impacts around the world, while regulatory and policy efforts to curb greenhouse gas emissions are increasing the cost of energy from fossil fuels. Our Society 2030: Spirit of Progress plan includes a number of targets that aim to cut our carbon emissions, including our target for 100% renewable energy use across our direct operations by 2030.</p> <p>For more information, see:</p> <ul style="list-style-type: none"> <li>• <a href="#">Our website</a>: For more information on our approach to energy, as part of our Society 2030: Spirit of Progress plan, see the Accelerate to a low-carbon world page of our website.</li> <li>• <a href="#">Our reports</a>: See our Pioneer grain-to-glass sustainability section of our Annual Report on pages 71-87 for information on our approach to energy and performance against our energy-related target. Also see the Reporting boundaries and methodologies section on pages 83-114. of this ESG Reporting Index for more information about how we measure and report on our energy-related targets.</li> <li>• <a href="#">Our policies and standards</a>: See our <a href="#">Net-Zero Carbon Strategy</a> and our Environment Policy for information on our strategy for energy and emissions.</li> </ul> <p>Our approach to energy is based on four main activities:</p> <ol style="list-style-type: none"> <li>1. Reducing energy consumption</li> <li>2. Recovering and reusing energy</li> <li>3. Converting energy sources to renewables</li> <li>4. Minimising energy use across our supply chain.</li> </ol> <p>To track the effectiveness of our approach, we monitor our performance against our Society 2030: Spirit of Progress goals, including those focused on energy and carbon, and report progress every quarter. Performance is reviewed at market, regional and global level by stakeholders throughout the business, including our Executive Committee and the 2030 Grain-to-Glass Strategic Business Review team.</p>
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## Topic standards


## ENVIRONMENTAL continued


## ENERGY continued

Disclosure	Our response												
302-01  <b>Energy consumption within the organisation</b>	<p>We report three years of renewable and non-renewable direct energy consumption, with our new baseline year being 2020. This includes both energy generated and used on site and energy supplied to our facilities.</p> <p><b>Renewable and non-renewable direct energy consumption (TJ)<sup>1,2</sup></b></p>  <table border="1"> <caption>Renewable and non-renewable direct energy consumption (TJ)<sup>1,2</sup></caption> <thead> <tr> <th>Year</th> <th>Renewable energy source (TJ)</th> <th>Non-renewable energy source (TJ)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>3,446</td> <td>7,045</td> </tr> <tr> <td>2022</td> <td>3,810</td> <td>7,077</td> </tr> <tr> <td>2023<sup>▲</sup></td> <td>3,813</td> <td>6,798</td> </tr> </tbody> </table> <p>● Renewable energy source ● Non-renewable energy source</p> <p>1. Direct energy consumption refers to energy sources that we own or control and generate Scope 1 emissions from, as defined by the WRI/WBCSD Greenhouse Gas Reporting Protocol. 2. 2020 baseline data, and data for the periods ended 30 June 2021 and 30 June 2022, have been restated in line with the WRI/WBCSD Greenhouse Gas Reporting Protocol and our own environmental reporting methodologies. ▲ Total direct energy consumption, renewable and non-renewable 10,611TJ, is within PwC's independent limited assurance scope - see pages 116-119 of this ESG Reporting Index. For Reporting boundaries and methodologies, see pages 83-114.</p> <p>Indirect (grid electricity) accounted for 15.7% of total energy consumption. <b>Omissions:</b> breakdown of energy consumption by heating, cooling and steam. <b>Reason:</b> information unavailable/incomplete. <b>Explanation:</b> the breakdown of energy consumption by heating, cooling and steam is not included here because, currently, this level of detail is unavailable given the inherent complexity of heat recovery systems.</p>	Year	Renewable energy source (TJ)	Non-renewable energy source (TJ)	2021	3,446	7,045	2022	3,810	7,077	2023 <sup>▲</sup>	3,813	6,798
Year	Renewable energy source (TJ)	Non-renewable energy source (TJ)											
2021	3,446	7,045											
2022	3,810	7,077											
2023 <sup>▲</sup>	3,813	6,798											
302-02  <b>Energy consumption outside of the organisation</b>	<p>Purchased goods and services, capital goods, transport and distribution of our brands by third-party logistics providers, and the use of chilling and refrigeration equipment by our retail customers to store and display products, are among the most significant areas of energy consumption outside our direct use. This year, total energy consumption outside the organisation is determined to be 33,913,903 gigajoules (GJ). Some of the categories of energy consumption include packaging material, which accounts for 15.8 million GJ, raw materials for 14.4 million GJ, transport and distribution for 8,442GJ, and chilling and refrigeration equipment for 213,323GJ.</p>												
302-03  <b>Energy intensity</b>	<p>Here we report direct and indirect energy efficiency for the past three years. Our baseline year is 2020.</p> <p><b>Direct and indirect energy efficiency (MJ/litre packaged)<sup>1,2,3</sup></b></p>  <table border="1"> <caption>Direct and indirect energy efficiency (MJ/litre packaged)<sup>1,2,3</sup></caption> <thead> <tr> <th>Year</th> <th>Direct energy efficiency (MJ/litre packaged)</th> <th>Indirect energy efficiency (MJ/litre packaged)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>2.9</td> <td>0.5</td> </tr> <tr> <td>2022</td> <td>2.7</td> <td>0.5</td> </tr> <tr> <td>2023<sup>▲</sup></td> <td>2.8</td> <td>0.5</td> </tr> </tbody> </table> <p>● Direct energy efficiency ● Indirect energy efficiency</p> <p>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 periods ended 30 June 2021 and 30 June 2022, have been restated in line with the WRI/WBCSD Greenhouse Gas Reporting Protocol and our own environmental reporting methodologies. 3. Energy included was used for fuel, electricity, heating, cooling and steam. ▲ Total direct and indirect energy efficiency 3.3MJ/litre packaged, direct and indirect energy efficiency (MJ/litre packaged) is within PwC's independent limited assurance scope - see pages 116-119 of this ESG Reporting Index. For Reporting boundaries and methodologies, see pages 83-114.</p>	Year	Direct energy efficiency (MJ/litre packaged)	Indirect energy efficiency (MJ/litre packaged)	2021	2.9	0.5	2022	2.7	0.5	2023 <sup>▲</sup>	2.8	0.5
Year	Direct energy efficiency (MJ/litre packaged)	Indirect energy efficiency (MJ/litre packaged)											
2021	2.9	0.5											
2022	2.7	0.5											
2023 <sup>▲</sup>	2.8	0.5											
302-04  <b>Reduction of energy consumption</b>	<p>This year, energy consumption from fuel, electricity, heating, cooling and steam decreased by 1.4% compared with fiscal 22. Direct energy efficiency gains in North America, Asia and Latin America, coupled with lower distilled volumes in North America and Latin America, are the main drivers for lower energy consumption. We have ongoing energy efficiency initiatives designed to decouple and minimise the impact of production volume increases from energy consumption. Reporting boundaries and methodologies for energy consumption can be found on pages 83-114 of this ESG Reporting Index.</p>												
302-05  <b>Reductions in energy requirements of products and services</b>	<p>Energy requirements of products and services are not deemed relevant, given that carbon emissions from this energy use do not meet the relevancy criteria stipulated by the WRI Scope 3 Reporting Standard. Specifically, these emissions do not contribute significantly to our overall Scope 3 footprint, nor do they contribute to our business-wide risk exposure.</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 standards

## ENVIRONMENTAL continued

## WATER AND EFFLUENTS

## 3-3 Our management approach to water and effluents

Water is an essential ingredient in all our brands as well as a precious shared resource that is under increasing pressure in many parts of the world. A lack of access to clean water can affect peoples' health, their livelihoods, ability to grow crops and undertake other types of work.

Given our business, many of our operations are water intensive, and many of our suppliers – particularly of agricultural commodities – depend on sufficient water.

For more information, see:

- [Our website](#): For more information on our management approach to water, see the Preserve water for life pages of our website.
- [Our reports](#): For information about the actual and potential negative and positive impacts of our business operations on water and effluents on the economy, environment and society, and information on our progress against our water-related targets see the Pioneer grain-to-glass sustainability sections of our Annual Report on pages 71-87. For information on how we measure and report on our water-related targets, see the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index.
- [Our policies and standards](#): For information about our strategy and management approach to water and effluents, see Our Water Stewardship Strategy and our Environment Policy.

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

1. Water in our operations
2. Water in our supply chains
3. Water in our communities
4. Water advocacy.

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

To assess the effectiveness of our approach, we track our performance against our Society 2030: Spirit of Progress goals and monitor progress every quarter. Performance is reviewed at market, regional and global level by stakeholders throughout the business, including our Executive Committee and the 2030 Grain-to-Glass Strategic Business Review team. This regular assessment of performance helps us to manage programme risks and opportunities and ensures we have the right level of resources to meet our commitments.

## Disclosure

## Our response

303-01

## Interactions with water as a shared resource

Because we are a beverage company, water is an essential ingredient of all our brands and is used throughout our value chain. Water is used for growing our raw materials and manufacturing our packaging. We also use water throughout our direct manufacturing operations.

We carry out a detailed, data-driven assessment of our impacts and dependencies on water throughout our supply chain. This includes assessing the water embedded in our products and the water used to grow our raw materials, and carrying out source-vulnerability assessments in selected watersheds.

We conduct regular water assessments for brands and engage suppliers, and we undertake water risk assessments of our own sites every two to three years. To do this, we use a range of tools, including lifecycle analysis, environmental footprinting, the WRI Aqueduct tool and our internal risk assessment process.

For more information about how we address water-related impacts, our four water-related targets to be met by 2030 and how we work with our stakeholders – including suppliers, consumers, local communities, governments and regulatory groups – see GRI 3-3 on this page.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards

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○ Not disclosed

⊗ Not considered material to our business at this time

## Topic standards

## ENVIRONMENTAL continued

## WATER AND EFFLUENTS continued

Disclosure	Our response		
303-02 ● <b>Management of water discharge-related impacts</b>	We aim to return all wastewater from operations safely to the environment. Our internal standard sets stringent criteria for wastewater discharge to ensure we meet or exceed local and national regulations – and we aim to maximise circularity where appropriate. The criteria for wastewater discharge include temperature, pH, total suspended solids, nitrates, phosphates, and chemical oxygen demand and/or biological oxygen demand (BOD) – key parameters in determining the pollution potential and oxidisable organic matter present in the discharged water. Our global wastewater standard applies across all sites, including locations where local discharge parameters do not exist or are being developed.		
303-03 ● <b>Water withdrawal</b>		<b>All areas (ML)</b>	<b>Areas with water stress (ML)</b>
	<b>Water withdrawal by source</b>		
	Surface water	1,789 <sup>▲</sup>	930
	- Freshwater	0	0
	- Other water	0	0
	Ground water	5,435 <sup>▲</sup>	1,470
	- Freshwater	0	0
	- Other water	0	0
	Seawater	0	0
	Produced water	0	0
	Mains water	8,503 <sup>▲</sup>	3,042
	- Freshwater	0	0
	- Other water	0	0
	<b>Total water withdrawal</b>	<b>15,727<sup>▲</sup></b>	<b>5,442</b>

▲ Within PwC's independent limited assurance scope – see pages 116-119 of this ESG Reporting Index.

Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, including the standards, methodologies and assumptions used.

## Topic standards

## ENVIRONMENTAL continued

## WATER AND EFFLUENTS continued

Disclosure	Our response		
		All areas (ML)	Areas with water stress (ML)
303-04	Water discharge		
	<b>Water discharge</b>		
	Surface water	1,564	965
	Ground water	528	274
	Seawater	3,175	–
	Third-party water (total)	5,677	1,463
	Third-party water sent for use to other organisations	0	0
	<b>Total water discharge</b>	<b>10,944</b>	<b>2,702</b>
	<b>Water discharge by freshwater and other water</b>		
	Fresh water	0	0
	Other water	0	0

Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, including the standards, methodologies and assumptions used.

In fiscal 23, total effluent volume was 10,944m<sup>3</sup> and total wastewater polluting power (BOD) was 35,905 tonnes, of which 35,742<sup>▲</sup> tonnes were under our direct control. This represents a 25.7%<sup>▲</sup> increase in wastewater polluting power (BOD), total under direct control (tonnes) from the prior year. We report on wastewater polluting power by region and by year below.

## The immediate receiving medium after leaving Diageo site

	As a percentage of total Diageo effluent volume %	Percentage of the final BOD to the environment %
Lake	4	0
Third-party municipal	52	1
Land	3	0
River	11	0
Sea	30	99
Wetland	0	0
<b>Total</b>	<b>100</b>	<b>100</b>

Wastewater polluting power by region, by year (BOD/tonnes)<sup>1</sup>

	2021	2022	2023
North America	518	59	176
Europe	28,893	28,470	35,661
Asia Pacific	1	1	19
Latin America and Caribbean	0	0	0
Africa	102	108	48
Total	29,513	28,638	35,905
<b>Total under direct control</b>	<b>29,344</b>	<b>28,426</b>	<b>35,742<sup>▲</sup></b>

1. 2020 baseline and data for the periods ended 30 June 2021 and 30 June 2022 were restated in line with our own environmental reporting methodologies.

▲ Within PwC's independent limited assurance scope - see pages 116-119 of this ESG Reporting Index.

Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, including the standards, methodologies and assumptions used.

How we have met each disclosure

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## Topic standards

## ENVIRONMENTAL continued

## WATER AND EFFLUENTS continued

Disclosure	Our response																											
303-04	<p><b>Water discharge</b> continued</p> <p><b>Wastewater treatment by method</b></p> <p>In fiscal 23, wastewater was treated on site at our operations using one or more of the following methods: aerobic treatment, anaerobic treatment, pH balance, filtration, reverse osmosis, settling area and stabilisation ponds. Some 52% of wastewater volume was sent to off-site treatment facilities. This represents 1% of final BOD to the environment.</p> <table border="1"> <thead> <tr> <th>Treatment method</th> <th>Sites using treatment method %</th> <th>Volume (m<sup>3</sup>) of effluent by treatment method</th> </tr> </thead> <tbody> <tr> <td>Aerobic treatment</td> <td>18</td> <td>1,962,272</td> </tr> <tr> <td>Anaerobic treatment</td> <td>31</td> <td>3,440,085</td> </tr> <tr> <td>pH balance</td> <td>50</td> <td>5,450,734</td> </tr> <tr> <td>Filtration</td> <td>7</td> <td>802,275</td> </tr> <tr> <td>Reverse osmosis</td> <td>5</td> <td>561,698</td> </tr> <tr> <td>Settling area</td> <td>5</td> <td>521,967</td> </tr> <tr> <td>Stabilisation ponds</td> <td>2</td> <td>187,417</td> </tr> <tr> <td>Other</td> <td>8</td> <td>820,861</td> </tr> </tbody> </table> <p>There were 37 spills or incidents during the reporting year, totalling approximately 539,000 litres of spilled material. In each case, regulators were informed and were satisfied with our response and follow-up. There were no significant spills, so none was reported in the Financial Statements. Our business does not generate significant volumes of waste deemed hazardous under the terms of the Basel Convention. None of our operations has a known significant impact on protected water bodies as a result of wastewater discharge or run-off.</p> <p><b>Omissions:</b> volume of unplanned discharges is not monitored.</p> <p><b>Reason:</b> data unavailable/incomplete.</p> <p><b>Explanation:</b> monitoring programme to be established to determine number of occasions and volumes.</p>	Treatment method	Sites using treatment method %	Volume (m <sup>3</sup> ) of effluent by treatment method	Aerobic treatment	18	1,962,272	Anaerobic treatment	31	3,440,085	pH balance	50	5,450,734	Filtration	7	802,275	Reverse osmosis	5	561,698	Settling area	5	521,967	Stabilisation ponds	2	187,417	Other	8	820,861
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Change in water storage, if water storage has been identified as having a significant water-related impact	0	0																										

## Topic standards

ENVIRONMENTAL *continued*

## BIODIVERSITY

3-3 **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. The production of the raw materials that we source from suppliers can also affect nature, for example, by affecting natural habitats, reducing the availability and/or quality of water, or through the use of pesticides and fertilisers.

For more information, see:

- [Our website](#): For more information about how we manage biodiversity around our distilleries, breweries and other sites, see the Biodiversity section of our website.
- [Our reports](#): For information about how we report on biodiversity, including definitions, scope and data preparation, see the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index.
- [Our policies and standards](#): Our Deforestation Guidelines set out our commitments around deforestation and Our Sustainable Agriculture Guidelines set out our expectations for farmers, including on the use of pesticides and fertilisers.

We take responsibility for the impact our business has on biodiversity, particularly in relation to water, our main ingredient. For more information on how we manage water and effluents, please see pages 34-37 of this ESG Reporting Index. Where appropriate, we measure and report our impact, mitigate the risks and work towards improving the environment. We also carry out biodiversity impact assessments for new builds and sites in sensitive locations. We have created a framework to develop biodiversity management plans for our operational sites.

We have identified 35 operational sites, and other areas of land we own, that are in or adjacent to protected areas or areas of high biodiversity value, as defined by the Integrated Biodiversity Assessment Tool. These sites are listed under GRI 304-01 below.

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

We have also carried out an assessment of deforestation risk within our supply chains. It found that while most of our raw materials are not directly associated with high deforestation risk, some may pose a potential risk, and we could do more to quantify possible impacts. We have set a commitment of net zero conversion of all natural habitats by 2025 for direct suppliers, and by 2030 for indirect suppliers. We are developing regenerative agricultural pilot programmes to help farmers deliver positive outcomes for nature.

To increase the efficacy of our approach to biodiversity, we will strengthen our ability to quantify our biodiversity impacts and dependencies across our raw material and packaging supply chains. We are aligning our work with external frameworks including the Taskforce for Nature-related Financial Disclosures. The outcomes of this work will be reviewed by a cross-functional working group and at our quarterly 2030 Grain-to-Glass Strategic Business Review meetings. These developments will help us manage biodiversity risks and opportunities and ensure we have the right level of resources to meet our commitments.

## Topic standards

## ENVIRONMENTAL continued

## BIODIVERSITY continued

Disclosure		Our response				
304-01	<b>Operational sites owned, leased, managed in, or adjacent to protected areas or areas of high biodiversity value outside protected areas</b>	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		
Abercrombie Engineering, Scotland	Engineering	IUCN Category I-VI, SSSI, Ramsar, Marine Protected Area, Key Biodiversity Area		●		Coastal
Amherstburg Packaging, Canada	Packaging	Key Biodiversity Area		●		Fresh water
Bangkok, Thailand	Offices	Key Biodiversity Area	●			Terrestrial
Blackgrange, Scotland	Warehousing	IUCN Category I-VI		●		Terrestrial
Brussels, Belgium	Offices	IUCN Category I-VI		●		Terrestrial
Budapest, Hungary	Offices	National Nature Conservation Area		●		Terrestrial
Burghead Maltings, Scotland	Maltings	IUCN Category I-VI, SSSI, Marine Protected Area		●		Coastal, marine
Cambus Cooperage, Scotland	Warehousing	IUCN Category I-VI, SSSI, Ramsar, Marine Protected Area, Nature Reserve, Key Biodiversity Area		●		Coastal, terrestrial
Caol Ila Distillery, Scotland	Distilling	National Scenic Area		●		Coastal
Caracas, Venezuela	Offices	IUCN Category I-VI	●			Terrestrial
		IUCN Category I-VI		●		Terrestrial
Cragganmore Distillery, Scotland	Distilling	IUCN Category I-VI, SSSI		●		Terrestrial, fresh water
Dailuaine Distillery, Scotland	Distilling	IUCN Category I-VI, SSSI		●		Terrestrial, fresh water
Dalwhinnie Distillery, Scotland	Distilling	IUCN Category I-VI	●	●		Terrestrial
Glen Elgin Distillery, Scotland	Distilling	IUCN Category I-VI, SSSI		●		Terrestrial
Glen Spey Distillery, Scotland	Distilling	IUCN Category I-VI, SSSI		●		Terrestrial, fresh water
Isipingo Packaging, South Africa	Packaging	Key Biodiversity Area	●			Coastal
Johnnie Walker Princes St, Scotland	Retail	IUCN Category I-VI, SSSI, Nature Reserve		●		Terrestrial
Knockando Distillery, Scotland	Distilling	IUCN Category I-VI, SSSI		●		Terrestrial, fresh water
Lagavulin Distillery, Scotland	Distilling	IUCN Category I-VI, SSSI, Marine Protected Area		●		Terrestrial, marine
Lochnagar Distillery, Scotland	Distilling	IUCN Category I-VI, National Scenic Area	●			Terrestrial
		IUCN Category I-VI, SSSI, Key Biodiversity Area		●		Terrestrial
Madrid, Spain	Offices	Special Areas of Conservation (Habitats Directive), Special Protection Area (Birds Directive), Key Biodiversity Area		●		Terrestrial
Menstrie Brand Technical, Scotland	Offices	IUCN Category I-VI, SSSI		●		Terrestrial
Menstrie Warehousing, Scotland	Warehousing	IUCN Category I-VI, SSSI		●		Terrestrial
Mwanza Brewery, Tanzania	Brewing	Key Biodiversity Area	●			Terrestrial, fresh water

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 standards

## ENVIRONMENTAL continued

## BIODIVERSITY continued




Disclosure		Our response			
304-01	<b>Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</b>	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	
Nairobi, Kenya	Brewing, offices	Forest Reserve	●		Terrestrial
Relay Packaging, United States	Packaging	IUCN Category I-VI		●	Terrestrial
Runcorn Packaging, United Kingdom	Packaging	IUCN Category I-VI		●	Terrestrial
Seychelles Breweries Ltd, Seychelles	Brewing	Key Biodiversity Area		●	Terrestrial
Shenzhen, China	Offices	Key Biodiversity Area		●	Coastal, fresh water
St James's Gate, Republic of Ireland	Brewing, offices	Sites of Community Importance (Habitats Directive)		●	Freshwater
St Thomas Quebec, Canada	Warehousing	IUCN Category I-VI, Key Biodiversity Area		●	Terrestrial, fresh water
Sydney, Australia	Offices	IUCN Category I-VI		●	Coastal
Teainich Distillery, Scotland	Distilling	IUCN Category I-VI, SSSI, Ramsar, Key Biodiversity Area		●	Coastal
Valencia Warehousing, Venezuela	Warehousing	IUCN Category I-VI	●		Terrestrial
Zepf Engineering, Scotland	Engineering	IUCN Category I-VI		●	Terrestrial

For more information about how we report on biodiversity, including definitions, scope and data preparation, see the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index.

## Topic standards

## ENVIRONMENTAL continued

## BIODIVERSITY continued

Disclosure		Our response						
304-02	 <b>Significant impacts of activities, products and services on biodiversity</b>	<p>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. Through the sourcing of our agricultural and packaging commodities, we will affect biodiversity, particularly through the use of land for farming and resulting land-use change, the use of agrochemicals in these production systems, and the effect on fresh water availability and quality.</p> <p><b>Omissions:</b> quantitative upstream effects on biodiversity.</p> <p><b>Reason:</b> information unavailable/incomplete.</p> <p><b>Explanation:</b> we are currently completing our assessment of our upstream effects on biodiversity.</p>						
304-03	 <b>Habitats protected or restored</b>	<p>This year, we have implemented various initiatives to protect and restore habitats. Our water replenishment efforts focus on environmental restoration and conservation. In Jalisco, Mexico, we partnered with local authorities in San Diego de Alejandría to establish a tree nursery. This initiative promotes reforestation activities and the preservation of local species to maintain landscapes.</p> <p>Through our regenerative agriculture programmes, we aim to protect and restore soils. In Ireland, we have collaborated with 44 farmers to plant cover crops and actively monitor biodiversity both above and below the ground.</p> <p>Our brands are also leading initiatives for nature restoration: for example, Bulleit Frontier Whiskey and American Forests have extended their partnership, committing to planting and restoring 2.5 million white oak trees by 2026. These trees are essential for the production of whisky barrels and contribute to combating climate change by absorbing carbon, purifying air and conserving water.</p> <p>Seedlip contributes 1% of its annual global revenues to environmental causes. In Europe, we support the Urban Nature Project led by the Natural History Museum. This project focuses on creating urban green spaces and wildlife habitats.</p> <p>We have also reported a total area of 5.74 square kilometres of habitats protected and restored across our supply locations.</p>						
304-04	 <b>IUCN Red List species and national conservation list species with habitats in areas affected by operations</b>	<table border="0"> <tr> <td>Critically endangered</td> <td>2,748</td> </tr> <tr> <td>Endangered</td> <td>4,888</td> </tr> <tr> <td>Vulnerable</td> <td>10,934</td> </tr> </table> <p>Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, including the standards, methodologies and assumptions used.</p>	Critically endangered	2,748	Endangered	4,888	Vulnerable	10,934
Critically endangered	2,748							
Endangered	4,888							
Vulnerable	10,934							

## Topic standards

## ENVIRONMENTAL continued

## EMISSIONS

## 3-3 Our management approach to emissions

Climate change is having increasingly severe physical impacts around the world. At Diageo, we recognise that there is a climate emergency and we are committed to reducing our emissions across Scope 1, 2 and 3, in line with the Science Based Targets initiative guidance.

For more information, see:

- [Our website](#): For more information on our approach to emissions in the context of our Society 2030: Spirit of Progress 10-year strategy, please see the Pioneer grain-to-glass sustainability section of our website, which includes our [Net-Zero Carbon Strategy](#).
- [Our reports](#): See the Pioneer grain-to-glass sustainability section of our Annual Report on pages 71-87 for information on our approach to emissions and performance against our emissions targets. Also see the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how we measure and report on our targets.
- [Our policies and standards](#): See our Net-Zero Carbon Strategy and our Environment Policy for information on our approach to energy and emissions.

**GHG emissions from our own operations**

By actively increasing the use of renewable energy in our operations, we're working towards reducing our energy-related emissions. To meet our target to be net zero in our direct operations by 2030, we have to directly abate our operational emissions by at least 95% compared with our 2020 baseline.

We are committed to driving down residual emissions from non-zero emission bioenergy sources, nitrogen oxides (NO<sub>x</sub>) and sulphur oxides (SO<sub>x</sub>) emissions from kilning cereals and fugitive gas emissions. We measure and reduce these emissions under the We Mean Business initiative to address short-lived climate pollutants. Our residual emissions are minimal, making up less than 5% of our direct operations' GHG emissions. A maximum of 5% of our 2020 baseline emissions could be compensated using carbon credits to reach net zero and meet our commitments under the Science Based Targets initiative.

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

**GHG emissions from our supply chains**

In addition to our operational emissions target, we have set a Science Based Targets initiative-approved target to reduce our value chain emissions by 50% by 2030 from our 2020 baseline. To do so, we are building long-lasting partnerships with our suppliers and are helping our third-party operations to join us on this journey. Transforming the way we do business to embed a lower-carbon, more collaborative and circular way of sourcing our materials and services will enable us to deliver significant emission reductions.

We have developed and rolled out decarbonisation roadmaps across Diageo to reduce our Scope 3 emissions and we are partnering with our suppliers to improve the granularity of our Scope 3 carbon footprint data while driving reductions together.

Key contributors to our Scope 3 carbon emissions are the raw materials we source, the packaging we buy and the energy purchased by our suppliers. We are dedicating significant resources to deploy and scale regenerative agriculture solutions to reduce our raw material emissions, as well as developing circular packaging propositions to reduce the volume and type of packaging materials we use.

We are also working with our suppliers to help them access low-cost, reliable renewable energy.

## Topic standards

## ENVIRONMENTAL continued

## EMISSIONS continued

Disclosure	Our response																												
305-01 and 305-02 ● <b>Direct and indirect GHG emissions (location and market-based) ('000 tonnes CO<sub>2</sub>e)</b>	<p>Direct and indirect carbon emissions (location/gross) this year were 640<sup>▲</sup> ('000 tonnes CO<sub>2</sub>e) (2022: 674 ('000 tonnes CO<sub>2</sub>e)), comprising direct emissions (Scope 1) of 485<sup>▲</sup> ('000 tonnes CO<sub>2</sub>e) (2022: 536 ('000 tonnes CO<sub>2</sub>e)) and indirect emissions (Scope 2) of 155<sup>▲</sup> ('000 tonnes CO<sub>2</sub>e) (2022: 138 ('000 tonnes CO<sub>2</sub>e)).</p> <p><b>Direct and indirect GHG emissions (market-based) ('000 tonnes CO<sub>2</sub>e)<sup>1,2</sup></b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Direct GHG emissions</th> <th>Indirect GHG emissions</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>413</td> <td>32</td> </tr> <tr> <td>2022</td> <td>418</td> <td>6</td> </tr> <tr> <td>2023<sup>▲</sup></td> <td>395</td> <td>6</td> </tr> </tbody> </table> <p>1. CO<sub>2</sub>e figures are calculated using the WRI/WBCSD Greenhouse Gas Reporting Protocol Guidance available at the beginning of our fiscal year, the kWh/CO<sub>2</sub> conversion factor provided by energy suppliers, or the relevant emission factors from the country of operation or from the International Energy Agency, as applicable.</p> <p>2. 2020 baseline data, and data for the periods ended 30 June 2021 and 30 June 2022, have been restated in line with the WRI/WBCSD Greenhouse Gas Reporting Protocol and our own environmental reporting methodologies.</p> <p>▲ Within PwC's independent limited assurance scope - see pages 116-119 of this ESG Reporting Index.</p> <p>Our fiscal 23 biogenic CO<sub>2</sub> emissions associated with the combustion of bioenergy in our direct operations were 290 ('000 tonnes CO<sub>2</sub>) and associated removals were 250 ('000 tonnes CO<sub>2</sub>). Other biological CO<sub>2</sub> emissions are approximated at 373 ('000 tonnes CO<sub>2</sub>).</p> <p>Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, such as the standards, methodologies and assumptions used.</p>	Year	Direct GHG emissions	Indirect GHG emissions	2021	413	32	2022	418	6	2023 <sup>▲</sup>	395	6																
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305-03 ● <b>Other indirect (Scope 3) GHG emissions</b>	<p><b>Global Scope 3 GHG emissions</b> (Total - 5.9 million metric tonnes)</p> <table border="1"> <thead> <tr> <th>Sources of Scope 3 GHG<sup>1,2</sup> emissions</th> <th>Metric tonnes CO<sub>2</sub>e (2023)</th> </tr> </thead> <tbody> <tr> <td>Purchased goods: packaging</td> <td>1,871,317</td> </tr> <tr> <td>Purchased goods: raw materials</td> <td>2,051,697</td> </tr> <tr> <td>Purchased goods: services</td> <td>750,979</td> </tr> <tr> <td>Upstream transportation and distribution (Category 4 Outbound logistics)<sup>3</sup></td> <td>356,940<sup>▲</sup></td> </tr> <tr> <td>Upstream transportation and distribution (Category 4 Inbound logistics)<sup>4</sup></td> <td>170,921</td> </tr> <tr> <td>Use of sold products (chillers/refrigeration)</td> <td>213,323</td> </tr> <tr> <td>Capital goods</td> <td>293,060</td> </tr> <tr> <td>Upstream/downstream transportation and distribution (Categories 1-9, except Outbound and Inbound logistics)</td> <td>0</td> </tr> <tr> <td>End-of-life treatment of sold product</td> <td>46,129</td> </tr> <tr> <td>Waste generated in operations</td> <td>48,918</td> </tr> <tr> <td>Fuel- and energy-related activities (not included in Scope 1 or 2)</td> <td>60,946</td> </tr> <tr> <td>Employee commuting</td> <td>14,026</td> </tr> <tr> <td>Business travel</td> <td>33,015</td> </tr> </tbody> </table> <p>1. The principal greenhouse gases are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and hydrofluorocarbons (HFCs).</p> <p>2. The latest industry standards and best practices were included in the reporting to establish the most complete, consistent and accurate GHG footprint, as required by the GHG protocol. Our Scope 3 2020 baseline has been restated this year because of planned Diageo disposals. More information on Diageo's disposals can be found in the Financial Statements of our Annual Report. In addition, crop GHG emission factors have been upgraded this year to include land-use change, similarly affecting our baseline data. This year, our Scope 3 2020 GHG emissions baseline is reported at 4.9 million tCO<sub>2</sub>e (2022: 4.6 million tCO<sub>2</sub>e).</p> <p>3. Global Logistics Emissions Council (GLEC) methodology has been adopted for upstream transportation and distribution (Category 4). Category 4 totals include GHG emissions from 2022. These are reported as part of 2023 Scope 3 GHG emissions because of the one-year lag in reporting. 2023 Category 4 emissions will therefore be included in our 2024 reporting.</p> <p>4. For consistency, Inbound logistics is for the year ended 30 June 2022.</p> <p>▲ Scope 3 distribution and logistics GHG emissions (CO<sub>2</sub>e tonnes) for the year ended 30 June 2022 are within PwC's independent limited assurance scope - see pages 116-119 of this ESG Reporting Index.</p> <p>Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, including the standards, methodologies and assumptions used.</p>	Sources of Scope 3 GHG <sup>1,2</sup> emissions	Metric tonnes CO <sub>2</sub> e (2023)	Purchased goods: packaging	1,871,317	Purchased goods: raw materials	2,051,697	Purchased goods: services	750,979	Upstream transportation and distribution (Category 4 Outbound logistics) <sup>3</sup>	356,940 <sup>▲</sup>	Upstream transportation and distribution (Category 4 Inbound logistics) <sup>4</sup>	170,921	Use of sold products (chillers/refrigeration)	213,323	Capital goods	293,060	Upstream/downstream transportation and distribution (Categories 1-9, except Outbound and Inbound logistics)	0	End-of-life treatment of sold product	46,129	Waste generated in operations	48,918	Fuel- and energy-related activities (not included in Scope 1 or 2)	60,946	Employee commuting	14,026	Business travel	33,015
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## Topic standards

## ENVIRONMENTAL continued

## EMISSIONS continued

Disclosure		Our response																												
305-04	<b>GHG emissions intensity</b>	<p>This year, the market-based (net) intensity ratio of our Scope 1 and 2 GHG emissions was 105g<sup>A</sup> CO<sub>2</sub>e per litre of packaged product (2022: 105g/l) and the location-based (gross) intensity ratio of our Scope 1 and 2 GHG emissions was 169g<sup>A</sup> CO<sub>2</sub>e per litre of packaged product (2022: 167g/l).</p> <p>Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, including the standards, methodologies and assumptions used.</p> <p>△ Within PwC's independent limited assurance scope - see pages 263-266 of the Annual Report. ▲ Within PwC's independent limited assurance scope - see pages 116-119 of the ESG Reporting Index.</p>																												
305-05	<b>GHG emissions reductions</b>	<p>The percentage reduction of absolute carbon emissions (direct and indirect carbon emissions by weight (market/net based)) from the prior year was 5.4%<sup>A</sup>.</p> <p>Our Scope 3 GHG emissions decreased by 1.2% compared with fiscal 22. For more information, see page 82 of our Annual Report.</p> <p>Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, including the standards, methodologies and assumptions used.</p> <p>△ Within PwC's independent limited assurance scope - see pages 263-266 the Annual Report.</p>																												
305-06	<b>Emissions of ozone-depleting substances</b>	<p>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.</p> <p><b>Ozone-depleting substances and fluorinated gases</b></p> <table border="1"> <thead> <tr> <th></th> <th>Present (kg)</th> <th>Emitted (kg)</th> <th>Emissions CO<sub>2</sub>e (tonnes)</th> </tr> </thead> <tbody> <tr> <td>Halons</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>CFC</td> <td>25</td> <td>5</td> <td>29</td> </tr> <tr> <td>HCFC</td> <td>2,117</td> <td>624</td> <td>1,128</td> </tr> <tr> <td>HFC</td> <td>15,130</td> <td>692</td> <td>1,349</td> </tr> <tr> <td>SF<sub>6</sub></td> <td>16</td> <td>0</td> <td>0</td> </tr> <tr> <td>PCC</td> <td>0</td> <td>0</td> <td>1</td> </tr> </tbody> </table>		Present (kg)	Emitted (kg)	Emissions CO <sub>2</sub> e (tonnes)	Halons	0	0	0	CFC	25	5	29	HCFC	2,117	624	1,128	HFC	15,130	692	1,349	SF <sub>6</sub>	16	0	0	PCC	0	0	1
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305-07	<b>NO<sub>x</sub>, SO<sub>x</sub> and other significant air emissions</b>	<p>Emissions from stationary combustion sources have impacts on the environment. In 2023, we emitted 648 tonnes of NO<sub>x</sub> and 473 tonnes of SO<sub>x</sub>. NO<sub>x</sub> and SO<sub>x</sub> are determined using measured stack emissions and also calculated emissions based on fuel usage and standard emission factors. A small number of sites have NO<sub>x</sub> and SO<sub>x</sub> air emissions associated with the roasting and kilning of cereals. These emissions are measured but are minimal to our overall total NO<sub>x</sub> and SO<sub>x</sub> levels, which remain low compared with background NO<sub>x</sub> and SO<sub>x</sub> data.</p> <p><b>NO<sub>x</sub> and SO<sub>x</sub> emissions by year (tonnes)</b></p> <table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>NO<sub>x</sub></td> <td>418</td> <td>628</td> <td>648</td> </tr> <tr> <td>SO<sub>x</sub></td> <td>196</td> <td>373</td> <td>473</td> </tr> </tbody> </table>		2021	2022	2023	NO <sub>x</sub>	418	628	648	SO <sub>x</sub>	196	373	473																
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## Topic standards

ENVIRONMENTAL *continued*

## WASTE

3-3 **Our management approach to waste**

As with most products, making alcoholic drinks has the potential to generate waste at multiple stages of the product lifecycle. If left unmanaged, waste from our operations and supply chain can create negative environmental and social impacts, including contributing to greenhouse gas emissions, air pollution, biodiversity loss and harm to human health. Given these risks, managing waste is one of our priorities.

For more information, see:

- [Our website](#): For more information on our approach to waste and our zero waste to landfill commitment see the Pioneer grain-to-glass sustainability section on our website.
- [Our reports](#): For information on our approach to waste and performance against our waste-related targets, see Pioneer grain-to-glass sustainability section of our Annual Report on pages 71-87. For information on how we measure and report on our targets, also see the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index.
- [Our policies and standards](#): Our Environment Policy and our Partnering with Suppliers Standard set out our commitments around waste and our expectations of our suppliers.

We purchase much of the packaging material we use. That's why we look to engage with our suppliers and encourage them to set zero waste targets across their own operations, as is stipulated within our Partnering with Suppliers Standard. For suppliers under contract, we have also included wording in our standard templates to encourage dialogue and action to reduce waste. We are also working through our Diageo Sustainable Solutions programme with innovators, customers, suppliers and researchers to find and accelerate breakthrough solutions to make packaging more sustainable.

To minimise the waste we send to landfill, we work with certified waste handlers and, together, operate a hierarchy of actions: eliminate, reduce, reuse, recycle, recover and dispose.

To track the effectiveness of our actions, we monitor waste streams, promoting awareness of the need to increase resource efficiency. We also monitor levels of waste recycling and waste-to-energy recovery.

We report our performance against our Society 2030: Spirit of Progress goals, including those that contribute to waste minimisation, on a monthly and quarterly basis. Performance is reviewed at market, regional and global level by market and regional leadership teams throughout the business, as well as by our Executive Committee and our quarterly 2030 Grain-to-Glass Strategic Business Review meetings. Compliance with our Environment Policy and Global Waste Elimination Standard is continually monitored and reviewed at the quarterly Supply Chain and Procurement Environmental Compliance meetings, managed by our Governance function.

We are evolving our approach with suppliers so that we understand the waste in their operations and can collaborate with them to minimise it.

## Topic standards

## ENVIRONMENTAL continued

## WASTE continued

Disclosure		Our response
306-01	<b>Waste generation and significant waste-related impacts</b>	<p>Co-products and by-products from brewing and distilling represent the key waste streams from our operations and are also a resource for further use. Applying circularity measures is central to our approach to handling these materials and reducing any waste-related impacts. We mitigate risk by recovering and reusing co-products and by-products from brewing, distilling and malting in agricultural applications such as animal feed or in valorisation processes.</p> <p>The most significant waste-related impacts associated with our upstream supply chain originate from growing the raw materials that make our products. There are also significant waste-related impacts associated with our downstream supply chain - that is, the disposal of our products and packaging after use.</p> <p>See GRI 306-02 below and our Annual Report on pages 71-93 for information about our strategy to minimise upstream waste, including how we partner with our suppliers to carry out regenerative agriculture techniques. Downstream, we try to minimise waste through circular-economy initiatives, such as our EcoSpirits solution in Southeast Asia, for example.</p>
306-02	<b>Management of significant waste-related impacts</b>	<p>As a multinational company selling products in more than 180 countries, we believe we have a responsibility and the resources to bring about positive change in the way that society produces and manages waste. We aim to do this by creating more efficient production and recycling infrastructure, developing sustainable and circular packaging solutions, and partnering with our suppliers to eliminate waste in their own operations.</p> <p>See our <a href="#">website</a> and pages 83-86 of our Annual Report for information about the strategy, targets and performance that contribute towards us becoming sustainable by design.</p> <p>We work with third parties to manage the waste that is created when producing and manufacturing our products. We perform waste traceability assessments on third parties to make sure they manage waste in line with our contractual agreements and government legislation. We have committed to an ambitious capital works plan to decarbonise our sites and improve water efficiency. Managing construction waste streams will require dedicated focus, although we will continue to apply the same circularity principles. In fiscal 23, following a review of third-party waste handler contractual agreements, we mandated new Zero Waste to Landfill terms going forward.</p> <p>Over recent years, we have undertaken various initiatives to develop recycling infrastructure in communities where we make and sell products. In Ghana, for example, we implemented a post-consumer plastics collection solution and, along the Tisza River in Eastern Europe, we partnered with Plastic Cup to develop capacity in waste collection, processing and recycling.</p>

## Topic standards

## ENVIRONMENTAL continued

## WASTE continued

Disclosure	Our response																																			
306-03	Waste generated																																			
	Total weight of waste by type and disposal method (tonnes)																																			
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▲ Within PwC's independent limited assurance scope - see pages 116-119 in this ESG Reporting Index.

Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, including the standards, methodologies and assumptions used.

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

	Hazardous waste to landfill	Other disposal (incineration without reuse)	Hazardous waste used or recycled	Total hazardous waste
North America	0	1	982	983
Europe	18	0	1,827	1,845
Asia Pacific	1	32	107	111
Latin America and Caribbean	21	18	96	135
Africa	0	3	242	273
<b>Total</b>	<b>40</b>	<b>53</b>	<b>3,253</b>	<b>3,347</b>

Waste by composition, in metric tonnes (t)<sup>1</sup>

	Waste diverted from disposal (used or recycled)	Waste directed to disposal (landfill/incineration)	Total waste generated
Co-products spent grains	878,025	0	878,025
Solid waste	262,024	267	262,291
Hazardous waste	3,253	93	3,346
<b>Total</b>	<b>1,143,302</b>	<b>360</b>	<b>1,143,662</b>

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



## Topic standards

## ENVIRONMENTAL continued

## WASTE continued

Disclosure		Our response																																																				
306-04	<b>Waste diverted from disposal</b>	<b>Waste diverted from disposal by recovery operation, in metric tonnes (t)<sup>1,2</sup></b>																																																				
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## Topic standards

ENVIRONMENTAL *continued*

## SUPPLIER ENVIRONMENTAL ASSESSMENT

3-3 **Our management approach to supplier environmental assessment**

Many of the environmental impacts of the products we sell take place within our supply chain. Assessing the performance of our suppliers is an important step in supporting them to manage and reduce these impacts.

We work with suppliers on environmental issues through our climate change and water security supply chain programmes with CDP, and by implementing our sustainable agriculture strategy.

To develop our engagement with participating suppliers, in support of our [Society 2030: Spirit of Progress](#) Scope 3 emissions reductions target, we have developed supplier questionnaires that include a suite of performance measures relating to climate change and water security.

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

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

Our Procurement function reviews suppliers against a range of factors including quality, cost, reliability and sustainability, indicating overall effectiveness and suitability. To assess environmental performance, our Procurement teams leverage performance indicators, as outlined above. We have held detailed reviews with our largest suppliers about their carbon and water performance and developed specific action plans around areas for improvement.



Environmental performance of our suppliers is reviewed by the Procurement function, which reports to the 2030 Grain-to-Glass Strategic Business Review team, which meets quarterly. We develop mitigation and improvement activities as appropriate.

For more information about our approach to environmental management with suppliers, see our [Partnering with Suppliers Standard](#).

## Topic standards

## ENVIRONMENTAL continued

## SUPPLIER ENVIRONMENTAL ASSESSMENT continued

Disclosure	Our response
308-01  <b>New suppliers that were screened using environmental criteria</b>	We screen suppliers according to their category and spend when considering environmental criteria. This is to make sure we're driving the greatest impact within our supply chain when working with suppliers on carbon and water programmes. We review certain industries that have the greatest impact on carbon. We use an Industrial Water Impact Matrix, which prioritises those industries with the greatest impact on water. This data is provided directly by CDP.
308-02  <b>Negative environmental impacts in the supply chain and actions taken</b>	<p>We have identified a variety of environmental impacts associated with our supply chain. Because of its relevance across the vast majority of our suppliers, we actively track and manage the carbon footprint of our supply chain through our membership of the CDP Supply Chain programme, which reports by calendar year. Many of our suppliers report to multiple customers through CDP, removing the need to duplicate data-reporting requests. In 2022, the average Diageo supplier responded to eight unique customers.</p> <p><b>Carbon</b></p> <p>In 2012, we began to identify suppliers with whom we could partner to manage the carbon footprint of our supply chain. In calendar year 2022, we identified 277 that account for our biggest spend globally in the categories we identified as having the highest impact - namely packaging, raw materials, logistics, manufacturing, information services and third-party operations (these are other businesses that make our brands under licence). Of these 277 suppliers, 81% responded to the CDP climate change questionnaire.</p> <p>Some 60% of suppliers are able to report their Scope 1 and 2 emissions data, an increase of 3% from the previous year. Some 51% of suppliers have carbon reduction initiatives in place, with 46% having set a carbon reduction target. And 49% of suppliers have started their transition to renewable energy, while 47% are engaging their supply chain on carbon reduction.</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 face in completing their climate-change disclosures and in identifying opportunities to work with us to improve. This year, we've taken steps to improve our engagement with them: we offer support webinars, and have developed a suite of performance measures to help benchmark their performance and guide them to make improvements to reach the next level of each indicator.</p> <p><b>Water</b></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 2022 calendar year we asked 207 of our largest suppliers to disclose their water management practices. Of the 72% of suppliers that responded, 22% reported having a water-related usage target. Some 67% of suppliers are able to report their operational risk, while 48% can provide water accounting data. Meanwhile, 52% of suppliers integrate water management into their governance structures and 56% are engaging their own supply chains on water reduction.</p> <p>In 2018, we carried out a water risk assessment 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. We are updating the water risk assessment of all of our third-party operator sites and planning an ongoing water stewardship engagement programme.</p> <p>For more information about the assessments performed, see the Reporting boundaries and methodologies section in this ESG Reporting Index on pages 83-114.</p>

## Topic standards

## SOCIAL

## EMPLOYMENT

## 3-3 Our management approach to employment

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

For more information, see:

- Our [website](#) and [reports](#): For more information on our approach to employment, see the Our people and culture section of our Annual Report on page 67 and the Our inclusive culture page on our website.
- Our [policies and standards](#): We comply with all local labour laws and regulations and expect our suppliers to do the same. In addition, our Global Human Rights Policy includes our own policies for employees and our Partnering with Suppliers Standard sets the minimum standards for our suppliers.


We measure employee engagement as one of our overarching performance measures, as set out in our Annual Report on page 34, using our annual Your Voice employee survey. Based on the outcomes of this survey, in addition to ongoing engagement programmes, teams develop their own action plans to improve employee engagement and satisfaction.

Our HR 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. Our Executive Committee is provided with half-yearly updates on talent planning.

## Topic standards

## SOCIAL continued

## EMPLOYMENT continued

Disclosure	Our response																																																																																																																																																
401-01  <b>New employee hires and employee turnover</b>	<p>Employee turnover in fiscal 23 was 16.3%, a result of voluntary departures of 9.5% and involuntary departures of 5.4%, stemming mainly from organisational changes and one-off disposals in parts of the business. The remaining 1.4% of turnover was for other reasons, such as retirements and end of fixed-term contracts.</p> <p>In fiscal 23, we hired 4,977 employees, which included strategic investments in key growth priorities and markets for the business, for example our Tequila operation in Mexico. We also saw a strong increase in hiring to increase our digital marketing capability.</p> <p><b>New hires by region by age<sup>1</sup></b></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>161</td> <td>241</td> <td>48</td> <td>450</td> <td>14</td> </tr> <tr> <td>Europe</td> <td>809</td> <td>860</td> <td>66</td> <td>1,735</td> <td>17</td> </tr> <tr> <td>Asia Pacific</td> <td>474</td> <td>557</td> <td>34</td> <td>1,065</td> <td>15</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>522</td> <td>706</td> <td>51</td> <td>1,279</td> <td>30</td> </tr> <tr> <td>Africa</td> <td>169</td> <td>272</td> <td>7</td> <td>448</td> <td>12</td> </tr> <tr> <td><b>Total</b></td> <td><b>2,135</b></td> <td><b>2,636</b></td> <td><b>206</b></td> <td><b>4,977</b></td> <td><b>18</b></td> </tr> <tr> <td>Percentage of total new hires</td> <td>42.9%</td> <td>53.0%</td> <td>4.1%</td> <td>17.5%</td> <td></td> </tr> </tbody> </table> <p><b>New hires by region by gender<sup>1</sup></b></p> <table border="1"> <thead> <tr> <th>Region</th> <th>Men</th> <th>Women</th> <th>Not declared</th> <th>Total</th> <th>Percentage of headcount %</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>263</td> <td>185</td> <td>2</td> <td>450</td> <td>14</td> </tr> <tr> <td>Europe</td> <td>759</td> <td>973</td> <td>3</td> <td>1,735</td> <td>17</td> </tr> <tr> <td>Asia Pacific</td> <td>550</td> <td>515</td> <td>–</td> <td>1,065</td> <td>15</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>853</td> <td>426</td> <td>–</td> <td>1,279</td> <td>30</td> </tr> <tr> <td>Africa</td> <td>213</td> <td>233</td> <td>2</td> <td>448</td> <td>12</td> </tr> <tr> <td><b>Total</b></td> <td><b>2,638</b></td> <td><b>2,332</b></td> <td><b>7</b></td> <td><b>4,977</b></td> <td><b>18</b></td> </tr> <tr> <td>Percentage of total new hires</td> <td>53.0%</td> <td>46.9%</td> <td>0.1%</td> <td>17.5%</td> <td></td> </tr> </tbody> </table> <p><b>Leavers by region by age<sup>1</sup></b></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>152</td> <td>225</td> <td>138</td> <td>515</td> <td>17</td> </tr> <tr> <td>Europe</td> <td>382</td> <td>815</td> <td>202</td> <td>1,399</td> <td>14</td> </tr> <tr> <td>Asia Pacific</td> <td>273</td> <td>749</td> <td>172</td> <td>1,194</td> <td>17</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>290</td> <td>439</td> <td>39</td> <td>768</td> <td>18</td> </tr> <tr> <td>Africa</td> <td>105</td> <td>559</td> <td>72</td> <td>736</td> <td>20</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,202</b></td> <td><b>2,787</b></td> <td><b>623</b></td> <td><b>4,612</b></td> <td><b>16</b></td> </tr> <tr> <td>Percentage of total new hires</td> <td>26.1%</td> <td>60.4%</td> <td>13.5%</td> <td>16.3%</td> <td></td> </tr> </tbody> </table>	Region	Under 30	30-50	Over 50	Total	Percentage of headcount (%)	North America	161	241	48	450	14	Europe	809	860	66	1,735	17	Asia Pacific	474	557	34	1,065	15	Latin America and Caribbean	522	706	51	1,279	30	Africa	169	272	7	448	12	<b>Total</b>	<b>2,135</b>	<b>2,636</b>	<b>206</b>	<b>4,977</b>	<b>18</b>	Percentage of total new hires	42.9%	53.0%	4.1%	17.5%		Region	Men	Women	Not declared	Total	Percentage of headcount %	North America	263	185	2	450	14	Europe	759	973	3	1,735	17	Asia Pacific	550	515	–	1,065	15	Latin America and Caribbean	853	426	–	1,279	30	Africa	213	233	2	448	12	<b>Total</b>	<b>2,638</b>	<b>2,332</b>	<b>7</b>	<b>4,977</b>	<b>18</b>	Percentage of total new hires	53.0%	46.9%	0.1%	17.5%		Region	Under 30	30-50	Over 50	Total	Percentage of headcount (%)	North America	152	225	138	515	17	Europe	382	815	202	1,399	14	Asia Pacific	273	749	172	1,194	17	Latin America and Caribbean	290	439	39	768	18	Africa	105	559	72	736	20	<b>Total</b>	<b>1,202</b>	<b>2,787</b>	<b>623</b>	<b>4,612</b>	<b>16</b>	Percentage of total new hires	26.1%	60.4%	13.5%	16.3%	
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<b>Total</b>	<b>1,202</b>	<b>2,787</b>	<b>623</b>	<b>4,612</b>	<b>16</b>																																																																																																																																												
Percentage of total new hires	26.1%	60.4%	13.5%	16.3%																																																																																																																																													

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 or temporary.

## Topic standards

## SOCIAL continued

## EMPLOYMENT continued

Disclosure		Our response					
401-01 continued	<b>New employee hires and employee turnover</b> continued	<b>Leavers by region by gender<sup>1</sup></b>					
		<b>Region</b>	<b>Men</b>	<b>Women</b>	<b>Not declared</b>	<b>Total</b>	<b>Percentage of headcount %</b>
		North America	322	185	8	515	17
		Europe	711	686	2	1,399	14
		Asia Pacific	745	449	0	1,194	17
		Latin America and Caribbean	503	265	0	768	18
		Africa	485	251	0	736	20
		<b>Total</b>	<b>2,766</b>	<b>1,836</b>	<b>10</b>	<b>4,612</b>	<b>16</b>
		Percentage of total leavers	60.0%	39.8%	0.2%	16.3%	

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 or temporary. In addition, we have excluded data from some of our business units where local regulation restricts us from collecting hire and leaver information.

For total workforce by employees and supervised workers, and by gender, see GRI 2-7 and the Our people and culture section of the Annual Report on page 63.

401-02	<b>Benefits provided to full-time employees that are not provided to temporary or part-time employees</b>	<p>Benefits provided to employees vary across the countries where we do business. In the United Kingdom, for example - which accounts for 16% of our global employee base - we make no differentiation in relation to access to benefits between full-time and part-time employees: all employees have access to the same benefits applicable to their grade and location, regardless of the number of hours worked. In the United States and Canada - which account for 10% of our global employee base - non-unionised employees who work fewer than 20 hours per week are not eligible to receive benefits; those employees who work 20 hours or more in a week have access to the same benefits applicable to their grade and location, regardless of the number of hours worked.</p> <p><b>Omissions:</b> list of benefits, details across all locations.</p> <p><b>Reason:</b> information unavailable/incomplete.</p> <p><b>Explanation:</b> benefit packages are provided according to in-country guidelines to ensure we capitalise on local knowledge and remain competitive. We do not currently collate this information for a single statement.</p>
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401-03	<b>Family leave</b>	<p>We comply with all local legislation in our provision of family leave and provide benefits beyond minimum requirements in many countries. In May 2019, we announced an ambitious new global Family Leave policy, which is applicable to all parents regardless of gender, sexual orientation or whether they become parents biologically, via surrogacy or adopt. The policy offers women in all markets a minimum of 26 weeks of fully paid maternity leave, and men in all markets a minimum of four weeks of fully paid paternity leave. In some markets, we offer 26 weeks of fully paid paternity leave - these include Australia, India, Ireland, Italy, the Netherlands, North America, the Philippines, Singapore, Spain, Thailand, the United Kingdom and Venezuela.</p> <p>As a result, we have seen a significant increase in the use of parental leave and the amount of time taken, with a total of 205,197 days of family leave used by our employees this year. The number of men making use of this policy increased from 654 in fiscal 22 to 733, showing the positive impact of the policy. Data on family leave is only available for markets where we have implemented our global HR system, Workday.</p> <p><b>Number of employees taking parental leave and average number of days taken by gender</b></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 family leave</td> <td>733</td> <td>843</td> <td>1,576</td> </tr> <tr> <td>Average days of family leave taken in the year</td> <td>95</td> <td>161</td> <td>130</td> </tr> </tbody> </table>		Men	Women	Total	Number of employees taking family leave	733	843	1,576	Average days of family leave taken in the year	95	161	130
	Men	Women	Total											
Number of employees taking family leave	733	843	1,576											
Average days of family leave taken in the year	95	161	130											

## Topic standards

## SOCIAL continued

## LABOUR/MANAGEMENT RELATIONS

## 3-3 Our management approach to labour/management relations



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

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

For more information, see:

- [Our policies and standards](#): Dedicated training modules that cover our Code and our Dignity at Work Policy help uphold our commitment to treating employees with respect and integrity. We expect our suppliers to adhere to these principles, as is outlined in our Partnering with Suppliers Standard. For more information, see our Global Human Rights Policy.

We measure employee engagement as one of our overarching performance measures, as set out in our Annual Report on page 63, using our annual Your Voice employee survey. Based on the outcomes of this survey and our ongoing engagement programmes, each team develops its own action plan to improve employee engagement and satisfaction.

Our HR 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.

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



## Topic standards

## SOCIAL continued

## OCCUPATIONAL HEALTH AND SAFETY

## 3-3 Our management approach to occupational health and safety

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

For more information, see:

- [Our website](#): For more information about our management approach to health, safety and wellbeing for our employees, contractors and visitors.
- [Our reports](#): For more information about how we measure and report on our health and safety data, see the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index.
- [Our policies and standards](#): For more information, see our Global Health, Safety and Wellbeing Policy.

Our Global Health, Safety and Wellbeing Policy, endorsed by members of the Board and Executive Committee requires each location to:

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

We also have a number of specific occupational health and safety targets, which include:

- Achieving a leading total recordable accident frequency rate (TRAFR) of less than 3.5 per 1,000 people
- Achieving less than one lost-time accident (LTA) per 1,000 people and no fatalities.

To track the effectiveness of our approach, our site, market and global functional teams regularly monitor and review occupational health and safety. We report our performance measures to Governance Leadership weekly, to Supply Chain and Procurement Leadership monthly and to the Executive Committee quarterly.

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

The goal of benchmarking is continuous improvement. Given we are always striving to improve our Health and Safety performance and are keen to understand how our culture and approach measures against our competitors or similar businesses, we have embarked on a benchmarking exercise. The expectation is that we begin to understand what they are doing that makes them successful and use the learning outcomes to challenge our own approach and strategy.

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

## SOCIAL continued

## OCCUPATIONAL HEALTH AND SAFETY continued

Disclosure		Our response
403-03	<b>Occupational health services</b>	Our Occupational Health and Safety Strategy aims to create a culture free of work-related injury and illness for workers and a happier, healthier and more engaged workforce. Our continued focus on our global risk management standards makes sure that health, safety and wellbeing controls are in place.
403-04	<b>Worker participation, consultation and communication on occupational health and safety</b>	<p>Our GRMS mandate the use of employee consultation forums – such as safety committees – at facility level. Our GRMS also require employees to be involved in risk assessment and change-management processes where they relate to health and safety.</p> <p>We also continue to use Diageo’s Flex Philosophy, developed in 2021, which provides our employees with a framework and principles of working patterns.</p> <p>Our dedicated health and safety Yammer page and health and safety channel on My Learning Hub, our internal learning management system, aim to improve health and safety communication and visibility across our supply chain.</p>
403-05	<b>Worker training on occupational health and safety</b>	<p>All our sites 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"> <li>• My Learning Hub, which is a learning management platform our people can access every day for occupational health and safety capability and awareness content. Some of this training is mandated and assigned to workers and is based on the requirements of their role.</li> <li>• Face-to-face occupational health and safety training, such as manual handling training, forklift truck training and explosive atmospheres training, which is delivered by approved internal and external trainers.</li> <li>• Other subject-matter-expert training, delivered through video conferencing.</li> </ul>
403-06	<b>Promotion of worker health</b>	<p>We promote worker health and encourage workers to access local services and systems, as and when required, through several channels:</p> <ul style="list-style-type: none"> <li>• Our Benefits team facilitates non-occupational medical and healthcare services. We provide optional medical insurance, which is communicated to employees through internal communication channels.</li> <li>• To make wellbeing part of our culture every day, everywhere, we have created the Diageo Wellbeing Philosophy and set up a dedicated intranet site to share information with employees.</li> <li>• On My Learning Hub, we have developed a Wellbeing channel where employees can find learning materials on physical, mental, social and financial wellbeing and other courses, such as on positive drinking behaviours. We have provided all employees with access to the digital mental health app, UNMIND, and we offer an Employee Assistance Programme.</li> <li>• This year we launched a psychological safety employee toolkit, which aims to foster an environment where everyone can openly speak up, take personal risks and offer opposing views without fear of consequence.</li> <li>• Our Employee Engagement team runs health and wellbeing awareness capability weeks covering subjects including, for example, mental health, mindfulness techniques and nutrition.</li> </ul>

## Topic standards

## SOCIAL continued

## OCCUPATIONAL HEALTH AND SAFETY continued

Disclosure	Our response
403-07 ● <b>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</b>	<p>We build core health and safety requirements and performance measures into our third-party service-level agreements (SLAs). This lets us prevent and mitigate significant occupational health and safety impacts directly linked to our operations, products or services through our business relationships. We regularly meet third-party service providers to review their delivery against performance measures. We will also withdraw from business relations with service providers that put the health and safety of employees at risk or that do not consistently deliver the performance measures within the SLAs.</p>
403-08 ● <b>Workers covered by an occupational health and safety management system</b>	<p>All our employees must comply with the mandatory requirements of our Global Health, Safety and Wellbeing Policy, as well as adhere to all relevant global risk management standards. Adhering to these standards and requirements is continually assessed by Internal Audit teams.</p> <p>Where appropriate, our sites are accredited to the ISO 45001 (or equivalent) Occupational Health and Safety Management System Standard and are regularly audited against this standard by an approved third party.</p> <p>No employees or workers are excluded from the occupational health and safety management system.</p> <p>Health and safety performance is monitored through regular site, regional and global business performance meetings.</p> <p>Our <a href="#">Partnering with Suppliers Standard</a> - our code for suppliers - has been developed to help drive higher standards in all aspects of our supply chain. In relation to health and safety, our aim is to create a proactive health, safety and wellbeing culture and working environment in which all occupational injuries and illness are foreseeable and preventable. We expect all our suppliers to act in a manner that demonstrates their personal and collective commitment to this aim. For those suppliers based on our sites, they are expected to adhere to relevant Diageo global risk management standards, to engage their employees on the Diageo ways of working and to attend Health and Safety forums where required.</p>
403-09 ● <b>Work-related injuries</b>	<p>Any work-related incident, involving injury or illness, where a healthcare professional or we as a business recommend one or more days away from work, is reportable to us: for example, any unplanned, identifiable event that results in personal injury or harm.</p> <p><b>Severe injury and fatality prevention</b></p> <p>All business units are required to conform to our Global Severe and Fatal Incident Prevention Programme. This programme aims to eliminate the risks that lead to severe or fatal incidents and ensures suitable and sustainable controls are in place. Local and regional teams make sure employees and workers are trained on these requirements and conduct frequent, robust self-assessment audits to measure ongoing compliance to this mandatory programme.</p> <p><b>Accident rates</b></p> <p>We introduced a new, broader Total Recordable Accident Frequency Rate (TRAFR) metric in 2019, with the aim of achieving a leading TRAFR performance of lower than 3.5 per 1,000 people. This year, our global TRAFR target was successfully delivered with a rate of 2.06. This rate is represented 76% by men and 24% by women.</p> <p>Our global lost-time accident frequency rate (LTAFR) per 1,000 full-time employees (FTEs) was 0.91<sup>Δ</sup>, a decrease of 1.1% compared with 2022. This means our overall global target of less than or equal to 1.0 was achieved this year. While the numbers of LTAs decreased, the severity rate relating to LTAs increased due to carry-over of days lost for accidents in 2022. For rates by region and year since 2019, see the next page of this ESG Reporting Index.</p> <p>This year, there were no employee fatalities on or off our sites and no contractor fatalities on our sites.</p> <p>Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, including the standards, methodologies and assumptions used.</p> <p><sup>Δ</sup> Within PwC's independent limited assurance scope - see pages 263-266 of the Annual Report.</p>

## Topic standards

## SOCIAL continued

## OCCUPATIONAL HEALTH AND SAFETY continued

Disclosure	Our response																																										
403-09 continued	<p><b>Work-related injuries</b> continued</p> <p><b>Safety data by region (fiscal 23)</b></p> <table border="1"> <thead> <tr> <th>Region</th> <th>LTAFR</th> <th>TRAFR</th> <th>Fatalities<sup>1</sup></th> <th>Severity rate<sup>2</sup></th> <th>Independent contractor LTAs<sup>3</sup></th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>0.36</td> <td>2.27</td> <td>0</td> <td>90.5</td> <td>2</td> </tr> <tr> <td>Europe</td> <td>1.59</td> <td>3.89</td> <td>0</td> <td>47.6</td> <td>12</td> </tr> <tr> <td>Asia Pacific</td> <td>0.52</td> <td>1.12</td> <td>0</td> <td>20.02</td> <td>2</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>1.85</td> <td>2.7</td> <td>0</td> <td>77</td> <td>1</td> </tr> <tr> <td>Africa</td> <td>0.15</td> <td>1.01</td> <td>0</td> <td>12.5</td> <td>5</td> </tr> <tr> <td><b>Diageo (total)</b></td> <td><b>0.91<sup>Δ</sup></b></td> <td><b>2.06</b></td> <td><b>0</b></td> <td><b>39.3</b></td> <td><b>22</b></td> </tr> </tbody> </table>	Region	LTAFR	TRAFR	Fatalities <sup>1</sup>	Severity rate <sup>2</sup>	Independent contractor LTAs <sup>3</sup>	North America	0.36	2.27	0	90.5	2	Europe	1.59	3.89	0	47.6	12	Asia Pacific	0.52	1.12	0	20.02	2	Latin America and Caribbean	1.85	2.7	0	77	1	Africa	0.15	1.01	0	12.5	5	<b>Diageo (total)</b>	<b>0.91<sup>Δ</sup></b>	<b>2.06</b>	<b>0</b>	<b>39.3</b>	<b>22</b>
Region	LTAFR	TRAFR	Fatalities <sup>1</sup>	Severity rate <sup>2</sup>	Independent contractor LTAs <sup>3</sup>																																						
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1. Fatalities include any employee work-related fatality arising in their day-to-day work environment, or any work-related fatalities occurring to third parties and contractors (non-FTEs) while on our premises.

2. The number of LTAs decreased this year; however, the severity rate increased due to a carry-over of lost days from accidents in 2022. (Severity rate is number of days lost per 1,000 employees and is a measure of the seriousness of the incident and consequent absence from work).

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

Δ Within PwC's independent limited assurance scope - see pages 263-266 of the Annual Report.

**Lost-time accident frequency rate per 1,000 full-time employees<sup>1</sup>**

Region	2019	2020	2021	2022	2023
North America	1.76	0.31	1.14	1.85	0.36
Europe	1.00	1.03	2.44	1.09	1.59
Asia Pacific	0.57	0.30	0.33	0.59	0.52
Latin America and Caribbean	1.15	1.56	1.06	0.61	1.85
Africa	1.22	0.36	0.25	1.01	0.15
<b>Diageo (total)</b>	<b>0.98</b>	<b>0.6</b>	<b>1.03</b>	<b>0.92</b>	<b>0.91<sup>Δ</sup></b>

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

Δ Within PwC's independent limited assurance scope - see pages 263-266 of the Annual Report.

Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, such as the standards, methodologies and assumptions used.


**Work-related injuries**

	2019	2020	2021	2022	2023
Lost-time injury frequency rate (LTIFR) (per million hours worked)	0.49	0.30	0.51	0.46	0.45
Lost-time injury rate (LTIR) (per 200,000 hours worked)	0.10	0.06	0.10	0.09	0.09

Topic standards

SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY continued

Disclosure	Our response																																
403-09 continued	<p><b>Work-related injuries continued</b></p> <p><b>Types of injury (employee) %</b></p>  <table border="1"> <tr> <td>Cut by knife/razor/other</td> <td>14%</td> <td>Chemical contact/splash</td> <td>3%</td> </tr> <tr> <td>Cut by glass</td> <td>13%</td> <td>Electricity contact</td> <td>3%</td> </tr> <tr> <td>Slip/trip with fall</td> <td>13%</td> <td>Other</td> <td>3%</td> </tr> <tr> <td>Manual handling - lift, push, pull, repeated motion</td> <td>11%</td> <td>Slip/trip without fall</td> <td>3%</td> </tr> <tr> <td>Crushed/pinched/trapped (caught in or between)</td> <td>8%</td> <td>Vehicle incident - motor vehicle (car)</td> <td>3%</td> </tr> <tr> <td>Struck by moving/flying/falling object</td> <td>8%</td> <td>Vehicle incident - other</td> <td>3%</td> </tr> <tr> <td>Struck against</td> <td>6%</td> <td>Fall to lower level &gt; 2 metres</td> <td>2%</td> </tr> <tr> <td>Contact with hot surface or liquid</td> <td>5%</td> <td>Vehicle incident - forklift truck (FLT)</td> <td>2%</td> </tr> </table>	Cut by knife/razor/other	14%	Chemical contact/splash	3%	Cut by glass	13%	Electricity contact	3%	Slip/trip with fall	13%	Other	3%	Manual handling - lift, push, pull, repeated motion	11%	Slip/trip without fall	3%	Crushed/pinched/trapped (caught in or between)	8%	Vehicle incident - motor vehicle (car)	3%	Struck by moving/flying/falling object	8%	Vehicle incident - other	3%	Struck against	6%	Fall to lower level > 2 metres	2%	Contact with hot surface or liquid	5%	Vehicle incident - forklift truck (FLT)	2%
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Types of injury (contractor) %			
Slip/trip with fall	37%	Bite/sting/animal attack	3%
Fall to lower level < 2 metres	14%	Cut by glass	3%
Struck by moving/flying/falling object	10%	Cut by knife/razor/other	3%
Crushed/pinched/trapped (caught in or between)	7%	Fall to lower level > 2 metres	3%
Struck against	7%	Manual handling - lift, push, pull, repeated motion	3%
Vehicle incident - motor vehicle (car)	7%	Vehicle incident - FLT	3%

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

403-10	<p><b>Work-related ill health</b></p> <p>○</p>	<p>Any work-related incident, involving injury or illness, where a healthcare professional or we as a business recommend one or more days away from work, must be reported to us. Acute onset of occupational illness is included in our LTA definition, however, occupational disease rates are not disclosed because of regional variances in capabilities, national practice and regulatory barriers which prevent the recording or disclosure of many communicable diseases. During the next fiscal year we intend to conduct a pilot project across a number of regions with a view to publishing data in subsequent years.</p> <p>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.</p> <p>Our monitoring programmes and incident data suggest that the only globally material issue is musculoskeletal disorders; however, incidence rates are not disclosed because of regional variations in capabilities and data privacy requirements and regulations.</p> <p><b>Omissions:</b> data on work-related ill health at a global level.</p> <p><b>Reason:</b> information not available/incomplete.</p> <p><b>Explanation:</b> we do not collate data on work-related ill health at a global level.</p>
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## Topic standards


## SOCIAL continued

## TRAINING AND EDUCATION

## 3-3 Our management approach to training and education

We place great emphasis on continuous learning as a means of developing our people – it is a core pillar of our people strategy. By using training-needs analysis at an organisational level, we identify skills required to win now, and in the future. In addition, we leverage our performance management process to identify development opportunities for every employee across the organisation. We evaluate employees' performance against annual objectives and identify where they may benefit from our extensive range of internal and external training programmes. In addition, each function assesses its own training needs based on its performance goals, and guides employees to the right training, at the right time. To achieve even more targeted training in fiscal 23, we have focused on company-wide capability priorities, as agreed with the Executive Committee, that is, digital upskilling and reskilling, ESG upskilling, and leadership and people management upskilling. See GRI 404-02 below for more detailed information.



We have a well-established process for analysing the efficacy of our management approach to occupational training and education, with regular reviews of take-up, specifically relating to our strategic capability requirements. Our Learning Centre of Excellence is responsible for driving this activity and assessing progress. Where potential improvements are identified, these are translated into an action plan, which is implemented by HR directors and their market teams.

Disclosure	Our response
404-01  <b>Average hours of training per year per employee</b>	<p>We track employee training hours – from both global and local programmes – within My Learning Hub (our learning and development platform).</p> <p>Using Precision Learning, we have made progress towards our goal of shifting to a more targeted approach that helps close skill gaps and develop new capabilities in emerging business priorities.</p> <p>This year, the system recorded a total of 526,500 learning hours, with each of the 23,400 employees in the My Learning Hub system receiving an average of 22.5 hours of targeted learning. This represents an increase in learning hours per employee compared with the previous fiscal year (21.7 hours).</p> <p>It is important to note that these figures exclude the majority of training for our Supply team, which is currently recorded manually in personnel files.</p> <p><b>Omissions:</b> training hours per employee, by gender.</p> <p><b>Reason:</b> information unavailable/incomplete.</p> <p><b>Explanation:</b> gender is a sensitive data field that is not included in our training measurement systems. To protect the integrity of sensitive data, we collect it only when absolutely necessary. There is no current use case for training data to be analysed by gender. Data is typically analysed and provided by region, management level or by topic.</p>

## Topic standards

## SOCIAL continued

## TRAINING AND EDUCATION continued

Disclosure	Our response
404-02  <b>Programmes for upgrading employee skills and transition assistance programmes</b>	<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 training and development that is relevant to them, simply and effectively. We achieve this through our three core strategic pillars:</p> <ol style="list-style-type: none"> <li><b>Promote a continuous learning culture:</b> to facilitate personalised, micro-learning moments every day where individuals take ownership for their learning needs while line managers remain accountable for development conversations.</li> <li><b>Partner with the business to grow capability and performance:</b> to identify strategic capability requirements at both an organisational and local level, by leveraging data-driven insights.</li> <li><b>Deliver fulfilling learning experiences:</b> we are reframing the purpose of learning, creating immersive and innovative multi-channel learning experiences that connect our global Diageo community to improve capability and performance.</li> </ol> <p>Our learning and development platform, My Learning Hub, contains a library of more than 20,000 external learning resources that complement our own proprietary learning content and provides our people with access to best-in-class learning on any device, anywhere, at any time.</p> <p>Most of our employees use My Learning Hub to supplement their personal development via individual development plans and performance goals, as part of their Partners for Growth (P4G) appraisal system. My Learning Hub also supports leadership development programmes such as Accelerate, which in fiscal 23 was focused on enhancing coaching skills across our senior leader population (of around 500 executives) by blending virtual learning with attendance at in-person expert-led masterclasses.</p>
404-03  <b>Percentage of employees receiving regular performance and career development reviews</b>	<p>In fiscal 23, 80.5% of our employees received regular performance reviews.</p> <p>Our performance and talent management processes encourages managers and employees to have regular meaningful performance and development conversations. Setting clear performance and development goals and discussing achievements against these goals on a regular basis is key for growth - both for our people and the business.</p> <p><b>Omissions:</b> data by gender and employee category.</p> <p><b>Reason:</b> information unavailable/incomplete.</p> <p><b>Explanation:</b> performance management processes in some parts of the world (especially in some of our Supply roles), are managed outside Workday, our HR information management system. In some cases, markets follow locally defined or required guidelines. As described in GRI 404-01, we do not collect data by gender unless there is a strong business case for doing so.</p>

## Topic standards

## SOCIAL continued

## DIVERSITY AND EQUAL OPPORTUNITY

## 3-3 Our management approach to diversity and equal opportunity

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

For more information, see:

- [Our website](#): For more information about our approach to diversity and equal opportunity, see the Champion inclusion and diversity section of our website.
- [Our reports](#): For information about inclusion and diversity goals and our performance against them, see the Our people and culture and the Champion inclusion and diversity section of our Annual Report on pages 63-70. For information on how we track and calculate diversity and equal opportunity performance, see the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index.

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 markets where we operate. To track the effectiveness of our approach to diversity and equal opportunity, we monitor a number of inclusion and diversity goals each month, which our Executive Committee reviews each quarter. We have directly linked our senior leader Long-Term Incentive Plan awards to delivering these goals. We also keep track of our employees' experience of diversity through our annual Your Voice survey.

We make it a priority to support our growing Employee Resource Groups. Please see the Resource Groups at Diageo section of our website for more details. These groups give employees the opportunity to support each other, while helping leaders better understand the concerns of diverse communities and the barriers they face.

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



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

We're also committed to supporting people with career paths in hospitality, through Learning for Life and our Diageo Bar Academy, where women are proportionately represented. By helping to shape our supply chain so that it reflects our values of inclusion and diversity, we believe we can have a much bigger impact on equality beyond our business. That is why we work with diverse suppliers, by helping them become accredited with advocacy organisations and by creating opportunities for them within our business.

## Topic standards

## SOCIAL continued

## DIVERSITY AND EQUAL OPPORTUNITY continued

Disclosure		Our response
405-01	 <b>Diversity of governance bodies and employees</b>	<p>The percentage of female leaders globally is 44%<sup>Δ</sup>. In addition, women make up 50% of our Executive Committee and 73% of our Board. More employee profile information by gender is included in the Our people and culture section of our Annual Report on page 63.</p> <p>We strive to cultivate a diverse leadership group, both in terms of nationality and ethnic background. To achieve this, we encourage leaders to move between markets in which we operate, alongside local hiring and development across our global operations. Our leadership and talent programmes are structured to promote a balanced intake of talent across a wide spectrum of markets, and this is reflected in the vibrant mix of 115 different nationalities at Diageo.</p> <p><b>Omissions:</b> employee profile information by age and specific group.</p> <p><b>Reason:</b> not applicable.</p> <p><b>Explanation:</b> leadership is analysed in more detail in the Annual Report. Membership of other groups, such as those described above, is not typically analysed for additional insight.</p> <p>Please refer to the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information about how data has been compiled, including the standards, methodologies and assumptions used.</p> <p><sup>Δ</sup> Within PwC's independent limited assurance scope - see pages 263-266 of the Annual Report.</p>
405-02	 <b>Ratio of basic salary and remuneration of women to men</b>	<p><b>Omissions:</b> ratio of basic salary and remuneration of women to men.</p> <p><b>Reason:</b> information unavailable/incomplete.</p> <p><b>Explanation:</b> given the complexity of our operations, we don't currently collect this data at a global level; however, we have published a gender pay gap report covering our Great Britain business since 2017. In our most recent report, published in December 2022, the headline figures were a mean hourly pay gap of 0.0% and median gender pay gap of 4.3% across our Great Britain businesses. In fiscal 23 we reported a gender pay gap report for our Ireland business for the first time. The headline figures were a mean pay gap of 3.7% and median pay gap of 8.2%. Our gender pay gap reports can be found on our <a href="#">website</a>.</p>



## Topic standards

## SOCIAL continued

## NON-DISCRIMINATION

## 3-3 Our management approach to non-discrimination

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

For more information, see:

- [Our policies and standards](#): For information on our approach to non-discrimination, please see our Global Human Rights Policy. We also hold our suppliers accountable to the values set out in our Global Human Rights Policy, as described in our Partnering with Suppliers Standard. This is a contractual requirement.
- [Our website](#): For information about our human rights governance process, see the Doing business the right way section of our website.

Our Dignity at Work Policy sets out the responsibility of each of us to demonstrate the highest standards of personal integrity in our behaviour, in line with our values. Our Dignity at Work e-learning module is also available in 17 languages and has been adapted in line with local legislation and cultures.

We ensure adherence to our non-discrimination policies through internal review and in response to feedback received through formal, external processes. Our evaluation includes assessment of our SpeakUp data and other engagement mechanisms, such as through our HR Business Partners who provide HR services to our various departments.

We take breaches of our Dignity at Work Policy seriously, and we follow up with appropriate disciplinary measures. These are determined by local disciplinary committees and overseen centrally by a member of the global Business Integrity or Employee Relations teams to ensure consistency of approach and outcomes.

## Disclosure

## Our response

406-01

## Incidents of discrimination and corrective actions taken

We have measures in place to monitor and manage any allegations of discrimination, and we raise awareness among our employees through various function-wide and local programmes and our Dignity at Work Policy.

This year 54 allegations related to discriminatory behaviours were raised via SpeakUp, of which seven were substantiated. These relate to individuals not displaying the leadership behaviours we expect including our core business value of treating all employees with respect. We have implemented disciplinary action to address the concerns raised in the substantiated matters, ranging from counselling to termination.

Incidents of discrimination occurring in our supply chain are identified through our four-pillar ethical audits, as described in our Global Human Rights Policy.

	Suppliers
<b>Total number of discrimination non-compliances within our supply chain</b>	<b>15</b>
Change versus previous fiscal year	+4
<b>Non-compliance breakdown</b>	
Evidence of discrimination in recruitment, hiring, compensation, access to training, promotion, or retirement based on an individual's characteristic protected by law	8
Discrimination Policy	2
Insufficient evidence to demonstrate non-discrimination	2
Percentage or number of a particular group as required by local law	2
No sexual harassment committee where required by local law	1
<b>Total number of non-compliances verified as closed</b>	<b>9/15</b>

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 standards

## SOCIAL continued

## FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

3-3	<p><b>Our management approach to freedom of association and collective bargaining</b></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 Global Human Rights 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.</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 and other engagement mechanisms.</p> <p>For more information, see:</p> <ul style="list-style-type: none"> <li>• <a href="#">Our policies and standards</a>: Details of our approach to freedom of association and collective bargaining are set out in our Global Human Rights Policy and in the Human Rights section of our Partnering with Suppliers Standard.</li> <li>• <a href="#">Our website</a>: For information about our human rights governance process, see the Doing business the right way section of our website.</li> </ul>
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Disclosure	Our response	
407-01	<p><b>Freedom of association and collective bargaining</b></p> <p>We have a global SpeakUp process in place, where employees may raise concerns on an anonymous or non-anonymous basis about any issue they have, including violations of people's rights to exercise freedom of association and collective bargaining. We are not aware of any such issues being raised in fiscal 23. We will investigate allegations as and when they come up and will take appropriate remedial action, involving relevant local agencies.</p> <p>Within our supply chain we identify issues of non-compliance relating to freedom of association and collective bargaining through our four-pillar ethical audits, as described in our Global Human Rights Policy.</p> <p>We are following up with the suppliers as part of their corrective action plans to ensure open non-compliances are resolved.</p>	<b>Suppliers</b>
	<b>Total number of freedom of association and collective bargaining non-compliances</b>	<b>60</b>
	Change versus previous fiscal year	-6
	<b>Non-compliance breakdown</b>	
	Effectiveness and transparency of worker committees/representatives or trade unions	33
	Lack of a formal policy about freedom of association and right to collective bargaining	10
	Issues concerning collective bargaining agreements	7
	Lack of a worker committee/representatives	4
	Employer does not comply with legal requirements for engagement with worker committees/unions	3
	Unions are not in compliance with the national/local laws including their formation, operation, registration, recruitment of members, collection of fees and so on	3
	<b>Total number of non-compliances verified as closed</b>	<b>42/60</b>

## Topic standards

## SOCIAL continued

## CHILD LABOUR

## 3-3 Our management approach to child labour

We act in line with the United Nations Guiding Principles on Business and Human Rights. We do not permit child labour within our operations or those of our suppliers or business partners.

We have identified child labour as a potential risk within our agricultural supply chain, particularly in Africa. To address this, we have developed a child protection toolkit to educate our own people on the risks to children's safety from working on smallholdings, including what activities are unacceptable and pose a risk to their development. We build similar awareness within farming communities through our training programme, and monitor standards during visits to farmers. We will carry out more investigations to evaluate ongoing risk, the level of awareness among our teams and the farming communities, and the effectiveness of our child protection activity.

We assess our activities for risk of the worst forms of child labour, as defined by the International Labour Organization's Worst Forms of Child Labour Convention, 1999 (No. 182, Article 3). We will investigate allegations as and when they come up, and take remedial action, involving relevant local agencies as appropriate. We assess child labour risk through our own farm visits and ongoing due diligence processes.

For more information, see:

- GRI 3-3 on page 69 of this ESG Reporting Index for more information about our management approach to human rights assessment.
- [Our policies and standards](#): Details of our approach to child labour are set out in our Global Human Rights Policy.
- [Our website](#): For information about our human rights governance process, see the Doing business the right way and Responsible sourcing sections of our website.

Disclosure	Our response	
408-01	<b>Child labour</b>	
	Through our assessments and within our activities, we have not identified any risk of the worst forms of child labour, as defined by the International Labour Organization's Worst Forms of Child Labour Convention, 1999 (No. 182, Article 3). We have reviewed higher-risk areas of our supply network, including agricultural supply chains in Africa, Brazil, Guatemala, Mexico and Turkey, and are not aware of any operations that have significant risks related to child labour. We will investigate allegations as and when they occur and take appropriate remedial action, involving relevant local agencies as appropriate.	
	We have developed a child protection toolkit for both farming supply networks and those of our employees involved with them. Within our supply chain, incidents of non-compliance raised under children and young workers are captured through our four-pillar ethical audits, as described in our Global Human Rights Policy.	
	We are following up with the suppliers as part of their corrective action plans to ensure open non-compliances are resolved.	
		<b>Suppliers</b>
	<b>Issues of non-compliance under the category of children and young workers</b>	<b>18</b>
	Change versus previous fiscal year	-17
	<b>Non-compliance breakdown</b>	
	Lack of a formal policy at the supplier's facility in relation to child labour or underage labour, minimum age and recruitment processes	9
	Lack or inadequate records or processes in place to verify workers' age	4
	No policy on remediation of individuals employed under the minimum working age or young people under improper conditions	3
	Absence of childcare facilities provided	1
	No/inadequate risk assessment conducted regarding child and young workers	1
	<b>Total number of non-compliances verified as closed</b>	<b>15/18</b>

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 standards

## SOCIAL continued

## FORCED OR COMPULSORY LABOUR

## 3-3 Our management approach to forced or compulsory labour

We act in line with the United Nations Guiding Principles on Business and Human Rights. We do not permit forced or compulsory labour within our operations or those of our suppliers or business partners.

Through our human rights impact assessments, we have reviewed higher-risk areas of our value chain network, including agricultural supply chains in Africa, Brazil, Guatemala, India, Mexico, Turkey and the United Kingdom, and are not aware of any operations that have significant risks concerning issues related to forced or compulsory labour. If any allegations are reported, we will investigate and take remedial action, involving relevant local agencies as appropriate. More details are included in our submission in the United Kingdom's Modern Slavery Statement. We will continue to assess forced or compulsory labour risk through our ongoing due diligence processes. We will investigate allegations as and when they occur, and take remedial action, involving relevant local agencies as appropriate.

For more information, see:

- GRI 3-3 on page 69 of this ESG Reporting Index for more information about our management approach to human rights assessment.
- [Our policies and standards](#): Details of our approach to forced or compulsory labour are set out in our Global Human Rights Policy.
- [Our website](#): For information about our human rights governance process, see the Doing business the right way and Responsible sourcing sections of our website.

## Disclosure

## Our response

409-01

## Forced or compulsory labour

We're not aware of any operations that have significant risks related to forced or compulsory labour.

Within our supply chain, incidents of non-compliance raised under Employment is freely chosen are captured through four-pillar ethical audits.

We are following up with the suppliers as part of their corrective action plans to ensure open non-compliances are resolved.

## Suppliers

	Suppliers
<b>Issues of non-compliance under the category of Employment is freely chosen</b>	<b>25</b>
Change versus previous fiscal year	+6
<b>Non-compliance breakdown</b>	
Lack of a formal policy at the supplier's facility on employment freely chosen (no forced, bonded or involuntary prison labour)	9
Compulsory overtime	8
Migrant workers recruited to work at the site are required to pay for return travel to their home country	2
Workers incur fees, legal or otherwise, during the recruitment process	2
Deductions from workers' wages for work-related items or required monetary deposits that take wages below minimum	1
Deductions made from worker pay by the employer without worker consent and which are not provided for by national law	1
Probation period required from the worker is contrary to law	1
Restricted toilet and rest breaks	1
<b>Total number of non-compliances verified as closed</b>	<b>17/25</b>

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 standards

## SOCIAL continued

## SECURITY PRACTICES

## 3-3 Our management approach to security practices

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


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

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


We take a risk-based approach to security, with a global programme to identify and assess risks and produce mitigation plans. We review security risks routinely and communicate with our people around the world to raise awareness. The Executive Committee, the Audit Committee, and the Audit and Risk Committee review our approach and relevant risks as part of our corporate risk management programme.





Market adherence to our corporate security policies and standards is continually monitored through reviews and audits. Global corporate security policies and standards are also subject to regular review. All updates or adjustments are communicated clearly to markets and sites.

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

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

## RIGHTS OF INDIGENOUS PEOPLES

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

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

## Topic standards

## SOCIAL continued

## HUMAN RIGHTS ASSESSMENT

## 3-3 Our management approach to human rights assessment

A failure to respect human rights within our organisation and our supply chains could pose serious risks to our business. For our overall approach to human rights, see our [Global Human Rights Policy](#), which includes the requirement that all our suppliers assess human rights within their organisations.

We have policies and processes consistent with the United Nations Guiding Principles on Business and Human Rights (UNGPs) since 2014 and continue to embed human rights throughout our value chain.

We completed a comprehensive human rights impact assessment (HRIA) programme from 2015 to 2021, prioritised by risk and based on a global mapping process. This programme reached across our whole value chain, from our own operations to our suppliers, customers and other partners. Through it, we identified those people potentially affected by human rights issues, assessed the risks and developed mitigation action plans. Our three salient external business and supply chain risks are labour rights, including child labour risks; labour standards for contract workers; and sexual harassment in the hospitality sector. In response, we created awareness programmes on child labour and modern slavery, conducted an independent review of contract labour, and developed standards and training to protect brand promotion teams from harassment. Our assessment of vulnerable groups includes women, children, ethnic minorities, persons with disabilities, the LGBTQIA+ community, indigenous peoples and migrant workers.

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

Having completed comprehensive HRIAs in each of our markets to identify the most salient human rights risks for our business and supply chains, we have started to embed the findings and recommendations into our routine enterprise risk management processes. This will make sure our interventions are sustainable and let us track emerging risks.

Our global human rights steering group is accountable for setting our human rights governance framework and monitoring its effectiveness. We measure the effectiveness of our human rights governance through our internal assurance framework and global Audit and Risk team, in addition to monitoring allegation and breach trends and root causes. Lessons learnt inform continuous improvements to our human rights due diligence.

We also work with our suppliers to assess risk and help them meet our standards. For more information about how we assess human rights in our supply chains, see the Supplier social assessment response on page 73 of this ESG Reporting Index.

For more information, see:

- [Our website](#): For more information about our human rights governance process, see the Doing business the right way section of our website.

## Disclosure

## Our response

412-01

**Operations that have been subject to human rights reviews or impact assessments**

All our business units and operations are required to carry out a risk assessment, which includes human rights as part of the review process.

Beyond this, as part of our commitment to act in accordance with the UNGPs, we deployed a comprehensive HRIA programme in all our markets from 2015 to 2021. We have conducted HRIAs in Australia, Brazil, China, Colombia, Ghana, Guatemala, India, Kenya, Mexico, the Middle East, Nigeria, North America (United States and Canada), North Asia (South Korea and Japan), PEBAC (Peru, Ecuador, Bolivia, Argentina and Chile), South Africa, Tanzania, Thailand, Turkey, Uganda and the United Kingdom. All markets have developed action plans to address specific salient risks. From fiscal 24, all direct operations will be required to complete a detailed annual human rights self-assessment questionnaire, and take remedial action where necessary.

Details of our approach are included in our Annual Report on pages 61-62 and within our Modern Slavery Statement.

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 standards

## SOCIAL continued

## HUMAN RIGHTS ASSESSMENT continued

Disclosure	Our response
412-02  <b>Employee training on human rights policies or procedures</b>	<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 of Business Conduct, which includes human rights. Within the certification, those for whom the <a href="#">Global Human Rights Policy</a> is most important are required to complete a certification of their knowledge and understanding of some of the policy's key points.</p> <p>Last year, we continued to educate all employees on human rights with a short film that brings to life our human rights commitments through the voices of affected stakeholders. This can be watched on My Learning Hub, our internal learning management system. This year, we have developed training for risk management committees to build capability in managing human rights risks. It will be deployed in fiscal 24 and will make sure we're alert to these risks and able to act effectively when we see them.</p> <p>We train our Procurement teams on our <a href="#">Partnering with Suppliers Standard</a>, which includes guidance on how we manage human rights and labour standard risks within our supply chain. We also train employees specifically at our supply sites about security standards and awareness, to ensure the integrity of our supply chain and to reduce the risk of human trafficking. In 2021, we refreshed our training for people in our Procurement and Sustainability functions who have direct responsibility for our human rights, responsible sourcing or supply governance programmes. The training was focused on the impact of purchasing practices on our supply chain.</p> <p>In 2019, we implemented a global <a href="#">Brand Promoters Standard</a> and accompanying training aimed at protecting brand promotion teams from all forms of harassment. This year we launched a new brand promoter training website in 18 languages to help us track training completions and ongoing agency compliance with our Brand Promoter Standard.</p> <p>In fiscal 23, 351 agencies joined our programme, who have in turn trained 6,240 individual promoters. Details of our approach are included in our group Modern Slavery Statement, on pages 4 and 5.</p> <p><b>Omissions:</b> total hours of training on human rights.</p> <p><b>Reason:</b> information unavailable/incomplete.</p> <p><b>Explanation:</b> training sessions about our Code and policies vary in duration, so it's not possible to accurately report the number of hours spent on specific subjects during training sessions.</p>
412-03  <b>Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening</b>	<p>All our suppliers are contractually obliged to abide by the standards set out in our Code or Partnering with Suppliers Standard, which includes specific human rights requirements - either through specific contract clauses or, if not bound by a contract, by the requirement to meet our Partnering with Suppliers Standard, which is stipulated in our standard purchase order terms and conditions.</p>

## Topic standards

## SOCIAL continued

## LOCAL COMMUNITIES

3-3	<p><b>Our management approach to local communities</b></p> <p>We aim to strengthen the communities we operate in by providing engaging, safe and diverse places to work for our employees; building sustainable and inclusive supply chains; and 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 (see GRI 3-3 on page 70). We also invest in promoting positive drinking, building thriving communities and reducing our environmental impact.</p> <p>Our <a href="#">Society 2030: Spirit of Progress</a> goals address these areas, and help us contribute to the UN Sustainable Development Goals.</p> <p>For more information, see:</p> <ul style="list-style-type: none"> <li>• <a href="#">Our website</a>: For information on our Society 2030: Spirit of Progress plan, targets and approach to local communities and information about our human rights governance process, see the Doing business the right way section of our website. For our Global Human Rights Policy, see the Our policies and standards section.</li> <li>• <a href="#">Our reports</a>: For information on our performance against our commitments to local communities, see the Champion inclusion and diversity section and Pioneer grain-to-glass sustainability section of our Annual Report on pages 67-87. For more information on how we measure and report on our goals, see the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index.</li> </ul> <p>Delivery of our community programmes is managed by various functions within the business, including the Supply, HR, Procurement and Corporate Relations teams.</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>
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Disclosure	Our response
413-01	<p><b>Operations with local community engagement, impact assessments and development programmes</b></p> <p>We run community impact programmes in all our markets. We carry out detailed research on key community programmes to understand their full impact: for example, this year we have assessed Learning for Life, our business and hospitality training programme for under-represented groups. Recommendations to enhance the programme will be implemented from fiscal 24. Similar studies have assessed the impact of our smallholder farmer programmes in Africa and our water, sanitation and hygiene (WASH) programmes in Africa and India.</p> <p>For more information on our performance against our Society 2030: Spirit of Progress goals, including business and hospitality skills programmes and our WASH programmes, see our Annual Report on page 80.</p> <p>See the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information on how we measure and report on our community-related targets.</p>
413-02	<p><b>Operations with significant actual and potential negative impacts on local communities</b></p> <p>The social impacts of our operations and community investment are discussed in our Annual Report on pages 58-87. Our salient human rights risks and vulnerable groups are disclosed in GRI 3-3 on page 69.</p> <p><b>Omissions:</b> the location of operations and the significant actual and potential negative impacts of operations.</p> <p><b>Reason:</b> information unavailable/incomplete.</p> <p><b>Explanation:</b> we discuss significant actual and potential negative impacts on local communities at global and local levels but do not collate and report this by specific location.</p>



## Topic standards

## SOCIAL continued

## SUPPLIER SOCIAL ASSESSMENT

## 3-3 Our management approach to supplier social assessment

Many of our real and potential social impacts are found in our supply chain. Assessing the performance of our suppliers is an essential step in reducing any negative impacts and promoting positive ones. Our [Partnering with Suppliers Standard](#) sets out the minimum social, ethical and environmental standards we require suppliers to follow as part of their contract with us. Those standards set out our commitment to acting in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs), and with international standards set out in the eight core International Labour Organization conventions and recommendations. We also expect our suppliers to promote the principles of our Partnering with Suppliers Standard throughout their own supply chain, and to have appropriate processes in place to verify compliance.

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

Our Responsible Sourcing programme also includes an initial screening process. Where the process flags a potential risk, the supplier must register with Sedex and complete a Sedex self-assessment questionnaire. Independent audits are conducted for high-risk suppliers. Audits follow the Sedex Members Ethical Trade Audit (SMETA) Four Pillar Audit Protocol or equivalent. Where we identify instances of non-compliance, we raise a corrective action plan report and 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.

**Human rights in our supply chain**

We have been signatories to the UNGPs since 2014 and continue to embed human rights throughout our value chain. We do this through our comprehensive human rights impact assessment (HRIA) programme, prioritised by risk and based on a global mapping process. This programme is our opportunity to reach beyond tier one suppliers to primary producers, such as farmers. For more information on our progress against delivery of HRIAs, see GRI 3-3 on page 69 of this ESG Reporting Index.

Our three salient external business and supply chain risks are labour rights, including child labour risks; labour standards for contract workers; and sexual harassment in the hospitality sector. These issues were identified as external risk factors in the places where we operate, rather than through reported incidents in our own value chain. For more information about how we manage these risks, see GRI 3-3 on pages 64 of this ESG Reporting Index.

**Identifying vulnerable stakeholders**

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

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

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



To track compliance with our standards, we assess suppliers for their impacts on society, and the results are reviewed by our Procurement teams, which consider any instances of non-compliance with our policies. This also includes performance on the Sedex system, as described in GRI 3-3 on this page.

While specific issues of non-compliance are acted on as part of the audit process, these reviews also 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.

## Topic standards

## SOCIAL continued

## SUPPLIER SOCIAL ASSESSMENT continued

Disclosure	Our response
414-01  <b>New suppliers that were screened using social criteria</b>	<p>All suppliers of procurement-managed spend go through the screening process described in GRI 3-3 on page 25 of this ESG Reporting Index. This includes areas such as labour standards, human rights including child labour, and legal compliance on issues such as pay.</p> <p>We have embedded our Society 2030: Spirit of Progress goals and our Responsible sourcing programme within the contractual clauses and tender processes for selecting new suppliers. Our suppliers are therefore incentivised to make progress against the environmental, social and governance focus areas laid out in our Partnering with Suppliers Standard. Doing so will increase their chances of winning new business or maintaining current business.</p>
414-02  <b>Negative social impacts in the supply chain and actions taken</b>	<p>All suppliers flagged as a potential risk are required to register with Sedex, and to complete the Sedex self-assessment questionnaire. To date, 2,137 of our supplier sites assessed as a potential risk are registered with Sedex. Of these, 1,196 have completed the Sedex self-assessment questionnaire. In addition, 614 supplier sites' Sedex memberships lapsed this year, meaning we were unable to view their site data. We've asked these suppliers to renew their membership, and will disconnect on Sedex from those with whom we no longer have a commercial relationship.</p> <p>Suppliers who represent a potential high risk are flagged so they can be independently audited against the SMETA Four Pillar Audit Protocol or equivalent. We have 443 such suppliers, of whom 340 or 77% were independently audited in the past three years. We commissioned all audits, but some will be accessed through the mutual recognition work stream of our stakeholder network AIM-Progress.</p> <p>A total of 2,996 issues of non-compliance have been raised through these audits, with 49% relating to health, safety and hygiene issues; 10% to wages and benefits; 10% to working hours; 8% to management systems; and the remaining 23% to other categories. We've followed up with the relevant suppliers with corrective action plans and are working together to resolve them, having already closed 2,298 issues of non-compliance - of which seven were business-critical - in fiscal 23. Where required, we are arranging follow-up audits to verify the issues have been closed.</p> <p>Merchandising materials remains one of our highest-risk categories, because they're frequently made in higher-risk countries, and we often buy them through intermediaries - so we may not know precisely 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 assessed 84 of 149 (56%) factories in our supply chain.</p> <p>We have continued our work beyond tier one into sugarcane and specifically within our rum supply chains in the Americas and the Caribbean. This has involved cascading requirements on labour standards, health and safety, environmental impact and business ethics throughout the supply chain to farm level and mills. We're also looking deeper into health risks of sugarcane workers in our supply chain and partnering with multiple stakeholders including Bonsucro, NGOs, retailers and government entities to put remediation programmes in place.</p> <p>We are also involved in programmes such as building supply-chain capability so that member organisations and their suppliers are competent in executing robust responsible sourcing programmes, developing common evaluation methodologies and also shared tools including a deep dive on living wages. AIM-Progress has developed a regional strategy to extend the reach and scale of support and impacts for global members, including Diageo, and we are active members of both the regional hubs. Through these hubs, we are working with other existing members to address the most salient human rights and responsible sourcing issues across different regions. Our intention is to provide direct supplier training and capability building, as well as providing a platform to pilot new tools and methodologies that support the promotion of human rights and collective mitigation of human rights risks.</p>

## Topic standards

## SOCIAL continued

## PUBLIC POLICY

## 3-3 Our management approach to public policy

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

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

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

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

More information on how we manage indirect tax, trade and regulatory risks can be found in our Annual Report on page 115, while our position on specific issues related to alcohol policy is described on our [website](#).

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.

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

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

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

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

## Disclosure

## Our response

415-01

**Political contributions**

We have not given any money for political purposes in the United Kingdom, made no donations to EU political organisations nor incurred any EU political expenditure during the year.

We made contributions to non-EU political parties totalling £0.83 million during the financial year in North America – to US federal and state candidates and committees – where it is common practice.

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.

## Topic standards

## SOCIAL continued

## CUSTOMER HEALTH AND SAFETY

## 3-3 Our management approach to customer health and safety

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

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

At the date of this ESG Reporting Index, 87% of our business units were certified to ISO 9001 and 85% to FSSC 22000. The number of certifications is growing and, as we build new sites and bring in acquisitions, it can take time to bring them in line with these standards. We have returned to on-site audits after two years of remote surveillance audits because of Covid-19 travel restrictions.

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

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

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

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

For more information, see:

- [Our policies and standards](#): For more information, see our Quality Global Policy and the Diageo Marketing Code.

Disclosure	Our response
416-01 ● <b>Assessment of the health and safety impacts of product and service categories</b>	<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 – which includes critical defects relating to product safety and legislative requirements.</p> <p>We have continued to review and update our global quality and global risk management standards. These are shared with all production sites as they are published.</p> <p>See the Reporting boundaries and methodologies section on pages 83-114 of this ESG Reporting Index for more information on how we measure and monitor packaging defects and distribution defects.</p>
416-02 ● <b>Incidents of non-compliance concerning the health and safety impacts of products and services</b>	<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>

## Topic standards

## SOCIAL continued

## MARKETING AND LABELLING

## 3-3 Our management approach to marketing and labelling

We take 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), list of allergens, and recycling and sustainability symbols.

For more information, see:

- [Our policies and standards](#): For more details about labelling and information, see the Diageo Marketing Code, Quality Global Policy and the Diageo Consumer Information Standard.

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

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

Our market-based teams, including general managers, review the efficacy of marketing communications, as do our global brand teams and global Marketing function. By continually assessing our communications, we gain feedback that helps improve future campaigns.

Disclosure	Our response
417-01 ● <b>Requirements for product and service information and labelling</b>	<p>Our approach is as follows:</p> <ul style="list-style-type: none"> <li>• <b>Sourcing of components of the product or service:</b> We do not provide sourcing information for our ingredients; none of our product labels includes this information.</li> <li>• <b>Content, particularly with regard to substances that might produce an environmental or social impact:</b> Legislation typically requires a statement of alcoholic content on our alcoholic products; where applicable, products contain this information.</li> <li>• <b>Safe use of the product or service:</b> 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. This is alongside our existing commitment to include up to three responsible drinking symbols. 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. Where legally permissible, we are aiming for compliance across all markets by the end of 2024.</li> <li>• <b>Disposal of the product and environmental/social impacts:</b> We mandate the Mobius loop (or equivalent) on packaging and point-of-sale materials as part of our Diageo Consumer Information Standard; this is included on our products where relevant and permitted, with the exception of United Spirits Limited, which does not use the Mobius loop on its product labelling at present. Additional packaging and recycling information is provided on packaging components where required by legislation.</li> </ul>

## Topic standards

## SOCIAL continued

## MARKETING AND LABELLING continued

417-02	<b>Incidents of non-compliance concerning product and service information and labelling</b>	<p>We take compliance with product, service information and labelling regulations seriously. Given the breadth of our portfolio we may, on occasion, be subject to challenge, for example, where legislative changes occur with short notice.</p> <p>We address these issues rapidly by means of working closely together with regulators and brand teams to agree the necessary course of action in each case.</p> <p>While we accept some small risk in our labelling, we have an absolute zero-risk policy when it comes to product safety.</p> <p>This fiscal year, an element on the label of one of our rum brands has been challenged in Europe, following which we have immediately taken action to adjust and update.</p>
417-03	<b>Incidents of non-compliance concerning marketing communications</b>	<p>This year, no complaints about Diageo's advertising were upheld by the following key advertising regulators and/or industry bodies: DISCUS (USA), ASA and Portman Group (UK), ASAI (Ireland) and ABAC (Australia). For more details, and for industry complaints, see our Annual Report on page 60.</p>

## Topic standards

## SOCIAL continued

## CUSTOMER PRIVACY

## 3-3 Our management approach to customer privacy



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

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

Our Chief Information Security Officer, Daven Patel, leads a cyber security programme to defend against cyber attacks. That includes seeking to protect information assets through embedding a security aware culture, implementing compliance management procedures and operating an intelligence-driven cyber resilience programme. He is supported by the Chief Information Officer, Benedetto Conversano, and together they co-chair the Digital and Technology Risk Management Committee in reviewing key security risks and mitigations. They report on the status and mitigations for enterprise risks to the Audit and Risk Committee and the Audit Committee twice a year.

Our Global Audit and Risk team periodically audits our Global Data Privacy Programme. Any findings are reviewed, with mitigation and improvement activities developed as appropriate, including escalation to the Audit and Risk Committee and the Audit Committee if required.

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

For more information, see our [Code](#).

## Disclosure

## Our response

418-01



**Substantiated complaints concerning breaches of customer privacy and losses of customer data**

We follow our internal procedures when we receive any individual requests to exercise data rights, including the right to access personal information or to unsubscribe from marketing communications. This year, there have been no known instances of regulatory action against us in the EU concerning consumer privacy.



# Our response to the Sustainability Accounting Standards Board (SASB)



# Our response to the Sustainability Accounting Standards Board (SASB)

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

## ENERGY MANAGEMENT

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

## WATER MANAGEMENT

SASB metric	Our response
(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with high or extremely high baseline water stress	See GRI 303 in this document. See pages 79-80 of the <a href="#">Annual Report</a> .
Discussion of water management risks and description of management strategies and practices to mitigate those risks	See GRI 303 in this document. See pages 79-80 of the Annual Report. See our <a href="#">website</a> , 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 <a href="#">Diageo Marketing Code</a> for more details. See pages 59-60 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 pages 59-60 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 of the Annual Report, for details of contingent liabilities and legal proceedings. See page 59-60 of the Annual Report for details of breaches of marketing practices.
Description of efforts to promote responsible consumption of alcohol	See pages 58-60 of the Annual Report. See the Society 2030: Spirit of Progress 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 pages 84-85 of the Annual Report.
Description of strategies to reduce the environmental impact of packaging throughout its lifecycle	See GRI 301 in this document. See pages 84-85 of the Annual Report. See the Society 2030: Spirit of Progress section of our website, under Become sustainable by design.

How we have met  
each disclosure

● Fully disclosed as outlined by the GRI  
Sustainability Reporting Standards

◐ Partially disclosed and missing  
at least one required indicator

○ Not disclosed

⊗ Not considered material  
to our business at this time

## Our response to the Sustainability Accounting Standards Board (SASB)

## ENVIRONMENTAL AND SOCIAL IMPACT OF INGREDIENTS SUPPLY CHAIN


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


## INGREDIENT SOURCING


SASB metric	Our response
Percentage of beverage ingredients sourced from regions with high or extremely high baseline water stress	See page 76 of the Annual Report for the location of our sites in water- stressed areas. <b>Omissions:</b> 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 page 74 of the Annual Report.


## ACTIVITY METRIC

SASB metric	Our response
Volume of products sold	See page 5 of the Annual Report.
Number of production facilities	See GRI 2-7 in this document.
Total fleet road miles travelled	See GRI 305-03 in this document.

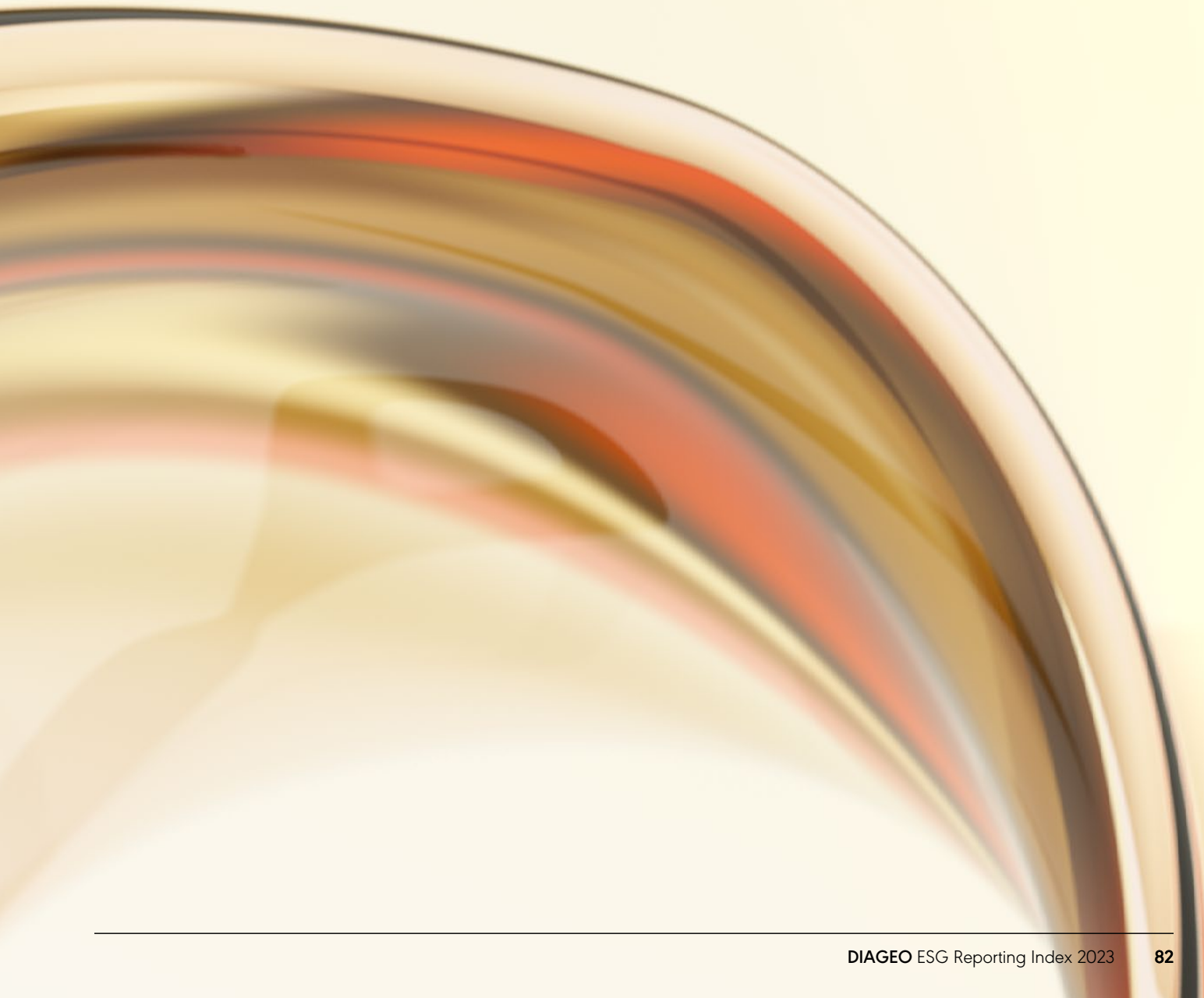
How we have met  
each disclosure
 Fully disclosed as outlined by the GRI  
Sustainability Reporting Standards

 Partially disclosed and missing  
at least one required indicator

 Not disclosed

 Not considered material  
to our business at this time

# Reporting boundaries and methodologies



# Reporting boundaries and methodologies

The non-financial reporting boundaries and methodologies outlined here relate to the social and environmental performance disclosures set out in the Annual Report and the ESG Reporting Index. We describe below the general reporting methodologies and boundaries related to both non-environmental and environmental reporting. Where there are exceptions to these general reporting methodologies and boundaries, these have been included with the specific metric in the tables that follow.

## General reporting methodology and boundaries, covering both non-environmental and environmental metric reporting

### I. Reporting period

Our reporting covers the financial year ended 30 June 2023 unless otherwise stated.

### II. Scope

Unless otherwise stated<sup>1</sup>, the boundaries for all non-financial information disclosed in the Annual Report and the ESG Reporting Index include the performance of the global operations of Diageo plc and its subsidiaries, together with the attributable share of the results of significant joint ventures and joint operations.

The reporting boundaries are based on the principles outlined by the non-financial reporting strategy of our management, the nature of each indicator and, in the case of our greenhouse gas (GHG) emissions metrics, the Greenhouse Gas Protocol.

Environmental data and health and safety data is collected and reported for all operational sites and office sites with more than 50 employees where we have operational control. The environmental impacts associated with leased facilities that do not meet the criteria already mentioned are excluded and considered immaterial to the company's overall impacts. This scope is reviewed every year to assess the data and extent of impacts.

GHG emissions associated with leased vehicles under operational control are being reviewed and reassessed to determine material significance to overall emissions and extent of overlap with Scope 3 indirect emissions. This review will be concluded in fiscal 24; our current estimate indicates leased vehicles may contribute 4%-5% of Scope 1 emissions or <0.5% of Scope 3 emissions.

1. Non-financial information, including baseline information, excludes the performance attributable to one of our business units in Greater China due to local regulatory restrictions. We believe the exclusion of this data does not materially impact our non-financial performance. We restate baseline and intervening years' non-financial information to reflect divestments, acquisitions, the exclusion of a business unit in China due to local regulatory restrictions, and any other changes that would otherwise compromise the accuracy, consistency and relevance of the reported information.

2. We define operational control using the definition of accounting standards for most of our ESG metrics. For greenhouse gas emissions, our definition is aligned with the Greenhouse Gas Protocol.

Material changes to environmental reporting methodologies are ratified at quarterly 2030 grain-to-glass Strategic Business Review meetings, chaired by the President, Global Supply Chain & Procurement and Chief Sustainability Officer.

Exceptions to and limitations of each indicator are explained in the following pages of this document.

### III. Baseline and targets

The financial year ended 30 June 2020 is our baseline year. It applies to the majority of our 'Society 2030: Spirit of Progress' goals. Exceptions are described in the following pages. The baseline data is used as the basis for calculating progress against our goals.

We aim to achieve each goal by fiscal 30, unless otherwise stated in the following pages of this document.

### IV. Acquisitions and disposals

New acquisitions are included in the consolidated reporting for non-financial disclosure from the date when control passes or as soon as practically feasible, and no later than one year after assuming operational control.<sup>2</sup> This duration varies as each new acquisition has unique systems and processes that must be integrated. In case of disposals, data associated with the divestment is removed from the baseline, intervening years and current year unless otherwise stated in the following pages.

### V. Restatements

We may have to restate historical data due to structural changes in our operations, including from acquisitions and divestments; improvements in data accuracy and calculation methodologies; material changes to relevant policies; and material changes in our non-financial reporting.

To determine whether we need to restate historical data, we examine whether the qualitative or quantitative impacts of the changes to our non-financial reporting are material enough to compromise the accuracy, consistency and relevance of the reported information. In case a restatement for environmental data is necessary, we restate the data for the baseline year and intervening years.

In case of our environmental data, we may need to adjust data to reflect updates to GHG emission factors, in line with the GHG Protocol recommendations; and any 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 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.

## Reporting boundaries and methodologies

In fiscal 23, the baseline year GHG emissions impacts were restated to reflect changes to CO<sub>2</sub>e emission factors and updated calorific values.

### VI. Reliability and accuracy of data

We have processes that govern the collection, review and validation of non-financial data included in this report, at market, regional and global levels. We have clear reporting lines and documentation of our processes; this report provides more detail about our reporting methodologies and calculation processes. Reporting methodologies are reviewed and updated each year by leadership teams.

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.

The metrics with the ▲ symbol are within PwC's independent limited assurance scope reported to the Directors – see pages 116-119 of this document. The metrics with the symbol Δ are within PwC's independent limited assurance scope reported to the Directors – see pages 263-266 of the Annual Report.

Some of our listed subsidiaries also publish sustainability information either as standalone reports or as part of their annual report.

Examples of sustainable information reporting are linked below:

- [United Spirits Limited](#)
- [Sichuan Swellfun Co, Ltd](#)
- [East Africa Breweries PLC](#)
- [Guinness Nigeria plc](#)

### VII. Reporting systems

We use four main systems to collect, validate and analyse reported data.

- Human Resources data is reported at site level using Workday, our global information management systems. HR data is collected on a monthly basis for all Workday markets<sup>1</sup>. Non-Workday markets<sup>2</sup> data is manually captured offline via HR Directors and the points of contact only for annual reports. Both Workday and non-Workday markets data are then consolidated.
- Health and Safety information for performance measures is collected locally, on a monthly basis, using site held incident reports. This is collated and analysed using a web-based information management system and reported externally on an annual basis.
- Environmental data is collected on key measures of environmental performance every year. This is collated and analysed using a web-based environmental management system.
- Market-level 'Society 2030: Spirit of Progress' data: Where 'Society 2030: Spirit of Progress' programmes are managed at a local level, data is collated every quarter. The data is compiled at market, regional and global levels, alongside our other 'Society 2030: Spirit of Progress' goals, and is reviewed by general managers, functional leadership teams, the 2030 grain-to-glass Strategic Business Review (SBR) and the Global Executive Committee during quarterly meetings.

This regular assessment of performance enables us to manage programme risks and opportunities and helps us ensure that we have the right level of resources to deliver on our commitments.

## Scope and methodology of physical and transition climate risk scenario analysis reported on pages 72-78 of our Annual Report.

### Scenario analysis of physical risks

#### Important note on scenario analysis:

Climate risk scenario analysis has limitations: it is not a predictor of the future and it is limited by the assumptions used, which themselves are subject to uncertainty. No single scenario is likely to materialise in the coming decades, and we are all likely to be exposed to both physical and transition risks as the world continues to warm as a consequence of emissions already in the atmosphere. The pathway to reducing emissions is also highly variable, as governments and industry pursue a variety of means, such as introducing regulation and developing new technologies. Nevertheless, scenario analysis is a powerful tool to understand how our business could be impacted under certain plausible but severe future conditions, and it allows us to understand where risks and opportunities are most likely to materialise, to understand trends and to integrate these into our strategy.

Following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we conducted scenario analysis to determine the likely financial impact of the most important physical risks on our assets and operations. The physical risks we identified of most importance were:

1. Water supply: Inability to produce brands due to constrained water supply as a result of drought caused by chronic climate change
2. Agricultural material supply: Increased cost of raw materials due to scarcity caused by changes in growing conditions caused by chronic climate change
3. Site integrity: Inability to produce products, or damage to stored products due to acute weather events (floods or storms)
4. Disruption to agricultural material supply: Inability to receive agricultural materials due to acute weather events (floods or storms).

Using the best available climate data and natural catastrophe-modelling techniques, our climate resilience partners calculated projected Estimated Annual Losses (EALs) and Value at Risk (VaR) for the present day and two future time periods (the 2030s and 2050s) under two climate scenarios. For most climate variables, these climate scenarios include a 'moderate' emissions reduction pathway (RCP4.5 or SSP245) and a 'worst-case' pathway (RCP 8.5 or SSP 585). The results were expressed as:

Present day and projected EALs driven by:

- The impact of drought, river floods and tropical windstorms on owned and third-party-operated production assets
- The impact of floods and tropical windstorms on supplier assets (glass and cans);

and present day and projected VaR associated with:






- The exposure of production assets to water stress
- The exposure of production and supplier assets to tropical windstorms.

1. Markets using our Workday online Human Resource system

2. Non-Workday markets refer to markets where the Workday online Human Resource System is not used.

## Reporting boundaries and methodologies

### A summary of the scope of our physical and transition risk assessments and scenario analysis

Timeframe	Short term (0-5yrs)	Medium term (2030)	Long term (2050)		
<b>Geography</b>	All Diageo and key third-party operations in North America, Scotland (fiscal 21); India, Africa, Mexico and Turkey (fiscal 22); and Asia Pacific, Europe and Latin America and Caribbean (fiscal 23).				
<b>Risk types</b>	<b>Physical risks</b> Water (availability, quality, temperature), temperature, flooding, landslide, wildfires, wind, humidity		<b>Transition risks and opportunities</b>		
<b>Temperature scenarios</b>	+4 to +5°C (extreme) RCP 8.5'	+2 to +3°C (moderate) RCP 4.5'	1.5°C to 2°C (Paris agreement) RCP 2.6'		
<b>Scope</b>	 <p><b>Raw materials</b> 1,200+ suppliers sites. Key raw materials* (wheat, barley, maize, cane and beet sugar, vanilla, aniseed, grapes, broken rice, sorghum, agave, dairy, hops) *+4 to +5°C scenario only</p>	 <p><b>Processing</b> Approximately 250 Diageo and third-party operations sites Detailed assessments of 39 sites</p>	 <p><b>Distribution</b> Key road, rail routes Key sea ports (69)</p>	 <p><b>Risks reviewed</b> Policy and legal risks Technology risks Market risks Reputation risks</p> <p><b>Scenario analysis</b> Energy Transport Packaging Raw materials</p>	 <p><b>Opportunities</b> Resource efficiency Energy source Products and services Markets</p> <p><b>Scenario analysis</b> Pack weight reduction Circular offerings</p>

### Scenario analysis of transition risks

Over fiscal years 21-23, we have conducted scenario analysis of the impact on our financial performance of transition risks stemming from a Paris-aligned scenario. Our modelling envisages a successful transition to a low-carbon economy in time to keep the temperature rise to 1-2°C by 2100 and assumes a variety of decarbonisation challenges and opportunities relating to ingredients, energy, packaging and transport costs, and changes in demand for our products (to 2030 and 2050). Over consecutive years, we have refined the model and incorporated data relating to our entire business, including production volume, sales, raw materials and packaging costs, and projected growth rates by category and market to inform future scenarios.

In modelling the financial impact of a successful transition to a low-carbon economy, we considered two scenarios:

1. A baseline scenario which incorporates stated policies and national targets that are already in place and have detailed measures for their realisation, and
2. A transition scenario that assumes the world successfully reaches net zero emissions by 2050. This scenario considers necessary changes in the global energy sector and associated changes across all other sectors of the economy that can reasonably be modelled.

Both scenarios rely on a combination of internal assumptions (e.g., production costs, sales and margin growth rates, product mix, etc) and external factors (e.g., carbon pricing, greening of energy production, decarbonisation of industry). External models available from the International Energy Agency, the Intergovernmental Panel on Climate Change and other institutions were supplemented where necessary by our expert partners' internal models. Together, these models gave us a range of plausible assumptions designed to capture a trajectory of changes in demand, costs, prices, regulation, technology and capital investments in relevant markets and business segments, that could result in the world achieving net zero emissions by 2050. We looked at how combinations of these changes might affect us both positively (increased demand for sustainable products) and negatively (higher costs) and estimated the combined effect on our cash flow to both 2030 and 2050. Outlined in the table on the next page are the materials that most affect our input costs, which may go up or down depending on the situation. We have modelled costs based on our exposure to global versus local changes; so, for example, glass and aluminium are procured globally, while the cost of energy, for example, is always local. For each scenario, we then estimated the prices of major input costs, where relevant by geography, and modelled the impact they would have on our operating profit.

## Reporting boundaries and methodologies

## Input costs assessed in the scenario analysis by geography

Region	Global	UK	US	Canada	Mexico	Turkey	India	Africa	Asia Pacific	LAC	Ireland
Glass	●										
Aluminium	●										
Land transport	●										
Ocean transport	●										
Energy		●	●	●	●	●	●	●	●	●	
Electricity		●	●	●	●	●	●	●	●	●	
Raw materials:											
Barley	●										
Wheat	●										
Maize	●										
Rice	●										
Sorghum	●										
Sugar	●										
Vanilla								●			
Aniseed						●					
Agave					●						
Grapes						●					
Hops	●										
Dairy											●

# Promote positive drinking

As a responsible business, we want to change the way people drink - for the better. This is why we promote moderate drinking and invest in education and programmes to discourage the harmful use of alcohol. Around the world, we reach audiences with messages that aim to change attitudes, whether it's highlighting the harm of underage drinking or binge drinking, warning of the dangers of drink driving, or using our brands to highlight the importance of moderation.

Our work speaks to audiences across the globe. We continue to innovate and look for ways to improve as we strive to engage more and more people through our work to promote positive drinking. This desire to learn and improve extends to how we measure and evaluate the impact of our work and its effect on changing people's attitudes.

We've reached our DRINKiQ target by launching it in all our markets where legally permissible, but we're determined to continue promoting DRINKiQ so that consumers have access to information that can increase their knowledge and awareness of the impact of harmful drinking.

<b>Target</b>	<b>Champion health literacy and tackle harm through DRINKiQ in every market where we live, work, source and sell</b>
<b>Performance measure</b>	Number of markets that have launched DRINKiQ
<b>Definition</b>	<ul style="list-style-type: none"> <li>Markets required for DRINKiQ rollout were identified during the initial project scoping phase in fiscal 20. The baseline is the total number of Diageo markets where we live, work, source and sell.</li> <li>'Launched' means the DRINKiQ website is live and accessible by consumers in the market from November 2020.</li> </ul>
<b>Data preparation</b>	<ul style="list-style-type: none"> <li>The Global Spirit of Progress team manages all aspects of DRINKiQ design, development and deployment (except China, where we had to use a local vendor for build due to firewall issues).</li> <li>We engage and manage the global agency that is responsible for building and testing every website in every market throughout all stages of development, user acceptance testing and deployment.</li> <li>The agency web developers who build the DRINKiQ website undertake a series of steps to deploy DRINKiQ to the production environment. Once the deployment is complete, the agency conducts testing to verify overall site performance and functionality is operating as intended. The completion of the testing concludes the deployment process, and the site/updates are deemed as 'live' since they are available on www.drinkiq.com.</li> </ul>
<b>Scope exceptions</b>	Turkey is the only market in which we are unable to roll out DRINKiQ due to legal restrictions. Travel Retail Asia covers multiple geographical territories and is therefore not counted as an individual market in scope for delivering our DRINKiQ target.

<b>Target</b>	<b>Leverage Diageo marketing and innovation to make moderation the norm - reaching 1 billion people with dedicated responsible drinking messaging</b>
<b>Performance measure</b>	Number of people reached through campaigns and training specifically designed to promote moderation
<b>Definition</b>	We deliver responsible drinking campaigns and training through social media, viral videos, events, traditional media campaigns and other forms of marketing by Diageo brands.
<b>Scope exception</b>	Markets are only included where we have verifiable media data provided by third-party partners.
<b>Reporting period</b>	1 June to 31 May. Our baseline year for calculating cumulative progress is fiscal 21.
<b>Data preparation</b>	<p>Data on how many people our campaigns reach is collected by our media agency partners and reported to us. Diageo's media agency partners manage measurement and verification of this data through various industry-standard practices optimised for each media channel.</p> <ul style="list-style-type: none"> <li><b>Digital media:</b> Cookies/pixels provide unique consumer identifiers. These identifiers provide us with the ability to estimate how many people we reach across a single campaign.</li> <li><b>Non-digital media:</b> Utilising industry-standard audience measurement for each platform, we can estimate how many people our campaigns reach for any TV, radio, out of home or other non-digital channel. For example, we utilise industry-standard metrics, such as Nielsen, to estimate viewer audience for a TV programme during which we ran an ad. For out of home, industry-standard measurement of foot traffic, vetted through third-party organisations, is used to estimate the number of people who pass by a billboard.</li> </ul> <p>To attempt to prevent double counting, we also adjust the data in the context of the adult population for each market. Each market's total annual reach figure comprises either the highest number of people reached in any given quarter in that market, or the highest number of people reached by a specific campaign in that market, whichever is the greater.</p>
<b>Limitations</b>	Reach data cannot be as accurately deduplicated over periods of time longer than a year. When reporting how many people we reach over time periods of longer than one fiscal year, figures for individual fiscal years are added together to provide a cumulative number.



## Reporting boundaries and methodologies

<b>Target</b>	<b>Scale up our SMASHED partnership and educate 10 million young people, parents and teachers on the dangers of underage drinking</b>
<b>Performance measure</b>	<ul style="list-style-type: none"> <li>• Number of people educated on the dangers of underage drinking through a Diageo-supported education programme</li> <li>• Number of people who confirmed changed attitudes on the dangers of underage drinking following participation in a Diageo-supported education programme</li> </ul>
<b>Definition</b>	<p>SMASHED is our flagship underage drinking programme, developed and delivered in partnership with Collingwood Learning (Collingwood) and sponsored by Diageo. Our SMASHED partnership aims to change attitudes to underage drinking through live theatre performances and workshops and interactive online events.</p> <p><b>Live:</b> A live or virtual theatre performance in schools or other community setting, with interactive workshops for students, resources for teachers and parents, and comprehensive evaluation.</p> <p><b>Online:</b> An innovative and engaging e-learning course, telling the SMASHED story through filmed clips, with interactive learning tools, student assessment and teacher support.</p> <p><b>Offline:</b> SMASHED Online can also be delivered offline through PowerPoint and video clips.</p> <p><b>People educated:</b> Target age group (10-17), who have participated in the full 60-minute live or online learning experience. Completions for online are counted only on course completion, and live completion is counted when the number, as stated by the teacher, has completed the full 60-minute session, which is then confirmed by the local delivery partner.</p> <p><b>Changed attitudes:</b> 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.</p>
<b>Scope exception</b>	<p><b>Local adaptations:</b> Collingwood has set criteria for partners – a local delivery partner, ministry of education (or similar) and sponsors – to support the success of local adaptations on the ground.</p> <p>Each delivery partner will culturally and linguistically adapt the storyline and interactive elements to suit the local audience, with guidance from Collingwood.</p> <p>Collingwood collaborates with delivery partners to ensure they comply with the original content while accommodating appropriate adaptations. This is also supported by programme sponsors and educational stakeholders to support links with existing curriculum. Evaluation questions remain consistent worldwide, both pre- and post-programme. Collingwood does not allow changes to the content or intent of the questions. The only adaptations made are for language translation.</p>
<b>Reporting period</b>	<p>The complexity of gathering data from hundreds of schools globally with different academic years means there is a lag in reporting information from our live programmes. Each financial year we include data from 1 June to 31 May.</p> <p>The baseline year for the reporting of cumulative progress towards our target is our financial year ended 30 June 2018; reporting is therefore cumulative progress from July 2018 onwards.</p>
<b>Data preparation</b>	<p>The number of people educated is supplied by in-country delivery partners to Collingwood. When SMASHED is delivered by a third-party and is partially funded by Diageo, we only claim the proportion of people educated that our funding contributes to.</p> <p>From September 2022, where an audience numbers over 500 students in one session, we have categorised these as 'large scale special events'. Where large-scale events are run if there are a sufficient number of facilitators (ratio 1:200) then the full number of people educated is included. If the number of facilitators present is below this ratio, then the number of people in attendance are capped at the large-scale event number.</p> <p>The number of people educated is calculated by adding together the number of people reached in each country.</p> <p>SMASHED Live operates pre- and post-evaluation surveys of at least 20% of the target audience of young learners as part of the programme on the day. This represents 20% of the participating schools on each tour.</p> <p>The following sampling criteria have been established to measure attitude change:</p> <ul style="list-style-type: none"> <li>• Assess 20% of programme participants through pre- and post-evaluation surveys</li> <li>• The participants that make the 20% sample have to be selected randomly</li> <li>• If the sample is less than 200 people, the same participants must take the pre- and post-evaluation surveys</li> <li>• The sample has to be approximately 50% male and 50% female.</li> </ul> <p>The number of people who confirmed changed attitude is calculated by projecting the results of the survey, for those who have confirmed in the post-survey question that they are less likely to drink underage, to the total number of people educated for the events run.</p> <p>The data, alongside supporting evidence is supplied by delivery partners and then consolidated and reviewed by Collingwood before being shared with us for review and reporting.</p> <p>We have assumed that teachers are an impartial and accurate provider of student numbers, with clear knowledge of the groups allocated to SMASHED. We have also assumed that students participating in SMASHED Live and Online have adequate literacy skills to understand and complete written evaluation forms.</p>

## Reporting boundaries and methodologies

<b>Target continued</b>	<b>Scale up our SMASHED partnership and educate 10 million young people, parents and teachers on the dangers of underage drinking</b>
<b>Limitation</b>	<p>We consider double counting to be highly unlikely, given the activity is only delivered once to any audience within the curricular requirements for the year. No unique personal identifiers are collected, for data privacy reasons.</p> <ul style="list-style-type: none"> <li>• We avoid having schools run SMASHED Live and Online concurrently by offering only a single option in the vast majority of countries. Where two programmes are available, we mitigate the 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. We mitigate the risk further by checking participating school data quarterly and communicating with teachers.</li> <li>• We have assumed that the number of students expected to either repeat a year group or change secondary schools is negligible, based on the most recent statistics from third parties.</li> </ul>
<b>Target</b>	<b>Extend our UNITAR partnership, and promote changes in attitudes to drink driving, reaching five million people by 2030</b>
<b>Performance measure</b>	<ul style="list-style-type: none"> <li>• Number of people educated about the dangers of drink driving</li> <li>• Number of people who confirmed attitudinal change on the dangers of drink driving through the Diageo supported programme</li> <li>• Number of law enforcement officers trained through the UNITAR High Visibility Enforcement (HVE) programme.</li> </ul>
<b>Definition</b>	<p>We run two programmes that aim to address the dangers of drink driving. Our Wrong Side of the Road (WSOTR) programme, primarily delivered online, is designed to help people understand the consequences of drink driving by listening to the repercussions for people who decided to get behind the wheel after drinking. All stories are real and aim to help prevent other people from making the same mistakes. The purpose is to show the effects that this decision can have on the individual and the people around them, helping viewers to consider what would happen if they were in a similar situation.</p> <p>We also partner with UNITAR on its high-visibility enforcement training programme, an online training course which aims to help government and law enforcement officials design and implement interventions that contribute to reducing the number of alcohol-related fatalities and injuries.</p> <p><b>Changed attitudes:</b> A person who confirmed a changed attitude is someone who responds to the post-experience survey by stating that they are less likely to drink and drive because of participating in the Diageo learning experience.</p>
<b>Scope exception</b>	For programmes that are partially funded by Diageo, we only claim the proportion of people educated that our funding contributes to.
<b>Reporting period</b>	1 July to 30 June. Our baseline year is fiscal 22.
<b>Data preparation</b>	<p>To measure attitude change, at least 20% of WSOTR participants are assessed through a pre- and post-programme survey as to whether they are less likely to drink and drive because of their participation.</p> <p>The different formats are reported in the following ways:</p> <ul style="list-style-type: none"> <li>• <b>Online:</b> The online completions are reported daily through a data report pulled from Diageo's internal PowerBi system.</li> <li>• <b>Online through third parties:</b> Depending on the format, their numbers can either be generated by the main system through the daily report or through their own reports. They must provide back-up data, which is then validated by the Diageo global team.</li> <li>• <b>Offline:</b> In markets where internet access is a challenge, we have tailored the experience to be used offline at events or high-footfall locations. Completions are captured on forms that are then collated and input to a report. These reports are submitted quarterly and reviewed and verified by the global team.</li> </ul>
<b>Limitations</b>	-

# Doing business the right way from grain to glass

We want to do business in the right way every day, everywhere. This is about ensuring our people and suppliers demonstrate integrity, live our values, and behave in an ethical way that underpins our Code of Conduct. We expect everyone who works for us and alongside us to uphold human rights and stand up for what is right, as we grow sustainably and responsibly.

## Governance and ethics

Working with integrity is an important part of who we are and how we achieve our performance ambition to be the best performing, most trusted and respected consumer products company in the world.

Performance measure	Code of Business Conduct Mandatory Training
Definition	Annually, we request all Diageo employees to complete the Code of Business Conduct e-learning. This requires employees to confirm their commitment to their compliance and ethics accountabilities, and certify that they have read, understood and complied with our Code of Business Conduct and supporting global policies.
Scope exception	Employees on long-term leave e.g. family leave, sickness leave
Data preparation	We deliver the Code of Business Conduct e-learning through our global online training tool, My Learning Hub, which holds a record of who has participated in and completed the course. Participation and completion records are reported to market and function leadership teams and reviewed by Business Integrity leads.
Limitation	-
Performance measure	SpeakUp
Definition	We inform all employees and third parties about our SpeakUp whistleblowing telephone service and online portal, which is 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.
Scope exception	-
Data preparation	We capture allegations reported either via SpeakUp or our internal channels in our global breach management tool.
Limitation	-
Performance measure	Reported and substantiated breaches
Definition	Reported breaches are potential breaches of our Code of Business Conduct, policies or standards made known to the business, either via our SpeakUp service or brought to our attention internally. Substantiated breaches are those reports that ultimately result in sufficient evidence being gathered to support the concern raised.
Scope exception	-
Data preparation	We update the number of substantiated breaches and Code-related leavers from previous years to include the outcomes of those reports made in one financial year - but for which the investigation and any associated disciplinary actions are not closed until the following financial year, after the Annual Report has been published. This enables us to make a full and accurate year-on-year comparison.
Limitation	-

# Our people

At Diageo, we strive to create an environment where all our people feel they are treated fairly and with respect. We commit to understanding what it means to act with integrity in our roles, to ensure we are doing business in the right way, meeting external expectations and our own standards. Our global health and safety ambition and strategy are designed to ensure all our people are safe when working, on site, at home and on the road, every day, everywhere.

## Health and safety

Performance measure	Lost-time accident frequency rate (LTAFR)
<b>Definition</b>	<p>The LTAFR is the number of lost-time accidents (LTAs) per 1,000 full-time employees (Occupational Health &amp; Safety (OH&amp;S) FTE). We define an LTA 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 or modification prevents the employee from conducting their routine tasks and activities and from working a full shift.</p> <p>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.</p> <p>LTA numbers also include any OH&amp;S FTE work-related fatalities.</p> <p>In line with industry best practice, for the purposes of calculating this KPI, we include all Diageo employees, as well as temporary staff and contractors who work under our direct day-to-day supervision in our definition of OH&amp;S FTE.</p>
<b>Scope exception</b>	<p>We have looked closely into which 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. If the injured person did not report the accident on the same shift to their immediate line manager and/or Diageo point of contact, unless there are reasonable grounds, this accident is not in scope as work-related.</p>
<b>Data preparation</b>	<p>We collect and report safety data for all sites where we have full operational control, including all office sites. It includes newly acquired businesses as soon as resources and systems are in place, and no later than one year after we have assumed operational control. We exclude safety data associated with any divestments during the current reporting year from reporting in the current period.</p> <p>When an incident occurs at any site (operational, corporate office, remote commercial and remote home-working environments), the local line manager and local health and safety team will initiate an accident investigation and root-cause analysis. If the accident is classified as an LTA, then the local health and safety representative will escalate to the site leadership team, who will in turn escalate to regional, market and global leadership. Each month, sites are required to submit details associated with all incidents, accidents and LTAs, as well as OH&amp;S FTE data for their site. OH&amp;S 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. Contractor agencies provide data on the hours worked by each contractor. This is then combined with Diageo employee data to calculate the total FTE data for the month. Safety data and OH&amp;S FTE data is reported at site level using our global data management system.</p>
<b>Limitation</b>	<p>We do not report LTAFR for independent contractors because of the difficulty and administrative burden in accurately recording headcount.</p>

Performance measure	Total recordable accident frequency rate (TRAFR) less than 3.5
<b>Definition</b>	<p>TRAFR is the sum of all work-related accidents including OH&amp;S FTE/non-FTE (contractors) fatalities on Diageo premises, OH&amp;S FTE/non-FTE LTAs, OH&amp;S FTE medical treatment cases (MTC), and non-FTE permanent location-based MTCs, expressed as rate per 1,000 OH&amp;S FTEs plus permanent location-based non FTEs.</p> <p>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.</p>
<b>Scope exception</b>	As under LTAFR
<b>Data preparation</b>	As under LTAFR
<b>Limitation</b>	We do not report MTCs for non-site-based contractors.

## Reporting boundaries and methodologies

Performance measure	Number of fatalities
<b>Definition</b>	A fatality includes any work-related fatality of an employee or contractor under our direct supervision in their day-to-day work environment (on or off our premises), or any work-related fatality suffered by a third-party or contractor (non-FTEs) while on our premises.  We consider a fatality to be work-related when an event or exposure in the work environment (including people working at home) either caused or contributed to the event.
<b>Scope exception</b>	-
<b>Data preparation</b>	As under LTAFR
<b>Limitation</b>	-
Performance measure	Lost-time injury frequency rate (LTIFR)
<b>Definition</b>	Lost-time injury frequency rate (LTIFR) is a standard Occupational Safety and Health Administration (OSHA) metric that measures the number of lost-time injuries occurring in a workplace per one million hours worked.
<b>Scope exception</b>	As under LTAFR
<b>Data preparation</b>	As under LTAFR
<b>Limitation</b>	We do not report LTIFR for independent contractors because of the difficulty and administrative burden in accurately recording headcount.
Performance measure	Lost-time injury rate (LTIR)
<b>Definition</b>	LTIR is a standard OSHA metric that calculates the number of lost-time injuries occurring in a workplace per 200,000 hours worked.
<b>Scope exception</b>	As under LTAFR
<b>Data preparation</b>	As under LTAFR
<b>Limitation</b>	We do not report LTIR for independent contractors because of the difficulty and administrative burden in accurately recording headcount.
Performance measure	Employee Engagement Index
<b>Definition</b>	The Employee Engagement Index is calculated as the percentage of respondents who answer positively to three questions in our Your Voice survey: I am proud to work for Diageo; I would recommend Diageo as a great place to work; I am extremely satisfied with Diageo as a place to work.
<b>Scope exception</b>	-
<b>Reporting period</b>	The data was collected between 6 and 31 March 2023, so the results are based on feedback from participants in that particular window.
<b>Data preparation</b>	The index is calculated from an anonymous annual survey run by an independent third-party.
<b>Limitation</b>	Contractors and employees on long-term leave are excluded.

## Reporting boundaries and methodologies

Employee profile data		
Performance measure	Average number of employees by region by gender	Average number of employees by role by gender
<b>Definition</b>	Employees have been allocated to the region in which they reside.	Employees have been allocated to the role in which they occupy. We define Executive as a member of the Executive Committee; Senior manager (SL, L2, L3) as those in top leadership positions excluding Executive Committee members; Line manager as all Diageo employees (excluding Exec Committee & senior managers) with one or more direct reports; and Supervised employee as all remaining Diageo employees (excluding Exec Committee, senior managers & Line Managers) who have no direct reports.
<b>Scope exception</b>	All Diageo employees are in scope for this performance measure. However, people data from joint ventures and associates where Diageo does not have operational control are not included.	All Diageo employees are in scope for this performance measure. However, people data from joint ventures and associates where Diageo does not have operational control are not included.
<b>Data preparation</b>	Total employee data comprises our average number of FTE employees across 12 months. Employee data is captured globally through financial and HR information and reporting systems.  Employee type includes Regular, Graduates and Fixed Term Contract (FTC) across all markets. Data from markets where Diageo has not implemented its global HR system is collected by local HR teams to form a total Diageo view.	Employee data comprises our average number of FTE employees across 12 months except Executives, which are reported as of 30 June 2023 because of the small population size. Employee data is captured globally through financial and HR information and reporting systems.  Employee type includes Regular, Graduates and Fixed Term Contract (FTC) across all markets. Data from markets where Diageo has not implemented its global HR system is collected by local HR teams to form a total Diageo view.
<b>Limitation</b>	Joint operations are included but, where Diageo does not have operational control, only high-level regional data is available.  Markets where our global HR system, Workday, is not in place are reliant on manual data collection or, in some cases, we may not be able to obtain data. These markets include Ypioca, Zacapa, United Spirits Limited - India (partial), Casamigos, Balcones, Davos, Vietnam Spirits and Wine, Don Papa Rum, Moet Hennessy Diageo, Korea (partial), Japan JWS, Angola and Northern Cyprus.	Joint operations are included but, where Diageo does not have operational control, only high-level regional data is available.  Markets where our global HR system, Workday, is not in place are reliant on manual data collection or, in some cases, we may not be able to obtain data. These markets include Ypioca, Zacapa, United Spirits Limited - India (partial), Casamigos, Balcones, Davos, Vietnam Spirits and Wine, Don Papa Rum, Moet Hennessy Diageo, Korea (partial), Japan JWS, Angola and Northern Cyprus.
Human rights impact assessments		
<b>Definition</b>	Diageo has been a signatory 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 in 2016 to formulate our human rights strategy and deliver a Human Rights Impact Assessment (HRIA) in all of our markets. An HRIA is a process for identifying, understanding, assessing and addressing the adverse effects of business activities on the human rights of impacted rights-holders such as workers and community members.	
<b>Scope exception</b>	To date, we have conducted HRIAs in Australia, Brazil, China, Colombia, Ghana, Guatemala, India, Kenya, Mexico, the Middle East, Nigeria, North America (United States and Canada), North Asia (South Korea and Japan), PEBAC (Peru, Ecuador, Bolivia, Argentina and Chile), South Africa, Tanzania, Thailand, Turkey, Uganda and the United Kingdom. From fiscal 24, all direct operations will be required to complete a detailed annual human rights self assessment questionnaire, and take remedial action where necessary.	
<b>Data preparation</b>	We have conducted a corporate-level risk assessment and mapped our global policies and processes against the UNGPs, while also considering risks in different geographies using our understanding and external reference data.  Following the corporate-level assessment, we developed a comprehensive human rights impact assessment toolkit to guide our markets through a systematic review of their businesses to identify and assess potential human rights impacts, including modern slavery risks, throughout our value chain.  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.	
<b>Limitation</b>	We have completed an HRIA in every market, but not every country. We discuss significant actual and potential negative impacts on local communities at global and local levels but do not collate and report this by specific every location.	

# Champion inclusion and diversity

Championing inclusion and diversity is at the heart of what we do, and is crucial to our purpose of ‘celebrating life, every day, everywhere’. We’ve set ourselves ambitious goals to drive progress, inside our business and beyond. They range from increasing representation of women and people from ethnically diverse backgrounds in our leadership, to using our media spend and influence to promote progressive portrayals in marketing, working with diverse creative teams and diverse-owned suppliers and supporting people in our local communities with hospitality and business skills.

<b>Ambition</b>	<b>Champion gender diversity, with an ambition to achieve 50% representation of women in leadership roles by 2030</b>
<b>Performance measure</b>	Percentage of female leaders globally
<b>Definition</b>	Leadership roles comprise Executive Committee members (Exec), Senior Leaders (SL), Level 2 (L2) and Level 3 (L3) roles, some of which will be vacant at any point in time. Employee type includes those on regular and fixed-term contracts.
<b>Scope exception</b>	Non-Executive Directors and extended workers (agency workers, independent contractors, freelancers and consultants) are not in scope, nor are joint ventures, joint operations or associates where Diageo does not have operational control.
<b>Data preparation</b>	The KPI is calculated as the average of filled leadership roles at the end of each of the four quarters across the fiscal year.  The total leadership population is calculated from markets that collect gender information through Workday, enabling all employees in scope to self-disclose this information. Gender data is disclosed by employees themselves on a voluntary basis on our online Human Resources system (Workday). All leaders in scope have the ability to disclose gender information on Workday.
<b>Limitations</b>	Where employees have chosen not to declare their gender, this information is excluded from the gender representation data.
<b>Ambition</b>	<b>Champion ethnic diversity with an ambition to increase representation of leaders from ethnically diverse backgrounds to 45% by 2030</b>
<b>Performance measure</b>	Percentage of ethnically diverse leaders globally
<b>Definition</b>	Leadership roles comprise Executive Committee members (Exec), Senior Leaders (SL), Level 2 (L2) and Level 3 (L3) roles, some of which will be vacant at any point in time. Employee type includes those on regular and fixed-term contracts.  We define ethnically diverse as those ethnic groups who are, or were historically, systematically under-represented, disenfranchised and/or economically excluded.  Ethnically diverse people can be a majority or a minority in a country.
<b>Scope exception</b>	Non-Executive Directors and extended workers (agency workers, independent contractors, freelancers and consultants) are not in scope, nor are joint ventures, joint operations or associates where Diageo does not have operational control.
<b>Data preparation</b>	The KPI is calculated as the average of filled leadership roles at the end of each of the four quarters across the fiscal year.  Ethnicity data is disclosed by employees on a voluntary basis on Workday. The relevant ethnicity fields are based on the country in which the individual is employed to ensure all are culturally relevant.  Ethnicity is selected by individuals within the Leadership population from a pre-defined list that encompasses those ethnic types most readily seen within the specific country, based on local census and governmental data.  We determined eight categories of ethnicity, considering Diageo’s market footprint, historic under-representation and alignment across regions: Asian, Black, Hispanic/Latin American, Indian, Indigenous, Middle Eastern and Turkish, Mixed and Other Ethnic Groups. If an individual has identified as another type of local ethnicity, the people analytics team manually assign them to the closest fit, for the purposes of this data gathering exercise only.  Although employees based in India (Diageo India and Diageo Global Business Operations) are on the Workday system, they do not submit ethnicity data through Workday due to cultural sensitivities. So, self-disclosure is not the basis for data capture. Nationality is obtained by the local HR team through official identification documents by employees during the onboarding process and disclosed on Workday. Indian nationals are recorded by HR as being of Indian ethnicity. For India-based employees not of Indian nationality, the local HR director confirms their ethnicity through a confidential conversation with the individual.  Based on a third-party study commissioned by Diageo, ‘Hispanic/Latin American’ is adopted as a term to categorise all people originating from the Latin America and Caribbean (LAC) region, including both indigenous and historically migrant populations. For the purposes of this data gathering exercise, all employees identifying as White with a LAC nationality have been recorded as Hispanic/Latin American. Non-LAC nationals are mapped to their identified ethnicity.
<b>Limitations</b>	Employees who identify as White, declined to self-identify or have not disclosed their ethnicity are not counted as ethnically diverse.

## Reporting boundaries and methodologies

<b>Ambition</b>	<b>Accelerate inclusion and diversity in our value chain, increasing the share of our global spend with diverse-owned and disadvantaged businesses to 15% by 2030</b>
<b>Performance measure</b>	Percentage of spend with diverse-owned and disadvantaged businesses
<b>Definition</b>	<p>We define diverse-owned suppliers as for-profit businesses majority owned and operated by under-represented communities, including (but not limited to) women, ethnic minorities, LGBTQIA+, people with disabilities and other minority groups identified in the markets where we source.</p> <p>Although we try to define diverse businesses consistently across all our markets, we recognise that diversity can differ across geographical regions, cultures and communities. This means that we define ethnic minority groups on a local level rather than global. In addition, in some markets, we have identified other regionally specific under-represented groups to make sure we're as inclusive as possible.</p> <p>Disadvantaged businesses include smallholder farmers. The UN's Food and Agriculture Organisation describes a smallholder farmer as one who farms an area below the median threshold of their country. For the purposes of supplier diversity reporting, we consider a smallholder farmer in Africa to be one that farms an area of less than ten acres. In other markets, we use locally recognised guidance, such as for agave farmers in Mexico where the Consejo Regulador del Tequila defines this as 50,000 plants. These suppliers, which can be individuals or farm families, are widely considered to be disadvantaged because of factors including their size and exposure to global commodity markets.</p> <p>Where our direct suppliers are not diverse-owned, we will consider spend with disadvantaged businesses in their own value chains. This is considered as tier two direct diverse spend.</p>
<b>Scope exception</b>	Spend from categories that are deemed as non-influenceable is excluded from our baseline spend and diverse spend calculations. Examples include customs charges, taxation and charitable donations.
<b>Reporting period</b>	1 July to 30 June. Our baseline year is fiscal 22.
<b>Data preparation</b>	<p>Our total global spend is extracted from our global enterprise software, SAP, and also from other local market enterprise resource planning systems, with spend identified as non-influenceable deducted from this amount. Our spend with diverse-owned and disadvantaged suppliers is calculated as a percentage of this total spend, and is considered our tier 1 diverse spend total.</p> <p>We ask our direct suppliers who are not diverse-owned to report their spend with diverse-owned business in their supply chains, and we calculate our tier 2 diverse total from these submissions.</p> <p>Our tier 1 and tier 2 spend calculations are combined and are reflected in the total spend reported against this target.</p>
<b>Limitations</b>	-
<b>Ambition</b>	<b>Provide business and hospitality skills to 200,000 people, increasing employability and improving livelihoods through Learning for Life and our other skills programmes</b>
<b>Performance measure</b>	Number of people reached through Learning for Life and other skills programmes
<b>Definition</b>	Our 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. The core curriculum includes modules on technical skills, life skills and inclusion and diversity.
<b>Scope exception</b>	Only markets running business and hospitality programmes are in scope. Markets with no such programmes are Australia, South Korea, Turkey and Eastern Europe. For entrepreneurship programmes to be included, the metric owner determines that the initiatives are appropriate to be included under the definition of providing business or hospitality skills related to our value chain.
<b>Data preparation</b>	<p>We collate the number of beneficiaries of Learning for Life and other skills programmes through participant programme completion records (collected face to face or via our online training systems) maintained by Diageo programme managers or third-party delivery partners.</p> <p>We make sure double counting is avoided through programme registration and completion records.</p>
<b>Limitation</b>	Accuracy relies on the quality of data provided by our third-party delivery partners.



## Reporting boundaries and methodologies

<b>Ambition</b>	<b>Through the Diageo Bar Academy (DBA), we will provide 1.5 million training sessions delivering skills and resources to help build a thriving hospitality sector that works for all</b>
<b>Performance measure</b>	Number of participations in training sessions delivered through Diageo Bar Academy
<b>Definition</b>	<p>We measure the number of participations in DBA training sessions. One individual could receive multiple training sessions and each training participation would count towards our target.</p> <p>The 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 and helping professionals and businesses to thrive. Examples of course content include alcohol category knowledge, drink preparation skills, serving skills including responsible serving, business and bar management skills.</p> <p>Training includes physical, virtual, e-learning and masterclass tutorials.</p>
<b>Scope exception</b>	-
<b>Data preparation</b>	<p>Participants in all these DBA trainings are included in this performance measure.</p> <p>Diageo obtains data on the number of participations in trainings delivered in different ways depending on the types of course, as outlined below:</p> <ul style="list-style-type: none"> <li>• <b>Physical training:</b> attendance number in face-to-face sessions delivered to groups of participants</li> <li>• <b>Virtual training:</b> attendance number in live online sessions</li> <li>• <b>E-learning:</b> number of completions of self-directed learning courses</li> <li>• <b>Masterclass:</b> number of attendances at Live Tutorials and number of viewers of the recorded sessions</li> </ul> <p>From fiscal 23 we include online training data from China, where different digital platforms are used.</p>
<b>Limitation</b>	Accuracy of data in case of physical trainings relies on third-party delivery partners.
<b>Ambition</b>	<b>Ensure 50% of beneficiaries of our community programmes are women and that our community programmes are designed to enhance diversity and inclusion of under-represented groups</b>
<b>Performance measure</b>	Percentage of beneficiaries of our community programmes who are women
<b>Definition</b>	For Learning for Life (or equivalent) programmes, we measure the number and percentage of women who have gained business and hospitality skills.
<b>Scope exception</b>	Our scope currently includes female beneficiaries of registered business and hospitality skills programmes. In future, the scope of this target will also include female representation on our water sanitation and hygiene (WASH) committees and women who benefit from initiatives such as our smallholder farmer programmes.
<b>Data preparation</b>	For Learning for Life programmes (and other skills programmes), we collect data on the number of female participants through training records managed by Diageo programme managers or third-party delivery partners.
<b>Limitation</b>	Accuracy relies on the quality of data provided by our third-party delivery partners.

# Pioneer grain-to-glass sustainability

Our continued long-term success depends on the people and planet around us. Our work to pioneer grain-to-glass sustainability is divided into three areas: preserve water for life, accelerate to a low-carbon world and become sustainable by design.

Our Water Stewardship Strategy, Preserve Water for Life, outlines how we manage water in our supply chain, operations and communities, as well as advocate for collective action to improve water security. We started our decarbonisation journey in 2008, and we aim to reach net zero across our direct operations by 2030, using 100% renewable energy everywhere we operate. We are also committed to reducing our value chain carbon emissions by 50% by 2030. We are working to reduce our carbon footprint by reducing packaging, increasing recycled content and are focusing on regenerative agriculture.

## Preserve water for life

Our strategy is based on best practice water stewardship in three areas: water accessibility, availability and quality. We also are working in partnership to better manage water globally and to lead collective action in critical water basins.

<b>Target</b>	<b>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</b>
<b>Performance measure</b>	Water use efficiency per litre of product packaged (Litres/Litre)
<b>Additional performance measures</b>	<p>Percentage improvement in litres of water used per litre of product packaged from the prior year</p> <p>Total mains water withdrawn (cubic metres)</p> <p>Total groundwater withdrawn (cubic metres)</p> <p>Total surface water withdrawn (cubic metres)</p> <p>Total water withdrawn (cubic metres)</p>
<b>Definition</b>	<p>We prepare and report water withdrawal (use) from sites where we have operational control, using internally developed reporting methodologies based on the GRI Standards.</p> <p>Water withdrawal includes 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 reported water withdrawal data.</p> <p><b>For water-stressed only:</b> We define water-stressed areas using the World Resources Institute (WRI) Aqueduct tool, UN definitions and internal survey information. During the reporting period, we identified 40 of our sites as located within water-stressed areas. An assessment of our sites located in water-stressed areas is completed every two years and includes any new-build or acquired sites and excludes any sites divested.</p>
<b>Scope exception</b>	The volume of water used at Diageo-operated agricultural lands - in Brazil, Mexico and Turkey - is quantified and reported separately.
<b>Data preparation</b>	<p>Water withdrawal (use) is measured primarily from meter readings and invoices. In limited cases, estimates are used. Water efficiency per litre of packaged product is calculated by dividing total water withdrawal by the total packaged volume.</p> <p>We use litres of packaged product as the measure for comparison, because this indicates how much water has been used relative to the amount of finished product that has been packaged. We measure litres of packaged product by site and aggregate them at group level. For fiscal 23, the total volume packaged used for the denominator in efficiency indicators is 3,801,239,185 litres<sup>Δ</sup>.</p>
<b>Limitation</b>	In limited cases (e.g., failure or malfunction of water meters), estimates are used for water withdrawals.

Δ Within PwC's independent limited assurance scope - see pages 263-266 of our Annual Report.

## Reporting boundaries and methodologies

<b>Target</b>	<b>Replenish more water than we use for our operations for all of our sites in water-stressed areas by 2026</b>
<b>Performance measure</b>	Annual volumetric replenishment capacity of projects developed (m <sup>3</sup> )
<b>Definition</b>	<p>This performance measure is total water replenishment capacity created in fiscal 23 in water-stressed areas. We define replenishment (or volumetric water benefit), in line with the WRI, as the volume of water resulting from water stewardship activities that modify the hydrology in a beneficial way and/or help reduce shared water challenges, improve water stewardship outcomes, and meet the targets of Sustainable Development Goal 6.</p> <p>Replenishment capacity created by replenishment projects is calculated by reference to Diageo's Water Replenishment Implementation Guide and Technical Protocol. When projects are delivered by a third-party and partially funded by Diageo, to avoid double counting, we only claim the proportion of volumetric capacity attributable to Diageo.</p> <p>We define water-stressed areas using the WRI Aqueduct tool (at the Minor Basin level), UN definitions and internal survey information. During the reporting period, we identified 40 of our sites as located within water-stressed areas. An assessment of our sites located in water-stressed areas is completed every two years and includes any new-build or acquired sites and excludes any sites divested. In order to be considered within the annual volumetric replenishment capacity, replenishment projects need to be in a water-stressed area (i.e., a site's water catchment and/or water-stressed water basins from which we source local raw materials).</p> <p>The methodology for calculating the volume of water replenished for Diageo's Water Replenishment Programme is based on the WRI's Volumetric Water Benefit Accounting: A Method For Implementing and Valuing Water Stewardship Activities (2019, <a href="http://www.wri.org/research/volumetric-water-benefit-accounting-vwba-method-implementing-and-valuing-water-stewardship">www.wri.org/research/volumetric-water-benefit-accounting-vwba-method-implementing-and-valuing-water-stewardship</a>), which is a "comprehensive, standardised and science-based methodology to calculate and evaluate the benefits of water stewardship activities." We detail the approach adopted and mathematical calculations applied in the Diageo Water Replenishment Programme Technical Protocol (2019) and provide a step-by-step implementation guide for markets to ensure consistency and robust controls: Diageo Water Replenishment Implementation Guide (2022).</p>
<b>Scope exception</b>	-
<b>Reporting period</b>	1 June to 31 May (previously 16 June to 15 June; see under Limitation, below).
<b>Data preparation</b>	<p>Data required to calculate the indicative volume of water replenished is collected by an implementation partner and confirmed on completion of the project. This data is then validated by an external validator, and confirmed by the Diageo global lead for water. The Diageo Water Replenishment Implementation Guide provides templates for calculating water volume replenished – the estimated volumes are pre-validated by the global team before the project is implemented. Volumes are then validated again after the commissioning of the project.</p> <p>The project volumes for fiscal 26 are restated every year to reflect latest estimates and previous fiscal actuals.</p>
<b>Limitation</b>	The complexity of gathering data from multiple projects globally means there can be a delay in reporting information. This means we currently include data from projects completed by 31 May 2023 to allow us to consolidate data by fiscal year end.

## Reporting boundaries and methodologies

<b>Target</b>	<b>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</b>
<b>Performance measure</b>	Percentage of water-stressed markets with investment in WASH
<b>Definition</b>	<p>This target tracks funding committed and spent on new WASH facilities to improve local community access to clean water, sanitation or hygiene in communities within the same water basin as our sites and local sourcing areas.</p> <p>We usually define Diageo's markets as countries or locations where we operate or sell our products. To ensure comprehensive coverage, this KPI instead defines each market as an individual country, as set out in our Annual Report on page 40. This means that the KPI considers water stress and investment at a country level, rather than at a market level.</p> <p>We define water-stressed areas using the WRI Aqueduct tool at the minor basin level, UN definitions and internal survey information. During the reporting period, we identified 40 of our sites across 12 countries as located in water-stressed areas, with 34 of these locations currently operational and six non-operational. An assessment of our sites located in water-stressed areas is completed every two years and includes any new-build or acquired sites and excludes any sites divested.</p> <p>The KPI is calculated as a percentage of the number of water-stressed markets in which Diageo has invested in WASH programmes in the same minor water basin as the site, divided by the total number of (in scope) water-stressed markets in which Diageo operates.</p>
<b>Scope exception</b>	<p>The scope excludes water-stressed markets in which Diageo operates where there is no demand or requirement for new community WASH projects (Turkey, Indonesia, Seychelles).</p> <p>These exclusions are verified by an expert implementing partner, and are based on government, WRI or World Health Organization information on WASH risk and availability.</p> <p>It also excludes Diageo WASH projects in markets that are not assessed as water stressed or where we do not have direct operations (for example, Myanmar).</p>
<b>Reporting period</b>	1 June to 31 May
<b>Data preparation</b>	<p>Data on the WASH programmes, including locations, clean water yield, and the number of people (including the number of women) who benefit is calculated by NGO delivery partners and validated by an external validator.</p> <p>The KPI is calculated as a percentage, i.e., the total number of water-stressed markets in which Diageo has invested in WASH programmes divided by the total number of (in scope) water-stressed markets in which Diageo operates.</p>
<b>Limitation</b>	The complexity of gathering data from multiple projects globally means there can be a delay in reporting information. This means we currently include data from projects completed by 31 May 2023 to allow us to consolidate data by fiscal year end.
<b>Target</b>	<b>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</b>
<b>Performance measure</b>	Percentage of priority water basins with collective action participation
<b>Definition</b>	<p>We identify priority water basins using a Diageo criticality assessment (based on expert judgement and consumption volumes) and those facing high water risk, according to the WRI Aqueduct tool. These basins would benefit most from Diageo operational sites participating in collective action to address identified water challenges.</p> <p>Collective action in water stewardship includes multi-stakeholder water management initiatives or projects that involve interaction with government entities, local communities, NGOs and/or civil society organisations.</p>
<b>Scope exception</b>	-
<b>Data preparation</b>	Priority water basins with collective action participation are reported at country level and tracked by the Diageo global metric owner.
<b>Limitation</b>	-

# Accelerating to a low-carbon world

We know that our planet needs significant, science-based action to create a sustainable future. We have set ourselves bold targets to reach net zero carbon across our operations and to work with our suppliers to reduce our value chain carbon emissions by 50% by 2030.

Target	Become net zero carbon in our direct operations (Scope 1 and 2)
<b>Performance measure</b>	<ul style="list-style-type: none"> <li>Direct carbon emissions by weight (market/net based) (1,000 tonnes CO<sub>2</sub>e)</li> <li>Indirect carbon emissions by weight (market/net based) (1,000 tonnes CO<sub>2</sub>e)</li> <li>Percentage reduction in absolute carbon emissions (direct and indirect carbon emissions by weight (market/net based)) from the prior year</li> <li>Market based (net) intensity ratio of GHG emissions (grams CO<sub>2</sub>e per litre of packaged product)</li> <li>Direct carbon emissions by weight (location/gross based) (1,000 tonnes Co<sub>2</sub>e)</li> <li>Indirect carbon emissions by weight (location/gross based) (1,000 tonnes CO<sub>2</sub>e)</li> <li>Location based (gross intensity) ratio of GHG emissions (grams CO<sub>2</sub>e per litre of packaged product)</li> </ul>
<b>Definition</b>	Scope 1 and 2 emissions are presented as the absolute GHG emissions (Direct – Scope 1 emissions from on-site energy consumption of fuel sources and Indirect – Scope 2 emissions from purchased electricity and heat) in 1,000 tonnes CO <sub>2</sub> e using market-based and location-based reporting methodology. Market-based and location-based GHG emission intensity ratio is calculated as grammes per CO <sub>2</sub> e per litre, using direct operations packaged product volume in litres for fiscal 23.
<b>Scope exception</b>	<p>We exclude minor quantities of Scope 1 emissions up to 0.5% of a site's emissions, to a maximum of 50 tonnes CO<sub>2</sub>e per emission source, as well as the carbon emissions associated with biogas flaring, since they are determined to be insignificant to our overall impacts. More details can be found in the Scope section of General reporting methodology and boundaries, covering both non-environmental and environmental metric reporting.</p> <p>Biological/biogenic CO<sub>2</sub> emissions from the combustion of bioenergy, and from direct operations processes such as fermentation to create alcohol are outside of scope and are reported separately. However, bioenergy CO<sub>2</sub>e emissions associated with methane and nitrous oxides that are not absorbed in bioenergy feedstock growth are included in Scope 1 emissions.</p> <p>We do not include carbon offsets or credits in the Scope 1 and 2 GHG emissions market-based or location-based approach.</p>
<b>Data preparation</b>	<p>We calculate CO<sub>2</sub>e emissions data based on direct measurement of energy use (meter readings/invoices) for the majority of sites.</p> <p><b>Market-based emissions</b></p> <p>We externally report Scope 1 and 2 GHG emissions using metric tonnes of CO<sub>2</sub>e to compare the emissions from the seven main GHGs based on their global warming potential. We base our CO<sub>2</sub>e reduction targets and reporting protocols (since 2007) on market-based emissions.</p> <p><b>Direct (Scope 1) emissions</b></p> <p>We report fuel consumption by fuel type at site level using the environmental management system. Using calorific values, the fuel is then converted to energy consumption, in kilowatt hours (kWh), by fuel type, and is multiplied by the relevant CO<sub>2</sub>e emission factor to derive total CO<sub>2</sub>e emissions. Scope 1 emission factors for fuels are typically average fuel CO<sub>2</sub>e emissions factors and calorific values (the latest available at the end of the reporting year) from the UK Government Department for Energy Security and Net Zero. We apply product-specific factors, where available. Energy attribute certificates (EACs), derived from our distillery by-product feedstock and processed by a third-party to generate biomethane, form a component of our decarbonisation, together with purchased renewable gas EACs (i.e., from certificate-backed biomethane supplied indirectly through the natural gas grid). This is reflected in data preparation and aggregation.</p> <p><b>Indirect (Scope 2) emissions</b></p> <p>We report GHG emissions from electricity (Scope 2) as market-based emissions in line with the WRI/WBCSD GHG Protocol Scope 2 guidance 2015. Electricity consumption recorded on our environmental management system is multiplied by emissions factors specified in EACs, contracts, power purchase agreements and supplier utility emissions, as detailed in the GHG Protocol's Scope 2 guidance. We use GHG Protocol Scope 2 to ensure EACs and associated financial instruments meet the required standards. GHG Emission factors relating to indirect, Scope 2, emissions are updated with latest available by end of the financial year.</p>

## Reporting boundaries and methodologies

Target	Become net zero carbon in our direct operations (Scope 1 and 2) continued
Data preparation continued	<p><b>Fugitive and owned agricultural (Scope 1) emissions</b></p> <p>We calculate fugitive emissions based on the amount of emitted ozone-depleting substances and fluorinated gases, multiplied by the relevant emission factor to represent the global warming potential in tonnes of CO<sub>2</sub>e. Annually, each site reports the quantity (mass) of each material/gas emitted based any added/topped-up amount, reported via the environmental management system. The mass of each of emitted ozone-depleting substance and fluorinated gas is multiplied by the relevant emission factor and then added together to report the equivalent GHG emissions in tonnes of CO<sub>2</sub>e.</p> <p>We calculate agricultural emissions from direct operations owned and operated agricultural land only based on fertiliser use. The annual quantity (mass) of inorganic fertiliser is multiplied by the percentage of nitrogen content and by the relevant GHG emission and conversion factors (i.e., nitrogen to nitrous oxide, nitrous oxide GHG emission factor) to determine the equivalent tonnes CO<sub>2</sub>e emissions.</p> <p><b>Scope 1 and Scope 2 data aggregation</b></p> <p>Total direct and indirect carbon emissions by weight (market/net based) (1,000 tonnes CO<sub>2</sub>e) is the aggregation of Scope 1 and 2 GHG emissions with fugitive and owned agriculture emissions for external reporting annually. The percentage reduction in absolute carbon emissions (direct and indirect carbon emissions by weight (market/net based)) from the prior year is a percentage change calculation with reference to the corresponding prior year figure.</p> <p>Our net zero emissions target for 2030 remains consistent with earlier reporting protocols and is based on market-based emissions.</p> <p><b>Location-based emissions and emission intensity ratios</b></p> <p>We externally report location-based Scope 1 and 2 GHG emissions using metric tonnes of CO<sub>2</sub>e to compare the emissions from the seven main GHGs based on their global warming potential. Using a location-based approach, direct operations emissions are reported without the benefit of indirectly supplied renewable energy, and emissions intensity ratios demonstrate the overall emission efficiency per unit of production.</p> <p><b>Location-based Direct (Scope 1) emissions</b></p> <p>Fuel consumption data collection, reporting and conversion to energy using relevant calorific values remains the same as detailed in the market-based approach above. The direct energy data is multiplied by Scope 1 emission factors for fuels, typically average fuel CO<sub>2</sub>e emissions factors (the latest available at the end of the reporting year) from the UK Government Department for Energy Security and Net Zero. We apply product-specific factors, where available, but the specific emission factors associated with energy attribute certificates (EACs) are not used (i.e., indirectly supplied renewable gas through grid is reported using standard, natural gas grid emission factors).</p> <p><b>Location-based Indirect (Scope 2) emissions</b></p> <p>We report GHG emissions from electricity (Scope 2) as location-based emissions in line with the WRI/WBCSD GHG Protocol Scope 2 guidance 2015. Grid imported electricity consumption recorded on our environmental management system is multiplied by regional or sub-national emission factors (where available) to calculate Scope 2 location-based GHG emissions. 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). Location-based emission factors are reviewed annually and updated with latest available at the end of the financial year.</p> <p><b>Overall location-based emissions</b></p> <p>Total direct and indirect carbon emissions by weight (location/gross based) (1,000 tonnes CO<sub>2</sub>e) is the aggregation of Scope 1 and 2 GHG emissions with fugitive and owned agriculture emissions for external reporting annually.</p> <p><b>GHG emission intensity ratios</b></p> <p>Total, aggregated direct operations market-based and location-based emissions (as detailed above) are divided by the volume of direct operations packaged product reported in the same period. The market-based and location-based emissions are converted to grammes of CO<sub>2</sub>e and the volume of packaged product is reported in litres to generate relevant GHG emission intensity ratios in g CO<sub>2</sub>e/litre packaged.</p> <p>For fiscal 23, the total volume packaged used for the denominator in intensity indicators is 3,801,239,185 litres<sup>Δ</sup>.</p>
Limitation	Where invoices or site meter readings are not available - due, for example, to timing differences or metering issues - we estimate consumption.

Δ Within PwC's independent limited assurance scope - see our Annual Report on pages 263-266.

## Reporting boundaries and methodologies

<b>Target</b>	<b>Reduce our value chain (Scope 3) carbon emissions by 50%</b>
<b>Performance measure</b>	Percentage reduction in absolute carbon emissions (ktCO <sub>2</sub> e) from the prior year
<b>Definition</b>	<p>Scope 3 emissions are all indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions (but excluding Scope 2 emissions from purchased power and heat).</p> <p>The CO<sub>2</sub>e emissions relating to all categories of materials and services within our value chain include those from purchased raw materials, packaging, third-party manufacturers, consumer use and disposal. We aggregate emissions from upstream and downstream logistics and distribution, including Category 4 logistics emissions. In addition, we include Category 2 capital goods, Category 3 fuels and energy-related activities, Category 5 waste generated in operations, Category 6 business travel and Category 7 employee commuting. The emissions attributable to all categories of materials and services provide a total value chain, Scope 3 footprint.</p> <p>We do not include carbon offsets or credits in the Scope 3 GHG emissions market-based or location-based approach.</p>
<b>Scope exception</b>	Any categories of Scope 3 emissions not listed in the definition above are not currently included in our external reporting.
<b>Data preparation</b>	<p>We report Scope 3 GHG emissions using metric tonnes of CO<sub>2</sub>e to compare the emissions from the seven main GHGs based on their global warming potential. We base our CO<sub>2</sub>e reduction targets and reporting protocols on real consumption location-based emissions. We report in line with the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, 2011.</p> <p>We calculate CO<sub>2</sub>e emissions data on the basis of the volume of materials purchased, services provided, capital equipment purchased and distances travelled for upstream/downstream logistics. Supplier-specific emission factors and/or emission factors from literature are then applied to the component type to derive an absolute CO<sub>2</sub>e emissions volume, in metric tonnes.</p> <p><b>Category 4, Upstream Transportation and Distribution Emissions</b></p> <p>We track transportation distance through internal data systems to calculate the distance load, transport mode and type, applying the distance-based methodology. We apply GLEC emission factors for all transportation modes except for ocean freight, where we apply CCWG.</p>
<b>Limitation</b>	-

## Reporting boundaries and methodologies

<b>Target</b>	<b>Use 100% renewable energy across all our direct operations</b>
<b>Performance measure</b>	<p>Change in percentage of renewable energy across our direct operations</p> <p>Total direct (renewable and non-renewable) energy consumption (TJ)</p> <p>Direct energy efficiency (MJ/litre packaged)</p> <p>Indirect energy efficiency (MJ/litre packaged)</p> <p>Total direct and indirect energy efficiency (MJ/litre packaged)</p>
<b>Definition</b>	<p>We report total energy use and renewable energy use in megawatt hours (MWh) and/or terajoules (TJ). Total energy and renewable energy use are determined from direct and indirect energy consumption; energy generated on our sites and purchased energy. We determine direct energy (renewable/non-renewable) from the quantity of different fuel types (in metric tonnes, litres) of renewable and non-renewable fuels, and by applying the relevant calorific value (either from BEIS or the supplier). We measure indirect energy (renewable/non-renewable) in MWh and/or TJ from energy utilities or suppliers and/or by applying the relevant EACs.</p> <p>For avoidance of doubt, we include directly connected renewable energy generated on or near our sites, where all energy is used on site and no EACs are created (e.g., roof-mounted solar panels with all generated renewable electricity used on site).</p>
<b>Scope exception</b>	We exclude minor energy sources that account for less than 0.5% of a site's overall Scope 1 and 2 emissions, up to a maximum of 50 t CO <sub>2</sub> e of individual emission source. They are considered immaterial to our overall impact.
<b>Data preparation</b>	<p>We report total energy and renewable energy in MWh and/or TJ. We calculate direct and indirect energy data based on the direct measurement of energy use (meter readings/invoices for volumes of fuel supplied) for the majority of sites.</p> <p>We report fuel consumption by fuel type at site level using the environmental management system. Using calorific values, the fuel is then converted to energy consumption, in kWh, by fuel type and classified as either renewable or non-renewable based on fuel type or source. EACs, derived from our distillery by-product feedstock and processed by a third-party to generate biogas, together with purchased renewable gas EACs, are applied to relevant natural gas supplied to sites via a common carrier pipeline/network. This is reflected in data preparation and aggregation.</p> <p>All indirect energy generated and used on site, along with purchased indirect energy supplied through the grid is classified as renewable by the allocation of EACs, contracts, power purchase agreements and supplier specific utility factors, where relevant.</p> <p>To achieve the percentage of renewable energy use, we divide total renewable energy into direct and indirect energy supplies (in MWh) by total energy use, comprising all reported energy sources (MWh).</p> <p>Direct energy efficiency (MJ/L); indirect energy efficiency (MJ/L) and total energy efficiency (MJ/L) are determined from total direct energy (MJ), total indirect energy (MJ) and total energy (MJ) and dividing by packaged volume (litres).</p>
<b>Limitation</b>	Energy data is calculated based on direct measurement of energy use (meter readings/invoices) for the majority of sites. Where invoices are not available - due, for example, to timing differences - consumption is estimated.



# Scope 3 distribution and logistics GHG emissions report

## Introduction

Diageo is committed to understanding and reducing carbon emissions along the total value chain, including Scope 3 indirect emissions. A key part of Diageo's Scope 3 profile is emissions from the transportation and distribution of finished goods by third parties. We continue to refine and improve the accuracy and completeness of data captured for this area. This has resulted in a comprehensive understanding of the extent of greenhouse gas emissions associated with the transport and distribution of finished goods, which has been subject to independent limited assurance by PricewaterhouseCoopers LLP (PwC). This document presents the data and methodologies associated with Diageo's scope 3 logistics CO<sub>2</sub>e emissions.

## Performance data for the year ended 30 June 2020, 2021 and 2022

Dataset	Region	2020 CO <sub>2</sub> e emissions (tonnes)	2021 CO <sub>2</sub> e emissions (tonnes)	2022 CO <sub>2</sub> e emissions (tonnes)
Road and rail	North America	104,462	131,139	123,319
	Europe	45,835	52,963	62,435
	Asia Pacific	12,216	14,263	14,568
	Latin America and Caribbean	23,967	27,355	30,666
	Africa	51,231	50,540	52,907
Ocean	Global	48,486	67,720	73,045
<b>Total</b>		<b>286,197*</b>	<b>343,980*</b>	<b>356,940*</b>

▲ Within PwC's independent limited assurance scope. For further detail see pages 116-119.

\*Restated to reflect updated emission factors from CCWG and TEU calculations for ocean freight and applying emission factors from Eco TransIT; European Standard EN16258 (Methodology for calculation and declaration of energy consumption and GHG emissions of transport services).

## Reporting guidelines

The methodology used for the reporting of Diageo's Scope 3 logistics carbon emissions is based on the WRI/WBCSD Greenhouse Gas Reporting Protocol *Corporate Value Chain (Scope 3) Accounting and Reporting Standard* (the Protocol) and relates specifically to Category 4 of the Protocol (emissions from upstream transportation and distribution). The scope of our reporting and detailed methodology is presented below.

Data being reported	In scope	Out of scope
CO <sub>2</sub> e emissions from transport and distribution of finished goods and the return of empty reusable packaging containers - that is, kegs and returnable glass bottles	<p>Distribution of finished goods owned by operationally controlled Diageo sites from point of production to point of sale to first paying customer.</p> <p>Transportation of empty reusable packaging containers from point of collection to operationally controlled Diageo site.</p> <p>Items in transit at the year end are included within the scope of reporting.</p>	<p>All other elements of WRI Scope 3 Category 4, and specifically:</p> <ul style="list-style-type: none"> <li>• Transportation and distribution of finished goods by air freight</li> <li>• Transportation and distribution of products purchased by Diageo between tier one suppliers and our own operations</li> <li>• Transportation and distribution of products (unfinished goods) between Diageo facilities and/or between third-party producers and Diageo facilities</li> <li>• Transportation and distribution of Diageo-finished goods where ownership of the goods has transferred to the customer</li> <li>• Deliveries from joint ventures and associates</li> <li>• Logistics and distribution carbon emissions data, excludes USL (India) and Russia.</li> </ul>

The methodology utilised by Diageo to aggregate and calculate carbon emissions of finished goods from Diageo's controlled logistics to the first paying customer reflects three distinct modes of transportation and geographic regions:

1. Emissions from ocean freight
2. Emissions from road and rail transport in North America
3. Emissions from road and rail transport in Rest-of-World.

## Reporting boundaries and methodologies

### 1. Emissions from ocean freight

Emissions from ocean freight are calculated once a year using the following methodology:

1. Diageo-controlled freight is captured through booking data maintained in SAP or local Enterprise Resource Planning (ERP) systems. Data on the number and size of actual deliveries is extracted from these systems for the manufacturing sites in the group.
2. The size of deliveries is converted to twenty-foot equivalent (TEU), based on the type of container using Clean Cargo Working Group (CCWG)<sup>1</sup> guidance. TEU is a standardised unit of measure for container capacity. Where less than a container load is to be delivered, this is excluded from the ocean freight calculation and included instead within the Rest-of-World Road and Rail modelling as though it was transported by road.
3. MarineTraffic's global vessels tracking tools are used to provide information on ocean freight routes from which distance travelled for the delivery can be calculated (TEU kilometre). For deliveries where generic routes are used and port-to-port points are not defined, the sea distances are obtained via CERDI Sea Distance (Centre d'Études et de Recherches sur le Développement International (CERDI), which is recommended as a source for sea distances in the GLEC Framework).
4. CO<sub>2</sub>e emissions are calculated by applying emission factors developed by the CCWG<sup>2</sup> in grams CO<sub>2</sub>e per TEU kilometre. Emission factors are selected based on container type (refrigerated or non-refrigerated) and size, and the shipping lane used. For intra-Asia lanes, an average factor is applied, because intra-Asia lanes are a very modest contributor to the overall emissions.
5. To determine total CO<sub>2</sub>e emissions per year, the appropriate emission factor is multiplied by TEU kilometre travelled. This is then multiplied by the number of TEU containers shipped over that lane during the course of one year. The following figure summarises the calculation methodology for ocean:

$\Sigma$	Distance (km)	$\times$	TEUs	$\times$	CCWG <sup>1</sup> emission factor (g CO <sub>2</sub> e/TEU km)	$\div$ 1000	=	GHG emission (kg CO <sub>2</sub> e)
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1. Clean Cargo Working Group Carbon Emissions Accounting Methodology, The Clean Cargo Working Group Standard Methodology for Credible and Comparable CO<sub>2</sub> Emissions Calculations and Benchmarking in the Ocean Container Shipping Sector, June 2015.

2. For CCWG 2021 Global Maritime Trade Lanes Emissions Factors, see [www.clean-cargo.org/news-and-insights/2021/10/30/2021-clean-cargo-emissions-factors-report-published](https://www.clean-cargo.org/news-and-insights/2021/10/30/2021-clean-cargo-emissions-factors-report-published)  
<https://zenodo.org/record/46822#.ZAXeCXbMKUm>

### 2. Emissions from road and rail transport in North America

Emissions from road and rail in North America are calculated once a year using the following methodology:

1. Diageo collects data from third-party logistics providers on road and rail deliveries made in North America, including carriers used, distance travelled, weight (excluding pallet weights) and mode of transportation.
2. This carrier activity data is entered into the EPA SmartWay tool, which contains carrier-specific EPA emission factors based on logistics data submitted to the EPA by SmartWay-affiliated carriers and SmartWay-assigned modal types. Performance data for truck, multi-modal and logistics partners correspond to data submissions for the 2022 fiscal year. Conservative emission factors are applied to non-SmartWay-affiliated carriers based on the lowest-performing partners.
3. The SmartWay tool calculates mass CO<sub>2</sub>e emissions (US tons) per carrier by multiplying the total ton-miles (one ton moving one mile) per carrier by the carrier-specific emission factors in CO<sub>2</sub>e grams per ton-mile. CO<sub>2</sub>e emissions in US tons are then converted to metric tonnes for reporting purposes.
4. Road and rail transport for North America includes final road and rail transport following ocean transport/global lanes.

## Reporting boundaries and methodologies

### 3. Emissions from road and rail transport in Rest-of-World

Emissions from road and rail outside North America are calculated following the GHG protocol and encompass the following:

**Primary emissions** from transportation between (i) point of production and intermediary delivery centre – stock transfers, or (ii) point of production and port, or port and paying customer (supplementary to the ocean freight emissions).

**Secondary emissions** from transportation between point of production or Diageo-owned distribution centre to point of sale to first paying customer.

1. Delivery line-level data is collated based on the number and size of deliveries made during the year, captured from SAP systems for each country in which Diageo has an in-market presence.
2. All locations are geocoded using an API integrated with BingMaps called Geocode&Distance. To determine distance travelled by shipments, it is necessary to geocode (latitude and longitude) each shipment start point and destination as extracted from the SAP/ERP system. The same API used for geocoding is used to calculate the distance travelled, by using real routes mapped in BingMaps from point-to-point geocode-mapped latitude and longitude.
3. For road and rail, a web version tool called EcoTransIT<sup>1</sup> is applied to calculate the distance between terminals mapped in each delivery route. The EURO-standard lanes are used for each country (for road only).
4. Delivery profile data and vehicle type are collated from delivery number-derived information in SAP. Irrespective of where the delivery is taking place, it is assumed that vehicle type is one of six vehicle options. The selection of the vehicle type is based on the gross weight of the shipments. In certain limited instances, the vehicle type and load will be shared with goods and items from other producers, that is, non-Diageo product, to optimise load fill and routes. In these instances, Diageo accounts for the GHG emissions proportional to the gross weight of the Diageo products and assuming an 85% level of utilisation of the vehicle in total (including non-Diageo products in the utilisation assumption).
5. Applying the distances travelled, the conversion to CO<sub>2</sub>e emissions is determined following the mode and the collated delivery profile information, summarised as follows:

#### a) Road:

$\Sigma$	Distance (km)	$\times$	Weight transported (tons)	$\times$	EcoTransIT <sup>1</sup> emission factor (kg CO <sub>2</sub> e/ton km)	=	GHG emission (kg CO <sub>2</sub> e)
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#### b) Rail:

$\Sigma$	Distance (km)	$\times$	TEUs	$\times$	EcoTransIT <sup>1</sup> emission factor (kg CO <sub>2</sub> e/TEU km)	=	GHG emission (kg CO <sub>2</sub> e)
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where:

- The emission factors are derived from EcoTransIT, consistent with European Standard EN16258 (Methodology for calculation and declaration of energy consumption and GHG emissions of transport services)
- The emission factors are captured from EcoTransIT based on the region where the delivery travelled, type of vehicle and truck utilisation, ensuring the most accurate emission factor for each delivery
- For rail, the TEUs calculation is applied as outlined in section 1 above for oceans.

1. For the EcoTransIT web version tool, see [www.ecotransit.world/en/emissioncalculator/](http://www.ecotransit.world/en/emissioncalculator/)

# Become sustainable by design

We've already made progress in reducing our environmental impact, and we continue to work hard to meet our 'Society 2030: Spirit of Progress' goals and become sustainable by design by reducing packaging, increasing recycled content and eliminating waste.

<b>Target</b>	<b>Achieve zero waste in our direct operations and zero waste to landfill in our supply chain</b>
<b>Performance measures</b>	Percentage reduction in total waste sent to landfill from the prior year Total volume of waste sent to landfill (tonnes)
<b>Definition</b>	<p>We record the type and quantity of all waste to landfill using our internal environmental reporting methodologies and GRI Standards. The definition of waste to landfill includes all hazardous waste and all unwanted or discarded material produced in solid, sludge or liquid form from manufacturing and office sites, except asbestos waste and/or other waste required by national or state legislation to be landfilled in either specified registered sites or other landfill sites. The definition includes all refuse, garbage, construction debris, treatment and process sludge, and materials that a site has been unable to reclaim, reuse or recover.</p> <p>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. Some 0.2% of baseline waste-to-landfill volume equates to 200 tonnes and excludes any waste we are required to dispose to landfill under local regulations.</p> <p>Last year, we reported that a third-party contractor at one of our facilities in Australia had incorrectly diverted waste material to landfill.</p> <p>This prompted a global review in fiscal 23 of more than 350 waste handlers and our own internal waste management practices, aiming to strengthen our controls and avoid similar issues in the future. This hadn't been possible during the Covid-19 pandemic because of restrictions on site visits. The review of waste handlers identified 111 metric tonnes of waste that hadn't been accounted for in fiscal 22, taking the total volume of waste sent to landfill to 279 tonnes. We have now included this in waste-to-landfill volumes for fiscal 22, representing 0.028% of the 984,057 tonnes we handled in that year. We'll continue to assess our waste handlers regularly and improve our internal controls to maintain our zero waste to landfill status.</p>
<b>Scope exception</b>	-
<b>Data preparation</b>	Sites typically collect primary waste data from weighbridge tickets and invoices from waste handlers. Data is reported by waste type at site level using the environmental management system.
<b>Limitation</b>	Incidents may occur where small quantities of waste are sent to landfill by accident or because of operational changes, such as acquiring new sites, changing who handles our waste and issues with waste disposal suppliers.
<b>Target</b>	<b>Continue our work to reduce total packaging (delivering a 10% reduction in packaging weight)</b>
<b>Performance measure</b>	Percentage reduction of total packaging (by weight)
<b>Definition</b>	We determine changes to packaging weight by quantifying the weight reduction in grammes multiplied by the number of product lines (SKUs) affected, on an annualised basis.
<b>Scope exception</b>	-
<b>Data preparation</b>	We collate packaging material volume data from enterprise software, including SAP and other sources, for total volume of packaging purchased and weight. We verify weight data through quarterly supplier questionnaires.
<b>Limitation</b>	Reporting relies on suppliers' technical information and supporting supplementary information.
<b>Target</b>	<b>Continue our work to increase recycled content on our packaging (increasing the percentage of recycled content of our packaging to 60%)</b>
<b>Performance measure</b>	Change in percentage of recycled content (by weight)
<b>Definition</b>	We determine recycled content by establishing the percentage weight of non-virgin materials used to generate the packaging components.
<b>Scope exception</b>	-
<b>Data preparation</b>	We collate packaging material volume data from enterprise software, including SAP and other sources, for the total volume of packaging purchased. We collect recycled content data through quarterly supplier questionnaires and then consolidate and internally verify it.
<b>Limitation</b>	Reporting relies on suppliers' technical information and supporting supplementary information.

## Reporting boundaries and methodologies

<b>Target</b>	<b>Ensure 100% of our packaging is widely recyclable (or reusable/compostable)</b>
<b>Performance measure</b>	Percentage of packaging recyclable (by weight)
<b>Definition</b>	For fiscal 23, we are reporting our 'technically recyclable' number. This includes packaging that it is technically possible to recycle, but does not take into account whether the collection, sorting and recycling of the package happens in practice, at scale and at viable cost.
<b>Scope exception</b>	-
<b>Data preparation</b>	Packaging material volume data is collated from enterprise software, including SAP (materials supplied) and other sources. It is then consolidated and internally verified, based on the best available information.
<b>Limitation</b>	Reporting relies on suppliers' technical information and supporting supplementary information.
<b>Target</b>	<b>Achieve 40% recycled content in our plastic bottles by 2025, and 100% by 2030</b>
<b>Performance measure</b>	Percentage of recycled content in our of plastic bottles used
<b>Definition</b>	This is determined by quantifying the metric tonnes of non-virgin plastic in the total volume of all plastic bottles used at each site or market reported through a plastics database.
<b>Scope exception</b>	-
<b>Data preparation</b>	We collate plastic material volume data from enterprise software, including SAP and other sources, for the total volume of plastics purchased. We collect recycled content data through quarterly supplier questionnaires and then consolidate and internally verify it.
<b>Limitation</b>	Reporting relies on suppliers' technical information and supporting supplementary information.
<b>Target</b>	<b>Ensure 100% of our plastics are designed to be widely recyclable (or reusable/compostable) by 2025</b>
<b>Performance measure</b>	Percentage of recyclable (or reusable/compostable) plastic used
<b>Definition</b>	For fiscal 23, we are reporting our 'technically recyclable' number. This includes packaging that is technically possible to recycle, but does not take into account whether the collection, sorting and recycling of the package happens in practice, at scale and at viable cost.
<b>Scope exception</b>	-
<b>Data preparation</b>	Packaging material volume data is collated from enterprise software, including SAP (materials supplied) and other sources. It is then consolidated and internally verified, based on the best available information.
<b>Limitation</b>	Reporting relies on suppliers' technical information and supporting supplementary information.
<b>Target</b>	<b>Provide all of our local sourcing communities with agricultural skills and resources, building economic and environmental resilience (supporting 150,000 smallholder farmers)</b>
<b>Performance measure</b>	Number of smallholder farmers in our supply chain supported by our smallholder farmer programme
<b>Definition</b>	<p>We define a smallholder farmer as an individual or family farming an area of less than four hectares, for the primary markets in scope for this target. Our local sourcing communities are those where we engage directly with smallholder farmers, or indirectly through our suppliers.</p> <p>We define providing agricultural skills and inputs aimed at improving the methods and activities used by smallholder farmers to farm effectively and sustainably by providing training or providing or facilitating access to farm inputs such as certified seeds and mechanisation.</p> <p>Building economic and environmental resilience involves improving smallholders' financial awareness, their family income and/or their understanding of how to act in a climate-smart way.</p>
<b>Scope exception</b>	Our work with smallholder farmers is currently focussed around sorghum value chains in five countries in Africa. For fiscal 23, we focussed efforts on Kenya. With this focus we have learned how to best deploy at scale.
<b>Data preparation</b>	<p>Our sourcing teams and third-party partners track the number of smallholder farmers undergoing training and education or being provided with access to farm inputs both manually and directly into our new digital platform. The baseline year for our smallholder programmes is fiscal 22.</p> <p>The performance measure is refreshed each year, rather than accumulated over consecutive years, to evidence evolution of the number of smallholder supported on a year-by-year basis.</p>
<b>Limitation</b>	Monitoring is likely to evolve over time, because collecting data at smallholder-farm level is complex, with a heavy reliance on individuals, a lack of publicly available high-impact datasets and a lack of real-time data.

## Reporting boundaries and methodologies

<b>Target</b>	<b>Develop regenerative agriculture pilot programmes in five key sourcing landscapes</b>
<b>Performance measure</b>	Number of regenerative agriculture pilot programmes initiated
<b>Definition</b>	<p>We define our key sourcing landscapes as locations from which we source our most material crops, in terms of volumes sourced, product dependency (e.g., agave for tequila) and contribution to our Scope 3 GHG footprint.</p> <p>The programmes include:</p> <ul style="list-style-type: none"> <li>• On-the-ground programmes with farmers to test and integrate regenerative and low-carbon practices in crop production systems</li> <li>• On-farm measurements and data collection protocols to track improvements in soil health, soil carbon, biodiversity, water stewardship and farm profitability</li> <li>• Collaborative programmes with our suppliers, other commodity off-takers, expert agronomists, technology providers, NGOs or specialist organisations.</li> </ul>
<b>Scope exception</b>	-
<b>Data preparation</b>	Data is consolidated for each pilot programme, tracking KPIs and reporting on improvements against key outcomes. The baseline year is fiscal 23. The baseline year for assessing the results of our first pilot programme, Guinness barley, is fiscal 23.
<b>Limitation</b>	-

## Reporting boundaries and methodologies

## Reporting boundaries and methodologies for performance measures used within the ESG Reporting Index and that are not included in the Annual Report

Topic	Community investment figures
<b>Performance measure</b>	Community investment by focus area, investment type and region
<b>Definition</b>	Community investment includes contributions - for example, in the form of cash, in-kind donations, programme delivery costs - from Diageo plc. It includes contributions to charitable entities, non-branded responsible drinking programmes that benefit charities, and the delivery costs of our community programmes. We use the Business for Societal Impact principles to measure our community investment.
<b>Scope exception</b>	We include community investment from all the markets where we operate. This community investment data includes specific voluntary engagement with charitable organisations or activities that extend beyond our core business activities. That means it does not include our investment towards our Society 2030: Spirit of Progress activities, which are included as business-as-usual costs.
<b>Data preparation</b>	Cash, in-kind donations, programme delivery costs and employee time contributions are recorded by local markets using our market reporting template.
<b>Limitation</b>	Reporting is based on investment data submitted by our Corporate Relations teams. It may not include investment gifted to charities from other functions, such as our Marketing function.
Topic	Sustainable supply chains
<b>Performance measure</b>	Number of suppliers assessed via on-site assessments
<b>Definition</b>	The total number of suppliers that have been assessed (four-pillar ethical audit or equivalent) within the past three years divided by the total number of suppliers that are screened as high risk.
<b>Scope exception</b>	Those suppliers that are screened as low or medium risk are not in scope for on-site assessments.
<b>Data preparation</b>	The breakdown of our audit compliance data comes from what is held within the Sedex platform and audits are valid for three years; our data relates to the most recent audit that has occurred at a site.
<b>Limitation</b>	This includes all audit data held in Sedex. We do have a small number of audits in other formats - for example, BSCI, Unilever Audits, Coca-Cola audits - which are accepted as part of AIM-Progress's mutual recognition programme, but do not affect these figures.
Topic	Sustainable supply chains
<b>Performance measure</b>	Total number of suppliers supported in corrective action plan implementation
<b>Definition</b>	Compliance is achieved by closing all major, critical and business critical non-compliances through a valid SMETA audit from the past three years (or equivalent audit standard). The total number of compliant suppliers is divided by the total number of high-risk suppliers in scope.
<b>Scope exception</b>	Those suppliers that are screened as low or medium risk are not in scope for on-site assessments.
<b>Data preparation</b>	The breakdown of our audit compliance data comes from what is held within the Sedex platform and audits are valid for three years; our data relates to the most recent audit that has occurred at a site.
<b>Limitation</b>	This includes all audit data held in Sedex. We do have a small number of audits in other formats - for example, BSCI, Unilever Audits, Coca-Cola audits - which are accepted as part of AIM-Progress's mutual recognition programme, but do not affect these figures.

## Reporting boundaries and methodologies

Topic	Environmental impact: Biodiversity
<b>Performance measure</b>	We track our effect on local biodiversity by measuring where operational sites we own, lease and manage are in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
<b>Definition</b>	<p>We define adjacent as a distance to the boundary of a protected area of less than or equal to 1km.</p> <p>The protected area designations are identified using the Integrated Biodiversity Assessment Tool (IBAT) following the International Union for Conservation of Nature (IUCN) protected areas categories I-VI.</p> <p>Key Biodiversity Areas (KBAs) are also identified using the IBAT platform and are 'sites contributing significantly to the global persistence of biodiversity', in terrestrial, freshwater and marine ecosystems. KBAs comprise an 'umbrella' set of internationally recognised priority sites for biodiversity that include Important Bird and Biodiversity Areas (IBAs) and Alliance for Zero Extinction (AZE) sites.</p>
<b>Scope exception</b>	<p>Sites where Diageo does not have operational control are excluded from reporting.</p> <p>From 2022, we changed the way that we report against this performance measure and now only report those sites 'in' or 'adjacent' to protected areas and KBAs. We also no longer include Conservation International Biodiversity Hotspots because these are not part of the IBAT platform.</p>
<b>Data preparation</b>	We update the classification data for our sites and protected area designations each year.
<b>Limitation</b>	Not applicable.
Topic	Environmental impact: Biodiversity
<b>Performance measure</b>	IUCN Red List species and national conservation list species with habitats in areas affected by operations
<b>Definition</b>	<p>IUCN Red List species were identified using the IBAT. We report on the counts of IUCN Red List species in three categories - Critically Endangered, Endangered and Vulnerable - that are potentially found within a 50km radius of our operational sites. The potential presence of these species in the landscapes around our operations does not mean that they are present at our operational sites, or that we affect these species. The total species reported is the sum of species counts across all sites, so this number will include species that have been counted more than once due to proximity to multiple sites.</p>
<b>Scope exception</b>	<p>Sites where Diageo does not have operational control are excluded from reporting.</p> <p>From 2022, we changed the way that we report against this performance measure, to ensure consistency across sites. We have moved to using the IBAT platform 'multi-site' report, which is recommended for annual reporting against GRI standards. IBAT is the world's most authoritative biodiversity data provider and enables corporate access to the most up-to-date biodiversity information. The total number of species in the IUCN Red List has increased since our last assessment, so this year's figures are not directly comparable to previous years'. Where more granular information is available from site-specific surveys, it will be accounted for in management plans.</p>
<b>Data preparation</b>	We update the location data for our sites and the potential overlap with IUCN Red List species each year.
<b>Limitation</b>	The IBAT approach is highly conservative to ensure that all potential at-risk species are considered. This means that the numbers reported will not necessarily reflect species actually present or affected by our operational sites, only those that may be potentially present within a 50km radius. The IBAT tool does not currently account for species habitat suitability, and our sites, particularly those situated in urban and industrial areas, are unlikely to host IUCN Red List species. IBAT is exploring how to better incorporate habitat suitability in future.



## Reporting boundaries and methodologies

Topic	Environmental impacts: Effluents
<b>Performance measure</b>	Wastewater polluting power (BOD), total under direct control (tonnes) Percentage reduction in wastewater polluting power ('BOD'), total under direct control (tonnes) from the prior year
<b>Definition</b>	<p>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.</p> <p>We measure and report the final BOD load discharge to the environment outside the site boundary that is directly treated and controlled and/or treated by third parties, consistent with international methods and literature describing the determination of BOD impacts.</p> <p>The BOD load to the environment (thousands of tonnes) attributable to our owned and operated wastewater treatment facilities is covered by external independent assurance.</p>
<b>Scope exception</b>	Wastewater/BOD discharged to environment inside the site boundary.
<b>Data preparation</b>	<p>Data is reported at site level using the environmental management system.</p> <ul style="list-style-type: none"> <li>• The final BOD load to the environment is determined from the volume in cubic metres of site effluent multiplied by the BOD concentration in mg/l and is expressed as thousands of tonnes.</li> <li>• Effluent volume is either determined from an on-site flow meter or by calculating a 'mass balance' formula/ratio of effluent volume to water withdrawal.</li> <li>• In the limited instances where mass balance ratios are applied, these are validated through industry standard coefficients for wastewater volume for brewing, distilling and packaging operations.</li> <li>• The BOD concentration of the effluent is determined on either a composite sample or grab sample basis, depending on local testing equipment, from one of the following: <ul style="list-style-type: none"> <li>- On/off-site BOD laboratory analysis</li> <li>- On/off-site chemical oxygen demand (COD) laboratory analysis and applying an industry (or site-specific) correlation coefficient to convert to BOD</li> <li>- Third-party/municipal treatment facility BOD data.</li> </ul> </li> </ul>
<b>Limitation</b>	<p>Third-party/municipal treatment facilities are out of scope for external independent assurance.</p> <p>Wastewater used for irrigation is excluded from reported BOD.</p> <p>Effluent volume is either determined from an on-site flow meter or by calculating a 'mass balance' formula/ratio of effluent volume to 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.</p>
Topic	Food safety and quality
<b>Performance measure</b>	Packaging defects (ppm)
<b>Definition</b>	Packaging defects data is based on a 0.1% sampling for spirits and 0.025% for beers. Individual packs are inspected against a global finished product standard.
<b>Scope exception</b>	Sites where Diageo does not have operational control are excluded from reporting.
<b>Data preparation</b>	Figures are aggregated globally and weighted based on production volume.
<b>Limitation</b>	Data is reported monthly and reviewed for accuracy and compliance.

## Reporting boundaries and methodologies

Target	Food safety and quality
Performance measure	Distribution defects
Definition	Distribution defects data is based on a 1% sampling of goods received at the first shipped-to warehouse. Individual pallets are inspected against a global distribution quality standard. Figures are aggregated globally and weighted based on volume of product shipped.
Scope exception	Sites where Diageo does not have operational control are excluded from reporting.
Data preparation	The number of defects is recorded and reported monthly.
Limitation	Data is reported monthly and reviewed for accuracy and compliance.
Target	Food safety and quality
Performance measure	Quality incidents
Definition	Quality incidents are defined as an issue that has an impact on product quality with the potential to have a negative effect on our corporate or brand reputation or customer service. Clear criteria are in place to ensure consistent reporting. This metric is reported as the number of quality incidents for the reporting period.
Scope exception	Sites where Diageo does not have operational control are excluded from reporting.
Reporting period	Monthly.
Data preparation	The number of defects is recorded and reported monthly.
Limitation	Data is reported monthly and reviewed for accuracy and compliance.

## Reporting boundaries and methodologies

### Cautionary statement regarding ESG-related data, metrics and forward-looking statements

This document contains a number of forward-looking statements with respect to Diageo's Society 2030: Spirit of Progress goals, commitments, ambitions, and the methodologies we use to assess our progress in relation to these ('ESG-related forward-looking statements'). Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts and may generally, but not always, be identified by the use of words such as "will", "anticipates", "should", "could", "would", "targets", "aims", "may", "expects", "intends" or similar expressions. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook, objectives and projections with respect to future matters. Forward-looking statements can be made in writing but may also be made verbally by directors, officers, and employees of Diageo (including during presentations) in connection with this document. Forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

In preparing the ESG-related information contained in this document, Diageo has made a number of key judgements, estimations and assumptions, and the processes and issues involved are complex. The ESG and climate data, models and methodologies used are often relatively new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks, market consensus or globally accepted accounting principles. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories in the case of climate change and its evolution (as discussed in more detail below, with respect to data availability, accuracy, quality, verifiability and data gaps). Outputs of models, processed data and methodologies are also likely to be affected by underlying data quality, which can be hard to assess and we expect industry guidance, market practice, and regulations in this field to continue to change. There are also challenges faced in relation to the ability to access data on a timely basis and the lack of consistency and comparability between data that is available. This means the ESG-related forward-looking statements and ESG metrics discussed in this document carry an additional degree of inherent risk and uncertainty, and as a result, our actual results and developments could differ materially from those expressed or implied by the ESG-related forward-looking statements in this document.

In light of the uncertainty as to the nature of future policy and market responses to climate change, including between regions, and the effectiveness of any such responses, Diageo may have to re-evaluate its progress and evolve its approach towards its ESG ambitions, commitments and targets in the future, update the methodologies it uses or alter its approach to ESG and climate analysis and may be required to amend, update and recalculate its ESG disclosures and assessments in the future, as market practice and data quality and availability develops rapidly.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by the ESG-related forward-looking statements in this document, including factors that are outside Diageo's control, which include (but are not limited to):

- a. the inherent uncertainty of climate change projections due to the inchoate and complex nature of climate metrics and the climate scenarios employed in relation to such metrics, which have limitations that are sensitive to key assumptions and parameters that are themselves subject to some uncertainty, and cannot fully capture all of the potential effects of climate, policy and technology driven outcomes;
- b. changes in the ESG regulatory landscape, including government approaches and regulatory treatment in relation to ESG disclosures and reporting requirements, in particular with respect to U.S. and European Union disclosure standards and any actual or potential variations in requirements between the U.S., the European Union and any other applicable regulatory regimes, as well as other developments in response to the current lack of a single standardised regulatory approach to reporting ESG data across all sectors and markets;
- c. data availability, accuracy, quality, verifiability and data gaps, which limit our disclosure and could cause unexpected fluctuations year on year, and/or differences between the quality of the data obtained and could result in revisions to reported data going forward, meaning that such data may not be reconcilable or comparable year-on-year;
- d. continued development of the methodologies Diageo uses to assess and set its ESG-related targets over time in line with market practice, regulation and/or developments in science, which could result in revisions to reported data and lack of reconcilability or comparability; and
- e. the effectiveness of global actions in transitioning to net zero and in managing relevant ESG risks, including in particular climate, nature related and human rights risks, the success or failure of which will affect our ability to achieve our Society 2030: Spirit of Progress goals, which may result in our failure to achieve any of the expected benefits of our strategic priorities.

More details of potential risks and uncertainties affecting Diageo are described in our filings with the London Stock Exchange and the US Securities and Exchange Commission, including in our Annual Report on Form 20-F for the year ended 30 June 2023.

Any forward-looking statements made by or on behalf of Diageo speak only as of the date they are made. Diageo expressly disclaims any obligation or undertaking to publicly revise or update these ESG forward-looking statements, other than as required by applicable law.

# External *assurance*: PwC

Independent Limited Assurance Report to the Directors of Diageo plc

# External assurance: PwC

## Independent Limited Assurance Report to the Directors of Diageo plc on selected ESG subject matter

### Our limited assurance conclusion

Based on the procedures we have performed, as described under “Summary of work performed” and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information marked with the symbol ▲ in Diageo plc’s (‘Diageo’s’) ESG Reporting Index (‘the Report’) for the year ended 30 June 2023 and summarised below (together the ‘Subject Matter Information’), has not been prepared, in all material respects, in accordance with “Diageo’s Reporting boundaries and methodologies” (the ‘Reporting Criteria’) set out on pages 83-114 of the ESG Reporting Index.

### What we assured

The Subject Matter Information needs to be read and understood together with the Reporting Criteria which Diageo’s Directors are solely responsible for selecting and applying. The Subject Matter Information are set out below:

Subject Matter Information (for the year ended 30 June 2023 unless otherwise stated)	Location of Subject Matter Information in the ESG Reporting Index
<b>Environmental and Safety indicators:</b>	
Total direct (renewable and non-renewable) energy consumption (TJ) <sup>1</sup>	<b>10,611</b> page 33
Direct energy efficiency (MJ/litre packaged) <sup>1</sup>	<b>2.8</b> page 33
Indirect energy efficiency (MJ/litre packaged) <sup>1</sup>	<b>0.5</b> page 33
Total direct and indirect energy efficiency (MJ/litre packaged) <sup>1</sup>	<b>3.3</b> page 33
Total mains water withdrawn (cubic metres) <sup>1</sup>	<b>8,502,502</b> page 35
Total groundwater withdrawn (cubic metres) <sup>1</sup>	<b>5,435,111</b> page 35
Total surface water withdrawn (cubic metres) <sup>1</sup>	<b>1,789,049</b> page 35
Total water withdrawn (cubic metres) <sup>1</sup>	<b>15,726,662</b> page 35
Wastewater polluting power (‘BOD’), total under direct control (tonnes) <sup>1</sup>	<b>35,742</b> page 36
Percentage reduction in wastewater polluting power (‘BOD’), total under direct control (tonnes) from the prior year <sup>3</sup>	<b>(25.7)%</b> page 36
Direct carbon emissions by weight (location/gross based) (1,000 tonnes CO <sub>2</sub> e) <sup>1</sup>	<b>485</b> page 43
Indirect carbon emissions by weight (location/gross based) (1,000 tonnes CO <sub>2</sub> e) <sup>1</sup>	<b>155</b> page 43
Total direct and indirect carbon emissions by weight (location/gross based) (1,000 tonnes CO <sub>2</sub> e) <sup>1</sup>	<b>640</b> page 43
Direct carbon emissions by weight (market/net based) (1,000 tonnes CO <sub>2</sub> e) <sup>1</sup>	<b>395</b> page 43
Indirect carbon emissions by weight (market/net based) (1,000 tonnes CO <sub>2</sub> e) <sup>1</sup>	<b>6</b> page 43
Location based (gross intensity) ratio of GHG emissions (g CO <sub>2</sub> e per litre of packaged product) <sup>2</sup>	<b>169</b> page 44
Total volume of waste sent to landfill (tonnes) <sup>1</sup>	<b>180</b> page 47
Scope 3 distribution and logistics GHG emissions (CO <sub>2</sub> e tonnes) for the year ended 30 June 2022 <sup>1</sup>	<b>356,940</b> page 43

The footnotes refers to our assessment of materiality discussed in this report.

The scope of our work did not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report.

External assurance: PwC

## Our work

### Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board.

### Our independence and quality control

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Management (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.

### Summary of work performed

We performed a limited assurance engagement. Because a limited assurance engagement can cover a range of assurance, we give more detail about the procedures performed, so that the intended users can understand the nature, timing and extent of procedures we performed as context for our conclusion. These procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

In performing our assurance procedures, which were based on our professional judgement, we performed the following:

- considered the suitability of the circumstances of Diageo's use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;
- obtained an understanding of Diageo's control environment, processes and systems relevant to the preparation of the Subject Matter Information. Our procedures did not include evaluating the suitability of the design or operating effectiveness of control activities;
- evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by Diageo, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Diageo's estimates;
- undertook site visits at 12 of Diageo's sites; we selected these sites based on their inherent risk, materiality to the group, and an analysis of unexpected fluctuations in the Subject Matter Information since the prior period. 4 of these sites based in Scotland, Uganda, Ghana and the United States were performed virtually using live feed streaming under our direction. A further 8 sites in Scotland (2), England, India, Nigeria (2), Mexico and Australia were conducted as physical visits;
- performed limited substantive testing on a selective basis of the Subject Matter Information related to the Environmental and Safety indicators listed above, which is aggregated from information submitted by Diageo's operational sites. Testing was conducted as part of the site visits and involved: comparing year on year movements and obtaining explanations from management for significant differences we identified, agreeing arithmetical accuracy and agreeing data points to or from source information to check that the underlying subject matter was complete and accurate, and had been appropriately evaluated or measured, recorded, collated and reported;
- performed limited substantive testing on a selective basis of the Subject Matter Information related to the Scope 3 emissions. This testing was performed at the Diageo head office, to check that underlying information was complete and accurate, and had been appropriately evaluated or measured, recorded, collated and reported; and
- evaluated the disclosures in, and overall presentation of the Subject Matter Information.

Our assurance procedures specifically did not include evaluating the suitability of design or operating effectiveness of control activities.

## External assurance: PwC

**Materiality**

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our procedures in support of our conclusion. We believe that it is important that the intended users understand the scope and the concept of materiality to place our conclusion in context.

Based on our professional judgement, we determined materiality for the Subject Matter Information as follows:

**Overall materiality**

Materiality differs depending upon the nature of the Subject Matter Information. We apply professional judgement to consider the most appropriate materiality benchmark for each aspect of the Subject Matter Information, having considered how the intended users may use the information.

The benchmark approach for each aspect of the Subject Matter Information is indicated in the table by one of the following numbers;

- 1 This metric is an absolute number. A benchmark materiality of 5% has been applied.
- 2 This metric measures intensity, which is calculated as a ratio between two different numbers. A benchmark of 5% has been applied to both the numerator and denominator used in the calculation.
- 3 This metric is a percentage change. A benchmark of 5% has been applied to both the numerator and denominator and the mathematical accuracy of the percentage change has been recalculated.

We also agreed to report to the Directors misstatements ('reportable misstatements') identified during our work at a level below overall materiality, as well as misstatements below that lower level, that in our view warranted reporting for qualitative reasons. The Directors are responsible for deciding whether adjustments should be made to the Subject Matter Information in respect of those items.

**Key assurance matters**

We considered the following areas to be those that required our particular focus and discussed these areas with Diageo's management. This is not a complete list of all areas of focus identified by our work.

**Classification of waste****Nature of the issue**

Diageo engages a wide range of third parties in the collection, management and disposal of the waste generated through their global operations. As soon as waste leaves a site, Diageo is no longer in control of the waste journey taken and there is a loss of visibility of waste disposal routes. Diageo then often has to rely on management information provided by third parties to appropriately classify waste - particularly waste sent to landfill.

There is a risk that waste is inappropriately classified, by Diageo or a third party, as another waste stream (e.g. 'recycled' despite its final disposal route being to landfill).

**How our work addressed the key assurance matter**

Whilst our testing approach in relation to third parties is unique to each individual aspect of the Subject Matter Information, the following are examples of work performed at some of the 12 Diageo sites selected in relation to waste specifically:

- Performed walkthrough procedures to gain an understanding of the end-to-end waste journey for selected waste streams, and enquired with local management to understand how they are comfortable with data obtained from third party waste handlers;
- Enquired with third party waste handlers to understand how they compile their management information they send to Diageo;
- Obtained an understanding of any specific contractual obligations in place on third party waste handlers in relation to sending waste to landfill;
- Obtained third party confirmations of year to date 'waste to landfill' volumes for a sample of waste handlers servicing the sites;
- Obtained and reviewed waste traceability review reports completed by local site management of waste collections made from by third parties;
- Attended a waste traceability review conducted by local site management with a third party waste handler;
- Reviewed the group management schedule of waste handler reviews, assessing key findings and the broader impact on the group;
- Performed substantive testing to confirm accuracy and classification of waste values reported, and for a sample of waste collections (5-15) within management information and corroborated to supporting documentation (e.g. weighbridge tickets);
- Obtained weighbridge calibration certificates, or equivalent documents, to confirm accuracy of actual waste collection volumes;
- Obtained and reviewed calculations performed by selected waste handlers to report total waste sent to landfill figures; and
- Obtained and assessed reasonableness of estimation methodologies applied locally in the absence of reliable third party data, and validated data inputs.

**Element(s) of the Subject Matter Information most significantly impacted**

Total volume of waste sent to landfill (tonnes)

External assurance: PwC

### Challenges of non-financial information

The absence of a significant body of established practice upon which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities, and over time.

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for measuring or evaluating it. The precision of different measurement techniques may also vary.

### Reporting on other information

The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The Directors are responsible for the other information. As explained above, our conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon.

In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

### Responsibilities of the Directors

As explained in the Directors' Statement on page 2 of the ESG Reporting Index, the Directors of Diageo are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to Diageo and the intended users of the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over the evaluation or measurement of the underlying subject matter to result in Subject Matter Information that is free from material misstatement, whether due to fraud or error; and
- producing the Report, including underlying data and statements of Directors' responsibility, which provides a balanced reflection of Diageo's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report.

### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter 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.

### Use of this report

Our report, including our conclusion, has been prepared solely for the Directors of Diageo in accordance with the agreement between us dated 31 January 2023 (as varied). To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and Diageo for our work or this report except where terms are expressly agreed between us in writing.

### PricewaterhouseCoopers LLP

Chartered Accountants  
London

31 July 2023



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