

# DIAGEO

Sustainability & Responsibility  
Performance Addendum to  
the Annual Report 2014



# INTRODUCTION

This is the Sustainability & Responsibility Performance Addendum to Diageo's 2014 Annual Report. In it you'll find a discussion of our new approach to reporting this year, followed by our responses to the new Global Reporting Initiative (GRI) G4 guidelines and the United Nations Global Compact (UNGC) principles, presented as two indices. This document supplements Diageo's Annual Report 2014 and the responsibility section of [www.diageo.com](http://www.diageo.com).

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## Key

-  Links to Annual Report
-  Links to [www.diageo.com](http://www.diageo.com)

## Reporting trends and context

2014 has been a year of change for the reporting landscape. The European Commission adopted a directive with measures for large companies to report on environmental, social, human rights, anti-corruption and bribery matters. The United Kingdom also amended its Companies Act to mandate new disclosures on human rights, gender diversity and greenhouse gas emissions.

These trends, along with a growing understanding that sustainability issues are not peripheral to core business performance, have fuelled the adoption by many companies of integrated reporting: that is, concise communication about how an organisation's strategy, governance, performance and prospects lead to the creation of value in many forms in the near and long term. This year the International Integrated Reporting Commission (IIRC) produced a framework to bring greater cohesion and efficiency to the annual reporting process and to accelerate the trend towards integrated reporting.

At the same time, expectations for sustainability reporting are rightly becoming more focused on what is material to an organisation, meaning that reporting should concentrate on issues that both address the interests and needs of key stakeholders as well as of the company itself. This trend is encapsulated in the GRI's revised guidelines, G4, launched in May 2013, which help companies determine and report on a more focused set of material indicators.

## Diageo's revised approach to reporting

As a company that believes in meeting the changing expectations of our stakeholders, we welcome these developments, and have responded to them by reviewing the way we report to every group.

In the past we have produced an Annual Report, focused for the most part on financial and operational performance, and a separate Sustainability & Responsibility Report aligned with GRI and the UNGC advanced level criteria. This year, to start a journey towards integrated reporting, we present our most material sustainability and responsibility disclosures in our Annual Report using the IIRC Framework as a guide. Our aim is to increase our alignment with the IIRC Framework in future years. The Annual Report can be downloaded at [www.diageo.com](http://www.diageo.com).

We recognise, however, that many of our stakeholders rely on other information we used to disclose in the separate Sustainability & Responsibility Report, and which has not been included in this year's Annual Report. We also continue to subscribe to the principles inherent in both the GRI and UNGC. For these reasons we have created this Sustainability & Responsibility Performance Addendum, in which you will find our disclosures structured as two indices. The GRI index follows the new G4 framework, while the UNGC index, as in previous years, follows the UNGC advanced reporting criteria. We have also expanded the **Responsibility section of our website**, to highlight our approach, and share our sustainability and responsibility policies and case studies with general stakeholders.

Our aim is to ensure that between our Annual Report, [www.diageo.com](http://www.diageo.com), and this Performance Addendum, we provide the information our diverse stakeholders expect and need.

# STRATEGY AND MATERIALITY

While this index is organised by the categories outlined by the GRI and UNGC, our Annual Report and other sustainability and responsibility communications follow our strategy, which addresses six areas:

- Creating a positive role for **alcohol in society**
- Addressing global **water and environmental** challenges at our operations and in our local communities
- **Empowering the communities** in which we operate
- Creating a great place to work for **our people**
- Holding ourselves to the highest standards of **governance and ethics**
- Building **partnerships along the value chain** to ensure the sustainability of our business model.

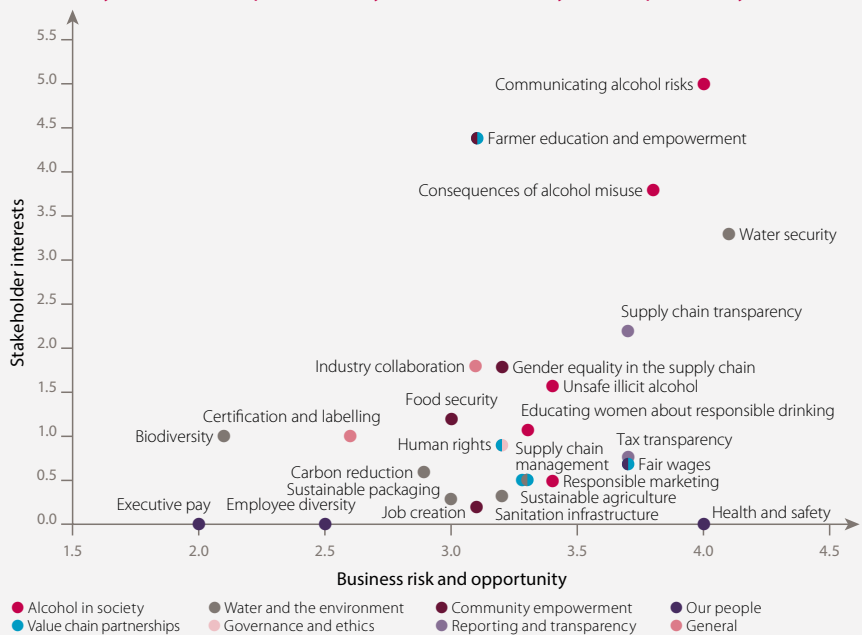
Last year we conducted a materiality assessment informed by stakeholder consultation and internal analysis which confirmed that our most critical social issue is to do with the impact of alcohol on society, while water stewardship is the most important environmental impact we need to manage. The matrix below illustrates the results, with external stakeholder interests illustrated on the y axis and business interests on the x axis. Business interests represent the impact each issue might have on factors including equity, market share, price, operating profit, our reputation and employee engagement.

We recognise that this matrix is not comprehensive but it is illustrative of the variety of concerns stakeholders may have in the 180 countries in which we sell our products. We will continue to update it as we engage individuals and organisations around the world. We are currently in the process of

developing targets for the most material issues shown in this matrix, and will announce them in December 2014.

A full description of our Sustainability & Responsibility Strategy can be found in our Annual Report on page 16, and details of 2014 performance on pages 42-49.

Materiality matrix (a comparative analysis of sustainability and responsibility interests)



# GRI G4 INDEX

This index outlines our response to the GRI G4 Sustainability Reporting Guidelines. Our definition of material is relatively broad, and includes most issues that surfaced as part of our materiality assessment, regardless of priority, as illustrated on page 3.

As this is our first year reporting against GRI G4, we are not yet able to report 'core' compliance, however, we have reported on as many standard and specific disclosures as possible, including many required only of a 'comprehensive' report. In some cases, we have not responded fully to an indicator, and there we have noted where improvements need to be made as we transfer to this new version of GRI.

#### How we have met each indicator

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

### Translating our Sustainability & Responsibility Strategy to GRI

In addition to informing our strategy, our materiality assessment also guides our reporting and has helped us determine which indicators would be most useful to our stakeholders. The following table translates the programmes that we manage into the GRI's aspects. GRI aspects not included in this table are not considered material and are not reported on in this Performance Addendum.

DIAGEO PROGRAMME	GRI ASPECT	
<b>Alcohol in society</b>	<ul style="list-style-type: none"> <li>• Customer Health and Safety</li> <li>• Product and Service Labeling</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing Communications</li> <li>• Public Policy</li> </ul>
<b>Water and the environment</b>	<ul style="list-style-type: none"> <li>• Water</li> <li>• Effluents and Waste</li> <li>• Energy</li> <li>• Emissions</li> <li>• Transport</li> </ul>	<ul style="list-style-type: none"> <li>• Materials</li> <li>• Products and Services</li> <li>• Biodiversity</li> <li>• Overall Environment</li> </ul>
<b>Community empowerment</b>	<ul style="list-style-type: none"> <li>• Local Communities</li> <li>• Economic Performance</li> </ul>	<ul style="list-style-type: none"> <li>• Indirect Economic Impacts</li> <li>• Public Policy</li> </ul>
<b>Our people</b>	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Labour/Management Relations</li> <li>• Diversity and Equal Opportunity</li> <li>• Occupational Health and Safety</li> <li>• Training and Education</li> <li>• Investment</li> <li>• Non-discrimination</li> </ul>	<ul style="list-style-type: none"> <li>• Freedom of Association and Collective Bargaining</li> <li>• Child Labour</li> <li>• Forced or Compulsory Labour</li> <li>• Security Practices</li> <li>• Assessment</li> <li>• Market Presence</li> <li>• Equal Remuneration for Women and Men</li> </ul>
<b>Governance and ethics</b>	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Anti-corruption</li> <li>• Anti-competitive Behaviour</li> <li>• Compliance – Society</li> <li>• Environmental Grievance Mechanisms</li> <li>• Compliance – Environmental</li> </ul>	<ul style="list-style-type: none"> <li>• Grievance Mechanisms for Impacts on Society</li> <li>• Human Rights Grievance Mechanisms</li> <li>• Labour Practices Grievance Mechanisms</li> <li>• Compliance – Product Responsibility</li> <li>• Governance</li> <li>• Ethics and Integrity</li> </ul>
<b>Value chain</b>	<ul style="list-style-type: none"> <li>• Procurement Practices</li> <li>• Supplier Assessment for Labour Practices</li> <li>• Supplier Human Rights Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier Assessment for Impacts on Society</li> <li>• Supplier Environmental Assessment</li> </ul>
<b>Reporting and transparency</b>	<ul style="list-style-type: none"> <li>• Identified Material Aspects and Boundaries</li> <li>• Report Profile</li> <li>• Organisational Profile</li> </ul>	
<b>General management of sustainability and responsibility</b>	<ul style="list-style-type: none"> <li>• Strategy and Analysis</li> <li>• Stakeholder Engagement</li> </ul>	

# GRI G4 INDEX

## GENERAL STANDARD DISCLOSURES

### How we have met each indicator

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
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## Strategy and analysis

<p><b>G4-1</b> ◆</p>	<p>Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation, and the organisation's strategy for addressing sustainability.</p> <p>In our Annual Report, pages 10-13, our Chairman and Chief Executive explain how Diageo's Sustainability &amp; Responsibility Strategy is linked to Diageo's Performance Ambition to create 'the best performing, most trusted and respected consumer products company in the world.'</p>	<p><b>G4-2</b> ◆</p>	<p>Description of key impacts, risks, and opportunities.</p> <p>Through stakeholder and financial analysis conducted in 2013, we identified three sustainability and responsibility issues to be most material to Diageo: the role alcohol plays in society; farmer education and empowerment; and water security. These and the total results of this study are illustrated in the materiality matrix found on page 3 of this Performance Addendum. Further information is found in the Annual Report itself, in the How we will deliver our ambition: Sustainability &amp; Responsibility section, page 16. Those risks considered most material from a financial perspective are included in the How we protect our business: Risk management and principal risks section of the Annual Report, page 22.</p>	
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## Organisational profile

<p><b>G4-3</b> ◆</p>	<p>Name of the organisation.</p> <p>Diageo plc.</p>	<p><b>G4-4</b> ◆</p>	<p>Primary brands, products and services.</p> <p>Diageo produces more than 100 alcoholic beverage brands, however 14 make up approximately two-thirds of our net sales. Key details about each of these brands can be found in the Brand performance section, pages 4-5, of the Annual Report, while an overview of our production and value chain can be found in the Our business section, page 2.</p>	<p><b>G4-5</b> ◆</p>	<p>Location of the organisation's headquarters.</p> <p>London, UK.</p>
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## Organisational profile, continued

<p><b>G4-6</b> ◆</p>	<p><b>Number of countries where the organisation operates, and names of countries where either the organisation has significant operations, or that are specifically relevant to the sustainability topics covered in the report.</b></p> <p>Our products are sold in more than 180 countries around the world, separated into 21 markets and five regions. A breakdown of which markets are in each region can be found in the Our structure section of the Annual Report, page 3.</p>	<p><b>G4-7</b> ◆</p> <p><b>Nature of ownership and legal form.</b></p> <p>Full name: Diageo plc Registered number: 23307 Registered office: Lakeside Drive, London NW10 7HQ Place of registration: England and Wales</p>	<p><b>G4-8</b> ◆</p> <p><b>Markets served.</b></p> <p>Our customers can vary from large global retailers and convenience stores, to bars, restaurants and hotels, to governments such as 'control states' in the United States, and state monopolies in certain countries like Sweden and Norway. These organisations are conduits to our shoppers and consumers, to whom we market. An overview of our business model can be found on page 9 of the Annual Report, and a geographic breakdown is outlined in the Business review sections, pages 30-39.</p>
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## Organisational profile, continued

<b>G4-9</b> ◆	<b>Scale of the organisation.</b>  Diageo employs approximately 28,000 <sup>1</sup> people around the world. The production side of the business includes more than 100 sites in 30 countries.  This year we produced 6.5 billion litres of product and made £10.3 billion in net sales.  Further detail of our business model can be found on page 9 of the Annual Report, and detailed financial performance is included in the Financial statements, pages 84-138.  <small>1. This is based on an average number of employees in which part-time employees are included in full. This gives a higher number than the corresponding table in the Annual Report, which is presented on a full-time equivalent basis.</small>	<b>G4-10</b> ◆	<b>Total number of permanent employees by employment contract, employment type, region and gender.</b>  <b>Employees by region by gender, and by employment contract type<sup>1</sup></b>																																																																																																																								
			<table border="1"> <thead> <tr> <th></th> <th>Part-time</th> <th>Full time</th> <th>Permanent</th> <th>Fixed-term/ temporary</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>North America</b></td> </tr> <tr> <td>Men</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Women</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td colspan="6"><b>Western Europe</b></td> </tr> <tr> <td>Men</td> <td>244</td> <td>4,938</td> <td>5,014</td> <td>168</td> <td>5,182</td> </tr> <tr> <td>Women</td> <td>471</td> <td>2,594</td> <td>2,892</td> <td>173</td> <td>3,065</td> </tr> <tr> <td colspan="6"><b>Africa, Eastern Europe and Turkey</b></td> </tr> <tr> <td>Men</td> <td>15</td> <td>6,210</td> <td>6,096</td> <td>129</td> <td>6,225</td> </tr> <tr> <td>Women</td> <td>77</td> <td>2,459</td> <td>2,379</td> <td>157</td> <td>2,536</td> </tr> <tr> <td colspan="6"><b>Latin America and Caribbean</b></td> </tr> <tr> <td>Men</td> <td>46</td> <td>2,050</td> <td>2,036</td> <td>60</td> <td>2,096</td> </tr> <tr> <td>Women</td> <td>38</td> <td>1,238</td> <td>1,237</td> <td>39</td> <td>1,276</td> </tr> <tr> <td colspan="6"><b>Asia Pacific</b></td> </tr> <tr> <td>Men</td> <td>2</td> <td>1,388</td> <td>1,336</td> <td>54</td> <td>1,390</td> </tr> <tr> <td>Women</td> <td>22</td> <td>930</td> <td>863</td> <td>89</td> <td>952</td> </tr> <tr> <td colspan="6"><b>Diageo (total)</b></td> </tr> <tr> <td>Men</td> <td>307</td> <td>14,586</td> <td>14,482</td> <td>411</td> <td>14,893</td> </tr> <tr> <td>Women</td> <td>608</td> <td>7,221</td> <td>7,371</td> <td>458</td> <td>7,829</td> </tr> <tr> <td>All</td> <td>915</td> <td>21,807</td> <td>21,853</td> <td>869</td> <td>22,722</td> </tr> </tbody> </table>		Part-time	Full time	Permanent	Fixed-term/ temporary	Total	<b>North America</b>						Men	N/A	N/A	N/A	N/A	N/A	Women	N/A	N/A	N/A	N/A	N/A	<b>Western Europe</b>						Men	244	4,938	5,014	168	5,182	Women	471	2,594	2,892	173	3,065	<b>Africa, Eastern Europe and Turkey</b>						Men	15	6,210	6,096	129	6,225	Women	77	2,459	2,379	157	2,536	<b>Latin America and Caribbean</b>						Men	46	2,050	2,036	60	2,096	Women	38	1,238	1,237	39	1,276	<b>Asia Pacific</b>						Men	2	1,388	1,336	54	1,390	Women	22	930	863	89	952	<b>Diageo (total)</b>						Men	307	14,586	14,482	411	14,893	Women	608	7,221	7,371	458	7,829	All	915	21,807	21,853	869	22,722
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## Organisational profile, continued

**G4-10 cont****Total workforce by employees and supervised workers, and by gender.**

This information is included in the People section of the Sustainability & Responsibility Review in the Annual Report, page 46.

**Whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.**

Most people who work on behalf of Diageo are employees, although, in common with most manufacturing companies, we also employ contractors, the numbers of whom vary significantly by region. For the most part, we use contractors for construction projects. These have peaked in recent years due to the investments we have made in the business.

It is common in the brewing business to outsource a number of functions on a ongoing basis. At some of our sites up to 50% of workers may be contractors, as follows:

- Nearly all logistics (from the end of the packaging line) are outsourced to companies like DHL; this would include warehouse operators, forklift truck drivers, loaders and so forth
- Cleaning, catering and site security
- We would also see a significant percentage of production outsourced in Africa (e.g. returnable glass handling, hand packing, etc.).

At our sites in Europe and North America, management of facilities is also outsourced, and we will be extending this to sites in Asia soon.

**Significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).**

Some aspects of our business use seasonal employment. For example, we own vineyards in California for our wine business, and sugar cane fields in Brazil for our cachaça business. In both these locations we do hire seasonal workers for the harvest; however these variations in numbers are not significant in comparison with our overall number of employees.

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## Organisational profile, continued

<p><b>G4-11</b> ◆</p>	<p><b>Percentage of total employees covered by collective bargaining agreements.</b></p> <p>We have a strong commitment to industrial dialogue, and in 2014 more than 38% of our employees were covered by collective bargaining agreements.</p>	<p><b>G4-12</b> ◆</p> <p><b>Describe the organisation's supply chain.</b></p> <p>Around 30,000 direct suppliers from more than 100 countries provide us with the raw materials, expertise and other resources that help us make great brands. Many of those direct suppliers themselves have an extensive supply chain, connecting us with thousands more farmers and businesses. Details of how we work with our suppliers are included in the Value chain partnerships section of the Annual Report, page 49.</p>	<p><b>G4-13</b> ◆</p> <p><b>Significant changes during the reporting period.</b></p> <p>The most significant changes to our business are to do with acquisitions made during the year, in particular USL in India in July 2013.</p> <p>For acquisitions and disposals, see Note 9 to the Financial statements in the Annual Report, pages 106-108.</p> <p>For material organisational restructuring programmes, see Note 4 to the Financial statements in the Annual Report, pages 100-101.</p> <p>For changes in share capital structure, see Notes 15-17 to the Financial statements in the Annual Report, pages 119-128.</p> <p>As far as we are aware, there have been no material changes to the location of suppliers, structure of the supply chain or our relationships with suppliers during this reporting period, with the exception of new suppliers joining our supply chain through our acquisitions.</p>
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## Organisational profile, continued

<p><b>G4-14</b> ◆</p>	<p>Whether and how the precautionary approach or principle is addressed by the organisation.</p> <p>We take a precautionary approach to our environmental strategy, as described in our work to reduce greenhouse gases in the Environment sections of the Annual Report, pages 17 and 44.</p>	<p><b>G4-15</b> ◆</p> <p>Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.</p> <p>□ Diageo is a signatory to a number of global external codes and charters that reflect our commitment to sustainability and responsibility. These include the Dublin Principles, UN Global Compact, CEO Water Mandate, Cancún Communiqué, and the UN Women's Empowerment Principles. More detail can be found in the Responsibility section of our website, under <b>Advocacy</b>.</p>	<p><b>G4-16</b> ◆</p> <p>Memberships of associations (such as industry associations) and national or international advocacy organisations.</p> <p>□ We have helped establish many social aspects organisations (SAOs) – industry-funded bodies that work with governments, the private sector, and NGOs to promote responsible drinking. A list of our SAOs and trade associations that run responsible drinking initiatives can be found in the Responsibility section of our website, under <b>Alcohol policy</b>.</p>
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## Identified material aspects and boundaries

<p><b>G4-17</b> ◆</p>	<p>All entities included in the organisation's consolidated financial statements or equivalent documents, and whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.</p> <p>Our Financial statements can be found in our Annual Report on pages 84-138. Further detail on what entities are included and not included in our sustainability and responsibility reporting can be found on page 70 of this Performance Addendum.</p>	<p><b>G4-18</b> ◆</p> <p>Process for defining the report content and the aspect boundaries.</p> <p>Through stakeholder and financial analysis, we identified those sustainability and responsibility issues most material to Diageo's business. This is illustrated in a materiality matrix on page 3 of this Performance Addendum. Our reporting at a minimum includes these issues, although we also report on certain additional issues included in the GRI.</p>	<p>How the organisation has implemented the reporting principles for defining report content.</p> <p>See table on next page.</p>
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## Identified material aspects and boundaries, continued

### CATEGORY – CONTENT

Principle	What it means	Our response
<b>Stakeholder inclusiveness</b>	The report should identify its stakeholders and explain how the reporting organisation has responded to their reasonable expectations and interests.	□ In the Responsibility section of our website, under <b>Our S&amp;R Strategy</b> , we set out who our key stakeholders are, explain how we have engaged them and identify key areas of reporting that address their areas of interest. Last year we interviewed 40 external stakeholders to gather their views on Diageo's approach to sustainability and responsibility, and this informed our materiality matrix, which you can find on page 3 of this Performance Addendum.
<b>Sustainability context</b>	The report should present the organisation's performance in the wider context of sustainability.	Our Annual Report explains the wider context in which we operate; see the Market dynamics section on page 24.
<b>Materiality</b>	The report should cover aspects that: <ul style="list-style-type: none"> <li>• Reflect the organisation's significant economic, environmental, and social impacts</li> <li>• Would substantively influence the assessments and decisions of stakeholders.</li> </ul>	Our aim is to report fully on issues deemed highly material and to explain our approach to these deemed of medium materiality. As referenced above, we worked with stakeholders to determine what is most material to us as a business, and this informed our materiality matrix, which you can find on page 3 of this Performance Addendum.
<b>Completeness</b>	The report should include coverage of material aspects and their boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organisation's performance in the reporting period.	Our coverage of material topics is explained in the Reporting boundaries and methodologies section at the end of this document.

### CATEGORY – QUALITY

<b>Balance</b>	The report should reflect positive and negative aspects of the organisation's performance to enable a reasoned assessment of overall performance.	We report against stretching targets and against GRI indicators, whether or not our performance has been strong. This gives a balanced view of our impacts, which have been defined taking into account the views of a range of stakeholders.
<b>Comparability</b>	The organisation should select, compile and report information consistently. The reported information should be presented in a manner that enables stakeholders to analyse changes in the organisation's performance over time, and that could support analysis relative to other organisations.	Having changed the way we report this year, it is inevitably less easy for readers to compare information with last year's reporting. However we continue to report against GRI as well as targets disclosed in prior years, and have prepared this Performance Addendum as an index to help readers find comparable information.
<b>Accuracy</b>	The reported information should be sufficiently accurate and detailed for stakeholders to assess the organisation's performance.	□ We explain our methodology for calculating performance against targets in the Reporting boundaries and methodologies section. KPMG LLP were engaged to provide <b>limited assurance</b> over selected information in the Annual Report for the year ended 30 June 2014. Information that has been reproduced in this Performance Addendum is marked with the symbol Δ.

**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Identified material aspects and boundaries, continued

### CATEGORY – QUALITY, CONTINUED

Principle	What it means	Our response
<b>Timeliness</b>	The organisation should report on a regular schedule so that information is available in time for stakeholders to make informed decisions.	To date we have reported sustainability and responsibility information alongside our Annual Report; this year, we continue to do so, publishing this Performance Addendum alongside the new Annual Report.
<b>Clarity</b>	The organisation should make information available in a manner that is understandable and accessible to stakeholders using the report.	With our new approach to reporting, we have created different channels for different audiences. Our sustainability and responsibility journey continues to be told at a high level on our website; we identify and report on the most material issues in our Annual Report; and we have produced this Performance Addendum to ensure readers can find our responses to all indicators.
<b>Reliability</b>	The organisation should gather, record, compile, analyse and disclose information and processes used in the preparation of a report in a way that they can be subject to examination and that establishes the quality and materiality of the information.	□ KPMG LLP were engaged to provide <b>limited assurance</b> over selected information in the Annual Report for the year ended 30 June 2014. Information that has been reproduced in this Performance Addendum is marked with the symbol Δ.

**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
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## Identified material aspects and boundaries, continued

<p><b>G4-19</b> ◆</p>	<p><b>Material aspects identified in the process for defining report content.</b></p> <p>As explained above, our materiality analysis identified the role alcohol plays in society as our most important social issue, and water security as our most important environmental issue. The results of our materiality analysis can be found on page 3 of this Performance Addendum.</p>	<p><b>G4-20</b> ◆</p> <p><b>For each material aspect, the aspect boundary within the organisation.</b></p> <p>The following GRI aspects are particularly material to our 100 supply sites in 30 countries: procurement practices; materials; energy; water; biodiversity; emissions; effluent and waste; supplier environmental assessment; environmental grievance mechanisms; occupational health and safety; and supplier assessment for labour practices.</p> <p>The remaining additional aspects are material to all 180 countries in which we make and sell products around the world, with the exception of indigenous rights and customer privacy which did not surface as material through our stakeholder study.</p>	<p><b>G4-21</b> ◆</p> <p><b>For each material aspect, the aspect boundary outside the organisation.</b></p> <p>We took a value chain approach to our materiality matrix. Therefore the issues that we identified as material are also material to our suppliers and other business partners.</p>
<p><b>G4-22</b> ◆</p>	<p><b>Effect of any restatements of information provided in previous reports, and the reasons for such restatements.</b></p> <p>We have restated our 2007 baseline for all environmental data to include Ypióca, our business in Brazil. See the Reporting boundaries and methodologies section of this document for more details.</p>	<p><b>G4-23</b> ◆</p> <p><b>Significant changes from previous reporting periods in the scope and aspect boundaries.</b></p> <p>There have been no significant changes from previous reporting periods with the exception of those included in the Reporting boundaries and methodologies section on page 70.</p>	

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## Stakeholder engagement

<p><b>G4-24</b> ◆</p>	<p><b>Stakeholder groups engaged by the organisation.</b></p> <p>□ We engage internal and external stakeholders, ranging from employees, investors and commercial partners to governments and local communities. A full list is included in the Responsibility section of our website, under <b>Stakeholder engagement</b>.</p>	<p><b>G4-25</b> ◆</p> <p><b>Basis for identification and selection of stakeholders with whom to engage.</b></p> <p>We define our stakeholders as all those who affect or are affected by Diageo’s business. We both proactively engage groups that fit these criteria and speak and work with groups that are interested in engaging us. In our 2013 study, we aimed to engage diverse stakeholder groups including NGOs, governments, investors, multilaterals, employees and customers. While most stakeholders had a global reach, we also spoke with certain government and other local stakeholders. Stakeholders in markets with high net sales and high net sales growth were given priority.</p>	<p><b>G4-26</b> ◆</p> <p><b>Organisation’s approach to stakeholder engagement.</b></p> <p>□ We engage stakeholders at the global level – for example a study of more than 40 global organisations that helped us define our material issues – and at the local level to build trust and respect, and we customise our global strategy for local needs. More information is included in Responsibility section of our website, under <b>Stakeholder engagement</b>.</p>
<p><b>G4-27</b> ◆</p>	<p><b>Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded.</b></p> <p>We refreshed our Sustainability &amp; Responsibility Strategy based on the results of our materiality analysis, which was informed by stakeholder as well as financial analysis. Details of our approach are included in the How we will deliver our ambition: Sustainability &amp; Responsibility section of the Annual Report, page 16.</p>		

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## Report profile

<b>G4-28</b> ◆	Reporting period (such as fiscal or calendar year) for information provided.  Year ending 30 June 2014.	<b>G4-29</b> ◆	Date of most recent report (if any).  August 2014.	<b>G4-30</b> ◆	Reporting cycle (such as annual; biennial).  Annual.
<b>G4-31</b> ◆	Contact point for questions regarding the report or its contents.  <a href="mailto:csr@diageo.com">csr@diageo.com</a>				
<b>G4-32</b> ◆	'In accordance' option the organisation has chosen.  This report is aligned with the GRI principles. While it has not fully reached core compliance, we also report on many indicators solely required of a comprehensive report.		GRI Content Index for the chosen option.  This index serves as the GRI Content Index.		Reference to the external assurance report, if the report has been externally assured.  <input type="checkbox"/> KPMG LLP were engaged to provide <b>limited assurance</b> over selected information in the Annual Report for the year ended 30 June 2014. Information that has been reproduced in this Performance Addendum is marked with the symbol Δ.
<b>G4-33</b> ◆	Organisation's policy and current practice with regard to seeking external assurance for the report.  <input type="checkbox"/> We aim to align our reporting with what we believe to be the best standards for non-financial reporting. We believe in reporting against reliable data and strive to improve the quality of our non-financial disclosures. Towards these aims, KPMG LLP were engaged to provide <b>limited assurance</b> over selected information in the Annual Report for the year ended 30 June 2014. Information that has been reproduced in this Performance Addendum is marked with the symbol Δ.		Relationship between the organisation and the assurance providers.  KPMG is an independent contractor.		Whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.  Diageo's Chief Executive and Chief Financial Officer approve the appointment of and set the scope of KPMG's assurance engagement.



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## Governance

<p><b>G4-34</b> ◆</p>	<p><b>Governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.</b></p> <p>Diageo’s governance structure is included in the Corporate governance section of the Annual Report, pages 54-59. Our CEO, Ivan Menezes, is ultimately accountable for overall performance against sustainability and responsibility goals, while responsibility for the component parts of our Sustainability &amp; Responsibility Strategy is shared between members of Diageo’s Executive Committee.</p>	<p><b>G4-35</b> ◆</p>	<p><b>Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.</b></p> <p>As described in G4-36, senior executives are accountable for each aspect of the Sustainability &amp; Responsibility Strategy. When issues arise in Executive Committee meetings that relate to these topics, accountability will be delegated to the designated individual. When issues or risks to do with additional economic, social or environmental topics are discussed, an appropriate executive is assigned and expected to report back to the Executive Committee. In some cases, a topic will become a standing item on the Executive Committee agenda until the issue is resolved.</p>													
<p><b>G4-36</b> ◆</p>	<p><b>Whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.</b></p> <p>Our Chief Executive, Ivan Menezes, is ultimately accountable for performance against sustainability and responsibility goals and reports directly to the Board. Responsibility for the component parts of our Sustainability &amp; Responsibility Strategy is shared between members of Diageo’s Executive Committee, all of whom report to the CEO, as outlined below. Regional presidents and local managing directors are responsible for implementing the S&amp;R Strategy locally and driving performance.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Title</th> <th style="text-align: left;">Area(s) of accountability</th> </tr> </thead> <tbody> <tr> <td>Corporate Relations Director</td> <td>Strategy and reporting Alcohol in society Community empowerment</td> </tr> <tr> <td>Chief Marketing Officer</td> <td>Alcohol in society (responsible marketing and branded responsible drinking campaigns) Community empowerment (brand campaigns) Value chain partnerships (customer partnerships)</td> </tr> <tr> <td>President, Global Supply</td> <td>Water and the environment Our people (safety) Value chain partnerships (responsible sourcing and sustainable agriculture)</td> </tr> <tr> <td>Human Resources Director</td> <td>Our people</td> </tr> <tr> <td>Chief Financial Officer</td> <td>Governance and ethics</td> </tr> </tbody> </table>				Title	Area(s) of accountability	Corporate Relations Director	Strategy and reporting Alcohol in society Community empowerment	Chief Marketing Officer	Alcohol in society (responsible marketing and branded responsible drinking campaigns) Community empowerment (brand campaigns) Value chain partnerships (customer partnerships)	President, Global Supply	Water and the environment Our people (safety) Value chain partnerships (responsible sourcing and sustainable agriculture)	Human Resources Director	Our people	Chief Financial Officer	Governance and ethics
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## Governance, continued

<p><b>G4-37</b> ◆</p>	<p>Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.</p> <p>Many issues raised by institutional or private investors represent economic, social or environmental interests. The Board receives reports on institutional shareholder interests throughout the year. Private shareholders engage directly with the Chairman or with the entire Board at the Annual General Meeting.</p>	<p>Wider external concerns are discussed periodically. For example, this year the Board discussed refinements to Diageo's Sustainability &amp; Responsibility Strategy at its annual strategy conference, which were based on a stakeholder engagement study conducted in 2013. Details of the stakeholder study and specific issues raised were presented to the Executive Committee.</p> <p>In terms of internal consultation, the Board receives a report highlighting global aggregated results of Diageo's Values Survey once a year. Details of employees' concerns are discussed at Executive Committee level.</p>	<p><b>G4-38</b> ◆</p> <p>Composition of the highest governance body and its committees.</p> <p>The Board is made up of nine members including the Chairman, two executive directors and six non-executive directors, all of whom are independent. At publication of the 2014 Annual Report, four members were women. The Board has three subcommittees: the Nomination Committee; the Remuneration Committee; and the Audit Committee. Further information on the membership and work of these committees is included in the Corporate governance section of the Annual Report, pages 54-60.</p>
<p><b>G4-39</b> ◆</p>	<p>Whether the chair of the highest governance body is also an executive officer.</p> <p>The Chairman of the Board is not counted as a non-executive director and is not independent by virtue of being the chairman, in accordance with section A3.1 of the UK Corporate Governance Code.</p>	<p><b>G4-40</b> ◆</p> <p>Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.</p> <p>The Nomination Committee – made up of all the independent directors and the Chairman of the company – is responsible for keeping under review the composition of the Board and succession to it, and for succession planning for senior leadership positions.</p>	<p>The Committee makes recommendations to the Board concerning Board appointments. Criteria for Board appointments include skills, knowledge, experience and diversity.</p> <p>Further detail is included in the Corporate governance (page 57) section of the Annual Report.</p> <p>□ The terms of reference of all Board Committees are available in the <b>Corporate governance section</b> of our website.</p>
<p><b>G4-41</b> ◆</p>	<p>Processes for the highest governance body to ensure conflicts of interest are avoided and managed.</p> <p>The Board has agreed an approach and adopted guidelines for dealing with conflicts of interest, and responsibility for authorising conflicts of interest is included in the schedule of matters reserved for the Board. Further information is included in the Board of Directors section of the Corporate governance report, pages 54-59.</p>	<p><b>G4-42</b> ◆</p> <p>Highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.</p> <p>Diageo's corporate vision and strategy are outlined in our Performance Ambition, which includes key economic, social and environmental issues related to the company's reputation.</p>	<p>Progress against this ambition is a standing agenda item for the Board and is included as part of the Chief Executive's Report. Diageo's broader Sustainability &amp; Responsibility Strategy is discussed and signed off at Board level at least once a year. Policies are generally discussed and agreed at the Executive Committee level, although select policies that represent material risk are signed off at Board level.</p>

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## Governance, continued

<p><b>G4-43</b> ◆</p>	<p>Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.</p> <p>Background reports are submitted throughout the year on various economic, environmental and social topics, some of which are discussed in detail in Board meetings. The Board is also responsible for reviewing Diageo's integrated Annual Report which provides important contextual and performance information. A subcommittee of the Board signs off the Annual Report.</p>	<p><b>G4-44</b> ◆</p> <p>Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.</p> <p>During the year, an externally facilitated evaluation of the Board's effectiveness, including the effectiveness of the Audit Committee, the Nomination Committee and the Remuneration Committee, was undertaken. Further detail is included in the Corporate governance section of the Annual Report, pages 54-59.</p>	<p>Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organisational practice.</p> <p>Feedback on performance identified through the 2013 evaluation, including on sustainability and responsibility impacts that influence external reputation, was used to craft the Board's agenda for the following year.</p>
<p><b>G4-45</b> ◆</p>	<p>Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities and whether stakeholder consultation was used.</p> <p>The Executive Committee is responsible for managing economic, environmental and social impacts with accountabilities outlined in G4-36. However, as explained in G4-32 and G4-37, the Sustainability &amp; Responsibility Strategy is discussed through a variety of channels at Board level, and incorporates stakeholder consultation where possible. In some cases, based on past reports to the Board, Board members identify new economic, social and environmental impacts that Diageo should manage.</p> <p>Risks, including those identified in the How we protect our business: Risk management and principal risks section of the Annual Report, pages 22-23, are discussed twice a year in the Audit Committee.</p>	<p><b>G4-46</b> ◆</p> <p>Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.</p> <p>At each of its meetings, the Audit Committee reviews detailed reports from the heads of the global risk and compliance and global audit and risk teams and has sight of the minutes of meetings of management's Audit and Risk Committee. These include risks on economic, environmental and social topics.</p> <p>Context informing our Sustainability &amp; Responsibility Strategy, including risks, is also presented to the Board. Further detail can be found in the Corporate governance section of the Annual Report, pages 54-59.</p>	<p><b>G4-47</b> ◆</p> <p>Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.</p> <p>The Audit Committee gets updates on risks twice a year. The Board is updated on the Sustainability &amp; Responsibility Strategy and performance at least once a year. The Executive Committee discusses these issues more frequently.</p>

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## Governance, continued

<p><b>G4-48</b> ◆</p>	<p>Highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered.</p> <p>Our Annual Report is approved by a duly appointed and authorised committee of the Board, and ultimately signed off by our Chief Executive and Chief Financial Officer.</p>	<p><b>G4-49</b> ◆</p> <p>Process for communicating critical concerns to the highest governance body.</p> <p>The Board maintains a process for communicating critical concerns through the Audit Committee, which reviews the effectiveness of the company's systems of internal control and risk management. Further detail can be found in the Corporate governance section of the Annual Report, pages 54-59.</p>	<p><b>G4-50</b> ◆</p> <p>Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.</p> <p>The Report of the Audit Committee, found on pages 60-62 of the Annual Report, outlines key issues that the Committee reviewed this year. While most issues concerned financial matters, the Audit Committee also reviewed material legal cases and issues concerning post-employment plans that had wider scope. They also received a report on breaches as disclosed on page 48 on the Annual Report; none were considered critical.</p>
<p><b>G4-51</b> ◆</p>	<p>Remuneration policies for the highest governance body and senior executives including relation to economic, environmental and social objectives.</p> <p>Detailed remuneration policies are included in the Directors' remuneration report in the Annual Report, pages 63-81. As explained on page 65, remuneration is driven by both financial and individual business performance goals, which in some cases include social and environmental objectives.</p>	<p><b>G4-52</b> ◆</p> <p>Process for determining remuneration.</p> <p>Diageo's Remuneration Committee recommends senior and executive level remuneration. Key aspects are included in the Directors' remuneration report within the Annual Report, pages 63-81.</p>	<p><b>G4-53</b> ◆</p> <p>How stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.</p> <p>As described in the Directors' remuneration report in the Annual Report, pages 63-64, the Remuneration Committee actively engages shareholders.</p> <p>Votes on remuneration policies: each year at the Company's Annual General Meeting, shareholders are asked to vote to approve the Directors' remuneration report. In 2013 (most recent available data), 88.17% of shareholders voted to approve it.</p>

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## Governance, continued

<p><b>G4-54</b> ◇</p>	<p>Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.</p> <p>We report the remuneration of our highest paid executives in the Directors' remuneration report in our Annual Report, pages 63-81. We also report the total amount paid in salaries to employees on page 45 of the Annual Report, in the Community empowerment section. However, we do not report publicly on this data by country at this time.</p>	<p><b>G4-55</b> ◇</p>	<p>Ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.</p> <p>See G4-54.</p>	
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## Ethics and integrity

<p><b>G4-56</b> ◆</p>	<p>Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.</p> <p>□ Diageo has a set of five values that are at the heart of our business, which can be found in the <b>Our values section</b> of our website and a series of codes and policies found in the <b>Responsibility section</b> of our website.</p>	<p><b>G4-57</b> ◆</p>	<p>Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines.</p> <p>We expect anyone who comes across a breach of our Code of Business Conduct to report it immediately, either through SpeakUp, our confidential whistleblowing helpline, to their line manager, or to a member of the controls, compliance and ethics, human resources or legal teams. In recent years we have extended SpeakUp to suppliers, so that they too can raise any concerns with us. More information is included in the Governance and ethics section of the Annual Report, page 48.</p>	<p><b>G4-58</b> ◆</p>	<p>Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.</p> <p>See G4-57.</p>
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# GRI G4 INDEX SPECIFIC STANDARD DISCLOSURES

**How we have met each indicator**

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**CATEGORY – ECONOMIC**



## Aspect – economic performance

<p><b>G4-DMA</b> ◆</p>	<p><b>Economic performance.</b></p> <p>Our relationships with suppliers, investors, lenders, governments, employees and local community stakeholders have direct economic impacts which we manage. We also track certain indirect economic impacts of our community investment, such as job placement after skills, education and empowerment programmes. For more details see the Community empowerment sections in the Annual Report, pages 18 and 45.</p>	<p><b>G4-EC1</b> ◇</p>	<p><b>Direct economic value generated and distributed.</b></p> <p>Our revenues this year totaled £14.3 billion. Costs include operating costs (£6.1 billion), taxes (£4.3 billion), employee salaries and benefits (£1.6 billion), payments to providers of capital (£1.7 billion) and community investment (£17 million). This year we commissioned economic impact assessments in Ghana and across Latin America which focused primarily on indirect economic impacts as reported under EC8.</p> <p>Omissions: we do not currently break down direct economic value by local market.</p>	<p><b>G4-EC2</b> ◆</p>	<p><b>Financial implications and other risks and opportunities for the organisation’s activities for climate change.</b></p> <p>A variety of trends associated with climate change affect our business, in particular the risk to water scarcity, given that water is a main ingredient in all our products. This is explained in more detail in the Market dynamics section of the Annual Report, page 24. As reported under EN31, total environmental protection expenditure was £12 million, which was largely spent on waste-water handling and upgrades to effluent treatment plant.</p>
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## Aspect – economic performance, continued

<b>G4-EC3</b> 	<p><b>Coverage of the organisation's defined benefit plan obligations.</b></p> <p>Diageo operates a number of pension plans throughout the world, devised in accordance with local conditions and practices. The majority are defined benefit plans and are funded by payments to separately administered trusts or insurance companies. The group also operates a number of plans that are generally unfunded, primarily in the United States, which provide employees' post-employment medical costs. We have deficit funding arrangements in place for our defined benefit plans. For full details, see Note 13 to the Financial statements in the Annual Report, pages 113-117.</p> <p>Omissions: we do not disclose the number of employees included in the schemes or the percentage of salary contributed by employer and employee.</p>	<b>G4-EC4</b> 	<p><b>Financial assistance received from government.</b></p> <p>Diageo is a publicly-listed company and is not part-owned by any government.</p> <p>Tax credits are included in Note 7 and government grants in Note 11 to the Financial statements in the Annual Report, on pages 104-105 and 111 respectively.</p> <p>Omissions: this information is not broken down by country.</p>	
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## Aspect – market presence

<b>G4-DMA</b> 	<p><b>Market presence.</b></p> <p>We employ approximately 28,000 people around the world, and for all, we aim to provide a safe, healthy, inspiring work environment, in which talent is developed and rewarded, and individuals are respected. For more details, see the Our people sections of the Annual Report, pages 18 and 46-47.</p>	<b>G4-EC5</b> 	<p><b>Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.</b></p> <p>Omitted, because our global human resources systems are not yet set up to provide this data.</p>	<b>G4-EC6</b> 	<p><b>Proportion of senior management hired from the local community at significant locations of operation.</b></p> <p>Our business model encourages the promotion of local leaders, and our managing directors represent 13 nationalities. We believe in supporting local communities, and we estimate that over 80% of our leaders (i.e. senior management positions) come from the country in which they work.</p>
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## Aspect – indirect economic impacts

<p><b>G4-DMA</b> ◆</p>	<p><b>Indirect economic impacts.</b></p> <p>As a global business operating in many locations Diageo has many indirect economic impacts on the communities in which we operate. Those we monitor most closely and quantify are to do with community investment, particularly the number of people who gain employment through our training programmes. For more details, see the Community empowerment sections of the Annual Report, pages 18 and 45.</p>	<p><b>G4-EC7</b> ◆</p> <p><b>Development and impact of infrastructure investments and services supported.</b></p> <p>Our Water of Life programme to bring access to clean water to those who need it contributes in some places to the development of local infrastructure. In Ghana, for example, a number of Water of Life projects have supported the development of hospitals by increasing water storage capacity, and upgrading the plumbing to provide working taps and better toilets. And in Cameroon we have extended the pipeline from our brewery, which provides water to the local community, enabling a further 30,000 people to access water.</p> <p>In total this year, we invested £467,000 in local Water of Life projects.</p>	
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**How we have met each indicator**

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## Aspect – indirect economic impacts, continued

G4-  
EC8



### Significant indirect economic impacts, including the extent of impacts.

□ Diageo has a diverse array of indirect economic impacts associated with its business relationships and community investment projects to promote a responsible role for alcohol in society, empower men and women through skills development training, and improve access to clean water. Details of how Diageo contributes to local economic development are included in the Responsibility section of our website under **Community empowerment**. And, as described in the **Advocacy and awareness** and **Materiality** sections, this work is aligned with various external stakeholder priorities.

While most of these indirect economic impacts are hard to quantify, we do know that 14,000 people found employment this year following participation in our Learning for Life community investment programme, while Plan W, our programme to empower women, has reached 57,295 women to date through initiatives such as education, skills, and training programmes. Through Plan W, we have also trained 19,501 men. Overall, we estimate that the programme has had a positive impact on a further 286,475 people (estimated as five contacts per woman empowered).

Moreover, as described in EC1, this year we carried out two impact studies, one on our Water of Life programme in Ghana, and the other on our Learning for Life programme in Latin America, to get a better understanding of our impact beyond the simple measure of the number of people finding employment following participation in the programme. At the time of this report, we have received the results of the Ghana study, which show that Water of Life has achieved the following.

#### 1. Disease:

Water of Life has reduced the incidence of waterborne-related diseases from 15% to 3% across the board.

#### 2. Job support:

In 40 communities, Water of Life projects support some 34,000 local jobs (representing 32% of beneficiaries that depend on these projects for their small-scale, cottage industries).

#### 3. Women's empowerment:

94% of respondents to household surveys agreed that Water of Life projects contribute to women's empowerment initiatives. Following the implementation of such projects in their area, 37% of women benefit from them for their commercial activities (food vending and hairdressing being the most prominent). Results also indicated that Water of Life projects meant that women spent 33% less time sourcing water. Meanwhile, serving on Water and Sanitation boards and managing the day-to-day running of local water and sanitation projects also serves as a great empowering tool for women, spurring them on to other leadership positions within their communities.

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## Aspect – procurement practices

<p><b>G4-DMA</b> ◆</p>	<p><b>Procurement practices.</b></p> <p>We manage social and ethical risks in our supply chain through a four-stage programme: an initial screening; a prequalification questionnaire which covers social and ethical risks including human rights; a qualification process whereby potentially high-risk suppliers are required to register with SEDEX (a not-for-profit organisation that enable suppliers to share assessments and audits of ethical and responsible practices with their customers); and independent audits of suppliers who represent the highest risk.</p>	<p>□ See our <b>Partnering with Suppliers Standard</b>, which sets out the minimum social, ethical and environmental standards required of suppliers to follow as part of their contract with us, as well as aspirations for our long-term partners to work towards.</p>	<p><b>G4-EC9</b> ◆</p>	<p><b>Proportion of spending on local suppliers at significant locations of operation.</b></p> <p>We estimate that 90% of our raw material volume is dedicated to ‘in-country’ suppliers for our sites in the following locations: Brazil, India, Ireland/United Kingdom, North America and Turkey. For our sites in Africa, we estimate that 66% of agricultural raw material volume comes from suppliers based in the continent.</p>
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### CATEGORY – ENVIRONMENTAL

## Aspect – materials

<p><b>G4-DMA</b> ◆</p>	<p><b>Materials.</b></p> <p>We aim to manage the environmental impacts of our agricultural raw materials and packaging. We have three targets for sustainable packaging – to reduce packaging weight; to increase recycled content; and to make all packaging 100% recyclable / reusable. For more details see the Environment sections of the Annual Report, pages 17 and 44, and our <b>Environment Policy</b>. We also have a sustainable agriculture programme with local suppliers which is explained in the Value chain partnerships sections of the Annual Report, pages 19 and 49.</p>	<p><b>G4-EN1</b> ◆</p>	<p><b>Materials used by weight or volume.</b></p> <p>This year, we used approximately 2 million tonnes of agricultural raw materials like barley, wheat and maize, and approximately 1 million tonnes of packaging. Pie charts showing the breakdown of our raw materials and our packaging materials by volume are included in the Value chain partnerships section of the Annual Report, page 49.</p>	<p><b>G4-EN2</b> ◆</p>	<p><b>Percentage of materials used that are recycled input materials.</b></p> <p>This year, 37% of the input materials of our packaging came from recycled content, an increase of 1% since last year.</p>
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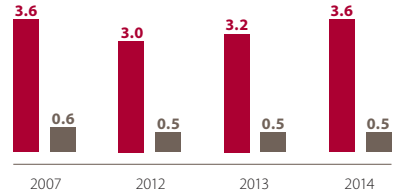
## Aspect – energy

<p><b>G4-DMA</b> ◆</p>	<p><b>Energy.</b></p> <p>□ We aim to reduce the greenhouse gas emissions associated with our business, and our strategy on energy usage is to improve energy efficiency in our operations; generate renewable energy at our sites; and source renewable or low-carbon energy for use in our plants. We also work in partnership with our suppliers to reduce carbon emissions, particularly from transport/distribution, in our supply chain. For more information see our <b>Environment Policy</b>.</p>																
<p><b>G4-EN3</b> ◇</p>	<p><b>Energy consumption within the organisation.</b></p> <p>Here we report renewable and non-renewable direct energy consumption for the last three years in addition to our baseline year of 2007.</p>	<p><b>Renewable and non-renewable direct energy consumption (TJ)<sup>1,2</sup></b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Renewable (TJ)</th> <th>Non-renewable (TJ)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>253</td> <td>12,700</td> </tr> <tr> <td>2012</td> <td>794</td> <td>10,462</td> </tr> <tr> <td>2013</td> <td>1,541</td> <td>10,161</td> </tr> <tr> <td>2014</td> <td>1,803</td> <td>10,345</td> </tr> </tbody> </table> <p>Legend: ■ Renewable, ■ Non-renewable</p> <p>Omissions: the breakdown of energy consumption by heating, cooling and steam is not included here as currently this level of detail is unavailable with the inherent complexity of heat recovery systems.</p> <p>1. Direct energy consumption refers to energy sources that are owned or controlled by the company and generate scope 1 emissions as defined by the WRI/WBCSD Greenhouse Gas Reporting Protocol. 2. 2007 baseline data, and data for each of the six years in the period ended 30 June 2013, have been restated in accordance with the WRI/WBCSD Greenhouse Gas Reporting Protocol and Diageo's environmental reporting methodologies.</p>	Year	Renewable (TJ)	Non-renewable (TJ)	2007	253	12,700	2012	794	10,462	2013	1,541	10,161	2014	1,803	10,345
Year	Renewable (TJ)	Non-renewable (TJ)															
2007	253	12,700															
2012	794	10,462															
2013	1,541	10,161															
2014	1,803	10,345															
<p><b>G4-EN4</b> ◇</p>	<p><b>Energy consumption outside of the organisation.</b></p> <p>We do not currently gather this information; however we collect CO<sub>2</sub>e data for logistics and distribution.</p>																

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## Aspect – energy, continued

<p><b>G4-EN5</b> ◆</p>	<p><b>Energy intensity.</b> <b>Direct and indirect energy efficiency (MJ/litre packaged)<sup>1, 2, 3</sup></b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Direct (MJ/litre packaged)</th> <th>Indirect (MJ/litre packaged)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>3.6</td> <td>0.6</td> </tr> <tr> <td>2012</td> <td>3.0</td> <td>0.5</td> </tr> <tr> <td>2013</td> <td>3.2</td> <td>0.5</td> </tr> <tr> <td>2014</td> <td>3.6</td> <td>0.5</td> </tr> </tbody> </table> <p>Legend: ■ Direct, ■ Indirect</p>	Year	Direct (MJ/litre packaged)	Indirect (MJ/litre packaged)	2007	3.6	0.6	2012	3.0	0.5	2013	3.2	0.5	2014	3.6	0.5	<ol style="list-style-type: none"> <li>1. Direct and indirect energy sources refer to those that generate scope 1 (direct) and scope 2 (indirect) emissions as defined by the WRI/WBCSD Greenhouse Gas Reporting Protocol.</li> <li>2. 2007 baseline data, and data for each of the six years in the period ended 30 June 2013, have been restated in accordance with the WRI/WBCSD Greenhouse Gas Reporting Protocol and Diageo's environmental reporting methodologies.</li> <li>3. Energy included was used for fuel, electricity, heating, cooling and steam.</li> </ol>	
Year	Direct (MJ/litre packaged)	Indirect (MJ/litre packaged)																
2007	3.6	0.6																
2012	3.0	0.5																
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2014	3.6	0.5																
<p><b>G4-EN6</b> ◆</p>	<p><b>Reduction in energy consumption.</b></p> <p>This year energy consumption used for fuel, electricity, heating, cooling and steam rose by 1.95% compared with 2013 as a result of increased production in the most energy intensive area of the business, malt and grain whisky distillation. A regional breakdown of energy consumption and comparisons with previous years is included in the Environment section of the Annual Report, page 44. Standards and methodologies can be found on pages 72-73 of this Performance Addendum.</p>	<p><b>G4-EN7</b> ◇</p>	<p><b>Reductions in energy requirements of products and services.</b></p> <p>We do not currently collate this information since it is not particularly significant to our business.</p>															

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## Aspect – water

<p><b>G4-DMA</b> ◆</p>	<p><b>Water.</b> □ We manage our impacts on water through our Blueprint Water Framework, which is based on three main platforms – our operations, community involvement, and collective action. We have three targets as part of our operational platform – to improve water efficiency, to reduce water wasted at water stressed sites, and to reduce the polluting power of wastewater. Increasingly, we are also looking at water use throughout our supply chain. For more details see the Responsibility section of our website, under <b>Water stewardship</b>.</p>	<p><b>G4-EN8</b> ◆</p>	<p><b>Total water withdrawal by source</b></p> <p><b>Water withdrawal by source by region (m3)</b></p> <table border="1"> <thead> <tr> <th>Region</th> <th>Mains water</th> <th>Ground (borehole/well)<sup>1</sup></th> <th>Surface water (river/lake)</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>1,239,409</td> <td>663,068</td> <td>530,263</td> </tr> <tr> <td>Western Europe</td> <td>3,849,819</td> <td>4,275,019</td> <td>1,025,329</td> </tr> <tr> <td>Africa, Eastern Europe and Turkey</td> <td>3,096,189</td> <td>4,941,512</td> <td>547,727</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>39,056</td> <td>603,428</td> <td>1,817,579</td> </tr> <tr> <td>Asia Pacific</td> <td>321,721</td> <td>75,405</td> <td>20,752</td> </tr> <tr> <td>Corporate</td> <td>279,405</td> <td>903</td> <td>0</td> </tr> <tr> <td>Diageo (total)</td> <td>8,825,599</td> <td>10,559,335</td> <td>3,941,650</td> </tr> </tbody> </table> <p><small>1. Data includes 46,073m<sup>3</sup> of water given to communities.</small></p> <p>Standards and methodologies are included on page 73 of this Performance Addendum.</p>	Region	Mains water	Ground (borehole/well) <sup>1</sup>	Surface water (river/lake)	North America	1,239,409	663,068	530,263	Western Europe	3,849,819	4,275,019	1,025,329	Africa, Eastern Europe and Turkey	3,096,189	4,941,512	547,727	Latin America and Caribbean	39,056	603,428	1,817,579	Asia Pacific	321,721	75,405	20,752	Corporate	279,405	903	0	Diageo (total)	8,825,599	10,559,335	3,941,650
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<p><b>G4-EN9</b> ◇</p>	<p><b>Water sources significantly affected by withdrawal of water.</b></p>	<p><b>Significance criteria</b></p> <table border="1"> <tbody> <tr> <td>Withdrawals that account for an average of 5% or more of the annual average volume of a given water body</td> <td>6</td> </tr> <tr> <td>Withdrawals from water bodies that are recognised by professionals to be particularly sensitive due to their relative size, function, or status as a rare, threatened, or endangered system or to their support of a particular endangered species of plant or animal</td> <td>16</td> </tr> <tr> <td>Any withdrawal from a wetland listed in the Ramsar Convention 78 or any other nationally or internationally proclaimed conservation area regardless of the rate of withdrawal</td> <td>16</td> </tr> <tr> <td>The water source has been identified as having high biodiversity value (such as species diversity and endemism, total number of protected species)</td> <td>10</td> </tr> <tr> <td>The water source has been identified as having a high value or importance to local communities and indigenous peoples</td> <td>Not evaluated</td> </tr> </tbody> </table> <p>We have also identified 23 sites as being in water-stressed areas. These are indicated in the map in the Market dynamics section of the Annual Report, page 25.</p>	Withdrawals that account for an average of 5% or more of the annual average volume of a given water body	6	Withdrawals from water bodies that are recognised by professionals to be particularly sensitive due to their relative size, function, or status as a rare, threatened, or endangered system or to their support of a particular endangered species of plant or animal	16	Any withdrawal from a wetland listed in the Ramsar Convention 78 or any other nationally or internationally proclaimed conservation area regardless of the rate of withdrawal	16	The water source has been identified as having high biodiversity value (such as species diversity and endemism, total number of protected species)	10	The water source has been identified as having a high value or importance to local communities and indigenous peoples	Not evaluated	<p><b>Number of water sources significantly affected</b></p>																						
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<p><b>G4-EN10</b> ◆</p>	<p><b>Percentage and total volume of water recycled and reused.</b> The volume of water recycled or reused was 402,760 m<sup>3</sup>, representing 2% of total water withdrawals.</p>																																		

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## Aspect – biodiversity

<b>G4-DMA</b> ◆	<b>Biodiversity.</b> □ A significant impact on biodiversity is through our use of water, and we have three targets: to improve water efficiency; to reduce water used at water-stressed sites; and to reduce the polluting power of wastewater. For more details about this and other aspects of biodiversity, see our <b>Environment Policy</b> .	<b>G4-EN11</b> ◆	<b>Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.</b>  See table below.
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## Sites or land owned adjacent to areas of biodiversity value

SITE	TYPE OF OPERATION	BIODIVERSITY VALUE OF ADJACENT LAND	IUCN RED LIST OF THREATENED SPECIES OR LOCAL DESIGNATIONS
Acacia Vineyard, United States	Winery	Huichica Creek Watershed: US Fish & Wildlife Service, and National Marine Fisheries Service	<ul style="list-style-type: none"> <li>• California freshwater shrimp (<i>Syncaris pacifica</i>): endangered</li> <li>• Steelhead (<i>Callitris monticola</i>): vulnerable</li> </ul>
Auchroisk Distillery, Scotland	Distillery	River Spey: Freshwater Natura 2000 site; SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> </ul>
Beaulieu Vineyard, United States	Winery/packaging	Bale Slough – Napa River Watershed; National Marine Fisheries Service – Critical Habitat	<ul style="list-style-type: none"> <li>• Steelhead (<i>Callitris monticola</i>): vulnerable</li> </ul>
Benrines Distillery, Scotland	Distillery	River Spey: Freshwater Natura 2000 site; SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> </ul>
Blackgrange, Scotland	Warehousing	Firth of Forth: Freshwater Natura 2000 site; SSSI	<ul style="list-style-type: none"> <li>• Red-throated diver (<i>Gavia stellate</i>): least concern</li> <li>• Slavonian grebe (<i>Podiceps auritus</i>): least concern</li> <li>• Golden plover (<i>Pluvialis apricaria</i>): least concern</li> <li>• Bar-tailed godwit (<i>Limosa lapponica</i>): least concern</li> </ul>
Blair Athol Distillery, Scotland	Distillery	River Tummel – part of the River Tay: Freshwater Natura 2000 site; SSSI; SAC	<ul style="list-style-type: none"> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Brook lamprey (<i>Lampetra planeri</i>): least concern</li> <li>• River lamprey (<i>Lampetra fluviatilis</i>): least concern</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> </ul>
Blythswood, Scotland	Warehousing	Black Cart – tributary of River Clyde: Freshwater Natura 2000 site; SSSI	<ul style="list-style-type: none"> <li>• Whooper swan (<i>Cygnus cygnus</i>): least concern</li> </ul>
Bonhill, Scotland	Warehousing	Inner Clyde Estuary: Freshwater Natura 2000 site; SSSI	<ul style="list-style-type: none"> <li>• Redshank (<i>Tringa totanus</i>): least concern</li> </ul>

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## Aspect – biodiversity, continued

SITE	TYPE OF OPERATION	BIODIVERSITY VALUE OF ADJACENT LAND	IUCN RED LIST OF THREATENED SPECIES OR LOCAL DESIGNATIONS
Broxburn, Scotland	Distillery	Firth of Forth: Freshwater Natura 2000 site; SSSI	<ul style="list-style-type: none"> <li>• Red-throated diver (<i>Gavia stellate</i>): least concern</li> <li>• Slavonian grebe (<i>Podiceps auritus</i>): least concern</li> <li>• Golden plover (<i>Pluvialis apricaria</i>): least concern</li> <li>• Bar-tailed godwit (<i>Limosa lapponica</i>): least concern</li> </ul>
Burghead Maltings, Scotland	Maltings	Moray Firth: Maritime ecosystem (Sea) Natura 2000 site; SSSI	<ul style="list-style-type: none"> <li>• Bottlenose dolphin (<i>Tursiops truncatus</i>): least concern</li> </ul>
Cambus, Scotland	Warehousing	Firth of Forth: Freshwater Natura 2000 site; SSSI	<ul style="list-style-type: none"> <li>• Red-throated diver (<i>Gavia stellate</i>): least concern</li> <li>• Slavonian grebe (<i>Podiceps auritus</i>): least concern</li> <li>• Golden plover (<i>Pluvialis apricaria</i>): least concern</li> <li>• Bar-tailed godwit (<i>Limosa lapponica</i>): least concern</li> </ul>
Cardhu, Scotland	Distillery	River Spey: Freshwater Natura 2000 site; SSSI and SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> </ul>
Carsebridge, Scotland	Warehousing	Firth of Forth: Freshwater Natura 2000 site; SSSI	<ul style="list-style-type: none"> <li>• Red-throated diver (<i>Gavia stellate</i>): least concern</li> <li>• Slavonian grebe (<i>Podiceps auritus</i>): least concern</li> <li>• Golden plover (<i>Pluvialis apricaria</i>): least concern</li> <li>• Bar-tailed godwit (<i>Limosa lapponica</i>): least concern</li> </ul>
Chalone Vineyard, United States	Winery/Packaging	Pinnacles National Park: Terrestrial (Land), U.S. Fish & Wildlife Service	<ul style="list-style-type: none"> <li>• California condor (<i>Gymnogyps californianus</i>): critically endangered</li> </ul>
Cragganmore Distillery, Scotland	Distillery	River Spey: Freshwater Natura 2000 site; SSSI and SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> </ul>
Dailuaine Distillery, Scotland	Distillery	River Spey: Freshwater Natura 2000 site; SSSI and SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> </ul>
Dalwhinnie Distillery, Scotland	Distillery	River Truim – tributary of the River Spey; Freshwater Natura 2000 site; SSSI and SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> </ul>
Dufftown Distillery, Scotland	Distillery	River Dullan – tributary of the River Fiddich/River Spey; Freshwater Natura 2000 site; SSSI and SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> </ul>

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## Aspect – biodiversity, continued

SITE	TYPE OF OPERATION	BIODIVERSITY VALUE OF ADJACENT LAND	IUCN RED LIST OF THREATENED SPECIES OR LOCAL DESIGNATIONS
Glen Ord Distillery, Scotland	Distillery	Beaully Firth (Inner Moray Firth): Maritime ecosystem (Sea) Natura 2000 site; SSSI and SAC	<ul style="list-style-type: none"> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• European rabbit (<i>Oryctolagus cuniculus</i>): near threatened</li> </ul>
Glen Spey Distillery, Scotland	Distillery	River Spey: Freshwater Natura 2000 site; SSSI and SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> </ul>
Glendullan Distillery, Scotland	Distillery	River Fiddich – tributary of the River Spey: Freshwater Natura 2000 site; SSSI and SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> </ul>
Gleneagles Hotel, Scotland	Hotel	Raised dome sphagnum peat mire – SSSI which is managed in conjunction with Scottish Natural Heritage	<ul style="list-style-type: none"> <li>• Eurasian wigeon (<i>Anas penelope</i>): least concern</li> <li>• Greylag goose (<i>Anser anser</i>): least concern</li> <li>• Pink-footed goose (<i>Anser brachyrhynchus</i>): least concern</li> </ul>
Hewitt Provenance, United States	Winery	Bale Slough – tributary of the Napa River, National Marine Fisheries – Critical Habitat	<ul style="list-style-type: none"> <li>• Steelhead (<i>Callitris monticola</i>): vulnerable</li> </ul>
Icheon, South Korea	Blending/packaging	Nam Han River: Freshwater, Ramsar Convention, national legislation 'Ecosystem and Landscape Region for Conservation'	<ul style="list-style-type: none"> <li>• Korean striped bitterling (<i>Acheilognathus yamatsutae</i>): not yet assessed for the IUCN red list</li> <li>• Korean spined bitterling (<i>Acanthorhodeus gracilis</i>): not yet assessed for the IUCN red list</li> <li>• Korean oily shiner (<i>Sarcocheilichthys nigripinnus morii</i>): not yet assessed for the IUCN red list</li> </ul>
Kilkenny, Ireland	Brewery	River Nore: SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> </ul>
Knockando Distillery, Scotland	Distillery	River Spey: Freshwater Natura 2000 site; SSSI and SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> </ul>
Menstrie, Scotland	Warehousing	Firth of Forth: Freshwater Natura 2000 site; SSSI	<ul style="list-style-type: none"> <li>• Red-throated diver (<i>Gavia stellate</i>): least concern</li> <li>• Slavonian grebe (<i>Podiceps auritus</i>): least concern</li> <li>• Golden plover (<i>Pluvialis apricaria</i>): least concern</li> <li>• Bar-tailed godwit (<i>Limosa lapponica</i>): least concern</li> </ul>



**How we have met each indicator**

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## Aspect – biodiversity, continued

SITE	TYPE OF OPERATION	BIODIVERSITY VALUE OF ADJACENT LAND	IUCN RED LIST OF THREATENED SPECIES OR LOCAL DESIGNATIONS
Mortlach Distillery, Scotland	Distillery	River Dullan – tributary of the River Fiddich/River Spey: Freshwater Natura 2000 site; SSSI and SAC	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• Sea lamprey (<i>Petromyzon marinus</i>): least concern</li> </ul>
Mwanza, Tanzania	Brewery	Adjacent to the wetland at the shores of Lake Victoria	<ul style="list-style-type: none"> <li>• Nearest Saanane Island – habitat/species management area</li> </ul>
Red Stripe, Jamaica	Brewery	Approximately 3.2km from Kingston Harbour – National Environment Protection Agency Water Resource Authority	<ul style="list-style-type: none"> <li>• White-winged dove (<i>Zenaida asiatica</i>): least concern</li> <li>• Brown pelican (<i>Pelecanus occidentalis</i>): least concern</li> <li>• Magnificent frigatebird (<i>Fregata magnificens</i>): least concern</li> <li>• Yellow warbler (<i>Dendroica petechia</i>): least concern</li> </ul>
Shieldhall, Scotland	Distillery	Inner Clyde Estuary: Ramsar Convention, national legislation	<ul style="list-style-type: none"> <li>• Redshank (<i>Tringa totanus</i>): least concern</li> </ul>
St Croix, US Virgin Islands	Distillery	The St Croix ground lizard, mainly found in beach areas and upland forest, is indigenous to the island of St Croix and three other islands	<ul style="list-style-type: none"> <li>• St Croix ground lizard (<i>Ameiva polops</i>): critically endangered</li> </ul>
Sterling Vineyards, United States	Winery	Napa River Watershed: National Marine Fisheries Service	<ul style="list-style-type: none"> <li>• Steelhead (<i>Callitris monticola</i>): vulnerable</li> </ul>
Uganda Brewery, Uganda	Brewery	Adjacent to Murchison Bay at the shores of Lake Victoria	<ul style="list-style-type: none"> <li>• Madagascar pond heron (<i>Ardeola idae</i>): endangered;</li> <li>• Shoebill (<i>Balaeniceps rex</i>): vulnerable</li> <li>• Gonolek (<i>Laniarius mufumbiri</i>): near threatened</li> <li>• Papyrus yellow warbler (<i>Chloropeta gracilirostris</i>): vulnerable</li> </ul>
Waterford BBA, Ireland	Brewery	Lower River Suir: Freshwater Natura 2000 site	<ul style="list-style-type: none"> <li>• Freshwater pearl mussel (<i>Margaritifera margaritifera</i>): endangered</li> <li>• Eurasian otter (<i>Lutra lutra</i>): near threatened</li> <li>• White-clawed crayfish (<i>Austropotamobius pallipes</i>): endangered</li> <li>• Atlantic salmon (<i>Salmo salar</i>): least concern</li> </ul>

**Notes**

**SSSI:** Site of Special Scientific Interest (SSSI) is a conservation designation denoting a protected area in the United Kingdom.

**Natura 2000:** this is a network of protected areas in the European Union as designated under (1) Habitats Directive (i.e. Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora), and (2) the Birds Directive (i.e. Council Directive 2009/147/EC on the conservation of wild birds).

**SAC:** a Special Area of Conservation (SAC) is defined in the European Union's Habitats Directive (92/43/EEC).

**IUCN:** International Union for Conservation of Nature.

**How we have met each indicator**

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## Aspect – biodiversity, continued

<p><b>G4-EN12</b> ◆</p>	<p>Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.</p> <p>None of our operations or land that we own has a significant impact on either protected areas or areas of high biodiversity value outside protected areas.</p> <p>Omissions: impact of products.</p>	<p><b>G4-EN13</b> ◆</p>	<p>Habitats protected or restored.</p> <p>We have initiated a number of projects in various areas to protect habitats, for example we have planted trees in Tanzania, Kenya and Uganda; started planting a million trees from a Diageo established tree nursery in Lebanon under the patronage of the Ministry of Environment and in collaboration with Association for Forests Development and Conservation; and volunteer-led beach clean-ups have included Short Beach (Stratford, Connecticut) which is a nesting area for the threatened Piping Plover, and Coakley Bay Beach at St Croix in the US Virgin Islands.</p> <p>Omissions: total size and location of all habitats restored/protected; methodologies and assumptions.</p>	<p><b>G4-EN14</b> ◆</p>	<p>Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.</p> <p>See table at EN11.</p>
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## Aspect – emissions

<p><b>G4-DMA</b> ◆</p>	<p>Emissions.</p> <p>Managing emissions is a key part of our environment strategy; carbon is one of our most significant impacts, and we have a target of halving our absolute carbon emissions by 2015, while growing our business. For more details see the Responsibility section of our website, under <b>Carbon</b> and <b>Biodiversity</b>.</p>	<p><b>G4-EN15 and G4-EN16</b> ◆</p>	<p>Direct greenhouse gas (GHG) emissions (scope 1). Energy indirect greenhouse gas (GHG) emissions (scope 2).</p> <p>Our total direct gross GHG emissions (i.e. applying grid average emissions factors) were 664,300 tonnes CO<sub>2</sub>e; our total indirect gross GHG emissions were 201,100 tonnes CO<sub>2</sub>e.</p> <p><b>Direct and indirect net GHG emissions (1,000s tonnes CO<sub>2</sub>e)<sup>1,2</sup></b></p> <table border="1"> <caption>Direct and indirect net GHG emissions (1,000s tonnes CO<sub>2</sub>e)</caption> <thead> <tr> <th>Year</th> <th>Direct</th> <th>Indirect</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>782.7</td> <td>177.4</td> </tr> <tr> <td>2012</td> <td>637.2</td> <td>97.6</td> </tr> <tr> <td>2013</td> <td>623.0</td> <td>83.5</td> </tr> <tr> <td>2014</td> <td>613.2</td> <td>58.9</td> </tr> </tbody> </table> <p>■ Direct ■ Indirect</p> <p>1. CO<sub>2</sub>e figures are calculated using the kWh/CO<sub>2</sub> conversion factor provided by energy suppliers, the relevant factors to the country of operation or the International Energy Agency, as applicable. 2. 2007 baseline data, and data for each of the six years in the period ended 30 June 2013, have been restated in accordance with the WRI/WBCSD Greenhouse Gas Reporting Protocol and Diageo's environmental reporting methodologies.</p> <p>For reporting methodologies, please see pages 72-73 of this Performance Addendum.</p>	Year	Direct	Indirect	2007	782.7	177.4	2012	637.2	97.6	2013	623.0	83.5	2014	613.2	58.9
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## Aspect – emissions, continued

<b>G4-EN17</b> ◆	<b>Other indirect greenhouse gas (GHG) emissions (scope 3).</b>  <table border="1" data-bbox="233 774 1031 1044"> <thead> <tr> <th>Sources of Scope 3 GHG<sup>1</sup> emissions</th> <th>Metric tonnes CO<sub>2</sub>e (fiscal year 2013)<sup>2</sup></th> </tr> </thead> <tbody> <tr> <td>Purchased goods and services</td> <td>490,000</td> </tr> <tr> <td>Capital goods</td> <td>304,231</td> </tr> <tr> <td>Fuel- and energy-related activities (not included in Scope 1 or 2)</td> <td>105,787</td> </tr> <tr> <td>Upstream transportation and distribution</td> <td>410,990</td> </tr> <tr> <td>Waste generated in operations</td> <td>9,504</td> </tr> <tr> <td>Business travel</td> <td>43,578</td> </tr> </tbody> </table> <p data-bbox="233 1059 800 1102">1. The principal greenhouse gas is carbon dioxide; others include HCFCs, HFCs, NOx and SOx. 2. Latest data available.</p>		Sources of Scope 3 GHG <sup>1</sup> emissions	Metric tonnes CO <sub>2</sub> e (fiscal year 2013) <sup>2</sup>	Purchased goods and services	490,000	Capital goods	304,231	Fuel- and energy-related activities (not included in Scope 1 or 2)	105,787	Upstream transportation and distribution	410,990	Waste generated in operations	9,504	Business travel	43,578				
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<b>G4-EN18</b> ◆	<b>GHG emissions intensity.</b>  The gross intensity ratio of our GHG emissions was 255.1g CO <sub>2</sub> e per litre of packaged product <sup>4</sup> . The method of calculation is included in the Environment section of the Annual Report, page 44. For reporting methodologies, please see pages 72-73 of this Performance Addendum.  <small>Δ Within KPMG's <b>limited assurance</b> scope.</small>	<b>G4-EN19</b> ◆ <b>Reduction of GHG emissions.</b>  This year we reduced GHG emissions by 5% compared with 2013. For more details, see the Environment section of the Annual Report, page 44. For reporting methodologies, please see pages 72-73 of this Performance Addendum.																		
<b>G4-EN20</b> ◆	<b>Emissions of ozone-depleting substances (ODS).</b>  The extent of ozone-depleting substances across our operations is summarised in the following table. This year we are reporting a greater amount of ozone-depleting substances inherent in our current refrigeration and air-conditioning systems, reflecting the inclusion of these materials from newly-acquired businesses along with improvements in data collection. The residual volumes of halons and CFCs across the business are now present in relatively minor quantities.	<b>Ozone-depleting substances and fluorinated gases</b>  <table border="1" data-bbox="592 1491 1031 1725"> <thead> <tr> <th></th> <th>Present kg</th> <th>Emitted kg</th> </tr> </thead> <tbody> <tr> <td>Halons</td> <td>4.5</td> <td>0.0</td> </tr> <tr> <td>CFC</td> <td>338.6</td> <td>0.4</td> </tr> <tr> <td>HCFC</td> <td>90,157.9</td> <td>740.0</td> </tr> <tr> <td>HFC</td> <td>22,466.5</td> <td>484.5</td> </tr> <tr> <td>SF6</td> <td>707.1</td> <td>0.0</td> </tr> </tbody> </table>		Present kg	Emitted kg	Halons	4.5	0.0	CFC	338.6	0.4	HCFC	90,157.9	740.0	HFC	22,466.5	484.5	SF6	707.1	0.0
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
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## Aspect – emissions, continued

G4-EN21 ◆	NOx, SOx, and other significant air emissions.	NOx and SOx emissions by year (kt)		
		2012	2013	2014
	The use of fuel and the distillation of alcohol generate emissions which have impacts on the environment. In 2014, we emitted 1.192kt of nitrous oxides (NOx) and 1.143kt of sulphur dioxides (SOx).	1.316	1.257	1.192
	NOx and SOx are calculated based on fuel usage and standard emission factors.	1.368	1.406	1.143
	A small number of sites have NOx and SOx air emissions associated with the roasting and kilning of cereals, used to flavour some of our brands. These emissions are measured but are minimal to our overall total NOx/SOx levels, which remain low compared with background NOx and SOx data.			

**How we have met each indicator**

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## Aspect – effluents and waste

G4-DMA

**Waste.**

□ We aim to eliminate waste to landfill from our operations by 2015. Our strategy is based on five platforms: eliminating materials where possible; reducing materials; finding agricultural uses for waste; recycling packaging and other materials; and recovering waste for energy. For more details, see the Responsibility section of our website, under **Waste**.

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

G4-EN22

**Total water discharge by quality and destination.**

In 2014, total effluent volume was 17,745,943 m<sup>3</sup> and total BOD was 38,770 tonnes of which 38,541 tonnes were under Diageo's direct control.

The immediate receiving medium after leaving Diageo site	As a % of total Diageo effluent volume	% of the final BOD to the environment
Lake	7.6	0.2
Third-party municipal	27.0	0.6
Land	12.1	0.0
River	28.0	7.9
Sea	22.7	91.3
Wetland	2.6	0.0
Diageo (total)	100	100

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

	2007	2012	2013	2014
North America	248	13	11	13
Western Europe	21,802	28,437	33,689	35,990
Africa, Eastern Europe and Turkey	11,613	8,398	6,623	2,756
Latin America and Caribbean	565	35	11	10
Asia Pacific	22	8	6	0
Corporate	1	1	1	1
Diageo (total)	34,251	36,892	40,341	38,770
Total under direct control	33,426	36,646	40,088	38,541 <sup>Δ</sup>

1. 2007 baseline data and data for each of the six years in the period ended 30 June 2013 have been restated in accordance with Diageo's environmental reporting methodologies.

Δ Within KPMG's **limited assurance** scope.

For standards and methodologies see page 73 of this Performance Addendum.

**How we have met each indicator**

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## Aspect – effluents and waste, continued

G4-EN23 ◆	Total weight of waste by type and disposal method.	<b>Total weight of waste by type and disposal<sup>1</sup> (tonnes)</b>			
		<b>Region</b>	<b>Total waste used or recycled</b>	<b>Total waste to landfill</b>	<b>Total waste</b>
		North America	53,696	246	53,942
		Western Europe	373,465	705	374,170
		Africa, Eastern Europe and Turkey	333,584	15,565	349,149
		Latin America and Caribbean	48,302	870	49,172
		Asia Pacific	39,918	66	39,984
		Corporate	3,766	499	4,265
		Diageo (total)	852,731	17,951 <sup>Δ</sup>	870,682
		<small>1. This information is collected both by Diageo and by our waste disposal contractors.  <sup>Δ</sup> Within KPMG's <b>limited assurance</b> scope.</small>			
G4-EN24 ◆	Total number and volume of significant spills.  There were 23 spills or incidents during the reporting year, totalling approximately 223,600 litres of spilled material. In all cases regulators were informed and were satisfied with our response and follow up. There were no significant spills; as such none were reported in our financial statements.	<b>Hazardous waste, reused, recycled and sent to landfill (tonnes)</b>			
		<b>Region</b>	<b>Hazardous waste reused or recycled</b>	<b>Hazardous waste to landfill</b>	
		North America	116	1	
		Western Europe	419	544	
		Africa, Eastern Europe and Turkey	2,659	5	
		Latin America and Caribbean	16	5	
		Asia Pacific	1	0	
		Corporate	9	0	
		Diageo (total)	3,220	555	
		G4-EN25 ◇	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel convention index I, II, III and VIII, and percentage of transported waste shipped internationally.  Waste deemed hazardous under the terms of the Basel convention is not relevant to our business.	G4-EN26 ◇	Identify, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff.  We are collating this information for key markets and are reviewing the content and key findings for reporting in subsequent years.

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## Aspect – products and services

<b>G4-DMA</b> ◆	<b>Products and services.</b> See our <b>Environment Policy</b> , which sets out our approach to managing the impacts of our products and services as a whole.	<b>G4-EN27</b> ◇ <b>Extent of impact mitigation of environmental impacts of products and services.</b> We have not included this information this year but we are working on gathering this data through future life cycle assessments.																													
<b>G4-EN28</b> ◇	<b>Percentage of products sold and their packaging materials that are reclaimed by category.</b>	<b>Recycling/recovery rates<sup>1</sup> for primary packaging categories<sup>2</sup></b> <table border="1" data-bbox="630 1017 1045 1544"> <thead> <tr> <th>Market</th> <th>Recovery rate %</th> </tr> </thead> <tbody> <tr><td>North America</td><td>33</td></tr> <tr><td>Great Britain</td><td>61</td></tr> <tr><td>Kenya</td><td>No published data</td></tr> <tr><td>Nigeria</td><td>No published data</td></tr> <tr><td>Ireland</td><td>75</td></tr> <tr><td>Brazil</td><td>47</td></tr> <tr><td>South Africa</td><td>25</td></tr> <tr><td>Germany</td><td>81</td></tr> <tr><td>Greece</td><td>24</td></tr> <tr><td>Australia</td><td>44</td></tr> <tr><td>Italy</td><td>74</td></tr> <tr><td>Venezuela</td><td>25</td></tr> <tr><td>Spain</td><td>57</td></tr> </tbody> </table> <p data-bbox="630 1566 971 1587">1. Estimated consumer recycling of primary packaging.</p> <p data-bbox="630 1591 915 1630">2. Primary packaging categories include glass, aluminium, paper and board.</p> <p data-bbox="630 1638 954 1689">Omissions: primary packaging is not broken down by category.</p>	Market	Recovery rate %	North America	33	Great Britain	61	Kenya	No published data	Nigeria	No published data	Ireland	75	Brazil	47	South Africa	25	Germany	81	Greece	24	Australia	44	Italy	74	Venezuela	25	Spain	57	
Market	Recovery rate %																														
North America	33																														
Great Britain	61																														
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Nigeria	No published data																														
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South Africa	25																														
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## Aspect – compliance

<p><b>G4-DMA</b> ◆</p>	<p><b>Compliance.</b></p> <p>Diageo has a sound corporate governance structure and a robust governance, risk and compliance programme, with our <b>Code of Business Conduct</b> at its centre.</p> <p>We train employees across the company about compliance with all standards and policies, including our <b>Environment Policy</b>, and conduct targeted interventions with managers and senior leaders to create a culture of integrity.</p> <p>For more details, see the Responsibility section of our website, under <b>Governance and ethics</b>.</p>	<p><b>G4-EN29</b> ◆</p>	<p><b>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.</b></p> <p>There were two incidents of non-compliance with environmental consents this year, resulting in a total of £5,700 in fines. No cases were brought through dispute resolution mechanisms.</p>	
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- ◇ Not considered material to our business at this time

## Aspect – transport

<p><b>G4-DMA</b> ◆</p>	<p><b>Transport.</b></p> <p>□ This year we have significantly improved the aggregation of carbon emissions associated with distribution as we continue to increase focus on those parts of our value chain that lie outside our direct operations. For more details about our approach, see our <b>Environment Policy</b>.</p>	<p><b>G4-EN30</b> ◆</p>	<p>Significant environmental impacts of transporting products and other goods and materials for the organisation’s operations, and transporting members of the workforce.</p> <p><b>Environmental impacts of transport</b></p> <table border="1"> <thead> <tr> <th>Impact activity</th> <th>Significant environmental impact</th> <th>Estimated emissions (fiscal year 2013<sup>1</sup> tonnes CO<sub>2</sub>e)</th> <th>Mitigation activities</th> </tr> </thead> <tbody> <tr> <td>Transportation of finished goods to first paying customer</td> <td>Greenhouse gas emissions</td> <td>410,990</td> <td>Use of compressed natural gas fuelled trucks in North America; five-year membership of U.S. EPA’s SmartWay programme; increased rigour in data collection resulting in achievement of external limited assurance for fiscal year 2013 data.</td> </tr> <tr> <td>Employee business travel</td> <td>Greenhouse gas emissions</td> <td>43,578</td> <td>Installation of video- and tele-conferencing capabilities in major locations, and restricting air travel to business-critical needs only.</td> </tr> <tr> <td>Employee commuting</td> <td>Greenhouse gas emissions</td> <td>64,508</td> <td>Line manager support for employees working from home where feasible.</td> </tr> </tbody> </table> <p>1. Latest data available.</p>	Impact activity	Significant environmental impact	Estimated emissions (fiscal year 2013 <sup>1</sup> tonnes CO <sub>2</sub> e)	Mitigation activities	Transportation of finished goods to first paying customer	Greenhouse gas emissions	410,990	Use of compressed natural gas fuelled trucks in North America; five-year membership of U.S. EPA’s SmartWay programme; increased rigour in data collection resulting in achievement of external limited assurance for fiscal year 2013 data.	Employee business travel	Greenhouse gas emissions	43,578	Installation of video- and tele-conferencing capabilities in major locations, and restricting air travel to business-critical needs only.	Employee commuting	Greenhouse gas emissions	64,508	Line manager support for employees working from home where feasible.
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## Aspect – overall

<p><b>G4-DMA</b> ◆</p>	<p><b>Overall.</b></p> <p>□ See Diageo’s <b>Environment policy</b> for our overall approach to managing our impacts on the environment.</p>	<p><b>G4-EN31</b> ◇</p>	<p><b>Total environmental protection expenditures and investments by type.</b></p> <p>Environmental protection expenditure was primarily concentrated on improvement to wastewater treatment and discharge facilities, elimination of waste material, energy efficiency and emissions reduction, and improving water use efficiency and conservation. The total expenditure during the year was approximately £12 million, which was largely spent on wastewater handling and upgrades to effluent treatment plant.</p> <p>Omissions: other costs beyond capital expenditure are not tracked as environmental expenditure.</p>
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – supplier environmental assessment

<p><b>G4-DMA</b> ◆</p>	<p><b>Supplier environmental assessment.</b> □ We work with suppliers on environmental issues principally through our involvement in the CDP (formerly known as the Carbon Disclosure Project) Supply Chain programme and by promoting sustainable agriculture. For more details on our approach to environmental management with suppliers, see Diageo’s <b>Partnering with Suppliers Standard</b>.</p>	<p><b>G4-EN32</b> ◆</p>	<p><b>Percentage of new suppliers that were screened using environmental criteria.</b>  100% of procurement-managed spend goes through the screening process outlined in the Value chain partnerships section of the Annual Report, page 19. Any suppliers considered to have potential risks are then required to join SEDEX and complete a questionnaire which contains environmental elements.</p>	
<p><b>G4-EN33</b> ◇</p>	<p><b>Significant actual and potential negative environmental impacts in the supply chain and action taken.</b>  We have identified a variety of environmental impacts associated with our supply chain: some such as climate change through GHG emissions are relevant to the majority of our suppliers, while other impacts such as biodiversity are most relevant to our agricultural raw material suppliers. Because of its wider relevance, we have started to actively track and manage the carbon footprint of our supply chain through involvement in the CDP Supply Chain programme.</p>	<p>We identified 146 suppliers to partner with to manage the carbon footprint of our supply chain, which accounts for approximately 80% of our global spend in the categories we identified as having the highest impact, namely logistics, packaging, raw materials, IS (information services) and third-party operations (other businesses that make our brands under licence). Of the 146 suppliers we engaged during the year, 83% responded to the CDP questionnaire.</p>	<p>This has provided important insights into our supply chain carbon impacts such as our suppliers disclosing that they reduced emissions by 12 million tonnes CO<sub>2</sub>e in 2013 (latest data available), and 49% disclosing they have an emissions reduction target. To date, no relationships have been terminated due to negative impacts that surfaced as a result of our reviews.  Omissions: percentage of suppliers with which improvements were agreed as a result of assessments; environmental impacts other than carbon emissions.</p>	

**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
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## Aspect – environmental grievance mechanisms

<p><b>G4-DMA</b> ◆</p>	<p><b>Environmental grievance mechanisms.</b></p> <p>Environmental grievances, mainly attributable to dust and noise levels, are dealt with on a case by case basis at local site level and escalated as appropriate.</p>	<p><b>G4-EN34</b> ◇</p>	<p><b>Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.</b></p> <p>We do not currently track this and we are developing an appropriate aggregation and resolution mechanism for future reporting.</p>		
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### CATEGORY – SOCIAL

## Aspect – employment

<p><b>G4-DMA</b> ◆</p>	<p><b>Employment.</b></p> <p>☐ We abide by all local labour laws and regulations. Above and beyond that we have our own policies for employees – see Diageo’s <b>Human Rights and Anti-Discrimination Policy</b>, and for suppliers – see our <b>Partnering with Suppliers Standard</b>.</p>				
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**How we have met each indicator**

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## Aspect – employment, continued

G4-LA1  
◆

Total number and rates of new employee hires and employee turnover by age group, gender and region.

In total we hired 3,085 new people this year. A table showing the breakdown by region by gender is included in the Our people section of the Annual Report, page 46. The other information required by this indicator is included on the right.

**New hires by region by age<sup>1</sup>**

Region	Under 30	30-50	50+	Total	% of regional headcount
North America	177	200	66	443	13.0
Western Europe	191	172	16	379	4.6
Africa, Eastern Europe and Turkey	633	567	11	1,211	13.8
Latin America and Caribbean	372	388	16	776	23.0
Asia Pacific	98	169	9	276	11.8
Diageo (total)	1,471	1,496	118	3,085	
% of total new hires	47.7%	48.5%	3.8%		

**Leavers by region by age<sup>1</sup>**

Region	Under 30	30-50	50+	Total	% of regional headcount
North America	132	457	220	809	23.7
Western Europe	252	665	190	1,107	13.4
Africa, Eastern Europe and Turkey	348	1,049	267	1,664	19.0
Latin America and Caribbean	312	495	68	875	25.9
Asia Pacific	65	306	23	394	16.8
Diageo (total)	1,109	2,972	768	4,849	
% of total leavers	22.9%	61.3%	15.8%		

**Leavers by region by gender<sup>1</sup>**

Region	Men	Women	Total	% of regional headcount
North America	467	342	809	23.7
Western Europe	620	487	1,107	13.4
Africa, Eastern Europe and Turkey	1,168	496	1,664	19.0
Latin America and Caribbean	565	310	875	25.9
Asia Pacific	215	179	394	16.8
Diageo (total)	3,035	1,814	4,849	
% of total leavers	62.6%	37.4%		

1. Excludes data from Shuijingfang, our business in China.

**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
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## Aspect – employment, continued

<p><b>G4-LA2</b> ◆</p>	<p>Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.</p> <p>We do not collect detailed data across all our locations, so cannot report fully here. In general, benefits provided to workers vary across the 180 countries in which we do business. In general, and where practical, benefits are calculated pro rata for part-time employees.</p> <p>Omissions: list of benefits.</p>	<p><b>G4-LA3</b> ◇</p>	<p>Return to work and retention rates after parental leave, by gender.</p> <p>We do not currently collect this data at a global level.</p>	
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## Aspect – labour relations

<p><b>G4-DMA</b> ◆</p>	<p><b>Labour relations.</b></p> <p>□ We follow our internal global ‘people principles’, which set out our intention to be transparent and fair, to minimise uncertainty for individuals, and to comply with all relevant legal obligations. For more details on our approach to labour relations see our <b>Human Rights and Anti-Discrimination Policy</b>.</p>	<p><b>G4-LA4</b> ◆</p>	<p><b>Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.</b></p> <p>Notice periods vary by country and range from two to 12 weeks, during which redeployment options are explored for employees while meeting contractual or legal obligations. Senior executives may have longer periods of notice. We give full redundancy or severance support in line with local policy. We also offer training, which varies by market, to help those who leave Diageo to find other jobs.</p> <p>Omissions: where we have collective agreements, we believe that these notice periods are specified, but do not have full data to report.</p>	
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## Aspect – occupational health and safety

<p><b>G4-DMA</b> ◆</p>	<p><b>Occupational health and safety.</b></p> <p>Diageo maintains comprehensive best practice global risk management standards for occupational health and safety that apply to all our operations. Each location is:</p> <ul style="list-style-type: none"> <li>• Required to assure compliance to these standards</li> <li>• Subject to regular formal corporate independent assurance audits</li> <li>• Required to maintain and assure legal compliance assessment processes.</li> </ul>	<p>□ For more details, see Diageo's <b>Occupational Health and Safety Policy</b> and our <b>Introduction to Zero Harm</b>.</p>	<p><b>G4-LA5</b> ◆</p>	<p><b>Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.</b></p> <p>Diageo's Global Risk Management standards (GRMS) mandate the use of employee consultation forums (i.e. safety committees) at the facility level. These cover 100% of Diageo's operations. Consultation and involvement is also facilitated through GRMS requirements for employees to be involved in risk assessment and change management processes, as well as our global 'unsafe' reporting system, the Safety Improvement Report Cards.</p>
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<p><b>G4-LA6</b> ◇</p>	<p><b>Type of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.</b></p> <p><b>Fatalities</b></p> <p>We are saddened to report that this year a male colleague was fatally injured at work in Kenya. For more details, see the Our people section of the Annual Report, page 47.</p> <p><b>Lost-time accident frequency rate</b></p> <p>Our global lost-time accident frequency rate was 1.58, a reduction of over 45% compared with 2013. This rate is represented 67% by men, 33% by women. For rates by region and year since 2010, see the Our people section of the Annual Report, page 47.</p>	<p><b>Safety data by region and gender</b></p> <table border="1"> <thead> <tr> <th></th> <th>Employee<sup>1</sup> LTA rate<sup>2</sup></th> <th>Fatalities<sup>3</sup></th> <th>Days lost per 1,000 FTEs<sup>4</sup></th> <th>Independent contractor LTAs<sup>5</sup></th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>0.58</td> <td>0</td> <td>70.65</td> <td>4</td> </tr> <tr> <td>Western Europe</td> <td>2.29</td> <td>0</td> <td>17.03</td> <td>5</td> </tr> <tr> <td>Africa, Eastern Europe and Turkey</td> <td>0.69</td> <td>1 (independent contractor)</td> <td>28.05</td> <td>1</td> </tr> <tr> <td>Latin America and Caribbean</td> <td>4.7</td> <td>0</td> <td>68.01</td> <td>3</td> </tr> <tr> <td>Asia Pacific</td> <td>1.62</td> <td>0</td> <td>4.05</td> <td>0</td> </tr> <tr> <td>International Supply Centre</td> <td>2.31</td> <td>0</td> <td>140.79</td> <td>2</td> </tr> <tr> <td>Diageo (total)</td> <td>1.58</td> <td>1</td> <td>49.67</td> <td>15<sup>6</sup></td> </tr> </tbody> </table>		Employee <sup>1</sup> LTA rate <sup>2</sup>	Fatalities <sup>3</sup>	Days lost per 1,000 FTEs <sup>4</sup>	Independent contractor LTAs <sup>5</sup>	North America	0.58	0	70.65	4	Western Europe	2.29	0	17.03	5	Africa, Eastern Europe and Turkey	0.69	1 (independent contractor)	28.05	1	Latin America and Caribbean	4.7	0	68.01	3	Asia Pacific	1.62	0	4.05	0	International Supply Centre	2.31	0	140.79	2	Diageo (total)	1.58	1	49.67	15 <sup>6</sup>
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1. In line with industry best practice, we include in our definition of an 'employee' all temporary staff and contractors who work under our direct supervision.

2. The lost-time accident (LTA) frequency rate is defined as the number of LTAs per 1,000 employees. An LTA is defined as any work-related incident resulting in injury or illness where the individual is unable to work or where a job restriction is required. Our LTA numbers also include any work-related fatalities. The assessment of lost time excludes the day the incident occurred, is based on calendar days, and is made without regard to whether the person was scheduled to work or not.

3. Fatalities include any employee work-related fatality or any work-related fatalities occurring to third parties and contractors while on Diageo's premises.

4. Of days lost, 86% were represented by men and 14% by women.

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

6. Nine represented by men, six by women.

**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

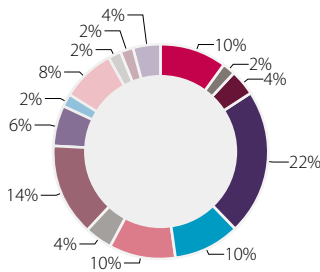
## Aspect – occupational health and safety, continued

G4-LA6



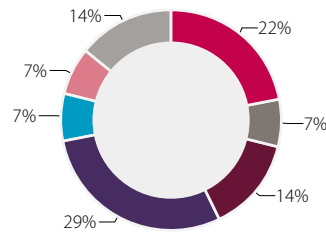
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**Types of injury – employee**



- Manual handling
- Other repeated motion/over exertion
- Fall to lower level <2m
- Slipped, tripped or fell on the same level
- Entanglement in moving parts
- Struck/trapped by other than vehicle or falling object
- Struck by falling object
- Vehicle impact
- Struck against
- Animal attack
- Cut
- Burn (non-chemical)
- Chemical splash/burn
- Other

**Types of injury – contractor**



- Fall to lower level <2m
- Slipped, tripped or fell on the same level
- Struck/trapped by other than vehicle or falling object
- Cut by knife/razor/other
- Cut by glass
- Struck against

**Omissions**

Acute onset of occupational illness is included in our LTA definition. However, occupational disease rates are not disclosed due to regional variances in capabilities, national practice and regulatory barriers. We are working to improve consistency of reporting for future disclosures.

Regional breakdowns by injury type are not included since, given the low LTA numbers, the trends are not statistically significant.

We do not include absenteeism rates since we do not collect this data at a global level.

**How we have met each indicator**

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## Aspect – occupational health and safety, continued

<p><b>G4-LA7</b> ◆</p>	<p><b>Workers with high incidence or high risk of diseases related to their occupation.</b></p> <p>Internal data protection/privacy policies and national regulations prevent the recording or disclosure of many communicable 'serious diseases' as defined in the G4 implementation guidance. However, regarding high risk occupational exposures, our global standards require occupational health monitoring for new employees and specific worker groups; for specific conditions including lung function and audiometry; for shift worker and lone worker assessments; for professional drivers, etc. Our global standards also include industrial hygiene monitoring requirements for specific work groups or conditions, including workplace chemical exposures, noise, vibration, ionising radiation, etc.</p> <p>Omissions: our monitoring programmes and incident data suggest that the only globally material issue is musculoskeletal disorders. However, incidence rates are not disclosed due to regional variances in capabilities, national practice and regulations. We are working to improve consistency of reporting for future disclosures.</p>	<p><b>G4-LA8</b> ◆</p>	<p><b>Health and safety topics covered in formal agreements with trade unions.</b></p> <p>□ Safety responsibilities are included in all contracts for work and are a key part of our <b>Code of Business Conduct</b>. Other than in policy compliance requirements, and in some cases inclusion in performance-related reward structures, specific health and safety topics are not covered in formal agreements with trade unions.</p>	
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## Aspect – training and education

<p><b>G4-DMA</b> ◆</p>	<p><b>Training and education.</b> Training and education are central to our approach to developing our people. The cornerstone of our development initiatives is our Partners for Growth (P4G) performance management programme for all employees. We also have a range of initiatives that are designed to help employees become the best they can be, as described in LA10 below.</p>	<p><b>G4-LA9</b> ◇</p>	<p><b>Average hours of training per year, per employee, by gender, and by employee category.</b>  Training is a key part of every employee’s development; however we do not track it in terms of hours at the global level.</p>		
<p><b>G4-LA10</b> ◆</p>	<p><b>Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.</b>  We have a range of training initiatives designed to help employees be the best they can be, including functional training, leadership training, graduate training, and mid-career training.  <b>Functional training</b> Our global online learning and development tool, the Diageo Academy, allows employees to access development materials or to book places on classroom training events in their own markets and languages. The Academy is also the pathway to both leadership and functional training resources, and provides access to programmes such as iDevelop, a global functional capability assessment and development tool.</p>		<p><b>Leadership training</b> The Diageo Leadership Performance Programme (DLPP), launched in 2007, is our flagship leadership development initiative.  <b>Graduate training</b> We run regional early-career programmes in many of our markets and functions, reflecting our desire to encourage local talent.  <b>Mid-career training</b> Our mid-career regional programmes have been developed to motivate middle managers and build their capability for leadership – for example, our 12-month pan African Growing Leaders Programme (GLP) is designed for high-potential, mid-career talent from across the region.  In the event of people ending their careers with Diageo, we offer training, which varies by market, to help people find new jobs.</p>	<p><b>G4-LA11</b> ◆</p>	<p><b>Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.</b>  At least 86% of our employees receive regular performance reviews across all categories.</p>

**How we have met each indicator**

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## Aspect – diversity and equal opportunity

<p><b>G4-DMA</b> ◆</p>	<p>Diversity and equal opportunity.</p> <p>□ Valuing diversity is one of the core principles set out in our <b>Human Rights and Anti-Discrimination Policy</b>.</p>	<p><b>G4-LA12</b> ◆</p>	<p>Composition of governance and ethics bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.</p> <p>Women make up 28% of our senior leaders across the company, 43% of our Executive Committee and 44% of our Board. Further employee profile information by gender is included in the Our people section of the Annual Report, page 46.</p>	<p>Our business model encourages the promotion of local leaders, and our managing directors represent 13 nationalities. We believe in supporting local communities, and many of our leaders come from the market in which they work. We are also proud that many of our leadership group have benefited from multi-market experience, helping them to gain the cultural understanding necessary to be effective leaders for a global business.</p> <p>Omissions: employee profile information by age and specific minority groups.</p>
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## Aspect – equal remuneration for women and men

<p><b>G4-DMA</b> ◆</p>	<p>Equal remuneration for women and men.</p> <p>□ See our <b>Human Rights and Anti-Discrimination Policy</b> for our principles on diversity and fair reward.</p>	<p><b>G4-LA13</b> ◇</p>	<p>Ratio of basic salary and remuneration of women to men by employee category, by significant location of operation.</p> <p>We do not disclose salary data at this level.</p>	
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## Aspect – supplier assessment for labour practices

<p><b>G4-DMA</b> ◆</p>	<p><b>Supplier assessment for labour practices.</b></p> <p>We manage social and ethical risks in our supply chain through a four-stage programme: an initial screening; a prequalification questionnaire which covers social and ethical risks including human rights; a qualification process where potentially high-risk suppliers are required to register with SEDEX; and independent audits of suppliers who represent the highest risk.</p> <p>□ See our <b>Partnering with Suppliers Standard</b>, which sets out the minimum social, ethical and environmental standards required of suppliers to follow as part of their contract with us, as well as aspirations for our long-term partners to work towards.</p>	<p><b>G4-LA14</b> ◆</p>	<p><b>Percentage of new suppliers that were screened using labour practices criteria.</b></p> <p>For procurement-managed spend, 100% of new suppliers went through an initial screening and prequalification process as described in the Value chain partnerships section of the Annual Report on page 19.</p>	
<p><b>G4-LA15</b> ◆</p>	<p><b>Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.</b></p> <p>All suppliers determined to be potentially high-risk are required to register with SEDEX, and to complete the SEDEX self-assessment questionnaire. To date, 1,193 of the company's 'potential high risk' supplier sites have registered with SEDEX, up from 1,095 last year. Of these, 718 have fully completed a SEDEX self-assessment questionnaire. This is down from 998 in 2013 because SEDEX upgraded their questionnaire this year which meant that all suppliers had to resubmit their self-assessments.</p>	<p>Suppliers who represent the highest risk are independently audited with the SEDEX Members Ethical Trade Audit (SMETA) '4 pillar audit protocol' or equivalent.</p> <p>Of these, 201 were independently audited during the last three years; audits were commissioned by Diageo (7), or accessed through SEDEX and AIM-PROGRESS (194). This is an increase from 134 last year. Forty-one instances of critical non-compliance were raised, with the majority relating to working hours, health, safety, and hygiene.</p>	<p>Omissions: we are unable to calculate these figures as a percentage of total procurement spend. We do not report on improvements with individual suppliers that come about as a result of these audits.</p>	

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## Aspect – labour practices grievance mechanisms

<b>G4-DMA</b> ◆	<b>Labour practices grievance mechanisms.</b>  Employees and suppliers have access to our confidential whistleblowing hotline, SpeakUp, to file grievances. Read more about our approach to managing the issues collected through this and other grievance mechanisms in the Governance and ethics section of the Annual Report, page 48.	<b>G4-LA16</b> ◇	<b>Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms.</b>  Where appropriate, we share anonymous case studies of breaches of different areas of our Code of Business Conduct with employees so that they can learn from them; however we do not share absolute numbers either internally or externally to protect employee confidentiality.
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- ◇ Not considered material to our business at this time

## Aspect – investment

<p><b>G4-DMA</b> ◆</p>	<p><b>Investment.</b> We manage social and ethical risks in our supply chain through a four-stage programme: an initial screening; a prequalification questionnaire which covers social and ethical risks including human rights; a qualification process where potentially high-risk suppliers are required to register with SEDEX; and independent audits of suppliers who represent the highest risk.</p> <p>☐ See our <b>Partnering with Suppliers Standard</b>, which sets out the minimum social, ethical and environmental standards required of suppliers to follow as part of their contract with us, as well as aspirations for our long-term partners to work towards.</p>	<p><b>G4-HR1</b> ◆</p>	<p><b>Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.</b></p> <p>100%, given that, as a minimum, all contracts are required to include compliance with Diageo’s Code of Business Conduct and/or Diageo’s Partnering with Suppliers Standard, both of which reference human rights requirements.</p>	<p><b>G4-HR2</b> ◇</p>	<p><b>Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.</b></p> <p>Our employees received refresher training (available in 15 languages as an e-learning module, or delivered face to face for those without computer access) on our Code of Business Conduct, which contained the principles of our Code on human rights and anti-discrimination. In addition, all middle manager employees and above are required to complete an annual certification of compliance. Those who marked the anti-discrimination and human rights policy as most important are required to complete a certification of their knowledge and understanding on some of the key points of the policy. The Executive Committee were trained on ‘unconscious bias’.</p> <p>Omissions: total hours of training. Since training sessions on our Code and policies vary in duration, it is not possible to report accurately the number of hours spent on specific subjects during training sessions.</p>
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – non-discrimination

<p><b>G4-DMA</b> ◆</p>	<p><b>Non-discrimination.</b></p> <p>□ All our employees have the right to expect that their basic human identity and dignity are fully respected in the workplace and we reject any form of unfair discrimination. For more details, see our <b>Human Rights and Anti-Discrimination Policy</b>.</p>	<p><b>G4-HR3</b> ◇</p>	<p><b>Total number of incidents of discrimination and corrective actions taken.</b></p> <p>Where appropriate, we share anonymous case studies of breaches of different areas of our Code of Business Conduct with employees so that they can learn from them; however we do not share absolute numbers either internally or externally to protect employee confidentiality.</p>	
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## Aspect – freedom of association and collective bargaining

<p><b>G4-DMA</b> ◆</p>	<p><b>Freedom of association and collective bargaining.</b></p> <p>□ We have a strong commitment to industrial dialogue, and in 2014 more than 38% of our employees were covered by collective bargaining agreements. We aim to maintain regular, open dialogue with unions over issues of common interest. We also believe in the same principles for our suppliers; for more details see the Human Rights and Core Labour Standards section of our <b>Partnering with Suppliers Standard</b>.</p>	<p><b>G4-HR4</b> ◆</p>	<p><b>Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.</b></p> <p><b>Operations</b> We are not aware of any operations that have violated, or are at significant risk of violating, people’s rights to exercise freedom of association and collective bargaining.</p> <p><b>Suppliers</b> Our review of supplier audits raised a total of 14 instances of non-compliance related to the category of freedom of association and collective bargaining. Of the 14 issues raised, the majority relate to the lack of, or improvement to, site worker committees, followed by lack of documentation and policy. Seven of these issues have been resolved, and we are following up with our suppliers to resolve the remaining seven.</p>	
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – child labour

<p><b>G4-DMA</b> ◆</p>	<p><b>Child labour.</b></p> <p>□ We do not employ children under the age of 16, and we have a special responsibility to protect employees under 18, and ensure that their interests are promoted. For more details, see the Valuing People section of Diageo's <b>Human Rights and Anti-Discrimination Policy</b>.</p> <p>We expect our suppliers to follow all applicable legislation and the International Labour Organization core conventions, including not employing children under the age of 15 and protecting and promoting the special interests of employees under 18.</p> <p>For more information see the Human Rights and Core Labour Standards section of our <b>Partnering with Suppliers Standard</b>.</p>	<p><b>G4-HR5</b> ◆</p>	<p><b>Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.</b></p> <p><b>Operations</b> To the best of our knowledge, we are not aware of any operations that have significant risks concerning issues relating to child labour.</p> <p><b>Suppliers</b> Our review of supplier audits raised a total of seven issues of non-compliance under the category of children and young workers, however, no instances of child labour were found. Five issues were related to the maintenance of proof-of-age documentation and two to policy documentation. None of the issues were related as critical. One of the issues has been resolved, and we are following up with our suppliers to resolve the others.</p>	
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – forced or compulsory labour

<p><b>G4-DMA</b> ◆</p>	<p><b>Forced or compulsory labour.</b></p> <p>□ We do not use forced or compulsory labour and we will not work with others who do. For more details, see the Valuing People section of Diageo’s <b>Human Rights and Anti-Discrimination Policy</b> and the Human Rights and Core Labour Standards section of our <b>Partnering with Suppliers Standard</b>.</p>	<p><b>G4-HR6</b> ◆</p>	<p><b>Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of all forms of forced or compulsory labour.</b></p> <p><b>Operations</b> To the best of our knowledge, we are not aware of any operations that have significant risks concerning issues relating to forced or compulsory labour.</p> <p><b>Suppliers</b> Our review of supplier audits raised a total of four instances of non-compliance with issues related to the SMETA audit section ‘employment is freely chosen’. Two of the issues related to deposits being required for uniforms; one related to the deposits being required for access cards; and one related to keeping original work permit documentation. We are following up with our suppliers to resolve these issues.</p>	
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## Aspect – security practices

<p><b>G4-DMA</b> ◆</p>	<p><b>Security practices.</b></p> <p>□ Everyone at Diageo is expected to adopt a proactive, co-operative attitude towards the health, safety and security of colleagues, contractors, customers and suppliers, as well as others working at or visiting Diageo locations. It is our intention that everyone goes home safe, every day, everywhere. For more details, see Diageo’s <b>Code of Business Conduct</b>.</p>	<p><b>G4-HR7</b> ◇</p>	<p><b>Percentage of security personnel trained in the organisation’s human rights policies or procedures that are relevant to operations.</b></p> <p>We do not record this data since our security staff contracts vary by market, some being direct employees and others, third-party contractors.</p>	
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – indigenous rights

<p><b>G4-DMA</b> ◆</p>	<p><b>Indigenous rights.</b> We do not believe this is material to our business.</p>	<p><b>G4-HR8</b> ◆</p>	<p><b>Total number of incidents of violations involving rights of indigenous peoples and actions taken.</b>  We do not believe this is material to our business.</p>	
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## Aspect – assessment

<p><b>G4-DMA</b> ◆</p>	<p><b>Assessment.</b> <input type="checkbox"/> Each year, all business units and functions are expected to carry out a compliance risk assessment, including consideration of human rights and corruption, and to develop mitigation plans for their most relevant risks. They are required to report on their progress to the Audit and Risk Committee. For more details, see the <b>Responsibility section</b> of our website, under <b>Our risk and compliance programme</b>.</p>	<p><b>G4-HR9</b> ◆</p>	<p><b>Total number and percentage of operations that have been subject to human rights reviews or impact assessments.</b>  <input type="checkbox"/> We do not carry out specific human rights reviews or impact assessments; instead we require all our 21 markets and business units to carry out a compliance risk assessment, which includes consideration of our <b>Human Rights and Anti-discrimination Policy</b>. For a list of all business units, see the Our structure section of the Annual Report, page 3.</p>	
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## Aspect – supplier human rights assessment

<p><b>G4-DMA</b> ◆</p>	<p><b>Supplier human rights assessment.</b> <input type="checkbox"/> We manage social and ethical risks in our supply chain through a four-stage programme: an initial screening; a prequalification questionnaire which covers social and ethical risks including human rights; a qualification process where potentially high-risk suppliers are required to register with SEDEX; and independent audits of suppliers who represent the highest risk. For more details on human rights, see the Human Rights and Core Labour section of our <b>Partnering with Suppliers Standard</b>.</p>	<p><b>G4-HR10</b> ◆</p>	<p><b>Percentage of new suppliers that were screened using human rights criteria.</b>  100% of new suppliers for procurement-managed spend went through the screening process described to the left. This process includes screening for human rights.</p>	<p><b>G4-HR11</b> ◇</p>	<p><b>Significant actual and potential negative human rights impacts in the supply chain, and actions taken.</b>  We commissioned or obtained audits for 201 of our direct suppliers this year. Forty-one instances of critical non-compliance were raised, with the majority relating to working hours, health, safety, and hygiene. For actions taken, see HR4, HR5 and HR6.  Omissions: We are unable to calculate these numbers as a percentage of total suppliers.</p>
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – human rights grievance mechanism

<p><b>G4-DMA</b> ◆</p>	<p><b>Human rights grievance mechanism.</b> We have a global standard for managing breaches that provides guidance to those involved in the process to ensure it is managed effectively. A part of this includes our confidential whistleblowing line, SpeakUp.</p>	<p><b>G4-HR12</b> ◇</p>	<p><b>Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.</b>  Where appropriate, we share anonymous case studies of breaches of different areas of our Code of Business Conduct with employees so that they can learn from them; however we do not share absolute numbers either internally or externally to protect employee confidentiality.</p>
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## Aspect – local communities

<p><b>G4-DMA</b> ◆</p>	<p><b>Local communities.</b> □ Creating wealth in a lasting way requires partnering with others to address development challenges such as education and health, and advocating high standards of governance in the communities where we operate. We invest in a variety of programmes that aim to empower our stakeholders, which represent our long-standing commitment to investing in communities. These focus particularly on alcohol in society; training and education; access to clean water; and on empowering women and farmers. For more details, see the Responsibility section of our website, under <b>Community empowerment</b>.</p>	<p><b>G4-SO1</b> ◆</p>	<p><b>Percentage of operations with implemented local community engagement, impact assessment, and development programmes.</b>  We have local community engagement, impact assessment and/or development programmes in 62 of the 180 countries in which we operate, representing 34% of our operations.</p>	<p><b>G4-SO2</b> ◇</p>	<p><b>Operations with significant actual and potential negative impacts on local communities.</b>  The social impacts of our operations and community investment are discussed in the Community empowerment sections of the Annual Report, pages 18 and 45.  Omissions: we report on these impacts at a global level only.</p>
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – anti-corruption

<p><b>G4-DMA</b> ◆</p>	<p><b>Anti-corruption.</b>                  □ We have an internal Anti-Corruption Global Policy, whose core principles are included in our <b>Code of Business Conduct.</b></p>	<p><b>G4-S03</b> ◆</p>	<p><b>Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.</b>                   Each year, all business units and functions are expected to carry out a compliance risk assessment, including consideration of bribery and corruption, and to develop mitigation plans for their most relevant risks. They are required to report on their progress to the Audit and Risk Committee. This year all did so.                   Omissions: significant risks related to corruption identified through risk assessment.</p>	<p><b>G4-S04</b> ◆</p>	<p><b>Communication and training on anti-corruption policies and procedures.</b>                   All our employees took a refresher training session on our Code of Business Conduct, which includes anti-corruption policies and procedures. Our 2014 compliance programme has taken a risk-based approach to anti-corruption communication and training. Illustrative examples of content include our third-party business partners and trade incentives.                   Omissions: specific numbers and percentage of employees receiving training.</p>
<p><b>G4-S05</b> ◇</p>	<p><b>Confirmed incidents of corruption and actions taken.</b>                   Public legal cases are reported in Note 19 to the Financial Statements of the Annual Report, entitled Contingent liabilities and legal proceedings, pages 130 -131.                   Omissions: business partners and the nature of confirmed incidents reported.</p>				

**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – public policy

<b>G4-DMA</b> ◆	<p><b>Public policy.</b></p> <p>As part of doing business, Diageo engages with governments, public interest groups, industry associations and a broad range of other similar bodies around the world. In doing so, our aim is always to comply with all laws governing political activity.</p> <p>□ For more details on our approach to public policy, see our <b>Code of Business Conduct</b>. Our position on specific issues related to alcohol policy is included in the Market dynamics section of the Annual Report, page 25.</p>	<b>G4-S06</b> ◆	<p><b>Total value of political contributions by country and recipient/beneficiary.</b></p> <p>As explained in the Corporate governance section of the Annual Report, pages 58-59, Diageo has not given any money for political purposes in the UK or the EU. The group made contributions of £400,000 to federal and state candidates and committees in North America, where it is common practice to do so. No particular political persuasion was supported and contributions were made with the aim of promoting a better understanding of the group and its views on commercial matters, as well as a generally improved business environment.</p>		
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## Aspect – anti-competitive behaviour

<b>G4-DMA</b> ◆	<p><b>Anti-competitive behaviour.</b></p> <p>□ We have an internal competition and anti-trust policy, the core principles of which are included in our <b>Code of Business Conduct</b>.</p>	<b>G4-S07</b> ◇	<p><b>Total number of legal actions for anti-competitive behaviour.</b></p> <p>Omitted: this is commercially sensitive information.</p>		
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## Aspect – compliance

<b>G4-DMA</b> ◆	<p><b>Compliance.</b></p> <p>□ Diageo has a sound corporate governance structure and a robust risk and compliance programme, with our Code of Business Conduct at its centre. For more details, see the Responsibility section of our website, under <b>Governance and ethics</b>.</p>	<b>G4-S08</b> ◇	<p><b>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.</b></p> <p>We were not required to pay any fines that would individually be considered material to Diageo's financial statements.</p> <p>Omissions: non-monetary sanctions.</p>		
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – supplier assessment for impacts on society

<p><b>G4-DMA</b></p> <p>◆</p>	<p>Supplier assessment for impacts on society.</p> <p>□ We manage social and ethical risks in our supply chain through a four-stage programme: an initial screening; a prequalification questionnaire which covers social and ethical risks including human rights; a qualification process where potentially high-risk suppliers are required to register with SEDEX; and independent audits of suppliers who represent the highest risk. See our <b>Partnering with Suppliers Standard</b>, which sets out the minimum social, ethical and environmental standards required of suppliers to follow as part of their contract with us, as well as aspirations for our long-term partners to work towards.</p>	<p><b>G4-S09</b></p> <p>◆</p>	<p>Percentage of new suppliers that were screened using criteria for impacts on society.</p> <p>100% of new suppliers of procurement-managed spend went through the screening process described to the left. This process includes screening for impacts on society.</p>	<p><b>G4-S010</b></p> <p>◇</p>	<p>Significant actual and potential negative impacts on society in the supply chain and actions taken.</p> <p>We have just started gathering data in this area, and are not yet in a position to report on it. We aim to do so in future years.</p>
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – grievance mechanisms for impacts on society

<b>G4-DMA</b> ◆	<p>Grievance mechanisms for impacts on society.</p> <p>We advertise our third-party helpline, SpeakUp, to suppliers.</p>	<b>G4-SO11</b> ◇	<p>Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.</p> <p>There were 831 suspected breaches of our Code of Business Conduct reported this year, of which 440 were subsequently substantiated. All identified breaches are taken very seriously and investigated by experienced investigators who handle every breach reported to us that requires action. For more details see the Governance and ethics section of the Annual Report, page 48.</p> <p>Omissions: we do not disclose how each individual grievance is resolved.</p>
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## Aspect – customer health and safety

<b>G4-DMA</b> ◆	<p>Customer health and safety.</p> <p>☐ We aim to design and make products that are always safe for consumers to drink, and that meet their expectations in terms of taste, consistency, and presentation. For more details, see our <b>Quality Policy</b> and our <b>Marketing Code</b>.</p>	<b>G4-PR1</b> ◆	<p>Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.</p> <p>100%: all our product is subject to sampling which includes inspections for defects. These include critical defects which relate to product safety and legislative requirements. We have seen significant improvement in critical defects in recent years, and in 2014, they were down by 54% compared with 2013.</p>	<b>G4-PR2</b> ◆	<p>Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.</p> <p>To the best of our knowledge, we have had no significant incidents of non-compliance with regulations resulting in a fine, a penalty or a warning.</p>
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – product and service labelling

<p><b>G4-DMA</b> ◆</p>	<p><b>Product and service labelling.</b></p> <p>□ We meet all legal and regulatory requirements for labelling in all the markets in which we operate, including allergen and alcohol by volume labelling. For more details about labelling and information, see Diageo's <b>Marketing Code</b> and our <b>Quality Policy</b>.</p>	<p><b>G4-PR3</b> ◆</p>	<p><b>Type of product and service information required by the organisation's procedures for product and service information and labelling.</b></p> <p>The following explains our approach to the sourcing of product components, content that has social and environmental impact, safe use of the product, and disposal:</p> <ol style="list-style-type: none"> <li>1. Sourcing of components of the product or service: we do not provide sourcing information for our ingredients; 0% of our product labels includes this information.</li> <li>2. Content, particularly with regard to substances that might produce an environmental or social impact: legislation requires a statement of alcohol by volume on all our products; 100% of our products contain this information.</li> <li>3. Safe use of the product or service: as required by the Global Beer, Wine and Spirits Producers' Commitments (see the Alcohol in society section of the Annual Report, page 17), we are reviewing all our products to ensure that, by 2017, they will carry a 'safe use' icon.</li> </ol>	<p>4. Disposal of the product and environmental/social impacts: We mandate the Mobius loop (or equivalent) designation for all packaging and point of sale as part of our DABIP policy (to be called the Diageo Consumer Information Standard from fiscal year 2015); 100% of our products comply with this requirement.</p> <p><b>Percentage of significant product and service categories subject to such information requirements.</b></p> <p>All our products are covered by and assessed for compliance with the procedures set out in points 2-4 above.</p>
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – product and service labelling, continued

<p><b>G4-PR4</b> ◆</p>	<p>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.</p> <p>To the best of our knowledge, we have had no significant incidents of non-compliance with regulations resulting in a fine, a penalty or a warning.</p>	<p><b>G4-PR5</b> ◇</p>	<p>Results of surveys measuring customer satisfaction.</p> <p>Omitted: we do not capture this data at a global level.</p>	
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## Aspect – marketing communications

<p><b>G4-DMA</b> ◆</p>	<p><b>Marketing communications.</b></p> <p>□ We take very seriously our duty to develop, product, market and sell our brands responsibly, and all our marketing is governed by our <b>Marketing Code</b>.</p>	<p><b>G4-PR6</b> ◆</p>	<p><b>Sale of banned or disputed products.</b></p> <p>We only sell products that are approved and legal in our markets. Some markets do not allow the sale of alcohol due to religious concerns and we respect this. If stakeholders or consumers have complaints either about a brand, its ingredients, or how it is marketed, they may complain to one of the many self-regulatory bodies of which Diageo is a member, or directly to Diageo through our website or our customer care lines. We will always respond to complaints to industry bodies and abide by the decisions taken. We try to respond to all consumer inquiries or complaints either through our call centre team or via email in response to queries that come through our website.</p>	<p><b>G4-PR7</b> ◆</p>	<p><b>Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.</b></p> <p>This year, Diageo received one substantiated complaint about advertising standards. For more details, and for industry complaints as a whole, see the Alcohol in society section of the Annual Report, page 42.</p>
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**How we have met each indicator**

- ◆ Fully disclosed as outlined by the G4 Sustainability Reporting Guidelines
- ◇ Partially disclosed and missing at least one required indicator
- ◇ Not disclosed
- ◇ Not considered material to our business at this time

## Aspect – customer privacy

<b>G4-DMA</b> ◆	<b>Customer privacy.</b> <input type="checkbox"/> Diageo holds personal data about employees, customers and suppliers, consumers and other individuals, including prospective and former employees. We aim to protect all such personal information that we handle in our business activities. For more details, see the data privacy section in our <b>Code of Business Conduct</b> .	<b>G4-PR8</b> ◇	<b>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.</b>  This issue did not surface in our materiality assessment.	
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## Aspect – compliance

<b>G4-DMA</b> ◆	<b>Compliance.</b> <input type="checkbox"/> Diageo has a sound corporate governance structure and a robust risk and compliance programme, with our Code of Business Conduct at its centre. For more details, see the Responsibility section of our website, under <b>Governance and Ethics</b> .	<b>G4-PR9</b> ◆	<b>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.</b>  As disclosed in SO8, we were not required to pay any fines that would individually be considered material to Diageo's financial statements.	
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# UNITED NATIONS GLOBAL COMPACT (UNGC) INDEX

The following index is structured along the UNGC advanced level reporting criteria. Our annual Communication on Progress (COP) is made up of our Annual Report together with this Performance Addendum. The index directs readers to the relevant parts of both documents.

CRITERION	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
<b>Implementing the 10 principles into strategies and operations</b>		
Criterion 1	Mainstreaming into corporate functions and business units	<p>This year we started the journey of integrated reporting to reflect our work to mainstream our S&amp;R Strategy into corporate functions and business units. While the section 'How we will deliver our ambition' on page 16 of the Annual Report describes the S&amp;R Strategy, there are sections throughout that Report that show how each department or region is addressing social and environmental issues.</p> <p>Additionally, the GRI general standard disclosures on pages 17-20 of this Performance Addendum explain how our S&amp;R Strategy is managed.</p>
Criterion 2	Value chain implementation	<p>Our S&amp;R Strategy not only covers our operations, but also our entire value chain – from the farmers that grow our grains to the customers and bartenders that sell our brands.</p> <p>For example, our alcohol in society programme includes working with customers and consumers to curb alcohol misuse. Our water and the environment programme involves engaging suppliers through CDP. Our community empowerment programme includes flagship investments, such as Learning for Life, which leverage the economic impact of our value chain by helping job seekers enter the hospitality sector. Finally our value chain partnerships programme is entirely focused on third-party partnerships – including working with suppliers to uphold high standards of ethics, and partnering with farmers to support them with crop rotation and with soil and crop management. You can read about our performance across all these areas in the S&amp;R review in the Annual Report, pages 42-49.</p>
<b>Robust human rights management policies and procedures</b>		
Criterion 3	Robust commitments, strategies or policies in the area of human rights	Our <b>Human Rights and Anti-Discrimination Policy</b> outlines our commitment for respecting human rights in all operations. We expect our suppliers to abide by the same principles as outlined in our <b>Partnership with Suppliers Standard</b> .
Criterion 4	Effective management systems to integrate human rights principles	Our robust risk and compliance programme helps ensure we uphold our commitment. The Governance and ethics section of the S&R review in the Annual Report, page 48, explains our approach. The Value chain partnerships section on page 49 explains how we manage ethical issues in our supply chain.
Criterion 5	Effective monitoring and evaluation mechanisms of human rights integration	Our comprehensive risk and compliance programme is outlined on page 48 of the Annual Report. It includes risk management; monitoring auditing and reporting; enforcement and incentives; and controls. The Value chain partnerships section on page 49 explains our approach with suppliers.

CRITERION	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
<b>Robust labour management policies and procedures</b>		
Criterion 6	Robust commitments, strategies or policies in the area of labour	Our <b>Code of Business Conduct</b> sets the standard for what is expected of everyone working at Diageo and other policies such as our <b>Occupational Health and Safety Policy</b> or our <b>Human Rights and Anti-Discrimination Policy</b> flow from its principles.  Our overall commitment to our people is outlined in the Our people section of the S&R review in the Annual Report, pages 46-47, which discusses how we manage issues such as diversity, health and safety and organisational change. The Value chain partnerships section on page 49 explains how we manage labour issues in our supply chain.
Criterion 7	Effective management systems to integrate the labour principles	Our risk and compliance programme, explained in Criterion 4 above, also covers labour issues. For additional information as to how we manage issues such as diversity, health and safety or organisational change, see the Our people section of the S&R review in the Annual Report, pages 46-47.
Criterion 8	Effective monitoring and evaluation mechanisms of labour principles integration	Our risk and compliance programme, explained in Criterion 5 above, also applies to labour issues. Beyond this, we set targets for health and safety, which we monitor closely.
<b>Robust environmental management policies and procedures</b>		
Criterion 9	Robust commitments, strategies or policies in the area of environmental stewardship	Our <b>Environmental Policy</b> outlines our commitment to achieving and maintaining environmental sustainability. We have five operational targets and three sustainable packaging targets that we aim to achieve by 2015.
Criterion 10	Effective management systems to integrate the environmental principles	Our robust environmental management system focuses on helping the business achieve its targets for water efficiency, water wasted at water-stressed sites, water quality, carbon emissions, waste to landfill and sustainable packaging. Read more on pages 43 and 44 of the Annual Report.
Criterion 11	Effective monitoring and evaluation mechanisms for environmental stewardship	Our risk and compliance programme, referenced above, also applies to our <b>Environment Policy</b> . Beyond this we have a robust system to monitor environmental performance managed by our Environmental Leadership Team, which meets monthly, and our Executive Environmental Working Group, which meets quarterly. We also externally assure select environmental key performance indicators. Read more in the Reporting boundaries and methodologies section of this Performance Addendum.

CRITERION	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
<b>Robust anti-corruption management policies and procedures</b>		
Criterion 12	Robust commitments, strategies or policies in the area of anti-corruption	Our <b>Code of Business Conduct</b> and Anti-Corruption Global Policy set the standard for what is expected of everyone working at Diageo and those who represent or act for or on behalf of Diageo. Diageo has made a commitment that it will not condone the offer or acceptance of bribes in any form, anywhere we operate. Our stand against corruption is synonymous with our integrity as a business and our pride in what we do. We signed up to the UN Global Compact in 2002 as part of this commitment. Diageo is also a member of the World Economic Forum Partners Against Corruption Initiative (PACI).
Criterion 13	Effective management systems to integrate the anti-corruption principle	Our risk and compliance programme explained in the Governance and ethics section of the S&R review of the Annual Report, page 48, outlines how we deliver against our anti-corruption commitment. We also have an internal Know Your Business Partner (KYBP) programme to assess third parties against the risk of bribery and corruption, and to mitigate risks.
Criterion 14	Effective monitoring and evaluation mechanisms for the integration of anti-corruption	The governance and ethics section of the S&R review in the Annual Report, page 48, sets out our monitoring and evaluation mechanisms. Our internal Global Audit and Risk (GAR) programme monitors that these principles are consistently applied.
<b>Taking action in support of broader UN goals and issues</b>		
Criterion 15	Core business contributions to UN goals and issues	<p>Diageo is committed to many goals of the United Nations (UN) as well as those of other affiliated, specialised agencies such as the World Health Organization (WHO) and the International Labour Organization.</p> <p>Following a UN political declaration on the prevention and control of non-communicable diseases, the WHO set a target of reducing alcohol-related harm by 10% across the world by 2025. Diageo shares this goal: every one of our responsible drinking programmes, partnerships, and campaigns are in service of this.</p> <p>Additionally, many of our responsible drinking programmes include working with expecting mothers and midwives to educate them of the risks of drinking while pregnant, which supports the UN Millenium Development goal to improve maternal health care.</p> <p>Our Water of Life programme, which aims to provide access to clean water, supports the UN Millenium Development goal to eradicate extreme poverty and hunger.</p> <p>Our Plan W community investment programme aims to empower women, in support of the UN Millenium Development goal to promote gender equality and empower women.</p> <p>Finally our environmental programme supports the UN Millenium Development goal to ensure environmental sustainability.</p>
Criterion 16	Strategic social investments and philanthropy	You can read about our strategic community investment programme on page 45 of the Annual Report, in the <b>Community empowerment</b> section of our website.
Criterion 17	Advocacy and public policy engagement	We advocate many issues important to our S&R Strategy – such as participating in the CEO Water Mandate or being the first alcohol company to sign the Women’s Empowerment principles, a joint initiative of the UN and the UN Global Compact. For more information, see the <b>Advocacy and awareness</b> section of our website.

CRITERION	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
Criterion 18	Partnerships and collective action	We believe partnership with others is the best way to make progress against our S&R Strategy and goals. The most significant initiative we take part in is the Global Beer, Wine and Spirits Producers' Commitments – the largest ever industry-wide initiative to implement effective ways to address harmful drinking. For more information, see the <b>Alcohol in society</b> section of our website. See also the <b>Advocacy and awareness</b> section for information on other significant partnerships.
<b>Corporate sustainability governance and leadership</b>		
Criterion 19	CEO commitment and leadership	In the Annual Report, pages 10-13, our Chairman and Chief Executive outline their commitment to sustainability and responsibility – including participating in the UN Global Compact.
Criterion 20	Board adoption and oversight	The GRI general standard disclosures on governance included in this Performance Addendum, pages 17-21, explain the process by which the Board adopts and oversees aspects of Diageo's Sustainability & Responsibility Strategy.
Criterion 21	Stakeholder engagement	We engage stakeholders on two levels, local and global. At a local level, employees across Diageo's business engage their colleagues, local governments, customers, media, and community groups on issues of immediate concern to them. At a global level, we engage investors, customers, suppliers, and multinational organisations such as UN agencies or NGOs. Last year, we engaged more than 40 stakeholders to refresh our Sustainability & Responsibility Strategy. More information can be found in the <b>Stakeholder engagement</b> section of our website.

# REPORTING BOUNDARIES AND METHODOLOGIES

The reporting boundaries and methodologies outlined here relate to the social and environmental performance disclosures set out in our Annual Report and this Sustainability & Responsibility Performance Addendum.

## REPORTING BOUNDARIES

Our reporting covers the global operations of Diageo plc in the financial year ended 30 June 2014. Dates refer to financial years unless otherwise stated.

Excluding the few exceptions below, the boundaries for all data disclosed in the Annual Report and this Performance Addendum include the results of the company and its subsidiaries, together with Diageo's attributable share of the results of significant joint ventures. The results of subsidiaries<sup>1</sup> acquired or sold are included from, or up to, the date that control<sup>2</sup> passes.

On the acquisition of a business, or of an interest in an associate or joint venture, fair values, reflecting conditions at the date of acquisition, are attributed to the net assets including identifiable intangible assets and contingent liabilities acquired.

For non-financial data, our aim is to integrate data from acquisitions as soon as it is practically possible to do so, and ideally not later than after we have collated one full year's data. This is because systems and processes for the collection of non-financial data often vary widely in different parts of the world, and it takes time to integrate different systems, and, in some cases, set up those systems.

## Exceptions

- Non-financial data for 2014 excludes USL, our newly-acquired business in India.
- Environmental and safety data from joint ventures and associates where Diageo does not have full operational control is not included.
- People data in some cases where marked does not include data from Sichuan Shuijingfang Co., Ltd, our business in China.
- Charitable giving data also includes donations made through the independent Diageo Foundation.

## Uncertainty and estimates

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.

## Significant changes in our operations

Diageo has made a number of acquisitions of brands, distribution rights, and equity interests in premium drinks businesses over the last three years. Please see the table in Note 9 to the Financial statements in the Annual Report, page 106, for details.

1. A subsidiary is an entity controlled, directly or indirectly, by Diageo plc.

2. Control is the power to govern the operating and financial policies so as to obtain benefits from its activities.

## REPORTING METHODOLOGIES

Here you will find an explanation of our methodology for calculating our targets and other key information disclosed in the Annual Report and this Performance Addendum. It follows the six areas of our Sustainability & Responsibility Strategy.

- Alcohol in society
- Water and the environment
- Community empowerment
- Our people
- Governance and ethics
- Value chain partnerships
  - Suppliers
  - Food safety and quality

## ALCOHOL IN SOCIETY

Here we explain our methodology for the following:

- Global Beer, Wine and Spirits Producers' Commitments
- Responsible drinking initiatives.

### Global Beer, Wine and Spirits Producers' Commitments

As of January 2013, Diageo is a signatory to the Global Beer, Wine and Spirits Producers' Commitments to Reduce Harmful Drinking; an annual report on progress is published each year. For the 2013 annual report, please see [http://epublishbyus.com/commitments\\_2013\\_progress\\_report\\_ebook/10037612](http://epublishbyus.com/commitments_2013_progress_report_ebook/10037612).

### Responsible drinking initiatives

Performance is based on internally reported initiatives through a network of corporate relations leaders in each of our markets.

## WATER AND THE ENVIRONMENT

This section details Diageo's environmental reporting methodologies, and outlines the basis and approach for quantification of the environmental impacts against the following headings:

- Setting baseline data and targets
- Greenhouse gas emissions – referred to as carbon dioxide equivalent (CO<sub>2</sub>e)
- Water consumption
- Wastewater polluting power as measured by biochemical oxygen demand (BOD)
- Waste to landfill
- Litres of packaged product
- Sustainable packaging.

As part of their engagement to provide Diageo with **limited assurance** over selected environmental key performance indicators, KPMG have reviewed these guidelines for consistency with their findings.

### Setting baseline data and targets

Environmental data is externally reported on the basis of our financial reporting year, running from 1 July to 30 June. Diageo's environmental reporting methodologies are reviewed and updated on an annual basis by Diageo's Environmental Leadership Team and ratified by Diageo's Environmental Executive Working Group, chaired by the President of Diageo Global Supply and Procurement. Both absolute and efficiency indicators are used for environmental measures.

### Reporting boundaries

Environmental data is collected and reported for all sites at which Diageo has full operational control, and as defined by the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (WRI/ WBCSD Protocol). Environmental data from joint ventures and associates, where Diageo does not have full operational control, is not included within the reported environmental figures.

### Baseline

Diageo's baseline year, set as the financial year ended 30 June 2007, applies to all environmental targets with the exception of packaging, which has a baseline of 30 June 2009. The baselines are established in accordance with the internal reporting guidelines and calculation methodologies set out here. The baseline data is used as the basis for calculating progress against Diageo's targets for CO<sub>2</sub>e emissions, water consumption, BOD and waste to landfill, first announced in September 2008. The continued relevance of 2007 as the baseline year is reviewed on an annual basis.

### Restatement of baseline environmental data

Diageo restates environmental data for the baseline year and intervening years to reflect changes in the company that would otherwise compromise the accuracy, consistency, and relevance of the reported information. Restatements are made in line with the protocols defined by the WRI/WBCSD Protocol, and the Beverage Industry Sector Guidance for Greenhouse Gas Emissions Reporting version 3.0.

The base year environmental impact data, and data for intervening years, are adjusted to reflect acquisitions, divestments, updates to databases for CO<sub>2</sub>e emission factors, any errors in methodology and calculations, and any significant changes in reporting policy that result in a material change to the baseline of more than 1%. We report acquisitions data as soon as it is practical to do so, and no later than after we collate one full year's financial data. We also restate data where we can show that structural changes regarding outsourcing and insourcing have had an impact of more than 1%.

In fiscal year 2014, the base year environmental impacts and the impacts for the intervening years were restated due to the acquisition of the Ypióca business in Brazil. The restatements were carried out in accordance with the WRI/WBCSD Protocol, which defines the requirements for companies to restate environmental impacts for consistent tracking over time when they undergo significant structural changes. This is necessary to make meaningful historical comparisons.

Additionally, where more up-to-date information on electricity emission factors is available, including revisions to International Energy Agency databases, the latest available data is applied.

The base year environmental impacts associated with acquisitions and bringing production in house are primarily determined directly from the historical data records for production volumes, energy, water

consumption and waste generated for the base year and intervening years. In certain cases, where historical data is unavailable, the environmental impacts for the base year and intervening years are extrapolated from current environmental impact data, based on production patterns.

In the current financial year, the environmental impacts associated with the Ypióca acquisition increased Diageo's base year environmental impacts by between 1% and 7% for CO<sub>2</sub>e emissions, waste water discharge effluent, waste to landfill and water withdrawals. The impact of these increases on the targets will be absorbed and we have reaffirmed our commitment to our environmental sustainability goals.

### Uncertainty and estimates

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 judgment, we have highlighted that we have done so within these reporting guidelines.

### Reviewing our targets

In 2008 Diageo set environmental targets based on baseline data from the financial year ended 30 June 2007, with the aim of achieving these targets by 2015. Since setting these targets and reporting our performance against them, we have incorporated acquisitions and reset our 2007 baseline data using the principles of the WRI/WBCSD Protocol. The environmental performance of these acquisitions has been fully absorbed since 2007, adding 10% and 12% to the baseline environmental impacts (CO<sub>2</sub>e and water withdrawals respectively). The environmental impacts of the recently acquired United Spirits Limited business will be incorporated into our new targets for 2020, which will be announced later in the 2015 financial year.

### Greenhouse gas emissions – referred to as carbon dioxide equivalent (CO<sub>2</sub>e)

CO<sub>2</sub>e emissions data has been prepared in accordance with the WRI/WBCSD Protocol and IPCC (Intergovernmental Panel on Climate Change) methodology. A summary of the key elements of this standard and their application to Diageo's business is outlined below.

### Scopes

- **Scope 1 emissions** (i.e. direct CO<sub>2</sub>e emissions) from on-site energy consumption of fuel sources, such as gas, fuel oil, diesel, as well as fugitive and agricultural emissions are reported for all sites where we have operational control. Company-owned transport used for offsite purposes is determined as immaterial to overall company impacts. On-site non-production de minimis quantities less than 0.5% to a maximum of 50 CO<sub>2</sub>e tonnes are also excluded.
- **Scope 2 emissions** (i.e. indirect CO<sub>2</sub>e emissions) from purchased electricity and heat are also reported for these sites.
- **Scope 3 emissions** (i.e. indirect CO<sub>2</sub>e emissions) are from upstream and downstream supply chain activity (e.g. suppliers, distribution and logistics). Diageo is committed to understanding and reducing CO<sub>2</sub>e emissions along the key parts of the value chain, including scope 3 indirect emissions. CO<sub>2</sub>e emissions associated with the distribution and logistics component of the supply chain were quantified for the fiscal year 2013 and reported separately during this financial year.

Carbon dioxide emissions from the fermentation process are not included within our reported environmental data as these emissions are from a biological short cycle carbon source and are outside scopes 1, 2, and 3.



In accordance with the most recent WRI protocols, CO<sub>2</sub>e emissions are reported in terms of net emissions (i.e. 'market based', applying emission factors specified in contractual instruments for low CO<sub>2</sub>e, renewable electricity sourcing), and also of gross emissions, (or 'location based', applying grid average emission factors). Diageo's CO<sub>2</sub>e reduction targets and reporting protocols since 2007 have been based on net emissions; following changes in UK legislation, we have reported gross emissions for the first time this financial year, and added this to Diageo's reporting protocols. Emission factors are based on CO<sub>2</sub>e where available; CO<sub>2</sub> only factors (e.g. International Energy Agency), which exclude other greenhouse gases, are not thought to have a material impact on total CO<sub>2</sub>e.

#### Calculation methodology

CO<sub>2</sub>e emissions data is externally reported in metric tonnes and is the measure used to compare emissions from the six main greenhouse gases (carbon dioxide; methane; nitrous oxide; hydrofluorocarbons; perfluorocarbons; sulphur hexafluoride) based on their global warming potential (GWP). The CO<sub>2</sub>e emissions data has been calculated on the basis of measured energy and fuel use, multiplied by the relevant CO<sub>2</sub>e conversion factors. Fuel and energy use are based on direct measurement verified through purchase invoices for the vast majority of our sites (>99%). In certain limited instances (<1%), where invoices are not available, it has been necessary to estimate energy and fuel use.

#### Water consumption

Diageo collects water consumption data from the production sites over which it has operational control, using internally developed reporting guidelines based on the GRI G4 methodology. In addition to tracking total water usage, Diageo also collects information to calculate 'water efficiency', meaning the ratio of the amount of water required to produce one litre of packaged product.

#### Water-stressed locations and classification

The World Resource Institute Aqueduct tool, UN definitions, and internal survey information are used to determine the extent of water stress at the locations where we have operations. In the current financial year, Diageo has designated 23 of its production sites as being water-stressed, identifying them as higher risk in terms of the sustainability of the water supply. These sites are subject to Diageo's target to reduce water wasted by 50% by the end of 2015; we define water wasted as water leaving a site as process wastewater.

#### Calculation methodology for water consumption

Diageo uses internally developed reporting guidelines which define the total quantity of water used in production as water obtained from groundwater, surface water, and mains supply less any clean water provided back to local communities directly from a site.

Uncontaminated water abstracted and returned to the same source under local consent, water abstracted from the sea, and rainwater collection are excluded from water usage data reported.

Water used for irrigation purposes on land under Diageo's operational control is not included in Diageo's water use efficiency for production operations. The volume of water used at Diageo-operated agricultural lands (in Brazil, the United States and Turkey), has been quantified and reported separately for the first time this year as total volume withdrawn for irrigation purposes.

All water use is reported in cubic metres.

#### Wastewater polluting power as measured by biochemical oxygen demand

Much of the water used in brewing, distilling and beverage packaging facilities is used for cleaning process equipment, and such water becomes polluted with product residues. The strength of this pollution in the wastewater discharged as effluent is expressed as biochemical oxygen demand (BOD) or chemical oxygen

demand (COD). BOD is a direct measure of the polluting strength of effluent, and quantifies the oxidisable organic matter present in the wastewater or effluent stream.

Diageo measures, reports, and controls the polluting power of site effluent from its operationally-controlled sites and reports the final BOD load discharge to the environment that is both directly controlled and treated by third parties, consistent with international methods and literature describing the determination of BOD impacts. The sites' effluent volume is determined from an on-site flow meter or calculated using a 'mass balance' formula, and validated through industry standard correlation coefficients. The BOD concentration of the effluent is determined from:

- On/off site BOD analysis
- On/off site COD analysis and applying industry (or site-specific) correlation coefficient to convert to BOD
- Third-party/municipal treatment facility BOD data.

The final BOD load to the environment is determined from the volume in cubic metres of site effluent multiplied by the BOD concentration in mg/l, and is expressed as thousands of tonnes.

#### Waste to landfill

Diageo records the type and quantity of all waste to landfill from across the production sites over which it has operational control using Diageo's environmental reporting methodologies and GRI G4 protocols.

#### Calculation methodology for waste to landfill

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. This includes all refuse, garbage, construction debris, treatment and process sludges, and materials that a site has been unable to reclaim, reuse, or recover. All waste to landfill is reported in metric tonnes.

### Litres of packaged product

To calculate efficiency ratios, Diageo uses 'litres of packaged product' as the standard measure for comparison, as this measures the environmental impact associated with the production of our products.

#### Calculation methodology for litres of packaged product

Our calculation of litres of product packaged includes the total litres of product packaged which enter a finished goods warehouse at operationally-controlled sites, together with any product sent to a third party for packaging (i.e. a non-operationally-controlled site). Damaged product is not included in these figures.

### Sustainable packaging

Diageo monitors and assesses the type and volume of packaging used and the alternatives available to ensure, where practical, our brands are delivered to the consumer with the smallest possible environmental footprint. The methodology for sustainable packaging includes:

- Packaging weight
- Recycled content
- Recyclability.

All changes in sustainable packaging impacts are quantified and expressed in terms of weight or percentages.

Pack weight changes are determined by quantifying the weight reduction in grams and multiplying by the number of product lines (SKUs) affected on an annualised basis. Recycled content is determined by establishing the quantity in grams/kgs of non-virgin materials used to generate the pack components, and adjusting for current year changes to recycled content. Recyclability is expressed as a percentage, determined by quantifying the weight of the final pack deemed to be non-recyclable and multiplying by the total annualised volume of the SKU. Having set targets against a 2009 baseline, packaging data is inputted for each of our three metrics (weight, recycled content, and recyclability). They are then consolidated and internally verified.

## COMMUNITY EMPOWERMENT

Here we explain the basis of calculation for:

- Setting baseline data and targets
- Plan W
- Water of Life beneficiaries
- Learning for Life beneficiaries
- Community investment figures.

### Setting baseline data and targets

Baselines differ for each metric. Our Water of Life targets were set in the year ended 30 June 2007. Cumulative performance records activity between 1 July 2006 and 30 June 2014. Our Learning for Life target was set in the year ended 30 June 2009, and beneficiaries are counted from 1 July 2008 to 30 June 2014.

### Plan W

We measure four indicators of performance for Plan W programmes: number of women empowered; number of men engaged; number of indirect beneficiaries; and the broader indirect impact of the programme. Data is collected via an online survey tool completed by each country team.

### Water of Life beneficiaries

Our implementation partners provide us with beneficiary data for each project. To meet the criteria for a Water of Life programme, each beneficiary should:

- Live within 2km of the water source, or 500m if in an urban area
- Be able to get his or her water from:
  - Piped water into a dwelling, plot or yard
  - A public tap/standpipe
  - A tube well/borehole
  - A protected dug well
  - A protected spring
  - Rainwater collection
  - Water filtration and purification.

We are aware that each partner has its own methodology and, with the help of an independent organisation, we are conducting a review in an effort to improve the quality and consistency of our data.

### Learning for Life beneficiaries

Beneficiaries are defined as direct participants in Diageo-funded Learning for Life programmes.

### Community investment figures

Community investment includes contributions (in the form of cash, in kind donations or employee time) from Diageo plc and the Diageo Foundation. It includes contributions to charitable entities, non-branded responsible drinking programmes that benefit charities, and management costs associated with the Diageo Foundation. We use the principles of the London Benchmarking Group, which we helped pioneer in 1994, to measure our community investment.

Cash, in kind donations, and employee time contributions are recorded through an annual survey of local markets around the world.

This year we have not included donations to the Thalidomide Trust in the UK and The Thalidomide Foundation Ltd in Australia in our community investment total.

## OUR PEOPLE

Here we explain the basis of calculation for:

- Setting baseline data and targets
- Employee profile data
- Lost-time accident frequency rate
- Fatalities
- Women in senior management positions
- Engagement results.

### Setting baseline data and targets

Baseline information differs between metrics. Employee profile information and super-engagement results are calculated annually, and for this year, they were calculated at the year ended 30 June 2014. Lost-time accident frequency has a baseline of 30 June 2010, and targets were set for the end of this financial year.

### Employee profile data

Total employee data comprises our average number of employees, and is captured globally through financial and HR information and reporting systems. Regional data considers the department for which the employee works, with global functions being separated out. Gender data is collected selectively by region, provided at market level by local human resource systems and teams. Breakdowns in employee profiles (gender, age, etc) are calculated by using ratio analysis, reconciling information gathered from market level systems and the global financial system.

### Lost-time accident (LTA) frequency rate

The LTA frequency rate is defined as the number of LTAs per 1,000 employees. An LTA is defined as any work-related incident resulting in injury or illness where the individual is unable to work or where a job restriction is required. Our LTA numbers also include any work-related fatalities.

The assessment of lost time excludes the day the incident occurred, is based on calendar days, and is made without regard to whether or not the person was scheduled to work. In line with industry best practice, we include in our definition of an 'employee' all temporary staff and contractors who work under our direct supervision.

Due diligence revealed a need for a restatement of the 2013 North American LTA rate from 1.94 to 1.64 as a type error was identified in the 2013 Sustainability & Responsibility Report.

### Fatalities

Fatalities include any employee work-related fatality or any work-related fatalities occurring to third parties and contractors while on Diageo's premises.

### Women in senior management positions

Gender data has been provided at market level by human resources systems and teams.

### Engagement results

Data is collected from an annual survey sent to all employees and administered by IBM, which took over Kenexa who administered our survey for a number of years. This year the data represented 92% of Diageo's employee base, the same as in 2013.

This year we made a number of changes to our survey to align it more closely to our Performance Ambition. We took a new approach to measuring engagement to focus on Diageo's five values and four Performance Ambition behaviours

Diageo also measures super-engagement. This is a more stretching measure than engagement, which requires employees to assign the highest possible ranking to all six of the core engagement questions in the survey.

## GOVERNANCE AND ETHICS

Here we explain the basis of calculation for:

- Annual certification of compliance
- SpeakUp.

### Annual certification of compliance

The annual certification of compliance covers lower level and above managers. It is administered through the global online training tool, Diageo Academy, which holds a record of participation and responses for all employees. These are then reported to market and function leadership teams, and reviewed by control, compliance, and ethics managers.

### SpeakUp

Our SpeakUp whistleblowing line is advertised across our markets. Calls that come in are tracked by an external party and picked up by the global risk and compliance team. All investigations are overseen by a control, compliance and ethics manager who tracks length of time and resolution on a case tracking system.

## VALUE CHAIN PARTNERSHIPS – SUPPLIERS

Here we explain the basis of calculation for:

- Setting baseline data and targets
- Local sourcing in Africa
- SEDEX self-assurance
- Audits of highest-risk suppliers.

### Setting baseline data and targets

All performance figures against targets are for the period from 1 July 2013 to 30 June 2014.

### Local sourcing in Africa

Our target is to source 70% of agricultural materials locally across Africa by 2015. 'Local' is defined as materials of agricultural origin sourced within Africa and used in our African operations to produce our brands. In 2014, 66% of agricultural materials were sourced locally, compared to 52% in 2013.

We calculated this figure by using the weighted average of locally-sourced agricultural material volumes across each of our African markets including Nigeria, Ghana, Cameroon, Ethiopia, Kenya, Uganda, Tanzania and South Africa.

Last year our definition of 'local raw materials' included raw materials of both agricultural and non-agricultural origin (principally packaging). However, although we do source packaging locally, the raw materials used to make it are sometimes imported into Africa, and as such, this packaging could not be included as fully 'local'. As a result of this decision, our '70% by 2015' target has become more stretching; nonetheless we remain confident that it is an appropriate target, and it continues to drive local sourcing strategies across all our African markets.

### SEDEX self-assurance

Self-assessment data is provided to us in reports run from the Supplier Ethical Data Exchange (SEDEX), a not-for-profit organisation that enables global suppliers to share assessments and audits on ethical and responsible practices with their customers. Their system includes the number of suppliers who have registered with Diageo, linked their operating sites with ours, and then completed the self-assessment or any other performance-related data. We compare these results with the total number of suppliers we have identified as potentially high risk (considering industry type, location, or association with our brand).

### Audits of highest-risk suppliers

Audits are conducted by independent third-party auditing companies, trained to SEDEX Members Ethical Trade Audit protocols or equivalent. Of total audits, seven were requested directly by Diageo, and 194 were requested directly by others. Those requested by others remain valid through the AIM-PROGRESS mutual recognition process or through adherence to our own audit requirements. All were accessed via the SEDEX platform on which the supplier owns the audit data.

The second tier merchandising supplier audits were conducted either by independent third-party auditing companies, or by the merchandising suppliers' internal audit teams.

## VALUE CHAIN PARTNERSHIPS – FOOD QUALITY AND SAFETY

Here we detail the basis of calculation for:

- Packaging defects (ppm)
- Total concerns (complaints)

### Packaging defects

Packaging defects data is based on a 0.1% sampling for wines and spirits and a 0.025% for beers. Individual packs are inspected against a Global Finished Product Standard. The number of defects is recorded and reported monthly against the sample size for the production run. Figures are aggregated globally and are weighted based on volume of production.

### Total concerns (complaints)

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

# EXTERNAL ASSURANCE

We engaged KPMG LLP to undertake **limited assurance** over selected sustainability and responsibility (S&R) performance data marked with the symbol Δ within the Strategic report section of the Annual Report. Some of that performance data has been reproduced within this document and has been identified with the symbol Δ.

KPMG LLP used the International Standard on Assurance Engagements (ISAE) 3410: 'Assurance Engagements on Greenhouse Gas Statements' to assure the selected greenhouse gas performance data, and ISAE 3000: 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' to assure the other selected performance data including water use, wastewater discharge (BOD) under Diageo's direct control, and waste to landfill, all marked in this document with the symbol Δ.

KPMG LLP have provided an unqualified opinion of the selected sustainability and responsibility performance data. Read their **full assurance opinion**.

The level of assurance provided for a limited assurance engagement is substantially lower than a reasonable assurance engagement. In order to reach their opinion, KPMG LLP performed a range of procedures which included interviews with management, examination of reporting systems and documentation, as well as selected data testing at various sites as well as at Head Office. A summary of the work they performed is included in their assurance opinion.

Non-financial performance information, greenhouse gas quantification in particular, is subject to more inherent limitations than financial information. It is important to read the selected sustainability and responsibility performance data contained within this Performance Addendum and in the Annual Report, in the context of KPMG LLP's full limited assurance opinion and our reporting methodologies, listed above.