Non-financial 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[1], 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.

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 section 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' targets. Exceptions are described in the following pages. The baseline data is used as the basis for calculating progress against our targets.

We aim to achieve each target 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.[2] 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.

In fiscal 23, the baseline year GHG emissions impacts were restated to reflect changes to CO_2e emission factors and updated calorific values.

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(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.

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 Δ symbol are within the scope of PwC's independent limited assurance reported to the Directors – see pages 263-266 of this document.

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: https://media.diageo.com/diageo-corporate-media/media/wxaflz30/united-spirits-limited-esg-reporting-index-2022.pdf
- Sichuan Swellfun Co, Ltd: https://www.swellfun.com/ueditor/php/upload/file/20230426/1682490877231414.pdf
- East Africa Breweries PLC: https://www.eabl.com/sites/default/files/documents/EABL_Sustainability_Report-2022.pdf
- Guinness Nigeria plc: https://www.guinness-nigeria.com/PR1346/aws/media/14677/f22-sustainability-report.pdf

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.[1] Non-Workday markets[2] 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' targets, 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

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.

Please see the diagram on page 244 for a summary of the scope of our physical and transition risk assessments and scenario analysis.)

(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.

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)
Geography	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).			
Risk types	**Physical risks** Water (availability, quality, temperature), temperature, flooding, landslide, wildfires, wind, humidity			**Transition risks and opportunities**
Temperature scenarios	+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'

Scope					
	Raw materials 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	**Processing** Approximately 250 Diageo and third-party operations' sites Detailed assessments of 39 sites	**Distribution** Key road, rail routes Key sea ports (69)	**Risks reviewed** Policy and legal risks Technology risks Market risks Reputation risks **Scenario analysis** Energy Transport Packaging Raw materials	**Opportunities** Resource efficiency Energy source Products and services Markets **Scenario analysis** Pack weight reduction Circular offerings

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 page 245, below 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.

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 have reached our DRINKiQ target by launching it in all our markets where legally permissible, but we are 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.

Target	Champion health literacy and tackle harm through DRINKiQ in every market where we live, work, source and sell
Performance measure	Number of markets that have launched DRINKiQ
Definition	• 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. • 'Launched' means the DRINKiQ website is live and accessible by consumers in the market from November 2020.
Data preparation	• 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). • 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. • 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.
Scope exception	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.

Target	Leverage Diageo marketing and innovation to make moderation the norm – reaching 1 billion people with dedicated responsible drinking messaging
Performance measure	Number of people reached through campaigns and training specifically designed to promote moderation
Definition	We deliver responsible drinking campaigns and training through social media, viral videos, events, traditional media campaigns and other forms of marketing by Diageo brands.
Scope exception	Markets are only included where we have verifiable media data provided by third-party partners.
Reporting period	1 June to 31 May. Our baseline year for calculating cumulative progress is fiscal 21.
Data preparation	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. • Digital media: Cookies/pixels provide unique consumer identifiers. These identifiers provide us with the ability to estimate how many people we reach across a single campaign. • Non-digital media: 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. 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.
Limitations	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.

Target	Scale up our SMASHED partnership and educate 10 million young people, parents and teachers on the dangers of underage drinking
Performance measure	• Number of people educated on the dangers of underage drinking through a Diageo-supported education programme • Number of people who confirmed changed attitudes on the dangers of underage drinking following participation in a Diageo-supported education programme
Definition	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. **Live:** 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. **Online**: An innovative and engaging e-learning course, telling the SMASHED story though filmed clips, with interactive learning tools, student assessment and teacher support. **Offline:** SMASHED Online can also be delivered offline through PowerPoint and video clips. **People educated:** 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. **Changed attitudes:** A young person who confirmed a changed attitude is someone who responds to the post-survey question by stating that they are less likely to drink underage. This is supported by evidenced progression through pre- and post-performance surveys against all other learning outcomes, with the 'less likely to drink underage' results as the core indicator.
Scope exception	**Local adaptations:** Collingwood has set criteria for partners – a local delivery partner, ministry of education (or similar) and sponsors – to support the success of local adaptations on the ground. Each delivery partner will culturally and linguistically adapt the storyline and interactive elements to suit the local audience, with guidance from Collingwood. 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.
Reporting period	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. 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.
Data preparation	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. 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. The number of people educated is calculated by adding together the number of people reached in each country. 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. The following sampling criteria have been established to measure attitude change: • Assess 20% of programme participants through pre- and post-evaluation surveys. • The participants that make the 20% sample have to be selected randomly. • If the sample is less than 200 people, the same participants must take the pre- and post-evaluation surveys. • The sample has to be approximately 50% male and 50% female. 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. 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. 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.

Target (continued)	Scale up our SMASHED partnership and educate 10 million young people, parents and teachers on the dangers of underage drinking
Limitation	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. • 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. • 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.

Target	Extend our UNITAR partnership, and promote changes in attitudes to drink driving, reaching five million people by 2030
Performance measure	• Number of people educated about the dangers of drink driving • Number of people who confirmed attitudinal change on the dangers of drink driving through the Diageo supported programme • Number of law enforcement officers trained through the UNITAR High Visibility Enforcement (HVE) programme.
Definition	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. 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. Changed attitudes: A person who confirmed a changed attitude is someone who responds to the post-experience survey by stating that they are less likely to drink and drive because of participating in the Diageo learning experience.
Scope exception	For programmes that are partially funded by Diageo, we only claim the proportion of people educated that our funding contributes to.
Reporting period	1 July to 30 June. Our baseline year is fiscal 22.
Data preparation	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. The different formats are reported in the following ways: • Online: The online completions are reported daily through a data report pulled from Diageo's internal PowerBi system. • Online through third parties: 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. • Offline: In markets where internet access is a challenge, we have tailored the experience to be used offline at events or high-footfall locations. Completions are captured on forms that are then collated and input to a report. These reports are submitted quarterly and reviewed and verified by the global team.
Limitations	-

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	-

Performance measure	Human rights impact assessments
Definition	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.
Scope exception	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.

Data preparation	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.

Limitation	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.

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.

Employee profile data

Performance measure	Average number of employees by region by gender	Average number of employees by role by gender
Definition	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 Executive Committee members and Senior Managers) with one or more direct reports; and Supervised employee as all remaining Diageo employees (excluding Executive Committee members, Senior Managers and Line Managers) who have no direct reports.
Scope exception	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.

Data preparation	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.

Limitation	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.

Health and safety

Performance measure	Lost-time accident frequency rate (LTAFR)

Definition	The LTAFR is the number of lost-time accidents (LTAs) per 1,000 full-time employees (Occupational Health & Safety (OH&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.
	    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.
	    LTA numbers also include any OH&S FTE work-related fatalities.
	    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&S FTE.

Scope exception	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.

Data preparation	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.
	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&S FTE data for their site. OH&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&S FTE data is reported at site level using our global data management system.
Limitation	We do not report LTAFR for independent contractors because of the difficulty and administrative burden in accurately recording headcount.

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

Performance measure	**Number of fatalities**
Definition	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.
Scope exception	-
Data preparation	As under LTAFR
Limitation	-

Performance measure	**Lost-time injury frequency rate (LTIFR)**
Definition	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.
Scope exception	As under LTAFR
Data preparation	As under LTAFR
Limitation	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)**
Definition	LTIR is a standard OSHA metric that calculates the number of lost-time injuries occurring in a workplace per 200,000 hours worked.
Scope exception	As under LTAFR
Data preparation	As under LTAFR
Limitation	We do not report LTIR for independent contractors because of the difficulty and administrative burden in accurately recording headcount.

Performance measure	**Employee Engagement Index**
Definition	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.
Scope exception	–
Reporting period	The data was collected between 6 and 31 March 2023, so the results are based on feedback from participants in that particular window.
Data preparation	The index is calculated from an anonymous annual survey run by an independent third-party.
Limitation	Contractors and employees on long-term leave are excluded.

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 have 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.

Ambition	Champion gender diversity, with an ambition to achieve 50% representation of women in leadership roles by 2030
Performance measure	Percentage of female leaders globally
Definition	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.
Scope exception	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.
Data preparation	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.
Limitations	Where employees have chosen not to declare their gender, this information is excluded from the gender representation data.

Ambition	Champion ethnic diversity with an ambition to increase representation of leaders from ethnically diverse backgrounds to 45% by 2030
Performance measure	Percentage of ethnically diverse leaders globally
Definition	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.
Scope exception	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.
Data preparation	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.
Limitations	Employees who identify as White, declined to self-identify or have not disclosed their ethnicity are not counted as ethnically diverse.

Ambition	**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**
Performance measure	Percentage of spend with diverse-owned and disadvantaged businesses
Definition	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. 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 are as inclusive as possible. Disadvantaged businesses include smallholder farmers. The UN's Food and Agriculture Organization 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. 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.
Scope exception	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.
Reporting period	1 July to 30 June. Our baseline year is fiscal 22.
Data preparation	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. 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. Our tier 1 and tier 2 spend calculations are combined and are reflected in the total spend reported against this target.
Limitations	-

Ambition	**Provide business and hospitality skills to 200,000 people, increasing employability and improving livelihoods through Learning for Life and our other skills programmes**
Performance measure	Number of people reached through Learning for Life and other skills programmes
Definition	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.
Scope exception	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.
Data preparation	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. We make sure double counting is avoided through programme registration and completion records.
Limitation	Accuracy relies on the quality of data provided by our third-party delivery partners.

Ambition	**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**
Performance measure	Number of participations in training sessions delivered through Diageo Bar Academy
Definition	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. 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. Training includes physical, virtual, e-learning and masterclass tutorials.
Scope exception	-
Data preparation	Participants in all these DBA trainings are included in this performance measure. Diageo obtains data on the number of participations in trainings delivered in different ways depending on the types of course, as outlined below: • Physical training: attendance number in face-to-face sessions delivered to groups of participants • Virtual training: attendance number in live online sessions • E-learning: number of completions of self-directed learning courses • Masterclass: number of attendances at Live Tutorials and number of viewers of the recorded sessions From fiscal 23 we include online training data from China, where different digital platforms are used.
Limitation	Accuracy of data in case of physical trainings relies on third-party delivery partners.

Ambition	**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**
Performance measure	Percentage of beneficiaries of our community programmes who are women
Definition	For Learning for Life (or equivalent) programmes, we measure the number and percentage of women who have gained business and hospitality skills.
Scope exception	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.
Data preparation	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.
Limitation	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 are also working in partnership to better manage water globally and to lead collective action in critical water basins.

Target	Reduce water use in our operations with a 40% improvement in water-use efficiency in water-stressed areas and a 30% improvement across the company
Performance measure	Water use efficiency per litre of product packaged (Litres/Litre)
Additional performance measure	Percentage improvement in litres of water used per litre of product packaged from the prior year
Definition	We prepare and report water withdrawal (use) from sites where we have operational control, using internally developed reporting methodologies based on the GRI Standards. 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. For water-stressed only: 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.
Scope exception	The volume of water used at Diageo-operated agricultural lands – in Brazil, Mexico and Turkey – is quantified and reported separately.
Data preparation	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. 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$^\Delta$.
Limitation	In limited cases (e.g., failure or malfunction of water meters), estimates are used for water withdrawals.

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.

Target	**Replenish more water than we use for our operations for all of our sites in water-stressed areas by 2026**
Performance measure	Annual volumetric replenishment capacity of projects developed (m^3)
Definition	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. 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. 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). 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, www.wri.org/research/volumetric-water-benefit-accounting-vwba-method-implementing-and-valuing-water-stewardship), 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).
Scope exception	–
Reporting period	1 June to 31 May (previously 16 June to 15 June; see under Limitation, below).
Data preparation	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. The project volumes for fiscal 26 are restated every year to reflect latest estimates and previous fiscal actuals.
Limitation	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.

Target	**Invest in improving access to clean water, sanitation and hygiene (WASH) in communities near our sites and local sourcing areas in all of our water-stressed markets**
Performance measure	Percentage of water-stressed markets with investment in WASH
Definition	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. 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 on page 40. This means that the KPI considers water stress and investment at a country level, rather than at a market level. 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. 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.
Scope exception	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). 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. 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).
Reporting period	1 June to 31 May
Data preparation	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. 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.
Limitation	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.

Target	**Engage in collective action in all of our priority water basins to improve water accessibility, availability and quality and contribute to a net positive water impact**
Performance measure	Percentage of priority water basins with collective action participation
Definition	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. 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.
Scope exception	–
Data preparation	Priority water basins with collective action participation are reported at country level and tracked by the Diageo global metric owner.
Limitation	–

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)**
Performance measure	Total direct and indirect carbon emissions by weight (market/net based) (1000 tonnes CO_2e)
Additional performance measures	Percentage reduction in absolute carbon emissions (direct and indirect carbon emissions by weight (market/net based)) from the prior year Market based (net) intensity ratio of GHG emissions (grams CO_2e per litre of packaged product)

Definition	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 1000 tonnes CO_2e using market-based reporting methodology. Market-based GHG emission intensity ratio is calculated as grammes per CO_2e per litre, using direct operations packaged product volume in litres for fiscal 23.
Scope exception	We exclude minor quantities of Scope 1 emissions up to 0.5% of a site's emissions, to a maximum of 50 tonnes CO_2e 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.
	Biological/biogenic CO_2 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_2e emissions associated with methane and nitrous oxides that are not absorbed in bioenergy feedstock growth are included in Scope 1 emissions.
	We do not include carbon offsets or credits in the Scope 1 and 2 GHG emissions market-based approach.
Data preparation	We calculate CO_2e emissions data based on direct measurement of energy use (meter readings/invoices) for the majority of sites.
	Market-based emissions
	We externally report Scope 1 and 2 GHG emissions using metric tonnes of CO_2e to compare the emissions from the seven main GHGs based on their global warming potential. We base our CO_2e reduction targets and reporting protocols (since 2007) on market-based emissions.
	Direct (Scope 1) emissions
	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_2e emission factor to derive total CO_2e emissions. Scope 1 emission factors for fuels are typically average fuel CO_2e emissions factors and calorific values (the latest available at the 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.
	Indirect (Scope 2) emissions
	We report GHG emissions from electricity 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 guidance to ensure EACs and associated contractual instruments meet the required standards. GHG emission factors relating to indirect emissions are updated with the latest available by end of the financial year.
	Fugitive and owned agricultural (Scope 1) emissions
	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_2e. 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_2e.
	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_2e emissions.
	Scope 1 and Scope 2 data aggregation
	Total direct and indirect carbon emissions by weight (market/net based) (1,000 tonnes CO_2e) 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.
	Our net zero emissions target for 2030 remains consistent with earlier reporting protocols and is based on market-based emissions.
	GHG emission intensity ratios
	Total, aggregated direct operations market-based emissions (as detailed above) are divided, by the volume of direct operations packaged product reported in the same period. The market-based emissions are converted to grammes of CO_2e and the volume of packaged product is reported in litres to generate relevant GHG emission intensity ratios in g CO_2e/litre packaged. For fiscal 23, the total volume packaged used for the denominator in intensity indicators is 3,801,239,185 litres.
Limitation	Where invoices or site meter readings are not available – due, for example, to timing differences or metering issues – we estimate consumption.

Target	Reduce our value chain (Scope 3) carbon emissions by 50%
Performance measure	Percentage reduction in absolute greenhouse gas emissions (ktCO$_2$e) from the prior year
Definition	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). The CO$_2$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. We do not include carbon offsets or credits in the Scope 3 GHG emissions market-based or location-based approach.
Scope exception	Any categories of Scope 3 emissions not listed in the definition above are not currently included in our external reporting.
Data preparation	We report Scope 3 GHG emissions using metric tonnes of CO$_2$e to compare the emissions from the seven main GHGs based on their global warming potential. We base our CO$_2$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. We calculate CO$_2$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$_2$e emissions volume, in metric tonnes.
Limitation	–

Target	Use 100% renewable energy across all our direct operations
Performance measure	Change in percentage of renewable energy across our direct operations
Definition	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. 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).
Scope exception	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$_2$e of individual emission source. They are considered immaterial to our overall impact.
Data preparation	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. 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. 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. 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).
Limitation	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. These instances account for less than 1% of the total.

Become *sustainable* **by** *design*

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

Target	Achieve zero waste in our direct operations and zero waste to landfill in our supply chain
Performance measure	Percentage reduction in total waste sent to landfill from the prior year
Additional measure	Total volume of waste sent to landfill (tonnes)
Definition	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. 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.
Scope exception	–
Data preparation	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.
Limitation	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.

Target	Continue our work to reduce total packaging (delivering a 10% reduction in packaging weight)
Performance measure	Percentage reduction of total packaging (by weight)
Definition	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.
Scope exception	–
Data preparation	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.
Limitation	Reporting relies on suppliers' technical information and supporting supplementary information.

Target	Continue our work to increase recycled content on our packaging (increasing the percentage of recycled content of our packaging to 60%)
Performance measure	Change in percentage of recycled content (by weight)
Definition	We determine recycled content by establishing the percentage weight of non-virgin materials used to generate the packaging components.
Scope exception	–
Data preparation	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.
Limitation	Reporting relies on suppliers' technical information and supporting supplementary information.

Target	Ensure 100% of our packaging is widely recyclable (or reusable/compostable)
Performance measure	Percentage of packaging recyclable (by weight)
Definition	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.
Scope exception	–
Data preparation	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.
Limitation	Reporting relies on suppliers' technical information and supporting supplementary information.

Target	Achieve 40% recycled content in our plastic bottles by 2025, and 100% by 2030
Performance measure	Percentage of recycled content in our plastic bottles used
Definition	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.
Scope exception	–
Data preparation	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.
Limitation	Reporting relies on suppliers' technical information and supporting supplementary information.

Target	Ensure 100% of our plastics are designed to be widely recyclable (or reusable/compostable) by 2025
Performance measure	Percentage of recyclable (or reusable/compostable) plastic used
Definition	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.
Scope exception	–
Data preparation	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.
Limitation	Reporting relies on suppliers' technical information and supporting supplementary information.

Target	Provide all of our local sourcing communities with agricultural skills and resources, building economic and environmental resilience (supporting 150,000 smallholder farmers)
Performance measure	Number of smallholder farmers in our supply chain supported by our smallholder farmer programme
Definition	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. 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. 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.
Scope exception	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.
Data preparation	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. 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.
Limitation	Monitoring is likely to evolve over time, because collecting data at smallholder-farm level is complex, with a heavy reliance on individuals, a lack of publicly available high-impact datasets and a lack of real-time data.

Target	Develop regenerative agriculture pilot programmes in five key sourcing landscapes
Performance measure	Number of regenerative agriculture pilot programmes initiated
Definition	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. The programmes include: • On-the-ground programmes with farmers to test and integrate regenerative and low-carbon practices in crop production systems • On-farm measurements and data collection protocols to track improvements in soil health, soil carbon, biodiversity, water stewardship and farm profitability • Collaborative programmes with our suppliers, other commodity off-takers, expert agronomists, technology providers, NGOs or specialist organisations
Scope exception	–
Data preparation	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.
Limitation	–

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