Non-financial performance

Positive drinking

Number of people educated on the dangers of underage drinking through a Diageo supported education programme	1,985,817 (2022: 607,374) Total to date: 3.8m[1]

Definition

Number of people educated on the dangers of underage drinking through a Diageo supported education programme.

Why we measure

We want to change the way the world drinks for the better by promoting moderation and addressing the harmful use of alcohol. We build credibility and trust by transparently reporting the total number of people educated on the dangers of underage drinking. This figure also demonstrates our commitment to engaging people on the dangers of harmful alcohol use.

Performance

This year we implemented SMASHED Live in 10 new countries and SMASHED Online in 12 new countries. We educated 1,985,817 young people about the dangers of underage drinking.

More detail on page 58

Employee engagement (%)

84%

2023	84%
2022	82%
2021	81%
2020	N/A[2]
2019	80%

Definition

Measured through our Your Voice survey; includes metrics for employee satisfaction, advocacy and pride.[3]

Why we measure

Employee engagement is a key enabler of our performance, as our people deliver our strategy. The survey allows us to measure the extent to which employees believe we are living our values and is a measure of our culture. Reflecting on the results of our employee engagement level and taking action where needed each year helps us build credibility and trust with our people.

Performance

This year 90% of our people completed our Your Voice survey. 84% were identified as engaged. 91% declared themselves proud to work for Diageo, 84% would recommend Diageo as a great place to work and 77% were extremely satisfied with Diageo as a place to work.

More detail on page 63

Health and safety (LTA)

0.91

2023	0.91
2022	0.92
2021	1.03
2020	0.60
2019	0.98

Definition

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

Why we measure

Health and safety is a basic human right; our Zero Harm philosophy is that everyone should go home safe and healthy, every day, everywhere. The LTA measure demonstrates our engagement with our people on safety and delivering on our Zero Harm philosophy and through reduced LTA builds credibility and trust.

Performance

This year's rate of 0.91 is a marginal improvement on fiscal 22 performance. Whilst the numbers of lost-time accidents decreased, the severity rate relating to lost-time accidents increased due to a carry-over of days lost for accidents in 2022. Severity rate is a measure of the seriousness of the incident and consequent absence from work.

More detail on page 65

(1) The baseline year for our 'Society 2030: Spirit of Progress' goals is 2020 unless otherwise stated. For our target to educate 10 million young people, parents and teachers on the dangers of underage drinking the baseline year is 2018.
(2) Because of the Covid-19 pandemic, in 2020 we did not run a full Your Voice survey. Instead we used a pulse survey tool to listen to employees' feedback and learn from their experiences of working during the pandemic. We therefore do not have a comparable employee engagement metric for 2020.
(3) In 2021, we updated the way we measure employee engagement in our Your Voice survey to bring it in line with standard practice. The 2019 survey results have been restated to reflect the use of the same three questions applied in the 2021-2023 surveys (satisfaction, advocacy and pride).
(4) In accordance with Diageo's environmental reporting methodologies and, where relevant, WRI/WBCSD GHG Protocol; data for 2019, the baseline year 2020 and for the intervening period up to the end of last financial year has been restated where relevant.

Inclusion and diversity

R K

Percentage of female leaders globally	**44%** (2022: 44%)
Percentage of ethnically diverse leaders globally	**43%** (2022: 41%)

Definition

The percentage of women and the percentage of ethnically diverse individuals who are in Diageo leadership roles.

Why we measure

Nurturing an inclusive and diverse culture drives commercial performance and is the right thing to do. Transparently reporting the gender and ethnic diversity of our leadership cohort reflects our commitment to consistent value creation through our diverse workforce, building credibility and trust with our stakeholders and engaging with our people on inclusion and diversity.

Performance

This year 44% of our leadership roles were held by women, the same percentage as last year and 43% of our leaders were ethnically diverse, compared with 41% last year.

More detail on page 67

Water efficiency[4]

4.14

R K

2023	**4.14**
2022	4.09
2021	4.26
2020	4.57
2019	4.70

Definition

Water use efficiency per litre of product packaged (litres/litre).

Why we measure

Water is the main ingredient in all of our brands. We aim to improve efficiency, and minimise our water use, particularly in water-stressed areas. Reporting on our efforts to increase water efficiency builds credibility and trust and helps us engage with our stakeholders on this important topic. Our efforts to increase our water efficiency also reflect our commitment to deliver consistent value creation by future proofing our business to the impacts of climate change.

Performance

Fiscal 23 saw changes to our production profile which drove a 1.2% reduction in efficiency overall despite implementation of a number of water efficiency projects. Our water efficiency has increased by 9.4% against the 2020 baseline.

More detail on page 79

Carbon emissions[4]

401

R K

2023	**401**
2022	424
2021	445
2020	470
2019	508

Definition

Total direct and indirect carbon emissions by weight (market/net based) (1,000 tonnes CO_2e).

Why we measure

Mitigating our impact on climate change is a business imperative. Reporting in detail on our efforts to reduce carbon emissions from our direct operations, even when it is challenging to do, demonstrates our commitment to reduce our contribution to global warming and helps build credibility and trust. This is an important topic for our business and external stakeholders and supports our commitment to consistent value creation by future proofing our business.

Performance

Our direct operations carbon emissions reduced by 5.4% in fiscal 23. The main drivers contributing to the lower emissions are the beneficial impact from our East Africa biomass plants and increases in use of liquid biofuel and renewable electricity.

More detail on page 82

R **Remuneration:** Some KPIs are used as a measure in the incentive plan for the remuneration of executives. See our Directors' remuneration report from page 126 for more detail.

K **KPI:** Key Performance Indicator

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 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.

We continue to look for ways to improve as we strive to engage more people through our work to promote positive drinking. This extends to how we measure and evaluate the impact of our work and its effect on changing peoples' attitudes.

How we promote positive drinking

Our main tools are:

- **DRINKiQ** – our interactive online platform that gives users facts about alcohol and the effects of drinking on the body and mind, and the impact that harmful alcohol consumption has on people and society.
- **SMASHED** – an award-winning programme that educates young people on the dangers of underage drinking.
- **'Wrong Side of the Road'** – our interactive learning experience that aims to discourage drink driving.
- **Brand-led campaigns** – harnessing our marketing resources to promote moderation through our brands.

We stringently control our own marketing and advertising, in line with our Diageo Marketing Code. We work with our industry and with advertising organisations to help create a safe environment in media and online.

Our work is coordinated by our Positive Drinking Council, which has representatives from across the business.

Increasing knowledge and awareness with DRINKiQ

Target by 2030

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

Number of markets that have launched DRINKiQ **21**

DRINKiQ is our online responsible drinking tool. It champions health literacy by providing facts about alcohol, complementing resources offered by governments, charities and other stakeholders. The aim is to invite consumers to change their attitudes to alcohol and empower them to achieve a balanced lifestyle.

We have launched DRINKiQ in all the markets where it's legally permissible. It is live in 21 markets, 56 countries and 23 languages, and we promote it through our product labels, social media channels and marketing to make sure as many people as possible use it. While we have reached our target by launching DRINKiQ in all the markets we operate in, we are determined to continue promoting it so that consumers have access to information that can increase their knowledge and awareness of the impact of harmful drinking.

In fiscal 23, markets around the world ran campaigns to connect people with DRINKiQ. In Hungary, we teamed up with Sziget, the Island of Freedom, the biggest summer festival in Central Eastern Europe, to deliver an innovative DRINKiQ campaign. Visitors got responsible drinking messages and links to DRINKiQ.com through reusable cups, fence banners, tote bags, Facebook and Instagram posts. Tens of thousands of people visited DRINKiQ during the summer and the campaign was shortlisted for the European Festival Awards. In South Korea, a DRINKiQ digital campaign over the festive period resulted in more than 20,000 people completing the DRINKiQ Quiz and 2.4 million page views in just one month.

Tackling underage drinking through SMASHED

Target by 2030

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

Number of people educated on the dangers of underage drinking through a Diageo-supported education programme in fiscal 23 **1,985,817**

We believe it is never acceptable for anyone underage to consume alcohol. This is why we have run campaigns and programmes to combat underage drinking for many years, including campaigns to ensure a consistent approach to legal purchase age for alcohol across categories. SMASHED is a programme that educates young people aged from 10 to 17 in 38 countries on the dangers of underage drinking either live or online format. It was developed by Collingwood Learning and we are proud to sponsor it.

SMASHED began in 2005 as a live theatre production and has since been adapted for online learning. To make the programme as successful as possible, the performance can be tailored to specific countries using local actors and cultural references.

In fiscal 23, our ambition was to educate more than 800,000 people through SMASHED, but we have surpassed this by educating 1,985,817 people, with 1,548,996[Δ] people confirming changed attitudes on the dangers of underage drinking following participation in a Diageo-supported education programme. We have educated 3.79 million people since our baseline year of 2018.

(Δ) Within the scope of PricewaterhouseCoopers LLP's (PwC) independent limited assurance reported to the Directors. For further detail and the reporting methodologies, see pages 242-266.

To achieve this, we have:

- Extended SMASHED Live to 10 new countries and SMASHED Online to 12 new countries including Argentina, Chile, Paraguay, Panama and Costa Rica.
- Launched a shorter facilitated live version, allowing us to reach more people while maintaining the programme's effectiveness. This was a direct response to feedback from teachers.
- Developed three new versions of SMASHED Online in India.
- Launched a new version of SMASHED Online for Northern Ireland.

SMASHED has been recognised by industry and marketing peers, winning 12 awards from eight organisations in fiscal 23. The awards recognised the quality of the learning experience, the creativity of its immersive, story-led approach and excellence in other areas including innovation and digital technology.

Changing attitudes to drink driving

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

Number of people educated about the dangers of drink driving in fiscal 23 706k

We have long worked to alert people to the dangers of drink driving. Initially we partnered with police, local authorities and other agencies that support enforcement of drink drive laws. In 2021, we launched the 'Wrong Side of the Road' (WSOTR) digital learning resource with the United Nations Institute for Training and Research (UNITAR) to help people understand the impact of drink-driving on themselves and others.

WSOTR is available in digital and classroom formats, is live in 24 countries, and reached 706,000 people in fiscal 23. This year, we have found new ways to reach more people through partnerships in India, reaching 230,000 people by:

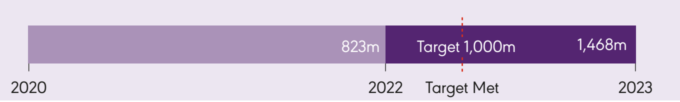
- Launching WSOTR with the national road safety agency – driving-test candidates can now experience WSOTR as they wait for their driving test.
- Making WSOTR available in a classroom format through driving schools.

We believe that promoting WSOTR in a setting such as a driving school, where people are already learning about road safety is a particularly effective setting for this resource.

Using the power of our brands

Target by 2030
Leverage Diageo marketing and innovation to make moderation the norm – reaching 1 billion people with dedicated responsible drinking messages

Number of people reached with responsible drinking messages from our brands in fiscal 23 645m



Our brands are among our most powerful tools in shaping consumer attitudes and promoting moderation. We are proud to have achieved our 2030 target early, having reached more than 1.4 billion people in total with messages of moderation from fiscal 21 to the end of fiscal 23. We have done this by delivering campaigns at scale in all the key regions where we operate.

Our fiscal 23 highlights include:

- In North America, reaching 88 million people with our Johnnie Walker 'Rewind the Night' moderation campaign.
- In Latin America and Caribbean, continuing to expand the 'Derribando Mitos' moderation campaign, now in its third year, to reach 51 million people across seven countries.
- In China, combining the power of the Baileys and Tanqueray No. TEN brands with a deep understanding of popular culture and a 'digital first' approach to promote moderation among young, urban adults, reaching 14.8 million people.

We remain committed to using our expertise in consumer insights and marketing to positively influence attitudes towards moderation across the world.

Marketing in a responsible way

Our Diageo Marketing Code (DMC) and Digital Code not only set minimum standards for responsible marketing, they also represent a cornerstone of our corporate culture and the way we do business. The DMC includes, among other principles, our commitment to making sure we depict and encourage only responsible and moderate drinking, and never target underage audiences. We are proud to have a proven track record of compliance, which is underpinned by mature business processes, and appropriate checks and balances in every market we operate in.

We published the latest version of the DMC in January 2023, with enhanced rules governing the marketing of our non-alcoholic brands and reinforcing our commitment to advertise them to adults only. Also, in September 2022 we launched a new e-learning module on digital compliance for our brand teams worldwide, with guidance on topics including:

- Transparency – making sure that influencers' social media posts promoting our brands tell consumers about the nature of the partnership with hashtags such as #Ad.
- Data privacy – further strengthening our approach to the use of consumer data in our digital marketing in line with GDPR (General Data Protection Regulation) principles.

We continue to play a leading role in shaping a vision for a safe, inclusive online ecosystem for our consumers and brands. This is why we have championed the updated version of the World Federation of Advertisers (WFA) Global Media Charter, released in March 2023, re-emphasising our focus on marketing responsibly and making a positive societal impact.

We are pleased to report that all our ads complied with a 2023 review by the WFA's Responsible Marketing Pact and the European Advertising Standards Alliance, aimed at making sure alcoholic beverage ads do not contain elements that appeal mainly to minors. We are also pleased that no complaints about Diageo marketing were upheld by key industry bodies this year (see next page).

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'.

Not only is it the right thing to do, as it means we play a part in shaping a more equitable society, it also makes us a better business. We are proud of having an inclusive culture where everyone can be themselves, as it helps us attract and retain the best and most diverse talent, and allows us to be more innovative and perform better. We've set ourselves ambitious goals, inside our business and beyond.

Our inclusion and diversity index score in our 2023 Your Voice employee survey remains high at 83% positive sentiment. This shows our commitment to creating an environment where colleagues can belong and thrive.

Promoting diversity

We promote inclusion and diversity in every sense, from gender, ethnicity, age and disability, to sexual orientation, social background and education – and we're proud of the progress we're making.

Since 2020, driving diverse representation in our leadership cohort[1] has been linked to our long-term incentive plan (LTIP), which means we incentivise every senior leader to make progress against this agenda.

Empowering women

Ambition by 2030

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

Percentage of female leaders globally 44%

In fiscal 23, representation of women in our leadership, including our Executive Committee, remained strong at 44%, maintaining our progress of 88% against our 2030 ambition to achieve 50% representation of women in leadership roles. We're proud to have 73% female Board representation following the appointment of Debra Crew as CEO, and 50% female executive committee representation. In fiscal 23, 45% of external appointments and 46% of internal promotions to our leadership cohort were female. We're recognised for our gender equality work by the FTSE Women Leaders Review, Bloomberg Equality Index and others. In 2023, the Equileap Gender Equality Global Report ranked us second overall globally and first in the UK for gender equality. Our policies and practices help foster a truly gender-equal and inclusive environment. As well as our Family Leave policy, we have Thriving Through Menopause guidelines, Pregnancy Loss guidelines and Flexible Working and Wellbeing philosophies.

(1) Our leadership cohort reflects the top 2% of roles globally encompassing Executive Committee members and senior managers

Helping women build careers

We have a clear equal opportunities recruitment policy, allowing us to hire the best talent, while ensuring a diverse slate of candidates throughout recruitment stages. We believe our industry should do more to attract women, particularly in areas where women have historically been under-represented, including science, technology, engineering and mathematics (STEM) and commercial roles. In Europe, 72% of graduates in our Supply Chain & Procurement function are female, and in fiscal 23, 80% of job offers were to women (an increase in the last four years of over 25%). In fiscal 23, we launched our first apprenticeship accelerator programme specifically for digital roles in our GB business, with 83% of job offers going to women. By focussing on early careers and entry-level roles, we continue to build our pipeline of female talent.

Championing ethnic diversity

Ambition by 2030

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

Percentage of ethnically diverse leaders globally 43%

We employ 30,237 people of 115 nationalities in over 70 countries which means we have a workforce whose diversity reflects that of our consumers and markets. We want ethnic diversity at every level of our business, including in our leadership cohort. The more progress we make, the more strongly we connect with our consumers and the more diverse our thinking becomes, fuelling our creativity and competitiveness.

Currently, 36% of our Board and 43% of our leadership (up from 41% in fiscal 22), including our Executive Committee, is made up of ethnically diverse talent, supported by 39% of external appointments and 46% of internal promotions into our leadership cohort across fiscal 23. Also, our former CEO Ivan Menezes, Chief HR Officer Louise Prashad and General Counsel & Company Secretary Tom Shropshire were recognised in the Involve Empower Role Model Lists, which highlights leaders championing inclusion in business.

To help us understand the makeup of our workforce and set meaningful goals, we invite all employees (where local laws allow) to share their ethnicity. By the end of fiscal 23, 75% of our global workforce and 97% of our leadership cohort had disclosed their ethnic background in our confidential HR system.

Each market and function have set stretching five-year diversity plans covering representation and development, supplier diversity and inclusive marketing.

Marketing in progressive ways

Ambition by 2030

Use our creative and media spend to support progressive voices, measuring and increasing spend year on year

Measurement and evaluation framework under development

As one of the world's largest advertisers, we're committed to changing the industry from script to screen, so that everyone sees themselves represented. We use our Progressive Marketing to challenge stereotypes and commit investment to address under-representation of diverse voices in media, making mainstream media more inclusive. We are founding members of the United Nations Women Unstereotype Alliance and the World Federation of Advertisers D&I Task Force and work across the industry to foster inclusion and diversity in front of and behind the camera. For the past four years we have sponsored the Creative Equals 'Creative Comeback' Programme that focuses on bringing more women, disabled and neurodivergent people into the creative industry.

In fiscal 23, we refreshed our Progressive Marketing Framework and training to include a new model focused on inclusive design, which allows us to be at the forefront of breaking stereotypes in advertising for gender, race, sexuality, age, disability and social status. Some 47% of our global marketing campaigns were shot by female directors or photographers.

Two powerful examples of progressive marketing and our commitment to authentic representation in action are the Guinness 'Brothers' and Baileys 'Delicious Descriptions' campaigns. The Guinness 'Brothers' campaign in Africa, featuring Miracle, a blind actor, celebrates how football fans make the experience of watching the game accessible for everyone including members of the blind and visually impaired community. Members of this community were consulted to make the campaign reflected authentic experiences.

Baileys 'Delicious Descriptions' was launched on Global Accessibility Awareness Day in consultation with the Royal National Institute of Blind People (RNIB) and Meta. Baileys created a guide on how to write delicious image descriptions, helping ensure those who rely on screen readers experience the full deliciousness of Baileys treats. In Great Britain, the campaign achieved a reach of more than 12 million, with view-through rates up to 25.2%, five times higher than Meta regional and category benchmarks.[1]

Celebrate diverse audience

Johnnie Walker emphasises progressive marketing to celebrate and appeal to a diverse audience. The result is that globally around 29% of Johnnie Walker drinkers are female, with that proportion growing in most markets this year. In the United States, Johnnie Walker drinkers are also more ethnically diverse than those of other whiskies, at 44% compared to 31% for other whiskies.[2]

In the United Kingdom, Johnnie Walker partnered with Bridgerton star Simone Ashley and Instagram community Diet Paratha to champion the creative representation of the South Asian community.

In the United States, Johnnie Walker's First Strides initiative debuted an alternative red carpet at the Oscars to spotlight seven film makers' boundary-pushing contributions to culture. The brand delivered over 200 million paid media impressions that encouraged consumers to support female entertainment projects.

(1) PHD and Meta (Brand Lift Study)
(2) Johnnie Walker Brand Guidance system 2022 study

Supporting diverse suppliers

Ambition by 2030

Increase spend with diverse-owned and disadvantaged businesses to 15% by 2030

Percentage of spend with diverse-owned and disadvantaged businesses **6.3%**

We believe a value chain built on inclusion and diversity can enhance representation, employment and resilience in marginalised communities, ultimately benefitting the wider economy and strengthening our business.

In fiscal 22, 4.8% of our global spend was with diverse-owned and disadvantaged businesses. We've since increased our number of diverse suppliers, as well as incorporated more disadvantaged groups like smallholder farmers in Africa, Turkey and Mexico. In fiscal 23, we've spent £620 million with 979 diverse-owned and disadvantaged suppliers – approximately 6.3% of global spend.

To help us connect with diverse-owned businesses, we've worked with advocacy organisations, including WEConnect International, MSDUK and others. For example, through Disability:IN, we've matched Diageo employees with disabled-owned businesses to share feedback and industry insights to understand the challenges they face in working with global corporations. In Kenya and Colombia, we're proud to be part of Sourcing2Equal, an initiative increasing access to corporate procurement opportunities for women-owned businesses.

We are proud that in 2023 we were awarded Platinum in the Top Global Champions for Supplier Diversity & Inclusion Awards by WEConnect International. This is the highest possible accolade in this category, recognising Diageo as leader in inclusive spend, policies and procedures.

Nurturing women-owned business

In Jalisco, Mexico, we've worked with a women-owned supplier to decorate bottles of Don Julio for 15 years. We recognised their potential, helping them to develop their quality and safety processes and grow alongside the Don Julio brand. Today the business has 150 employees, approximately 90% of them women, including single mothers and people with disabilities.

Building a thriving and inclusive hospitality industry

Ambition by 2030

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

Number of people reached through Learning for Life and other skills programmes in fiscal 23 **31.6k**

Part of how we promote sustainable growth and a resilient supply chain is through inclusive programmes giving equal access to resources, skills and employment opportunities. This includes Learning for Life (L4L), our business and hospitality skills programme for people from under-represented groups.

In fiscal 23 we reached 31,600 people in 19 markets with Learning for Life, 59% of them women.

We also want L4L to tackle barriers faced by other under-represented groups including the ethnically diverse community and people with disabilities. In fiscal 23, we updated our inclusive by design principles to include recruitment practices, training content and venue accessibility, as well as modules on inclusion and diversity.

We ran a L4L impact assessment in Latin America, celebrating the programme's 15th anniversary and its positive impact on communities. Insights from the assessment will shape the programme's future, increasing its reach and impact globally.

Ambition by 2030

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

Number of participations in training sessions delivered through Diageo Bar Academy in fiscal 23

236k

Through the DBA, we work to drive sustainable growth in the hospitality sector and make it more diverse. Women are under-represented, in management and behind the bar. DBA helps them overcome two of their biggest barriers: lack of mentors and role models, and lack of access to training.

In fiscal 23, we delivered 236,000 training sessions to bartenders, waiting staff, owners and managers through face-to-face and virtual training, e-learning and masterclasses. We adapted courses to help the industry respond to challenges including staff shortages and hiring, retaining and upskilling staff while meeting guests' increased expectations. We also ran women-only mentoring and training in Africa, Latin America and India.

This year, 88% of survey respondents agreed or strongly agreed that DBA presents a modern and progressive view of the bar community, up from 84% in 2022. Also, 82% of women agreed or strongly agreed that DBA supports their advancement in the industry, up from 68% in 2022.

Creating inclusive communities

Ambition by 2030

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

Percentage of beneficiaries of our community programmes who are women

59 %

We're committed to addressing barriers women face in accessing the skills, resources and opportunities we provide. This includes making sure at least 50% of people benefitting from our community programmes are women, and that these programmes meet women's needs throughout design, implementation and evaluation. In fiscal 23, 59% of people benefiting from L4L were women.

This year, we've started to work with WaterAid and CARE International UK to give women a voice in decision-making about water, sanitation and hygiene (WASH). In each community where we run a WASH project, we set up a committee with equal representation from men and women. This includes facilitating community dialogue to tackle social norms that prevent women's equal access to, and agency over WASH. This year 56% of WASH committee members were women across our programmes in nine countries.

We've also piloted a gender-inclusive approach to our work with smallholder farmers. This includes equal access to agricultural training and resources, and engaging with suppliers to increase women's membership and leadership of farmer groups. We'll roll this out as part of our programmes for smallholder farmers from fiscal 24.

For more information on our WASH and smallholder farmer programmes see pages 80 and 83.

Helping under-represented communities overcome barriers to education

In fiscal 23, we gave $1.75 million in endowments to Historically Black Colleges and Universities (HBCUs) and Minority-Serving institutions in the United States. This followed the $10 million in endowments to 25 HBCUs in 2021. This is part of how we address educational barriers in under-represented communities, by funding students in need and development programmes that complement traditional learning.

We are committed to improving access to clean water, sanitation and hygiene (WASH) in communities near our sites.

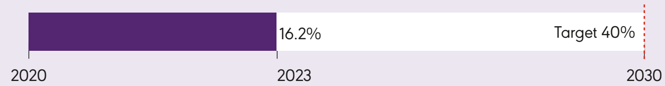
Water efficiency

Target by 2030

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

Percentage improvement in litres of water used per litre of product packaged from the prior year – in water-stressed areas

2.6%



Percentage improvement in litres of water used per litre of product packaged from the prior year – across the company

(1.2)%Δ

Our water strategy aims to improve water security, especially in water-stressed areas. This is achieved through both projects to improve our operational efficiency and our replenishment programme, which works with local communities to replenish more water than we consume in water-stressed areas. Across our business, we're proud to have improved water efficiency by 51.1% since we started measuring performance against this metric in 2007 and by 9.4% since our 2020 baseline. In water-stressed areas, efficiency has improved even further, by 16.2% against the 2020 baseline.

While our ongoing focus on water-stressed areas continued to deliver efficiency improvements of 2.6% vs fiscal 22, fiscal 23 saw changes to our production profile that drove a 1.2% reduction in water use efficiency per litre of product packaged (4.09 litres/litre to 4.14 litres/litre). This was despite the implementation of a number of water efficiency projects across our production portfolio.

Our production footprint is complex; it includes distillation, brewing and packaging, and uses water in related but different ways. While we saw efficiency improvements across our distillation sites of 3.5% compared to fiscal 22, the increasing proportion of distillation in our portfolio produced an overall decline in performance according to the way we currently measure water efficiency – litres of water used per litre of packaged product. The reason for the decline under this combined metric is that most distilled products need to be matured for a number of years before bottling, so much of the water used in fiscal 23 went into distilling product that won't be packaged for years to come.

For this reason, in fiscal 23, we reviewed our water efficiency methodology, so that it better reflects our progress and challenges on water efficiency against the background of our business model. Following a detailed review, we defined a new methodology that uses an index approach to show the aggregated change in water efficiency across our different production pillars weighted by their proportional water use. This methodology better represents underlying year-on-year site-level efficiency performance and, critically, addresses the timing difference between distillation and packaging, due to maturation requirements. We will change our measurement approach in fiscal 24.

In fiscal 23, we completed water efficiency projects that will deliver benefits in several water-stressed areas. In Kenya, Uganda and Nigeria we have installed or increased the capacity of water recovery plants. The volume of water recovered has now reached 530,850m^3, equivalent to around 12% of total water withdrawals avoided across our African sites. This has helped to mitigate some of the obstacles to water efficiency created by lower production volume in Africa.

We are also building for the future. In fiscal 23, we broke ground on a wastewater treatment plant at our El Charcón site in Mexico. This will enable the construction of a water recovery plant in fiscal 24, which we expect to start delivering water efficiency improvements from fiscal 25. We are also partnering with innovators to embed new technologies identified through our Diageo Sustainable Solutions (DSS) programme into our site roadmaps. One example is our partnership with 4T2 sensors on sensor technologies, which we expect will reduce the amount of water required to clean equipment between production runs.

Thirteen of our distilleries have now achieved Alliance for Water Stewardship certification (the internationally recognised, auditable standard for responsible water use), including Cameronbridge, Scotland, 11 Speyside distilleries and the Alwar distillery in India, making us the first distiller to be certified against this leading standard in Asia.

Climate, water and regenerative agriculture are strongly connected. This is why we continue our work to influence indirect water use in our agricultural supply chains. This means mapping our water use and continuing to run water improvement projects with farmers, especially smallholders. This helps us make our overall supply chain more resilient and support vulnerable communities, particularly in water-stressed areas.

Water replenishment

Target by 2026

Replenish more water than we use for operations in water-stressed areas

Percentage of water replenished in water-stressed areas in fiscal 23

22%

Our water replenishment programme, an important contribution to supporting the climate resilience of our communities and supply chains, has had another strong year, putting us firmly on track to reach our 2026 target. In fiscal 23, our projects developed the annual volumetric replenishment capacity of 1,311,010 $m^{3\Delta}$ water. This represents 22% of our target for 2026, and cumulatively (fiscal 16 to fiscal 23) we have replenished 71.5% of our estimated fiscal 26 volume. In India, Nigeria, Seychelles and South Africa we have achieved our 2026 replenishment target three years early. For 13 sites in these countries, we are now replenishing all the water we directly consume in the local water basin or the basin where we source the raw materials for the site.

Overall, in fiscal 23 we have completed 35 replenishment projects in 11 countries. Highlights include nature-based projects improving water quality and availability in priority catchments. In Jalisco, Mexico, we have worked with government, NGOs and local stakeholders to restore a wetland treating wastewater in a project that's the first of its kind for us. Other ambitious replenishment projects include improving irrigation with farmers in Turkey, de-silting dams to increase water infiltration in India, and providing access to water for many smallholder farming communities in Tanzania, Ghana, Brazil, Mexico, Uganda, Kenya and India.

(Δ) Within the scope of PricewaterhouseCoopers LLP's (PwC) independent limited assurance reported to the Directors. For further detail and the reporting methodologies, see pages 242-266.

Water for communities

Target by 2030

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

Percentage of water-stressed markets with investment in WASH 100%Δ

An important part of our approach to water is providing access to clean water, sanitation and hygiene (WASH) in water-stressed communities near our sites and in water-stressed areas that supply our raw materials.

We reached our 2030 target in fiscal 23, launching a project in Mexico to harvest rainwater in 37 schools and provide drinking water in Jalisco, home of our tequila distilleries. This means all nine of the markets included in our target have invested in WASH projects since 2020. In fiscal 23, we invested in 17 WASH projects in seven countries bringing safe water and sanitation to 71,655 people.

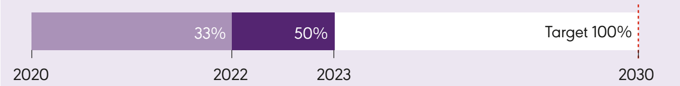
In fiscal 23, we have also helped ensure more female representation in WASH programmes, which makes it more likely that everyone will benefit equally from access to water. For more about this, see the section on championing inclusion and diversity (page 70). In fiscal 24, we'll consider how best to bring WASH projects to more communities in our supply chains.

Water collective action

Target by 2030

Engage in collective action in all priority water basins to improve water accessibility, availability and quality and contribute to net positive water impact

Percentage of priority water basins with collective action participation 50%



We don't tackle water stress alone. We launched the Diageo Collective Action Programme in 2020, recognising that we need to collaborate with multiple stakeholders to create solutions and interventions that improve the water security across entire water-stressed catchments. Through this, we are now active in six out of our 12 'priority water basins' – strategically important areas suffering particular water stress in 10 countries. In fiscal 23, with support through our partnership with The Nature Conservancy, we began two initiatives – one with the International Union for Conservation of Nature in Uganda's Victoria Nile basin where we source sorghum and barley for our brewery in Kampala, and another in the Godavari 3 basin in India. We have also agreed to be a basin champion for the Water Resilience Coalition in Kenya's Upper Tana basin, partnering with the Upper Tana-Nairobi Water Fund, increasing the commitment and investment we have already made there to improving the water security of the whole basin, which feeds Nairobi, home of our Tusker brewery.

Advocacy

Water is under pressure around the world, and the issues around preserving it are complex. So it will take multilateral action to address the challenge of responsible stewardship and scarcity. At the COP27 climate change conference, we were among businesses calling for more action on water and climate resilience. We also attended the UN Water Conference in New York in March 2023 and were among the first businesses to sign a declaration calling for accelerated action on water stewardship. Our partnerships with leading international organisations, such as Water Resilience Coalition, Alliance for Water Stewardship and WaterAid, are fundamental to our ambition to support the climate resilience of our business and communities. They also help us advocate for more global action to address the water and nature crisis. Continuing this important advocacy, we plan to attend World Water Week in Stockholm in August 2023, UN SDG Summit in September and COP28 in December.

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Emissions from our direct operations

Target by 2030

Become net zero carbon in our direct operations (Scopes 1 and 2)

Percentage reduction in absolute carbon emissions (direct and indirect carbon emissions by weight (market/net based)) from the prior year

5.4%[Δ]

In fiscal 23, as part of our ambition to decarbonise our operations to decouple growth from emissions, we continued to reduce our absolute carbon emissions (direct and indirect carbon emissions by weight (market/net based)), achieving a further 5.4% reduction on last fiscal year and a cumulative 14.7% improvement from our fiscal 20 baseline.

The main factor in reducing our emissions in fiscal 23 was our continued investment in renewable energy. We commissioned biomass facilities at sites in Kenya and Uganda, bringing significant emissions reductions of approximately 42,000 tonnes CO_2e over the course of the year. We increased on-site bioenergy use at facilities in Scotland and Turkey and also replaced fossil fuel with liquid biofuels at two of our whisky distilleries in Scotland. We have also implemented continuous improvement initiatives across a number of sites, and continued to use certificate-backed renewable natural gas at facilities in the UK and Canada.

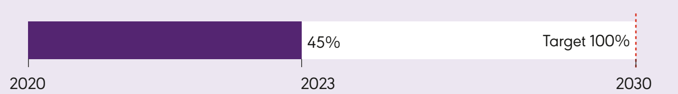
To reach our 2030 SBTi-approved near-term target for direct operations, we must reduce our emissions by more than 95% from our 2020 baseline. We continue to invest in carbon-neutral facilities, in addition to our four carbon-neutral distilleries[1] in Scotland and North America. We are designing new sites in Mexico, Canada, Ireland and China to be as efficient and low-emitting as possible.

Target by 2030

Use 100% renewable energy across all our direct operations by 2030

Change in percentage of renewable energy across our direct operations in fiscal 23

1.9%



This year, 45% of all the energy consumed at our facilities came from renewable sources, an increase of 1.9% on last year. To achieve this, we have increased the use renewable electricity, fuel and heat. Our improved performance in fiscal 23 was driven largely by the electrification of our sites, our efforts to source renewable electricity and our investment in biomass technology.

As a signatory of the RE100 initiative, with a target to reach 100% electricity from renewable sources by 2030, we are proud that we are already ahead of our 2025 target of 50% renewable electricity, reaching 86.7% this year, up from 85.6% in fiscal 22. We have invested in 100% renewable electricity sites like our Lebanon all-electric distillery in North America. Comprising approximately 8,000 panels that will add 4.1MW of renewable electricity generation capacity. As well as reaching 100% renewable electricity ourselves, we encourage our suppliers to use more electricity through power purchase agreements (PPAs) and support additional power generation opportunities in our markets.

This year we have increased our use of renewable thermal energy by 1.3% compared to last year across our global operations. The start up of three biomass facilities at our sites in Kenya and Uganda produced our biggest single increase in renewable thermal energy use, a 25% increase in renewable fuel and heat across our Africa market compared to fiscal 22. We also increased energy output from on-site biomass and biogas plants and introduced renewable biofuel at two sites in Scotland. As we make renewable energy advances across our operations, we have reduced our usage of certificate backed renewable gas.

We are a significant enabler of the generation of biomethane in Scotland through the supply of Diageo distillery co-products. This is used by third parties as a feedstock to generate green gas, which is injected into the natural gas network. We then reuse the resulting renewable gas in our distilleries, with 23% of the green gas used by our sites in Scotland derived from our own feedstocks this year.

Emissions from across our value chain

Target by 2030

Reduce our value chain (Scope 3) carbon emissions by 50%

Percentage reduction in absolute greenhouse gas emissions ($ktCO_2e$) from the prior year

1.2%

We continue to refine our understanding of our baseline and footprint, including our supplier network, after reviewing our total value chain footprint and associated emissions in 2023. This year our Scope 3 CO_2e emissions decreased by 1.2% but we remain behind our 2020 baseline by 20.7%.

Our emissions derived from packaging decreased due to reductions in volumes, as well as decarbonisation activities including glass light-weighting, carton removals, and switching to lower-carbon materials. This was partly offset by increased emissions attributed to capital goods, including investments in plants that enable our low-carbon transition.

We are navigating the complexities of Scope 3 to ensure we achieve our reduction targets, and enable impactful change up and down the value chain by working with our suppliers, our peers and the wider beverage industry.

As well as reducing Scope 3 emissions by 50% by 2030, we want to achieve a net zero value chain by 2050 or sooner. To achieve these targets, in common with many multinationals, we are working with global GHG accounting bodies and our suppliers to get more detailed Scope 3 data. As we refine our value chain data, we can be more specific about our GHG footprint, including refined categories of upstream and downstream Scope 3 emissions.

(1) Four carbon-neutral facilities have been assessed and certified using PAS2060 – Carbon Neutrality Standard and Certification (Scope 1&2, Direct Operations boundary) as reducing emissions aligned to an equivalent net zero trajectory with <5-10% of residual emissions neutralised using purchase of carbon offsets.

(Δ) Within the scope of PricewaterhouseCoopers LLP's (PwC) independent limited assurance reported to the Directors. For further detail and the reporting methodologies, see pages 242-266.

Total direct and indirect carbon emissions by region by year

Total direct and indirect carbon emissions by weight (market/net based) (1,000 tonnes CO_2e)

Region	2020	2021	2022	2023
North America	127	125	100	**83**
Europe	152	129	144	**194**
Asia Pacific	32	10	10	**9**
Latin America and Caribbean	22	27	38	**26**
Africa	137	154	132	**89**
Diageo (total)	**470**	**445**	**424**	**401**

Streamlined Energy and Carbon Reporting (SECR)

	2020	2021	2022	2023
Total Global energy consumption (MWh)	3,310,388	3,392,923	3,557,760	**3,507,733**
Total market based (net) intensity ratio of GHG emissions (g CO_2e per litre of packaged product)	139	122	105	105$^{\Delta}$
Total UK energy consumption (MWh)	1,056,931	1,064,795	1,091,153	**1,249,306**
Direct (MWh)	924,022	927,917	951,302	**1,102,403**
Indirect (MWh)	132,910	136,878	139,851	**146,903**
Total UK direct and indirect carbon emissions (kt CO_2e)	86	71	84	**136**
Scope 1	86	71	84	**136**
Scope 2	–	–	–	**–**

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Moving towards regenerative agricultural sourcing

Our supply chain connects us to communities around the world. This gives us the chance to make a positive social and environmental impact by enhancing livelihoods and promoting regenerative agriculture.

One of the foundations of our regenerative agriculture strategy is our Sustainable Agriculture Guidelines (SAG), which set out the principles we expect our agricultural raw materials suppliers to adopt to make farming more regenerative. We work with suppliers and farmers across our supply chains to implement, assess and scale regenerative practices.

This work also helps make our supply chain more resilient. Our assessments show the possible impacts of climate change on agricultural commodities, and that they are vulnerable to climate hazards including water stress, temperature rises and flooding, particularly where the commodities only grow in one country.

We work with communities to help them adapt and build resilience through our 'Preserve Water for Life' strategy, implementing regenerative agricultural practices and developing climate-resistant variants of agricultural crops. We are also exploring alternative crops to build diversity and enhance resilience in crop systems and across our raw materials portfolio. By working with farmers in this way, and by giving them skills and resources, we make them and their communities economically, environmentally and socially stronger, as well as strengthening our own supply chain.

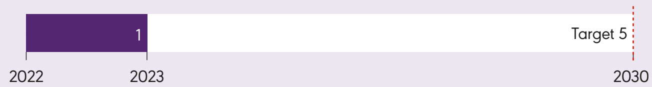
Positive partnerships

Target by 2030

Develop regenerative agriculture pilot programmes in five key sourcing landscapes

Number of regenerative agriculture pilot programmes initiated

1



We are committed to partnerships with farmers to help them implement projects to test new regenerative farming approaches and practices, measure the results and share what we learn. By following regenerative practices, agriculture can restore soil health and fertility, boost biodiversity, protect watersheds and promote ecological resilience. By focussing on life above and below ground, everyone benefits from regenerative agriculture from the farmer to the ecosystem.

We also continue to build our understanding of the agronomic context across our key crops and sourcing regions, working with agronomic partners and our suppliers, growers and farmers. We are currently conducting assessments in the United Kingdom, United States, India, Brazil, Mexico and East Africa for barley, wheat, corn, rice, sugarcane, agave and sorghum production systems.

Guinness barley programme

Discovering how to lower farming's footprint

In Ireland, our programme looking for ways to lower-carbon emissions of barley production for Guinness is in its second year, with 45 farmers now participating. Data from 1,125 soil samples showed that three quarters of the soil's carbon footprint is from nitrogen fertilisers. This shows there's potential to reduce emissions by at least 30% from the baseline year through regenerative practices and low-carbon fertilisers.

We also supplied barley farmers with cover crops, which fix nitrogen and carbon in soil, and quantified biomass they generate.

Local sourcing

Target by 2030

Provide all local sourcing communities with agricultural skills and resources, building economic and environmental resilience (supporting 150,000 smallholders)

Number of smallholder farmers in our supply chain supported by our smallholder farmer programme in fiscal 23

12.9k

Where low yields and quality issues threaten smallholders' income, we work with suppliers, research organisations and other partners to build more resilient local supply chains. This has included developing more climate-resistant and higher-yielding varieties of sorghum adapted for Kenya and Ghana.

We are on course to reach our target of supporting 150,000 smallholders by 2030, after supporting nearly 13,000 farmers in fiscal 23 with sustainable development.

We have worked mainly in Kenya to test and learn from our approach to support our smallholders before expanding to the network of smallholders we source from. The programme focuses on training and enabling knowledge transfer for the transition to more resilient agriculture production systems. We trained smallholders on improving soil health, working with technical and implementation partners on the ground. We have also supported our smallholders with essential resources such as high-quality, certified seeds, distributing more than 100 tonnes of input at a subsidised rate to smallholder farmers.

Last year, we partnered with an agricultural technology provider to digitise our smallholder value chains. Starting with our primary crop for smallholder farmers, sorghum, we have rolled the technology platform out across Ghana, Kenya and Uganda in fiscal 23. We aim to broaden this to Nigeria and Tanzania. The technology acts as a valuable data source. We aim to use it to tailor our offering to smallholders based on their needs, while monitoring changes to baseline data to make sure our interventions have an impact on the ground. To help accelerate change for smallholders, we launched challenges through Diageo Sustainable Solutions, encouraging innovators to pitch ideas relating to soil biodiversity, carbon (relating to soil health) and water.

To clarify farming communities' needs, we have used the main communication method in our sourcing regions: radio. Working with local agricultural radio shows and Farm Radio International, we are looking to understand farmers' challenges to help us target our support. Together, we ran a six-week series on 'Farming as a Business', discussing challenges to women in agriculture and the support available to farmers. Listeners could freephone to submit views in their local dialect across eight radio stations in Ghana and Uganda.

Making packaging more sustainable

Consumers are rightly demanding more sustainable products and legislation continues to drive industry changes. We are committed to reducing our value chain's carbon footprint by reducing packaging and increasing the recycled content in the packaging we produce. We are also developing circular business models and designs, which allow for more reusable and refillable packaging.
By becoming sustainable by design in packaging, we reduce our carbon footprint, by using fewer materials in production and by limiting emissions when the packaging reaches the end of its life. We buy most of our packaging materials, so partnerships are crucial to achieving our ambitions. An example is Diageo Sustainable Solutions (DSS), where we partner with technology innovators, customers, suppliers and researchers to spot potential technology breakthroughs and pilot them, with the ultimate aim of scaling them to increase their impact.

Examples of how we are reducing our packaging footprint include:

- Pioneering net-zero glass bottles – In December 2022, we announced our partnership with Encirc, a leading glass manufacturer and co-packer, to create the world's first net zero glass bottles at scale by 2030. The new furnace at Encirc's plant in Cheshire, United Kingdom, will reduce carbon emissions by 90% with an energy mix of green electricity and low-carbon hydrogen. We expect that carbon capture technology will capture the remaining carbon emissions by 2030. The furnaces are expected to be fully operational by 2027 and to produce up to 200 million Smirnoff, Captain Morgan, Gordon's and Tanqueray bottles a year by 2030.
- Leading the way to sustainable aluminium – We have invested in a groundbreaking project to create a circular economy for aluminium in the United Kingdom. We are funding a new consortium (BACALL – British Aluminium Consortium for Advanced Alloys), which will build a plant to provide recycled aluminium for more than 400 million cans of Guinness and pre-mixed Gordon's and tonic, significantly reducing our carbon emissions while also creating jobs in the United Kingdom.

Reducing packaging weight and increasing recycled content

Target by 2030
Continue our work to reduce total packaging and increase recycled content in our packaging (delivering a 10% reduction in packaging weight and increasing the percentage of recycled content in our packaging to 60%)

Percentage reduction of total packaging (by weight) in fiscal 23 **4.4%**

In fiscal 23, we reduced packaging weight by 4.4% compared to fiscal 22, but this was 14.9% above our 2020 baseline because we have increased production from fiscal 20 to fiscal 22. In fiscal 23, we removed 141 million cartons from some of our Johnnie Walker and scotch brands. We have reduced weight in our primary scotch portfolio by moving some of our bottles into standard, more lightweight formats, allowing us to take some heavier formats out of the portfolio. These changes have saved almost 4,000 tonnes of glass and 9,170 tonnes of board in fiscal 23. From fiscal 24, we will continue to embed our Design for Sustainability packaging guidelines, emphasising use of lightweight glass and recycled content. We also continue to encourage bars, restaurants and other on-trade outlets to support the reuse of packaging.

Change in percentage of recycled content (by weight) in fiscal 23 **(1.2)%**

Recycled content now makes up 39% of our packaging, down 1.2% on fiscal 22. This is because of a shortage of cullet, a feedstock for recycled glass, in the United Kingdom and North America. We continue to face challenges in sourcing quality recycled glass and PET (polyethylene terephthalate), though we are working with suppliers and industry peers to strengthen recycling infrastructure.

Despite the challenges, we have made positive changes, moving Johnnie Walker Gold Label Reserve from 0% recycled content to 40% and trialling Johnnie Walker core sizes with increased recycled content. We also launched Talisker x Parley: Wilder Seas in the brand's first 100% recycled bottle.

Pioneering a lighter bottle

In 2021, we launched a challenge to develop lightweight bottles through Diageo Sustainable Solutions. This led to us working with glass industry consultants EXXERGY, which has developed an innovative glass coating technology that could enable us to use lighter glass for bottles, without reducing their strength. We invited strategic supply chain partner Ardagh Group to collaborate, and they engaged manufacturing software specialist Dassault Systèmes to support with testing the EXXERGY coating. We have been testing the coating through industry-first lab-based and virtual trials. Virtual trials allow us to develop innovations using real-time digital representations of products and processes, which reduces time, cost, energy and raw materials. After the trials, we will test the thinner glass on our Johnnie Walker bottles. Through this collaboration, we hope to significantly reduce the raw materials needed to create a bottle, and the overall weight, so it takes less carbon to transport our bottles.

Target by 2030

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

Percentage of packaging recyclable (by weight) **97.9%**

In fiscal 23, 97.9% of our packaging was technically recyclable, using the same fiscal 22 methodology.

We have an ambition to adjust our recyclability metrics in line with market-differentiated recycling frameworks in the future.

Recycled content and recyclability of plastic

Target by 2025

Ensure 100% of our plastics are designed to be widely recyclable or reusable/compostable

Percentage of recyclable (or reusable/compostable) plastic used in fiscal 23 **11.2%**

In fiscal 23, we achieved 83.2% recyclability for plastics, an increase of 11.2% from last year. We continue to use the 'technically recyclable' definition. The remaining non-recyclable components are currently not replaceable, although we continue to explore alternatives.

Target by 2030

Achieve 40% recycled content in our plastic bottles by 2025, and 100% by 2030

Percentage of recycled content in our plastic bottles used **7%**

In fiscal 23, we started projects in North America, Europe and Africa to increase recycled content in plastic bottles, particularly single-use formats, and achieved 7% recycled content in plastic bottles.

This year, in the United Kingdom we have moved our Johnnie Walker Red Label 1.75L bottles to 30% recycled PET. Our North America business achieved 26% recycled content in plastic bottles and in Africa we trialled 40% recycled content. In Ghana, we have partnered with the Mohinani Group to introduce the first bottle-to-bottle recycling plant in the country. In fiscal 23, 2,000 metric tonnes of plastic have been collected, with the aim of the plant being fully operational in fiscal 24. The plant will have a capacity to recycle 15,000 metric tonnes of plastic per year.

Also, our largest packaging site in Scotland has removed single-use shrink-wrap across a range of products, saving 67 metric tonnes of plastic per year, and delivering shrink-wrap-free drink flasks to 47 countries.

We will see these shifts continue in fiscal 24; sourcing recycled PET remains a priority.

Reusing and reducing waste

We manage around one million tonnes of waste each year. This includes 'co-products' from our production processes in the form of spent grain and other agricultural commodities. These co-products return to agriculture in the form of animal feed and fertiliser and are also used as feedstocks for biomass facilities. This helps reduce the environmental footprint of our agricultural supply chain and supports our regenerative agriculture programmes. By reusing scarce resources, we help improve the system that produces our key ingredients. In addition, we aim to divert all waste from landfill, so it is recycled or reused.

Reducing waste to landfill

Target by 2030

Achieve zero waste in our direct operations and zero waste to landfill in our supply chain

Percentage reduction in total waste sent to landfill from the prior year 35.5%Δ

Globally, the total volume of waste diverted from our direct operations to landfill was 180 tonnes this year (vs 279 tonnes in fiscal 22), which is below our zero waste to landfill de minimis threshold of 200 tonnes. We recycle, reuse and recover more than 99.98% of waste from our global operations either for our own reuse or in partnership with local agricultural communities and energy and waste handlers. Our performance in fiscal 23 means we have achieved a key milestone in fulfilling our 2030 direct operations zero-waste commitments.

In the second half of fiscal 23, we launched an initiative with our suppliers and KPMG to fully understand the waste in our supply base. The project will look for ways to change how we approach waste management across our Tier 1 supply chain by avoiding waste to landfill and recovering and recycling more waste by 2030. Our commitment to a more sustainable and less wasteful supply chain is also reflected in our marketing, where our point-of-sale (POS) project is working towards guidelines for sourcing better materials for experiential marketing, as well as designing POS and campaign props for reuse.

Last year, we reported that a third-party contractor at one of our facilities in Australia had incorrectly diverted waste material to landfill. 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.

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. This volume equates to 200 tonnes and excludes any waste we are required to send to landfill under local regulations.

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DIAGEO

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