DIAGEO

Sustainability & Responsibility
Performance Addendum to
the Annual Report 2020

Contents

Cover images, from left to right:

Top row: Employee photo competition winner, India; a Diageo colleague at a brewery in Kenya

Second row: Diageo 'Raising the Bar' fund; a performance of our flagship theatre-based 'Smashed' education programme, which informs young people about the dangers of underage drinking; Learning for Life participants in Colombia

Third row: Tree planting in Kenya; Lagavulin Distillery on the Isle of Islay in Scotland; maintenance work on a water, sanitation and hygiene programme in Kenya

Fourth row: Learning for Life participants in Thailand; our DRINKiQ quiz; a community member using one of our water, sanitation and hygiene facilities in Kenya.
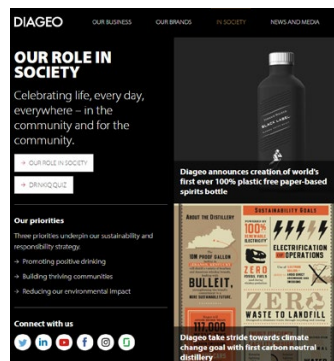
Welcome

Our ambition is to create one of the best performing, most trusted and respected consumer products companies in the world.

To achieve that ambition, we need to make sure we are doing business the right way, from grain to glass. That means thinking about the long-term value we create and the risks and opportunities of our operating environment and business model. It also means ensuring we are proud of what we do at work, at home and in our communities.

Alongside our Annual Report and our website, this Performance Addendum contributes to that ambition, by reporting transparently on elements of our non-financial performance that play a vital role in delivering our strategy.

How we report to our stakeholders

Annual Report

Where we present our most material disclosures and describe how our strategy delivers value for our business and our communities.

diageo.com

Where, through the 'In society' section, we give further details of our approach and performance, including examples of our strategy in action.

Performance Addendum

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

Who are our stakeholders?

Everyone who is affected by our business, and everyone who affects it, is a stakeholder. A detailed description of our stakeholder engagement process is on pages 12-13 of our Annual Report. We provide further details in disclosure 101-01 on page 9 of this Performance Addendum.

Contact us

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

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

What matters most – to our stakeholders and to our business

Back in 2015, we conducted a materiality analysis with a range of external stakeholders to help us determine the environmental, social and governance issues that mattered most to them, comparing the results with what mattered most to our business. These findings informed many of the social and environmental targets for 2020 that you will find on pages 32-37 of our Annual Report.
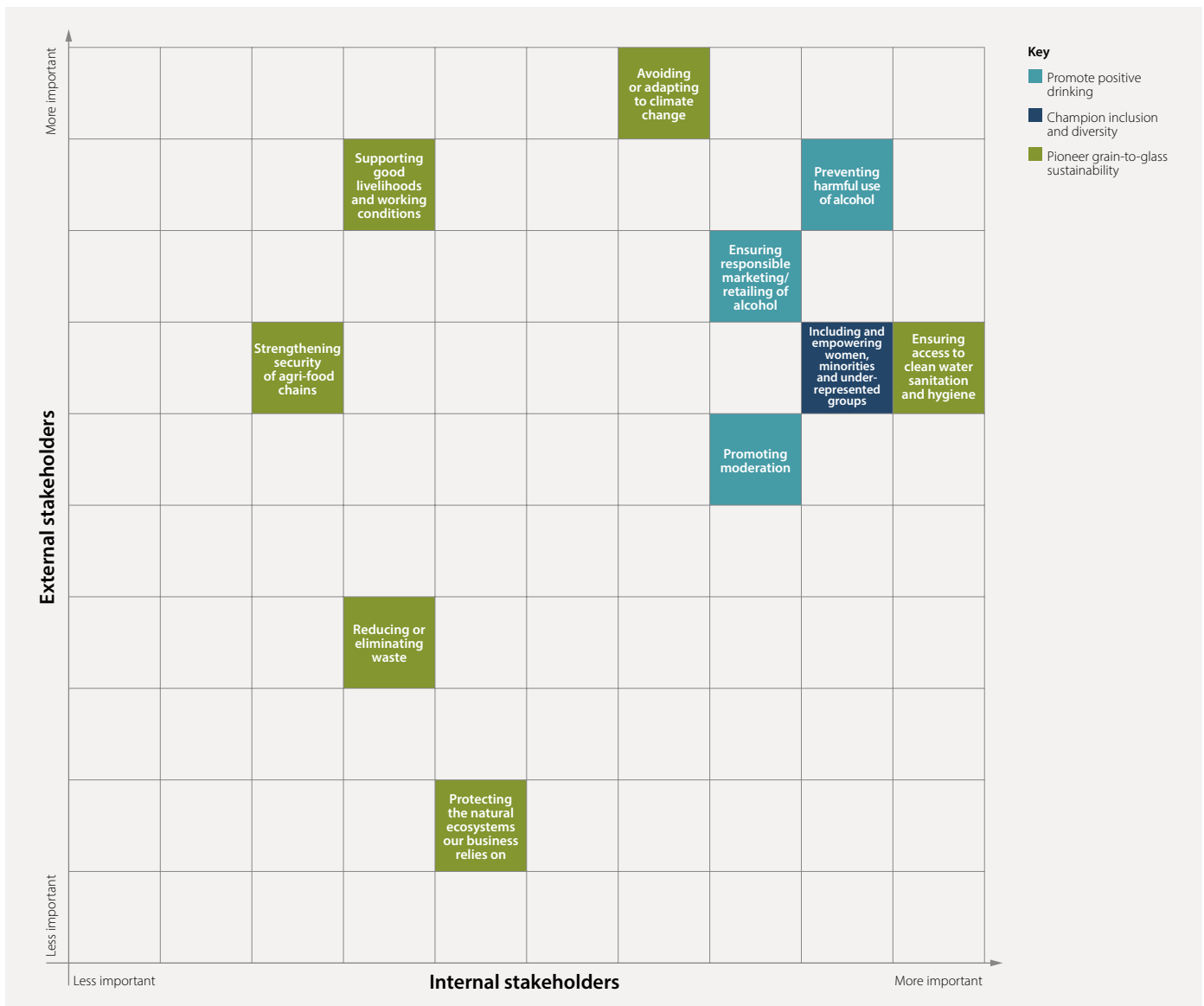
This year, we began developing our strategy to support sustainable growth over the critical decade until 2030, carrying out a rigorous materiality assessment. This looked at the external trends shaping our operating environment and how we can most effectively align our work with the UN Sustainable Development Goals. We interviewed many internal and external stakeholders and explored the findings in workshops with experts from a range of our business functions in Bangalore, London, Nairobi, New York and Singapore. We also held a full-day workshop with our Executive Committee. The findings from this exercise are guiding the development of our strategy and priorities. While the launch of our strategy and the targets that will drive its delivery have been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals.

We welcome engagement from all stakeholders to help us develop and deliver our strategy.

We believe all the topics presented in our materiality assessment below are important to our business. This matrix illustrates the view of both internal and external stakeholders about which topics are most critical, with the rankings helping to inform the development of our sustainability and responsibility strategy for the decade ahead. For more details, please see page 32 of our Annual Report.

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

Matrix (External stakeholders — vertical axis, Less important to More important; Internal stakeholders — horizontal axis, Less important to More important):

- Avoiding or adapting to climate change
- Supporting good livelihoods and working conditions
- Preventing harmful use of alcohol
- Ensuring responsible marketing/retailing of alcohol
- Strengthening security of agri-food chains
- Including and empowering women, minorities and under-represented groups
- Ensuring access to clean water sanitation and hygiene
- Promoting moderation
- Reducing or eliminating waste
- Protecting the natural ecosystems our business relies on

Our strategy

We are the stewards of some of the most iconic brands in the world, built over generations by entrepreneurs who understood the importance of pioneering solutions and investing to create enduring value.

Our strategy follows their example, by pioneering grain-to-glass sustainability, championing inclusion and diversity, and promoting positive drinking. It aims to harness

our entire business to create value for us, and for the communities where we live, work, source and sell. By enhancing our brands' relationships with consumers, earning the trust of stakeholders, building our resilience and productivity, driving performance, and mitigating risk, our strategy is key to ensuring our business continues to create sustained, quality growth over the long term.

These aims are underpinned by a commitment to sound corporate governance and transparent reporting. A respect for human rights, including the right to health and safety, is embedded in every aspect of our business.

Our ambition is to create shared value...

Where we:
Live
Work
Source
Sell

With our:

Company
Working with employees, partners and suppliers

Communities
Acting as a good corporate citizen and supporting community development

Consumers
Increasing our positive impact through brand partnerships

In what matters most:
Promote positive drinking
Champion inclusion and diversity
Pioneer grain-to-glass sustainability

For our:
Business
Communities
Partners

Creating long-term value: highlights from 2020

Our strategy continues to evolve as we build towards the business we want to be in 2030 and beyond. Our performance against our 2020 and 2025 targets is reported in detail on pages 32-35 of our Annual Report.

On this page, we include highlights of our 2020 performance against three key strategic priorities, which are underpinned by our commitment to doing business the right way, with integrity and respect for human rights.

Promote positive drinking

We want the millions of people who choose to enjoy our brands to 'drink better, not more'. We are committed to promoting moderation and tackling alcohol misuse across the world. We focus on three core pillars: campaigning to reduce harmful drinking; promoting moderation; and improving laws and industry standards.

We have ambitious targets for our programmes to reduce alcohol-related harm.

By the end of 2020, we had:

- **Educated** 1m young people, parents and teachers about the dangers of underage drinking

- **Reached** 229.2m people with moderation messages from our brands

- **Collected** 25.3m pledges never to drink and drive through #JoinThePact, and continued to work in partnership with UNITAR, the United Nations Institute for Training and Research, to support major road safety events aimed at reducing traffic deaths and injuries, and improve road safety globally.[1]

Champion inclusion and diversity

We want to create an inclusive and diverse culture that ensures our people thrive, and to champion inclusion and diversity beyond our business to drive change in the communities and societies around us.

In 2020, we:

- Built on our long-term focus on gender diversity with 39% of leadership roles in our business held by women, surpassing our target for 2020 and setting us on the road to our 2025 target of 40%

- Continued to build an inclusive, diverse culture, including further rolling out of our Family Leave and Dignity at Work policies

- Worked with others to drive societal change, including through our supplier diversity programmes and our work with partners such as the United Nations Unstereotype Alliance, which combats harmful stereotypes in advertising, and Open for Business, which advocates LGBTQ+ rights around the world.

Pioneer grain-to-glass sustainability

We aim to promote inclusive growth by fostering sustainable value chains, delivering integrated community programmes, and using natural resources efficiently across our whole value chain. We have ambitious targets for water use, plastics and other packaging, and waste. We use approved, science-based targets for carbon reduction in line with our decarbonisation strategy.

In 2020, we:

- Reached over 290,000 people with our community programmes, addressing multiple strands of our strategy, including skills and entrepreneurship, women's empowerment, and WASH (access to water, sanitation and hygiene)

- Achieved cumulative reductions in absolute greenhouse gas emissions from our direct operations of 50.1%[2]

- Achieved a cumulative improvement of 46% in water efficiency[2]

- Ensured that 65.5% of our electricity is from renewable sources, attaining our RE100 commitment five years ahead of plan, and sourcing 100% of electricity at all our UK sites from renewable sources such as wind, hydro and solar.

We continued to build our understanding and disclosure of the strategic and near-term risks and opportunities that climate change presents, as described on pages 42-43 of our Annual Report.

1. Our #JoinThePact campaign, which, through signing a global pact, encourages people never to drink and drive, reached 25.3 million people by 30 June 2020, and we are proud of how it has raised awareness. Building on what we have learnt from our programmes and discussions with stakeholders, we will be evolving our approach to drink driving to focus on digital education campaigns that promote changes in attitudes. As a result, this is the last year we report #JoinThePact data.

2. Against our 2007 baseline.

GRI Index

This index outlines our response to the GRI Sustainability Reporting Standards

Our definition of material is relatively broad, and includes most issues that surfaced as part of our materiality assessment, regardless of priority, as illustrated on page 4. We have continued to develop our approach to reporting, building on our 2019 GRI report, and continue to report as fully as we can on our most material issues. We have reported on as many standards as possible, against the priorities set by our materiality review. This year we have reported on the revised GRI Standards for the third time, staying true to our philosophy of reporting in a transparent manner to global standards of best practice on a range of economic, environmental and social impacts.

Translating our Sustainability & Responsibility Strategy to GRI

In addition to informing our strategy, our materiality assessment guides our reporting and has helped us determine which issues to address in our Annual Report, on our website and in our Performance Addendum, so as to be most informative for our stakeholders. The following table maps our activities and programmes against the GRI Standards.

GRI Standards				Our strategic focus area
Universal standards	101	**Foundation – reporting principles**	• Approach to reporting	• Our approach to reporting
	102	**General disclosures**	• Organisational profile • Strategy • Ethics and integrity • Governance • Stakeholder engagement • Reporting practice	• Business integrity
	103	**Management approach**	• Material topics and their boundaries • Management approaches • Evaluation of management approaches	• Our approach to reporting
Topic-specific standards	200	**Economic**		• Pioneer grain-to-glass sustainability
	300	**Environmental**		• Pioneer grain-to-glass sustainability
	400	**Social**		• Promote positive drinking • Champion inclusion and diversity

How we have complied with the GRI Standards

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

FOUNDATION
GRI 101-01 to 101-10 from GRI 101: Foundation 2016

GENERAL
GRI 102-01 to 102-56 from GRI 102: General Disclosures 2016

MANAGEMENT APPROACH
GRI 103-01 to 103-03 from GRI 103: Management Approach 2016

ECONOMIC
GRI 201-01 to 201-04 from GRI 201: Economic Performance 2016
GRI 202-01 to 202-02 from GRI 202: Market Presence 2016
GRI 203-01 to 203-02 from GRI 203: Indirect Economic Impacts 2016
GRI 204-01 from GRI 204: Procurement Practices 2016
GRI 205-01 to 205-03 from GRI 205: Anti-corruption 2016
GRI 206-01 from GRI 206: Anti-competitive Behaviour 2016

ENVIRONMENTAL
GRI 301-01 to 301-03 from GRI 301: Materials 2016
GRI 302-01 to 302-05 from GRI 302: Energy 2016
GRI 303-01 to 303-05 from GRI 303: Water 2018
GRI 304-01 to 304-04 from GRI 304: Biodiversity 2016
GRI 305-01 to 305-07 from GRI 305: Emissions 2016
GRI 306-01 to 306-05 from GRI 306: Effluents and Waste 2016
GRI 307-01 from GRI 307: Environmental Compliance 2016
GRI 308-01 to 308-02 from GRI 308: Supplier Environmental Assessment 2016

SOCIAL
GRI 401-01 to 401-03 from GRI 401: Employment 2016
GRI 402-01 from GRI 402: Labour/Management Relations 2016
GRI 403-01 to 403-10 from GRI 403: Occupational Health and Safety 2018
GRI 404-01 to 404-03 from GRI 404: Training and Education 2016
GRI 405-01 to 405-02 from GRI 405: Diversity and Equal Opportunity 2016
GRI 406-01 from GRI 406: Non-discrimination 2016
GRI 407-01 from GRI 407: Freedom of Association and Collective Bargaining 2016
GRI 408-01 from GRI 408: Child Labour 2016
GRI 409-01 from GRI 409: Forced or Compulsory Labour 2016
GRI 410-01 from GRI 410: Security Practices 2016
GRI 411-01 from GRI 411: Rights of Indigenous Peoples 2016
GRI 412-01 to 412-03 from GRI 412: Human Rights Assessment 2016
GRI 413-01 to 413-02 from GRI 413: Local Communities 2016
GRI 414-01 to 414-02 from GRI 414: Supplier Social Assessment 2016
GRI 415-01 from GRI 415: Public Policy 2016
GRI 416-01 to 416-02 from GRI 416: Customer Health and Safety 2016
GRI 417-01 to 417-03 from GRI 417: Marketing and Labelling 2016
GRI 418-01 from GRI 418: Customer Privacy 2016
GRI 419-01 from GRI 419: Socioeconomic Compliance 2016

GRI Index
Universal standards

GRI 101: FOUNDATION

REPORTING PRINCIPLES	
Disclosure	**Our response**
101-01 ● **Stakeholder inclusiveness** The reporting organisation shall identify its stakeholders, and explain how it has responded to their reasonable expectations and interest.	For us, everyone who is affected by our business, and everyone who affects it, is a stakeholder. In the In Society section of our website, under stakeholder engagement, we have set out each stakeholder group and provided examples of how we currently engage them on all issues, including sustainability and responsibility. Our stakeholder groups, and how we engage with them, are also covered in our Annual Report on pages 12-13.
101-02 ● **Sustainability context** The report shall present the reporting organisation's performance in the wider context of sustainability.	Our Annual Report explains the wider context in which we operate and presents our sustainability performance in relation to both our corporate performance and global sustainable development issues, including the Paris Agreement and the UN Sustainable Development Goals. Our Annual Report also presents how our material issues, economic, environmental and social, relate to our long-term strategy, risks, opportunities and goals, including throughout our value chain.
101-03 ● **Materiality** The report shall cover topics that: a. Reflect the reporting organisation's significant economic, environmental, and social impacts; or b. Substantively influence the assessments and decisions of stakeholders.	Our aim is to report fully on issues we deem to be material and to explain our approach. As referenced above, we worked with stakeholders to inform our materiality matrix, set out on page 4 of this Performance Addendum.
101-04 ● **Completeness** The report shall include coverage of material topics and their boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the reporting 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.
101-05 ● **Accuracy** The reported information shall be sufficiently accurate and detailed for stakeholders to assess the reporting organisation's performance.	We clearly, consistently and transparently report our performance against our external targets for 2020 and 2025, on pages 32-35 of our Annual Report. We explain our methodology for calculating performance against targets in the Reporting boundaries and methodologies section of this Performance Addendum. PricewaterhouseCoopers LLP (PwC) were engaged to provide independent limited assurance over selected information in the Annual Report and Accounts and in this Sustainability & Responsibility Performance Addendum (PA) for the year ended 30 June 2020. Information that is within PwC's limited scope is marked with the symbol Δ. We are developing our strategy to address our most material issues and support sustainable growth over the critical decade until 2030. While the launch of our strategy and the targets that will drive its delivery have been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals. We know we must be leaders in promoting positive drinking, global champions for water stewardship, and vocal advocates for a low carbon world. We must champion inclusion and diversity, within our business and in society, and make sure our programmes and our business as a whole contribute to building inclusive, thriving communities that work for everyone, wherever we live, work, source and sell. And we will go further in pioneering sustainability, including through encouraging regenerative agriculture and by exploring circular economy approaches as we seek to minimise waste in our operations and value chain.
101-06 ● **Balance** The reported information shall reflect positive and negative aspects of the reporting 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. We aim to present information in such a way that the reader can assess trends in performance year on year.

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

GRI Index
Universal standards

GRI 101: FOUNDATION continued

REPORTING PRINCIPLES continued	
Disclosure	**Our response**
101-07 • **Clarity** The reporting organisation shall make information available in a manner that is understandable and accessible to stakeholders using that information.	Our sustainability and responsibility journey is told at a high level on our website with examples to bring our strategy to life; we identify and report on the most material issues in our Annual Report; and we have produced this Performance Addendum to ensure readers can find all the information they seek, including our responses to all GRI Standards.
101-08 • **Comparability** The reporting organisation shall select, compile and report information consistently. The reported information shall 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.	We continue to report against our external targets for 2020 and 2025 and GRI Standards, and have designed our Annual Report and this Performance Addendum to enable stakeholders to easily review our performance over time, and help readers find comparable information. We will continue to report on our 2025 targets, and we are developing further targets to help drive performance to 2030. Our #JoinThePact campaign, which encourages people to never drink and drive through signing a global pact, had reached 25.3 million people by the end of this year. Building on what we have learnt from our drink driving interventions and feedback from our stakeholders, we are evolving our approach to focus on education programmes that promote changes in attitudes as a way to tackle drink driving. As a result, F20 will be our final year for #JoinThePact, and we will no longer include it in our reporting.
101-09 • **Reliability** The reporting organisation shall gather, record, compile, analyse and report information and processes used in the preparation of the report in a way that they can be subject to examination, and that establishes the quality and materiality of the information.	Our reporting methodologies for sustainability and responsibility information can be found on pages 86-91 of this Performance Addendum. In some cases, our data and processes are assured by third parties – see below. PwC were engaged to provide independent limited assurance over selected information in the Annual Report and Accounts for the year ended 30 June 2020. Information that is within PwC's limited scope is marked with the symbol Δ. Corporate Citizenship were engaged to assess our community investment figures. Corporate Citizenship is the manager of the London Benchmarking Group (a global standard for measuring, benchmarking and reporting on corporate community investment), of which Diageo is a member.
101-10 • **Timeliness** The reporting organisation shall report on a regular schedule so that information is available in time for stakeholders to make informed decisions.	We continue to publish this Performance Addendum alongside the Annual Report.

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

GRI 102: GENERAL DISCLOSURES

ORGANISATIONAL PROFILE	

Disclosure	Our response
102-01 ⬤	**Name of organisation** Diageo plc.
102-02 ⬤	**Activities, brands, products and services** The reporting organisation shall report the following information: a. A description of the organisation's activities b. Primary brands, products and services, including an explanation of any products or services that are banned in certain markets.	Diageo produces more than 100 alcoholic beverage brands, with our global giants such as Johnnie Walker, Smirnoff, Captain Morgan, Baileys, Tanqueray and Guinness representing almost a third of our net sales. Key details about each of these brands can be found in the Our brands section, page 2, of the Annual Report, while an overview of our production can be found in the Our business model section, pages 10-11, and a review of our product categories on pages 60-61. We only sell products that are approved and legal in our markets. Some markets do not allow the sale of alcohol due to religious concerns and we respect this. If stakeholders or consumers have complaints either about a brand, its raw materials, or how it is marketed, they may complain to one of the many 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 made. We try to respond to all consumer enquiries or complaints, either through our call centre team or via email in response to queries that come through our website.
102-03 ⬤	**Location of headquarters** The reporting organisation shall report the following information: a. Location of the organisation's headquarters.	London, UK.
102-04 ⬤	**Location of operations** The reporting organisation shall report the following information: a. Number of countries where the organisation operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	Our products are sold in more than 180 countries around the world and we have 163 supply sites in 26 countries. A breakdown of which markets are in each region can be found in the Our global reach section of the Annual Report, page 3.
102-05 ⬤	**Ownership and legal form** The reporting organisation shall report the following information: a. Nature of ownership and legal form.	Full name: Diageo plc Registered number: 23307 Registered office: Lakeside Drive, London NW10 7HQ Place of registration: England and Wales Diageo is a limited liability public company listed on the London, New York, Paris and Dublin stock exchanges.
102-06 ⬤	**Markets served** The reporting organisation shall report the following information: a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	Our customers vary from large global retailers and convenience stores, to bars, restaurants and hotels, to governments such as 'control states' in the United States, and state monopolies in certain countries like Sweden and Norway. These organisations are conduits to our shoppers and consumers, to whom we market. An overview of our business model can be found on pages 10-11 of the Annual Report, and a geographic breakdown is outlined in the Business reviews, pages 50-59.

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

GRI 102: GENERAL DISCLOSURES continued

ORGANISATIONAL PROFILE continued

Disclosure	Our response

102-07 — **Scale of the organisation**
The reporting organisation shall report the following information:

a. Scale of the organisation, including:

  i. total number of employees;

  ii. total number of operations;

  iii. net sales (for private sector organisations) or net revenues (for public sector organisations);

  iv. total capitalisation (for private sector organisations) broken down in terms of debt and equity;

  v. quantity of products or services provided.

Diageo employs 27,775 people around the world. The production side of the business includes 163 sites in 26 countries.

This year we made £11,752 million in net sales. Further details of our business model can be found on pages 10-11 of the Annual Report, and detailed financial performance is included in the Financial statements, from page 109.

102-08 — **Information on employees and other workers**
The reporting organisation shall report the following information:

a. Total number of employees by employment contract (permanent and temporary), by gender

b. Total number of employees by employment contract (permanent and temporary), by region

c. Total number of employees by employment type (full-time and part-time), by gender

d. Whether a significant portion of the organisation's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees

e. Any significant variations in the numbers reported in Disclosures 102-08-a, 102-08-b, and 102-08-c (such as seasonal variations in the tourism or agricultural industries)

f. An explanation of how the data have been compiled, including any assumptions made.

Employees by region, by gender, and by employment contract type[1]

	Part-time	Full-time	Permanent	Fixed-term/ temporary	Total
North America					
Men	5	1,578	1,572	11	1,583
Women	3	1,052	1,042	13	1,055
Europe and Turkey					
Men	141	5,921	5,841	221	6,062
Women	373	3,652	3,796	229	4,025
Africa					
Men	0	2,983	2,885	98	2,983
Women	1	1,160	1,092	69	1,161
Latin America and Caribbean					
Men	0	1,700	1,691	9	1,700
Women	1	1,001	994	8	1,002
Asia Pacific					
Men	10	6,091	5,972	129	6,101
Women	27	2,076	1,929	174	2,103
Diageo (total)					
Men	156	18,273	17,961	468	18,429
Women	405	8,941	8,853	493	9,346
All	561	27,214	26,814	961	27,775

1. In some markets the concept of 'permanent employment' does not exist. For reporting purposes, we have considered as 'permanent' all those employees whose contract is not fixed-term/temporary. Part-time is defined as an employee not working at 100% of a Full-Time Equivalent.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

GRI 102: GENERAL DISCLOSURES continued

ORGANISATIONAL PROFILE continued		
Disclosure		**Our response**
102-08 continued ●	**Information on employees and other workers** continued	Total workforce by employees and supervised workers, and by gender: this information is included in the Our people section of the Annual Report, page 27.
		Most people who work on behalf of Diageo are employed by Diageo, although, in common with most manufacturing companies, we also employ contractors, the numbers of whom vary significantly by region. For the most part, when we use contractors, it is for the following:
		• Construction projects, resulting from investments we are making in the business
		• Logistics (from the end of the packaging line), such as warehouse operators, forklift truck drivers and loaders
		• Selected sales and merchandising activity
		• Cleaning, catering and site security.
		Some aspects of our business use seasonal employment, for example, in agricultural operations or in logistics and packing activities. In general, although seasonal employment is a feature of our business, it is not significant compared to our overall number of employees.
102-09 ●	**Supply chain** The reporting organisation shall report the following information: a. A description of the organisation's supply chain, including its main elements as they relate to the organisation's activities, primary brands, products and services.	Around 29,000 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 Pioneer grain-to-glass sustainability section of the Annual Report, pages 28-29.
102-10 ●	**Significant changes to the organisation and its supply chain** The reporting organisation shall report the following information: a. Significant changes to the organisation's size, structure, ownership, or supply chain, including: i. changes in the location of, or changes in, operations, including facility openings, closings and expansions; ii. changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations); iii. changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	For acquisitions and disposals, see Note 8 to the Financial statements in the Annual Report, pages 136-137. For material organisational restructuring programmes, see Note 3 to the Financial statements in the Annual Report, page 172. For changes in share capital structure, see Note 9 to the Financial statements in the Annual Report, page 174. There were no material changes to the overall location of suppliers, structure of the supply chain, or our relationships with suppliers during this reporting period. Other, less material changes in our supply chain occurred as a result of our routine tendering processes. We continue to promote local raw material sourcing, particularly in Africa. In 2020 we sourced 79% of the agricultural raw materials used in our African operations locally. This means we are importing proportionately fewer raw materials from Europe, and promoting economic development in local communities, while maximising the tax benefits of local sourcing. Details are included in the Pioneer grain-to-glass sustainability section of the Annual Report, pages 28-29.
102-11 ●	**Precautionary principle or approach** The reporting organisation shall report the following information: a. Whether and how the organisation applies the precautionary principle or approach.	We take a precautionary approach to our environmental strategy, as described in our work to reduce greenhouse gases in the Pioneering grain-to-glass sustainability and Climate risk sections of the Annual Report, pages 28-29 and 42-43 respectively. We are developing our strategy to address our most material issues and support sustainable growth over the critical decade until 2030. While the launch of our strategy and the targets that will drive its delivery have been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals. We know we must continue to be global champions for water stewardship, and vocal advocates for a low carbon world. And we will go further in pioneering sustainability from grain to glass, including through encouraging regenerative agriculture and by exploring circular economy approaches as we seek to minimise waste in our operations and value chain.

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

GRI Index
Universal standards

GRI 102: GENERAL DISCLOSURES continued

ORGANISATIONAL PROFILE continued

Disclosure		Our response
102-12	**External initiatives** The reporting organisation shall report the following information: a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses.	Diageo is a signatory to a number of global external codes and charters that reflect our commitment to sustainability and responsibility. These include, among others, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the CEO Water Mandate, the CEO Water Resilience Coalition, the Sustainable Development Goals Business Avenger for SDG6 (clean water and sanitation), the Business Ambition for 1.5⁰C, the UN Women's Empowerment Principles and the We Mean Business commitments. More details can be found on the In Society section of our website.
102-13	**Membership of associations** The reporting organisation shall report the following information: a. A list of the main memberships of industry or other associations, and national or international advocacy organisations.	We have helped establish many social aspects organisations (SAOs) – industry-funded bodies that work with governments, the private sector and NGOs to reduce harmful drinking. A list of our SAOs and trade associations that run responsible drinking initiatives can be found in the Alcohol policy section of our website.

STRATEGY

Disclosure		Our response
102-14	**Statement from senior decision-maker** The reporting organisation shall report the following information: a. A statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy for addressing sustainability.	In our Annual Report, pages 4-9, our Chairman and Chief Executive comment on how Diageo's role in society, sustainability and responsibility strategy and targets support Diageo's Performance Ambition to create one of the best performing, most trusted and respected consumer products companies in the world.
102-15	**Key impacts, risks and opportunities** The reporting organisation shall report the following information: a. A description of key impacts, risks and opportunities.	Our 2020 and 2025 targets and strategy were informed by a stakeholder and financial analysis we conducted in 2015, which helped us understand our most material issues. This year, we carried out a further materiality analysis to determine what is most material to our stakeholders, and to us, as we design our strategy for now until 2030 and beyond. Our analysis has confirmed the importance of several key themes: promoting positive drinking through encouraging moderation and tackling misuse; championing water stewardship and decarbonisation as part of pioneering sustainability from grain to glass; and championing inclusion and diversity both within our business and in the communities where we live, work, source and sell. The results of this study are shown in the materiality matrix found on page 4 of this Performance Addendum. Those risks considered most material from both a financial and non-financial perspective are included in our Annual Report, pages 38-41. As of this year, we have highlighted climate-related risk within our principal risk, sustainability and responsibility. Please see page 39 of our Annual Report for more information. We address climate risk further on pages 42-43 of our Annual Report.

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

GRI 102: GENERAL DISCLOSURES continued

ETHICS AND INTEGRITY	
Disclosure	**Our response**
102-16 ● **Values, principles, standards and norms of behaviour** The reporting organisation shall report the following information: a. A description of the organisation's values, principles, standards and norms of behaviour.	Diageo has a set of five values that are at the heart of our business in delivering our Performance Ambition. • **We are passionate about customers and consumers** • **We give ourselves and each other the freedom to succeed** • **We are proud of what we do** • **We strive to be the best** • **We value each other** Our Code of Business Conduct ('our Code') sets out what we stand for as a business and how we demonstrate the highest standards of integrity and ethical behaviour, guided by our strong purpose and values. It provides clarity on how we are expected to behave to build the trust and respect of everyone that comes into contact with our company. Our Code, which was refreshed this year, is underpinned by a number of global policies, standards and guidelines covering specific areas of our activities. We review our policies every year to ensure that we take account of any changes in our external environment and update them accordingly. Each one reflects our values and our commitment to doing business the right way and can be found on our website.
102-17 ● **Mechanisms for advice and concerns about ethics** The reporting organisation shall report the following information: a. A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behaviour, and organisational integrity; ii. reporting concerns about unethical or unlawful behaviour, and organisational integrity.	Our Code, policies and standards provide practical guidance to ensure all our employees and everyone who comes into contact with our company live the values and behaviours that underpin all of our work. Diageo has a confidential service (SpeakUp) available for people to raise concerns about compliance with the law, our Code of Business Conduct, any of our global policies or standards, or any other compliance and ethics matter. The service is available 24 hours a day, 365 days a year, in all our 20 Code languages, and is accessible via telephone or at www.diageospeakup.com. It can be used by all employees, contractors or any other interested party, such as suppliers or customers. It is managed by an external company, independent of Diageo, with staff trained to deal with reports. All reports are forwarded to Diageo's Global Business Integrity team who decide next steps. Overall statistics and significant matters are then reported quarterly to our Executive and our Audit Committee. Diageo does not tolerate reprisals against anyone who reports a concern or helps with an investigation in good faith. Anyone found to be involved in retaliation against an individual who has raised a concern will be subject to disciplinary action. More information is included in the Our principal risks and risk management section of the Annual Report, pages 38-41.
102-18 ● **Governance structure** The reporting organisation shall report the following information: a. Governance structure of the organisation, including committees of the highest governance body b. Committees responsible for decision-making on economic, environmental and social topics.	Diageo's governance structure is included in the Governance section of the Annual Report, pages 72-74. Our Chief Executive, Ivan Menezes, is ultimately accountable for overall economic and environmental, social, and corporate governance (ESG) performance, while responsibility for the component parts of our sustainability and responsibility strategy is shared between members of Diageo's Executive Committee. To further improve our oversight of ESG, our Board now receives updates on our ESG strategy and performance at least twice a year.

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

GRI 102: GENERAL DISCLOSURES continued

GOVERNANCE	
Disclosure	**Our response**
102-19 ● **Delegating authority** The reporting organisation shall report the following information: a. Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Our Chief Executive, Ivan Menezes, is ultimately accountable for overall economic and ESG performance, while responsibility for the component parts of our sustainability and responsibility strategy is shared between members of Diageo's Executive Committee, the majority of whom report to the Chief Executive, as outlined in 102-20. Regional presidents and local managing directors are responsible for implementing the sustainability and responsibility strategy locally and driving performance. Senior executives are accountable for each aspect of our sustainability and responsibility strategy, which is led by the Global Director of Society. When issues arise in Board or Executive Committee meetings that relate to these topics, accountability will be delegated to the designated individual. When issues or risks to do with other ESG topics are discussed, the Board or Committee assign an executive to look into it and report back. In some cases, an issue will become a standing item on the Board or Executive Committee agenda until it is resolved. To further improve our oversight of ESG, our Board now receives updates on our ESG strategy and performance at least twice a year.
102-20 ● **Executive-level responsibility for economic, environmental and social topics** The reporting organisation shall report the following information: a. Whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics b. Whether post holders report directly to the highest governance body.	Our Chief Executive, Ivan Menezes, is ultimately accountable for ESG performance, and reports directly to the Board. Responsibility for the component parts of our sustainability and responsibility strategy, led by the Global Director of Society, is shared between members of Diageo's Executive Committee, the majority of whom report to the Chief Executive. For example: ● The President, Global Supply and Procurement is responsible for environmental performance, health and safety, and for labour standards within the supply network; he also holds the post of Chief Sustainability Officer. ● The Corporate Relations Director is responsible for social topics, specifically positive drinking and the social elements of our commitment to pioneering grain-to-glass sustainability. ● Regional presidents and local managing directors are responsible for implementing our sustainability and responsibility strategy locally, and for driving performance.
102-21 ● **Consulting stakeholders on economic, environmental and social topics** The reporting organisation shall report the following information: a. Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.	External stakeholders are consulted widely and may also raise questions on issues with us routinely, via our website, through channels such as our SpeakUp helpline (also available for our employees), or directly with local contacts depending on the issues and nature of their relationship. Consultation may be delegated to key functions globally or locally within the business. For example, our Investor Relations team addresses issues raised through the broad investor community and will also consult on specific issues with members of other teams, including the Society team. Feedback on stakeholder engagement is provided to the Executive Committee and the Board as appropriate. In the case of the investor community, the Investor Relations team reports the views of institutional shareholders to the Board throughout the year, and, when relevant, those of private investors as well. Private shareholders engage directly with the Chairman or with the entire Board at the Annual General Meeting. Elsewhere, feedback from our SpeakUp helpline is reviewed independently by the Business Integrity team, who also summarise issues for the Executive Committee. The Board and Executive Committee discuss wider external concerns regularly, and they consider external views when shaping our strategy in relation to economic and ESG topics. Monitoring progress against our 2020 sustainability targets was a particular focus this year, along with determining our broader environmental and societal ambition and targets for 2030. We consulted a broad range of external stakeholders as well as employees as part of this work and reported the results to the Executive Committee and the Board. The Board receives a report highlighting global aggregated results of Diageo's Your Voice survey once a year. The results are discussed by the Executive Committee, which develops action plans as necessary. This year we did not conduct our Your Voice survey because of Covid-19. In its place we used a pulse survey tool to help us measure engagement, listen to employee feedback and learn from their experience of working during the pandemic.

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

GRI 102: GENERAL DISCLOSURES continued

GOVERNANCE continued

Disclosure	Our response
102-22 ● **Composition of the highest governance body and its committees** The reporting organisation shall report the following information: a. Composition of the highest governance body and its committees by: i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental and social topics; viii. stakeholder representation.	At publication of the 2020 Annual Report, the Board was made up of eight members – the Chairman, five other non-executive directors, all of whom are independent, and two executive directors. Four members of the Board were women. Three members of the Board are from ethnic minority backgrounds, as defined by the Parker Review. The Board has three standing committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. Further information on the membership and work of these committees is included in the Governance section of the Annual Report, pages 68-108.
102-23 ● **Chair of the highest governance body** The reporting organisation shall report the following information: a. Whether the chair of the highest governance body is also an executive officer in the organisation b. If the chair is also an executive officer, describe his or her function within the organisation's management and the reasons for this arrangement.	The Chairman of the Board is a non-executive director and, in accordance with Provision 9 of the UK Corporate Governance Code, was independent on appointment.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards ◖ Partially disclosed and missing at least one required indicator ○ Not disclosed ⊗ Not considered material to our business at this time

GRI 102: GENERAL DISCLOSURES continued

GOVERNANCE continued	
Disclosure	**Our response**
102-24 ● **Nominating and selecting the highest governance body** The reporting organisation shall report the following information: a. Nomination and selection processes for the highest governance body and its committees b. Criteria used for nominating and selecting highest governance body members, including whether and how: i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental and social topics are considered.	The Nomination Committee – made up of all the independent non-executive directors and the Chairman of the company – is responsible for keeping under review the composition of the Board and succession planning for the Board and senior leadership positions. The Committee makes recommendations to the Board concerning Board appointments. Criteria for Board appointments include skills, knowledge, experience and diversity. The Board has recently adopted a diversity policy which sets out its commitment to inclusion and diversity and includes diversity targets. The policy is available on our website. Further detail is included in the Governance section of the Annual Report, page 83. The terms of reference of all Board committees are available on our website.
102-25 ● **Conflicts of interest** The reporting organisation shall report the following information: a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: i. cross-board membership; ii. cross-shareholding with suppliers and other stakeholders; iii. existence of controlling shareholder; iv. related party disclosures.	The Board has agreed an approach and adopted guidelines for dealing with conflicts of interest, and responsibility for authorising conflicts of interest is included in the schedule of matters reserved for the Board. Our **Code of Business Conduct** also references how potential conflicts of interest are managed. Further information is included in the Board of Directors sub-section of the Governance section of the Annual Report, page 72.
102-26 ● **Role of highest governance body in setting purpose, values and strategy** The reporting organisation shall report the following information: a. 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 topics.	Our Performance Ambition and strategy are outlined in our Annual Report, the delivery of which includes key economic and ESG issues related to our reputation. In his report, the Chief Executive updates the Executive Committee and Board regularly on progress against this ambition. Our sustainability and responsibility strategy, and progress against it, are also discussed and signed off at Board level at least twice a year, as part of the Board's ESG discussions. Policies are generally discussed and agreed at Executive Committee level, although policies relating to material risks are signed off at Board level.

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

GRI 102: GENERAL DISCLOSURES continued

GOVERNANCE continued

Disclosure		Our response
102-27	**Collective knowledge of highest governance body** The reporting organisation shall report the following information: a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Background reports are submitted throughout the year on various economic and ESG topics, some of which are discussed in detail in Board meetings. The Audit Committee reviews management's assessment of our principal risks, including risks associated with our economic and ESG performance. The Board is also responsible for reviewing our Annual Report, which gives important contextual and performance information on economic and ESG topics. The Audit Committee of the Board reviews and recommends approval of the Annual Report.
102-28	**Evaluating the highest governance body's performance** The reporting organisation shall report the following information: a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental and social topics b. Whether such evaluation is independent or not, and its frequency c. Whether such evaluation is a self-assessment d. 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.	During the year ended 30 June 2020, the Company Secretary facilitated an internal evaluation of the Board's effectiveness. This included self-assessment by each director, plus their views of the effectiveness of the Audit Committee, the Nomination Committee and the Remuneration Committee. Further detail is included in the Governance section of the Annual Report, page 78. Following the Annual Strategy Conference, the Board considered and agreed what should be included on their agenda for the following year.
102-29	**Identifying and managing economic, environmental, and social impacts** The reporting organisation shall report the following information: a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks and opportunities – including its role in the implementation of due diligence processes b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social topics and their impacts, risks and opportunities.	The Executive Committee is responsible for managing economic and ESG impacts with the accountabilities outlined in 102-20. However, as explained in 102-19 and 102-21, our sustainability and responsibility strategy is discussed at Board level at least twice a year, and incorporates stakeholder consultation where possible. In some cases, based on past reports, Board members identify new economic and ESG impacts that Diageo should manage. Risks, including those identified in the Effective risk management section of the Annual Report, pages 38-43, are discussed at least twice a year in the Audit Committee.

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

GRI 102: GENERAL DISCLOSURES continued

GOVERNANCE continued

Disclosure		Our response
102-30 ●	**Effectiveness of risk management processes** The reporting organisation shall report the following information: a. Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	At each of its meetings, the Audit Committee reviews detailed reports from the heads of the Business Integrity and Global Audit and Risk teams, and sees the minutes of management's Audit and Risk Committee meetings. These reports and minutes include economic and ESG risks. Relevant members of the Executive Committee and other senior leaders present context informing our sustainability and responsibility strategy, including risks, to the Board. Further detail can be found in the Governance section of the Annual Report, pages 68-108.
102-31 ●	**Review of economic, environmental and social topics** The reporting organisation shall report the following information: a. Frequency of the highest governance body's review of economic, environmental and social topics and their impacts, risks and opportunities.	The Audit Committee is updated on risks at least twice a year. The Board is updated on our sustainability and responsibility strategy and performance against targets at least twice a year, as well as through our Filings Assurance Committee. The Executive Committee discusses these issues more frequently.
102-32 ●	**Highest governance body's role in sustainability reporting** The reporting organisation shall report the following information: a. The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material topics are covered.	Our Annual Report is approved by a duly appointed and authorised committee of the Board, and ultimately signed off by our Chief Executive and Chief Financial Officer. The Audit Committee reviews our performance against our sustainability and responsibility targets.
102-33 ●	**Communicating critical concerns** The reporting organisation shall report the following information: a. Process for communicating critical concerns to the highest governance body.	The Board maintains a process for communicating critical concerns through the Audit Committee, which reviews the effectiveness of the company's systems of internal control and risk management, including oversight of all of the company's whistleblowing activities. Further detail can be found in the Governance section of the Annual Report, page 82.
102-34 ●	**Nature and total number of critical concerns** The reporting organisation shall report the following information: a. Total number and nature of critical concerns that were communicated to the highest governance body b. Mechanism(s) used to address and resolve critical concerns.	See the principal risks table in the Annual Report, pages 39-40.

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

GRI 102: GENERAL DISCLOSURES continued

GOVERNANCE continued	
Disclosure	**Our response**
102-35 ●	**Remuneration policies** The reporting organisation shall report the following information:	The Directors' remuneration report in the Annual Report, pages 84-106, includes our remuneration policy. As explained in that report, remuneration is driven by both financial and individual business performance objectives, which in some cases include ESG as well as economic goals. From 2020, Executive Directors, other members of the Executive Committee and senior leaders throughout the business will be directly incentivised to achieve ESG goals through their long-term incentive plans. We may also include ESG-type measures in the individual business objective (IBO) element of Executive Committee members' shorter-term annual incentive plans.
	a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:	
	i. fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares;	
	ii. sign-on bonuses or recruitment incentive payments;	
	iii. termination payments;	
	iv. clawbacks;	
	v. retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees.	
	b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics.	
102-36 ●	**Process for determining remuneration** The reporting organisation shall report the following information:	Diageo's Remuneration Committee recommends senior and executive level remuneration. Key aspects are included in the Directors' remuneration report in the Annual Report, pages 84-106. Details of independent third-party advisers, including remuneration consultants, are described on page 105 of the Annual Report.
	a. Process for determining remuneration	
	b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management	
	c. Any other relationships that the remuneration consultants have with the organisation.	
102-37 ●	**Stakeholders' involvement in remuneration** The reporting organisation shall report the following information:	As described in the Directors' remuneration report in the Annual Report, pages 84-106, the Remuneration Committee actively engages shareholders each year. In 2020, we consulted a number of shareholders about the proposed changes to the remuneration policy, as well as the approach to target setting under the incentive plans. The Remuneration Committee also reviewed insights from the Chairman's discussions with employees to help inform their decision making.
	a. How stakeholders' views are sought and taken into account regarding remuneration	Each year, at the company's Annual General Meeting, shareholders are asked to vote to approve the Directors' remuneration report. The last Directors' remuneration report was approved by 96.88% of votes.
	b. If applicable, the results of votes on remuneration policies and proposals.	

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

GRI 102: GENERAL DISCLOSURES continued

GOVERNANCE continued

Disclosure		Our response
102-38 ◗	**Annual total compensation ratio** The reporting organisation shall report the following information: a. 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.	We report the remuneration of our highest-paid executives in the Directors' remuneration report in our Annual Report, pages 84-106. We report the CEO pay ratio (total compensation for the CEO vs median total compensation for UK employees) on page 101 of the Annual Report, and the year-on-year change in Directors' salaries, bonuses and benefits relative to all employees globally on page 103. We also report the total amount paid in salaries and benefits to employees under GRI indicator 201-01. We do not report publicly on this data by country. **Omissions**: data by country.
102-39 ◗	**Percentage increase in annual total compensation ratio** The reporting organisation shall report the following information: a. Ratio of the 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.	We report the remuneration of our highest paid executives in the Directors' remuneration report in our Annual Report, pages 84-106. We also report the total amount paid in salaries and benefits to employees under GRI indicator 201-01. We do not report publicly on this data by country. We report the year-on-year change in Directors' salaries, bonuses and benefits relative to all employees globally on page 103 of the Annual Report. **Omissions**: data by country.

STAKEHOLDER ENGAGEMENT

Disclosure		Our response
102-40 ●	**List of stakeholder groups** The reporting organisation shall report the following information: a. A list of stakeholder groups engaged by the organisation.	We engage internal and external stakeholders, ranging from employees, investors and commercial partners to governments, NGOs and local communities. A full list is included on our website and in the Stakeholder engagement section, on pages 12-13 of our Annual Report.
102-41 ●	**Collective bargaining agreements** The reporting organisation shall report the following information: a. Percentage of total employees covered by collective bargaining agreements.	We have a strong commitment to transparent dialogue. In 2020, 39.6% of our employees were covered by collective bargaining agreements.

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

GRI 102: GENERAL DISCLOSURES continued

STAKEHOLDER ENGAGEMENT continued	
Disclosure	**Our response**
102-42 ⬤ **Identifying and selecting stakeholders** The reporting organisation shall report the following information: a. The basis for identifying and selecting stakeholders with whom to engage.	We define our stakeholders as all those who affect, are affected or could be 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 2015 we refreshed our materiality study, reviewing 115 documents from 43 key stakeholders. This year, we carried out a further materiality analysis to determine what is most material to our stakeholders, and to us, as we design our strategy for now until 2030 and beyond. Our analysis has confirmed the importance of several key themes: promoting positive drinking through encouraging moderation and tackling misuse; championing water stewardship and decarbonisation as part of pioneering grain-to-glass sustainability; and championing inclusion and diversity within Diageo and the communities where we live, work, source and sell. The results of this study are shown in the materiality matrix found on **page 4** of this Performance Addendum. We engage a range of external stakeholders, including policymakers, non-governmental organisations, civil society groups, peer companies, the media, customers and regulators to understand how they view our activities, and how they consider our performance and reputation economically, socially and environmentally. We also engage the communities where we source, make and sell our products directly, and take inputs received from all interested parties via other channels such as our **website**.
102-43 ⬤ **Approach to stakeholder engagement** The reporting organisation shall report the following information: a. The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	We engage stakeholders at global and local level to build trust and respect. At the heart of our strategy is the ability to develop our global programmes so that they are able to have a positive and meaningful impact for our local communities. We engage a range of external stakeholders, including policymakers, NGOs, civil society groups, peer companies, the media, customers, regulators, our communities and consumers to understand how they view our activities. Increasingly we also take note of stakeholders' opinions and comments via social media and reflect the findings of these in our planning and activity. We are developing our strategy to address our most material issues and support sustainable growth over the critical decade until 2030. While the launch of our strategy and the targets that will drive its delivery have been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals. We know we must be leaders in promoting positive drinking, global champions for water stewardship, and vocal advocates for a low carbon world. We must champion inclusion and diversity, within our business and in society, and make sure our programmes and our business as a whole contribute to building inclusive, thriving communities that work for everyone, wherever we live, work, source and sell. And we will go further in pioneering sustainability, including through encouraging regenerative agriculture and by exploring circular economy approaches as we seek to minimise waste in our operations and value chain.
102-44 ⬤ **Key topics and concerns raised** The reporting organisation shall report the following information: a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organisation has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	Our materiality matrix on **page 4** was informed by a detailed stakeholder engagement exercise we undertook this year as we developed our strategy for 2030. We review materiality on an ongoing basis in light of stakeholder comments, including those arising from our Corporate Relations activity, financial analysis and external developments including the UN SDGs, the Paris Climate Agreement, Business Ambition for 1.5⁰C, UNGC/SBTI Uniting Business to Recover Better, and the UNGC Government Letter on SDGs in Recovery.

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

GRI Index
Universal standards

GRI 102: GENERAL DISCLOSURES continued

REPORTING PRACTICE

Disclosure		Our response
102-45	**Entities included in the consolidated financial statements** The reporting organisation shall report the following information: a. A list of all entities included in the organisation's consolidated financial statements or equivalent documents b. Whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	Our Financial statements can be found in our Annual Report from page 109. We describe the entities that are included and not included in our sustainability and responsibility reporting in Reporting boundaries and methodologies on page 86-91 of this Performance Addendum.
102-46	**Defining report content and the topic boundaries** The reporting organisation shall report the following information: a. An explanation of the process for defining the report content and the topic boundaries b. An explanation of how the organisation has implemented the reporting principles for defining report content.	Through stakeholder and financial analysis conducted this year, we identified those ESG issues most material to Diageo's business. This is illustrated in the materiality matrix on page 4 of this Performance Addendum. At a minimum our reporting includes these issues, although we also report on certain additional issues included in the GRI Standards. See pages 9-10 of this Performance Addendum for how we have implemented the reporting principles for defining report content.
102-47	**List of material topics** The reporting organisation shall report the following information: a. A list of the material topics identified in the process for defining report content.	Our 2020 and 2025 targets and strategy were informed by a stakeholder and financial analysis we conducted in 2015, which helped us understand our most material issues. This year, we carried out a further materiality analysis to determine what is most material to our stakeholders, and to us, as we design our strategy for now until 2030 and beyond. Our analysis has confirmed the importance of several key themes: promoting positive drinking through encouraging moderation and tackling misuse; championing water stewardship and decarbonisation as part of pioneering grain-to-glass sustainability; and championing inclusion and diversity within our business and in the communities where we live, work, source and sell. The results of this study are shown in the materiality matrix on page 4 of this Performance Addendum.
102-48	**Restatements of information** The reporting organisation shall report the following information: a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	**Restatement of baseline environmental data** Diageo restates environmental data for the baseline year and intervening years to reflect changes in the company that would otherwise compromise the accuracy, consistency and relevance of the reported information. Restatements are made in accordance with the WRI/WBCSD Reporting Protocol, and Diageo's Environmental Reporting Methodology. The baseline year environmental impact data, and data for intervening years, are adjusted to reflect acquisitions, divestments, updates to databases for CO_2e emission factors, any errors in calculations, and any significant changes in reporting policy that result in a material change to the baseline of more than 1%. We also restate data where we can show that structural changes regarding outsourcing and insourcing have an impact of more than 1%. These changes have been absorbed, and do not affect our environmental sustainability targets. **Restatement of code breach data** Prior year numbers of substantiated breaches and code-related leavers are updated to include the outcomes of those reports made in one financial year for which the investigation and any associated disciplinary actions are not closed until the following financial year, after the Annual Report has been published. This enables us to make a full and accurate year-on-year comparison.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards

◐ Partially disclosed and missing at least one required indicator

○ Not disclosed

⊗ Not considered material to our business at this time

GRI 102: GENERAL DISCLOSURES continued

REPORTING PRACTICE continued	

Disclosure	Our response
102-49 ●	**Changes in reporting** The reporting organisation shall report the following information: a. Significant changes from previous reporting periods in the list of material topics and topic boundaries.	See 'significant changes in our operations' in the Reporting boundaries and methodologies section on page 86.
102-50 ●	**Reporting period** The reporting organisation shall report the following information: a. Reporting period for the information provided.	Year ending 30 June 2020.
102-51 ●	**Date of most recent report** The reporting organisation shall report the following information: a. If applicable, the date of the most recent previous report.	August 2019.
102-52 ●	**Reporting cycle** The reporting organisation shall report the following information: a. Reporting cycle.	Annual.
102-53 ●	**Contact point for questions regarding the report** The reporting organisation shall report the following information: a. The contact point for questions regarding the report or its contents.	sustainability@diageo.com
102-54 ●	**Claims of reporting in accordance with the GRI Standards** The reporting organisation shall report the following information: a. The claim made by the organisation, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	We have prepared this report in accordance with the GRI Standards: Comprehensive option. Please refer to the table on page 8.

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

GRI Index
Universal standards

REPORTING PRACTICE continued

Disclosure		Our response

102-55 ●	**GRI content index**
	The reporting organisation shall report the following information:
	
	a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report
	
	b. For each disclosure, the content index shall include:
	
	  i. the number of the disclosure (for disclosures covered by the GRI Standards);
	
	  ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials;
	
	  iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.
		This index serves as the GRI content index and is summarised by the content index on page 8 of this report.

102-56 ●	**External assurance**
	The reporting organisation shall report the following information:
	
	a. A description of the organisation's policy and current practice with regard to seeking external assurance for the report
	
	b. If the report has been externally assured:
	
	  i. a reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;
	
	  ii. the relationship between the organisation and the assurance provider;
	
	  iii. whether and how the highest governance body or senior executives are involved in seeking external assurance for the organisation's sustainability report.
		Assurance policy and practice
		Diageo's policy is to align our reporting of non-financial information with the best and most up-to-date standards and protocols available at the beginning of our financial year. We believe in reporting against reliable data and strive to improve the quality of our non-financial disclosures.
		
		PwC
		Towards these aims, PwC were engaged to provide independent limited assurance over selected information in the Annual Report and Accounts and this Sustainability & Responsibility Performance Addendum for the year ended 30 June 2020. Information that is within PwC's limited scope is marked with the symbol Δ.
		
		PwC is an independent auditor.
		
		Diageo's Chief Executive and Chief Financial Officer approve the appointment and set the scope of PwC's limited assurance engagement.
		
		Corporate Citizenship
		Corporate Citizenship were engaged to assess our corporate community investment figures.
		
		Corporate Citizenship is the manager of the London Benchmarking Group (a global standard for measuring, benchmarking, and reporting on corporate community investment), of which Diageo is a member.
		
		The Global Director of Society appoints, and sets the scope of, Corporate Citizenship's engagement.

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

GRI 103: MANAGEMENT APPROACH

To make this index easier to understand, we have described each management approach (103-02) and its evaluation (103-03) alongside the relevant indicators. So, for example, you will find the management approach and its evaluation for GRI 201, economic performance, on **page 28**, with the economic performance indicators following it.

MATERIAL TOPICS AND THEIR BOUNDARIES	
Disclosure	**Our response**
103-01 ● **Explanation of the material topic and its boundary**	The following GRI aspects are particularly material to our 163 supply sites in 26 countries: procurement practices; materials; energy; water; biodiversity; emissions; effluent and waste; supplier environmental assessment; environmental grievance mechanisms; occupational health and safety; and supplier assessment for labour practices. The remaining additional aspects are material to all 180 countries where we make and sell products around the world, with the exception of indigenous rights which did not surface as material through our stakeholder study.
	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.

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

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards ◖ Partially disclosed and missing at least one required indicator ○ Not disclosed ⊗ Not considered material to our business at this time

GRI Index
Topic-specific standards

GRI 200: ECONOMIC

ECONOMIC PERFORMANCE

103-02	**103-03**
Our management approach to economic performance	**Evaluation of the management approach**

Our relationships with suppliers, investors, lenders, governments, employees and local community stakeholders have direct economic and social impacts which we measure, manage and evaluate. Our Annual Report explains how we manage financial performance and includes financial KPIs. Each market and function is responsible for monitoring and reporting economic performance against annual plans and targets. That allows us to report on overall performance against strategy.

The Pioneer grain-to-glass sustainability section of the Annual Report, pages 28-29, describes our wider economic contribution to the communities where we operate. Investment in activities is based on developing a business case to deliver both economic indicators and wider business strategy including performance on environmental, social and governance activities.

We base our investments on business cases which are in line with our wider strategy and deliver both economic performance and meet our environmental, social and governance objectives.

Various business leaders authorise these investments, depending on scale. The Executive Committee confirms the most significant investments.

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

Where necessary, we develop or adapt our activities to improve performance against our targets or in response to external factors. This year, in response to the Covid-19 pandemic, for example, we reduced discretionary spend and we stopped spending money on advertising and promotions that would not be effective in the current environment.

Disclosure	Our response
201-01 **Direct economic value generated and distributed**	Our revenues this year totalled £17,393[1] million. Economic value distributed contains operating costs (£6.5 billion), taxes (£7.3 billion), employee salaries and benefits (£1.4 billion), payments to providers of capital (£2.3 billion) and community investment (£18.9 million). Tax paid contains all cash tax paid by the company excluding £1 billion of VAT. **Omissions:** we do not currently break down direct economic value by local market. 1. Data is presented on a cash basis.
201-02 **Financial implications and other risks and opportunities due to climate change**	A variety of trends associated with climate change affect our business, in particular the risk of water scarcity. This is explained in more detail in the Responding to climate-related risks section of our Annual Report, pages 42-43. As of this year, we have highlighted climate-related risk within our principal risk, sustainability and responsibility. Please see page 39 of our Annual Report for more information. We are taking steps to better understand the direct and indirect impacts of climate change and water stress on our business, so that we can develop plans to ensure our supply chains remain resilient. We recognise the importance of considering climate-related risks and opportunities in business decisions and strategic planning, and acknowledge that adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) is an important step in addressing these risks and supporting the transition to a low-carbon economy. In 2018, with the support of PwC, we undertook a detailed review of the TCFD reporting recommendations. Our reporting already addresses some aspects of the guidelines, while our reporting to CDP covers much of the remainder. We will continue to develop our climate change reporting to reflect the TCFD's guidance. In 2021, we will complete a comprehensive assessment of physical and transition climate risks in countries representing a significant share of our production, and use climate scenarios to help us develop detailed mitigation and adaptation plans. This work will be overseen by our Climate Risk Steering Group. We will also update our water risk assessment of our own operations. Total environmental protection expenditure was approximately £20 million, which was spent on water conservation projects in Kenya and Nigeria and continuous improvement and energy efficiency initiatives elsewhere.

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

GRI 200: ECONOMIC continued

ECONOMIC PERFORMANCE continued

Disclosure		Our response
201-03 ◐	**Defined benefit plan obligations and other retirement plans**	Diageo operates a number of pension plans throughout the world, devised in accordance with local conditions and practices. Some are defined benefit plans and are funded by payments to separately administered trusts or insurance companies. The group also operates a number of plans that are generally unfunded, primarily in the United States, which provide employees' post-employment medical costs. Where required, we have deficit funding arrangements in place for our defined benefit plans.
		For full details, see Note 13 to the Financial statements in the Annual Report, page 145.
		Omissions: we do not disclose the number of employees included in the schemes or the percentage of salary contributed by employer and employee.
201-04 ◐	**Financial assistance received from government**	Diageo is a publicly-listed company and is not part-owned by any government.
		Tax credits are included in Note 7 and government grants in Note 10 to the Financial statements in the Annual Report, on page 134 and page 141 respectively.
		Omissions: this information is not broken down by country.

MARKET PRESENCE

103-02 ●	**Our management approach to market presence**	103-03 ●	**Evaluation of the management approach**
	Diageo operates as a market-based business and has a presence in over 180 countries. Each of our markets is accountable for its own performance and for driving growth. For more details see the Our global reach section of the Annual Report, page 3.		Our market presence, considering issues such as scale of activity in markets, presence in current or potential product sectors, and the relative risks and opportunities is reviewed as part of the development of our overall strategy, described in our Annual Report. It is routinely reported to the Executive Committee and the Board.
	Our strategic planning considers decisions to enter either geographic or product markets as outlined in our Annual Report.		
	We assess performance against our strategy using relevant key performance indicators.		

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

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

GRI Index
Topic-specific standards

GRI 200: ECONOMIC continued

INDIRECT ECONOMIC IMPACTS

103-02 **Our management approach to indirect economic impacts**

As a global business operating in numerous locations, Diageo has many indirect economic impacts on the communities in which we operate, as described below. We have taken the strategic decision to focus on the areas that are most material to our business and the communities where we operate:

- Empowering women and other under-represented groups
- Promoting entrepreneurship, employability and skills
- Building sustainable supply chains
- Protecting water and the environment.

We set ourselves ambitious targets to be reached by 2020 and report our approach in the Pioneer grain-to-glass sustainability section of the Annual Report, pages 28-29.

We are currently developing our strategy to address all our most material issues and support sustainable growth over the critical decade until 2030. While the launch of our strategy and the targets that will drive its delivery have been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals. These include championing inclusion and diversity, within our business and in society, and making sure our programmes and our business as a whole contribute to building inclusive, thriving communities that work for everyone, wherever we live, work, source and sell.

We also monitor the number of people benefiting from our programmes, as follows: total programme beneficiaries; women reached; women empowered; skills empowerment beneficiaries; water, sanitation and hygiene beneficiaries; and sustainable agriculture initiative beneficiaries.

103-03 **Evaluation of the management approach**

Indirect economic impacts are reviewed as part of strategy development and risk management and are reported to the Executive Committee and the Board.

Disclosure		Our response
203-01	**Infrastructure investments and services supported**	Our Water Blueprint is our strategic approach to water stewardship and details the infrastructure and services that we affect in this area. For example, community water, sanitation and hygiene (WASH) programmes provide vital resources to those in need, and often contribute to the development of local infrastructure. We prioritise communities in close proximity to our operations and those where we source our local raw materials. This year we funded a number of WASH infrastructure projects across Africa, including in Kenya, Uganda, Tanzania, Ghana, Ethiopia, Seychelles, South Africa, Cameroon and Nigeria. Please see our website for examples of our WASH projects in India and Cameroon.

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

GRI 200: ECONOMIC continued

INDIRECT ECONOMIC IMPACTS continued

Disclosure		Our response
203-02	**Significant indirect economic impacts**	Diageo has a diverse array of indirect economic impacts associated with our business relationships and community investment projects. We invested £18.9 million or 1.0% of operating profit in programmes to support the communities where we live, work, source and sell. This year, we trained more than 6,600 people through our range of skills empowerment programmes and we reached more than 250,000 people in India and Africa with access to water, sanitation and hygiene. Through our community impact programmes, we have empowered around 435,000 women since 2012. Details of how we contribute to local economic development can be found on our website. Our contribution is aligned with various external stakeholder priorities. For example, our programmes have helped improve livelihoods for smallholder farmers in our Africa supply network, by increasing farm yields through training and improved agricultural inputs. Our impact reports from Ethiopia, Uganda and Cameroon identified increases in farm yield and associated improvements in the livelihoods of farming families.

Community investment by region

Region	%
North America	39
Europe, Turkey and Global Functions	21
Asia Pacific	18
Africa	13
Latin America and Caribbean	9

Community investment by focus area

Focus area	%
Community aspects of responsible drinking programmes[1]	36
Brand-led and local community spend[2]	36
Skills empowerment programmes	18
Water sanitation and hygiene programmes	9
Women's empowerment programmes	1

1. This is a sub-section of the total responsible drinking budget.
2. Category includes cause-related brand campaigns, local market giving and disaster relief.

PROCUREMENT PRACTICES

103-02	**Our management approach to procurement practices**

Suppliers are selected based on their ability to effectively deliver our needs in terms of service, material, timing and cost.

All suppliers are required to meet the minimum requirements set out in our Partnering with Suppliers Standard.

Suppliers are also evaluated against the risk of bribery and corruption through our Know Your Business Partner (KYBP) assessment, which considers operating risks, market/sector risks and feedback from our internal reviews and assessments.

Ongoing performance against contract and service levels is reviewed by Procurement teams, while adherence to specific requirements on issues such as labour and human rights is addressed as described from 406-01 to 412-03.

103-03	**Evaluation of the management approach**

Procurement practices are reviewed by Internal Audit and by the Compliance team. The audit leads to a report for functional management and relevant Executive Committee members and includes remedial actions and recommendations.

Disclosure		Our response
204-01	**Proportion of spending on local suppliers**	We estimate that more than 90% of our raw material volume is dedicated to 'in-country' suppliers for our sites in the following locations: India, Ireland, United Kingdom, Mexico and Turkey. For our sites in Africa, 79% of agricultural raw material volume used in our operations came from suppliers based in the continent during 2020.

How we have met each disclosure

⬤ Fully disclosed as outlined by the GRI Sustainability Reporting Standards

◑ Partially disclosed and missing at least one required indicator

○ Not disclosed

⊗ Not considered material to our business at this time

GRI Index
Topic-specific standards

ANTI-CORRUPTION

103-02	Our management approach to anti-corruption	103-03	Evaluation of the management approach
●	We have an internal Anti-Corruption Global Policy, and its core principles are included in our Code of Business Conduct (our Code). This is applied to all operations and personnel, with routine training undertaken throughout the business. Adherence to the policy is driven through global and local management within routine business operations and reviewed during assessments carried out by independent internal assessors.	●	Our Business Integrity team monitors all functions' compliance with our Code of Business Conduct, which includes our internal anti-corruption principles. Our Internal Audit team regularly audits our markets, which includes auditing their compliance procedures. Any essential improvements required by the team are given a time limit for completion, and they will also make other recommendations for improvement where necessary. These are reviewed by the relevant management teams and Executive Committee members. The Business Integrity team checks that those who need to have completed their Code training, and reports results to the Executive Committee and the Board.

Disclosure		Our response
205-01 ◗	**Operations assessed for risks related to corruption**	Each of our markets is required to carry out a legal compliance risk assessment annually, including consideration of human rights, bribery and corruption, and to develop mitigation plans for their most significant risks. Every business unit must also carry out risk assessments on corruption. **Omissions:** significant risks related to corruption identified through the risk assessment.
205-02 ●	**Communication and training about anti-corruption policies and procedures**	Everyone who joins the business has to complete training on our Code within 30 days, and all employees receive refresher Code training each year. The training covers anti-corruption policies and procedures. All employees at manager level and above complete an Annual Certification of Compliance (ACC). By completing the ACC, employees are confirming that they have read and understood our Code and global policies, including our policy on anti-corruption. In 2019, following an external review, we extended the ACC to include certain non-management roles. Our compliance programme uses a risk-based approach to identify where we should focus our anti-corruption communication and training. This approach considers the external context, geographic and functional risks, and the output of our own reviews including input from SpeakUp data. An example of our anti-corruption procedures is our third-party business partner due diligence programme, Know Your Business Partner (KYBP).
205-03 ◗	**Confirmed incidents of corruption and actions taken**	Public legal cases are reported in Note 18 to the Financial statements of the Annual Report pages 165-166. **Omissions:** any non-public incidents are not reported.

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

GRI 200: ECONOMIC continued

ANTI-COMPETITIVE BEHAVIOUR

103-02	Our management approach to anti-competitive behaviour	103-03	Evaluation of the management approach
	We have an internal competition and anti-trust policy, the core principles of which are included in our Code of Business Conduct. We train personnel across the business in the requirements of this policy within the training on our Code. We monitor adherence through review of emerging issues, outcomes from SpeakUp, and routine assessment of all business functions through our internal independent reviews.		Our Business Integrity team monitors all functions' compliance with our Code of Business Conduct, which includes our internal competition and anti-trust principles. Our Internal Audit team regularly audits our markets, which includes auditing their compliance procedures. Any essential improvements required by the team are given a time limit for completion, and they will also make other recommendations for improvement where necessary. These are reviewed by the relevant management teams and Executive Committee members.

The Business Integrity team also checks that those who need to have completed their Code training, and reports results to the Executive Committee and the Board. |

Disclosure		Our response
206-01	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Material legal judgements are included in Note 18 to the Financial statements in the Annual Report, pages 165-166.

Omissions: we do not disclose details of ongoing regulatory investigations or sanctions because this is commercially sensitive information. |

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

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GRI 300: ENVIRONMENTAL

<div style="background:green">GRIEVANCE MECHANISMS</div>

103-02 ●

Our management approach to environmental grievance mechanisms

Our SpeakUp helpline and website act as a conduit for all grievances, including those to do with environmental issues. They can be accessed by employees, those in our value chain and any interested stakeholders. Grievances are investigated independently and, where necessary, anonymised to protect those raising the issue. Employees can also report issues to line managers, the Legal team, the Human Resources team or Business Integrity managers.

We manage environmental grievances, which typically relate to dust and noise, on a case-by-case basis at local site level. If needed, local sites will escalate the complaints to the global team who will take appropriate action.

Environmental grievances are reviewed in market by the relevant functions and escalated as required to the Executive Environmental Working Group, which meets quarterly to review environmental performance. Mitigation activities are developed as appropriate.

Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms
During the reporting year, six grievances about environmental impacts were filed. All were addressed, with two being resolved through formal grievance mechanisms. Zero grievances about environmental impacts were filed last year which were resolved this year.

103-03 ●

Evaluation of the management approach

Our Environmental teams in each market review grievances to consider whether mitigation has been effective and whether grievances have been addressed.

<div style="background:green">MATERIALS</div>

103-02 ●

Our management approach to materials

Our materials can largely be categorised as packaging and agricultural raw materials. Our general approach is for our Packaging and Sustainability teams to evaluate and review our processes and materials to ensure they are efficient and cost-effective. This may mean developing or adopting new materials that are more efficient, have a lower environmental impact or are otherwise superior. We select materials based on performance criteria to support finished product specification and cost. We assess new materials in extensive trials before they are used for full-scale production. Detailed specifications are developed that identify key performance criteria for materials being used in production.

Our Packaging and Sustainability teams keep our materials under review.

103-03 ●

Evaluation of the management approach

Packaging
We regularly evaluate the potential for new or alternative materials and emerging environmental risks from packaging materials. In 2018 we strengthened our approach on plastics, building on the publication of our supplementary guidelines on plastics in April 2017. This includes targets for plastics use (see the Annual Report, page 35), the banning of plastic straws and stirrers from marketing and promotional activity, continued research and development into plastic packaging, and collaboration on the development of recycling sectors in key markets, particularly Africa. In 2020 we continued to support the Africa Plastics Recycling Alliance, which focuses on improving plastics recycling in sub-Saharan Africa. It was launched in March 2019, with Diageo and Unilever as co-founders, and now includes Nestlé, The Coca-Cola Company, Mars, PepsiCo, Dow and Promisador.

We reuse returned glass bottles in parts of our business, but do not currently include them in our reported recycled content data. Last year, we reviewed our reporting boundaries for recycled content to consider including returned glass. Following our review we report returned glass alongside, but separately from, our recycled content data on page 35 of our Annual Report.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards

◖ Partially disclosed and missing at least one required indicator

○ Not disclosed

⊗ Not considered material to our business at this time

GRI Index
Topic-specific standards

MATERIALS continued

103-02
continued

Our management approach to materials continued

Packaging
As part of our 2020 targets, we have four targets for packaging:

- To reduce total packaging weight by 15%
- To increase recycled content by weight to 45%
- To make all packaging recyclable
- To sustainably source all of our paper and board packaging to ensure zero net deforestation.

In 2018, we announced new targets for 2025 on our use of plastics:

- Ensure 100% of the plastic we use is designed to be widely recyclable (or reusable/compostable), using plastics that allow for increased consumer recycling rates
- Achieve 40% average recycled content in our plastic bottles – and 100% by 2030
- Continue to invest in circular economy opportunities and other sustainable packaging breakthroughs
- Accelerate our support for recycling by increasing collaboration, particularly where we have influence, and engaging with governments, peers and consumers to facilitate improved recycling.

As part of the innovation process of developing new products, we routinely review packaging. We consider its overall environmental impact as well as how we are performing against our packaging targets.

We are currently developing our strategy for the critical decade until 2030. While the launch of our strategy and the targets that will drive its delivery have been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals. These include going further in pioneering sustainability, including through exploring circular economy approaches as we seek to minimise waste in our operations and value chain.

For more details see the Pioneer grain-to-glass sustainability section of the Annual Report, pages 28-29, our Environment Policy, and our Sustainable Packaging Commitments.

Agricultural raw materials
As part of our 2020 targets, we have two targets for agricultural raw materials:

- Source 80% of our agricultural raw materials locally in Africa
- Establish partnerships with farmers to develop sustainable agricultural supplies of key raw materials.

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

- Securing a supply for our business, while contributing to the economic growth of the communities in which we operate
- Respecting human rights, building capacity and creating shared value with farming communities
- Using resources efficiently, minimising environmental impact, and safeguarding future crop capacity and ecosystems.

Diageo is a member of the Sustainable Agriculture Initiative (SAI) Platform. In 2018 we adopted SAI's Farm Sustainability Assessment (FSA) tool as our reference to assess sustainability within our agricultural supply chain and drive improvements. Our aim is to work with our direct suppliers to deliver the requirements of our Sustainable Agriculture Guidelines and drive assurance to a minimum level of FSA Bronze (or equivalent, using a benchmarked standard) at farm level.

We adopted the SAI approach as our standard for farmers in established supply chains, while for smallholders (typically farms of 1-10 hectares) and intermediary suppliers in emerging supply chains, we are developing tailored approaches based on their most material issues.

We expect our suppliers to work continuously towards more sustainable agricultural practices by treating farmers and workers fairly, reducing negative environmental impacts, protecting natural capital and supporting wider economic benefits for farming.

For more details, see our Sustainable Agriculture Guidelines.

103-03
continued

Evaluation of the management approach continued

Agricultural raw materials
This year we added the requirement to meet our Sustainable Agriculture Guidelines (SAG) to some key contracts as they came up for renewal. We have also created and begun rolling out pilot SAG toolkits for buyers and suppliers – with full deployment planned for next year. To support suppliers in Latin America and the Caribbean, we have translated our SAG into Spanish and Portuguese.

As our requirement for agricultural materials in Africa grows, our work with smallholder farmers becomes more important.

This year we continued to focus on this area, particularly on sorghum, a climate change resilient crop, which is the mainstay of our new brewery in Kenya.

Our programmes aim to develop smallholder farming and support mid-term growth in farm yields. We are working more closely with farmers, supporting them with training, planting materials and fertilisers, mechanisation and access to credit, and we are seeing more consistent results as a consequence.

As weather becomes less predictable, we are working with partners to implement tools that enable farmers to become more resilient, such as crop insurance, conservation agriculture and sustainable irrigation. Please see the Climate risk section of the Annual Report, pages 42-43.

GRI 300: ENVIRONMENTAL continued

MATERIALS continued

103-02 continued	**Our management approach to materials** continued

Local sourcing in Africa

We source agricultural raw materials in Africa from local farming suppliers, including partnering with 78,600 smallholder farmers in Kenya, Tanzania, Ethiopia, Uganda, Cameroon, Ghana, Nigeria and South Africa. Our programmes support farming communities by sharing best practice, creating access to seeds and fertilisers, improving access to affordable finance and crop insurance, and enabling some mechanisation for farming. This has led to increased yields per hectare for the farmers involved, improving their household income while creating a more resilient local raw material supply network. For example, in Uganda, in 2020 we began working in partnership with Solidaridad to support barley smallholder farmers through training and access to fertilisers and seeds. Our sustainable agriculture strategy is explained in the Pioneer grain-to-glass sustainability section of the Annual Report, pages 28-29.

Disclosure	Our response
301-01	**Materials used by weight or volume**

This year, we used approximately 1.43 million tonnes of agricultural raw materials such as barley, wheat and maize, and approximately 1.37 million tonnes of packaging.

Global raw materials[1] by volume
(Total – 1.43 million tonnes)

Raw Material	Volume	%
Barley[2]	602,411	42.1
Wheat	107,951	7.5
Maize	155,101	10.8
Molasses	129,249	9.0
Sorghum	92,110	6.4
Sugar	78,971	5.5
Agave	96,266	6.7
Grapes	105,336	7.4
Rice	21,684	1.5
Raisins	6,392	0.4
Dairy	16,800	1.2
Rye	14,000	1.0
Other (including aniseed, cassava and hops)	3,796	0.3

1. Figures represent raw materials we buy directly, and exclude raw materials used to make the neutral spirit we purchase.
2. Includes malted barley.

Global packaging materials[1] by volume
(Total – 1.37 million tonnes)

Packaging material	Volume	%
Glass	1,167,390	85.1
Corrugate	74,307	5.4
Cartons	46,038	3.4
Closures and crowns	25,053	1.8
PET	17,683	1.3
Cans	20,523	1.5
Other (beverage cartons, labels, sleeves, bags and sachets)	20,644	1.5

1. Excludes promotional materials.

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

GRI Index
Topic-specific standards

GRI 300: ENVIRONMENTAL continued

MATERIALS continued

Disclosure		Our response
301-02 ●	**Recycled input materials used**	This year, 45.8% of the materials used in our packaging were recycled input materials, exceeding our 2020 target. When returnable glass is included, our overall recycled content is 51.4%.

| 301-03 ● | **Reclaimed products and their packaging material** | **Recycling/recovery rates[1] for primary packaging categories[2]** |

Market	Recovery rate
Germany	81%
Republic of Ireland	75%
Italy	74%
Great Britain	61%
Spain	57%
Brazil	47%
Australia	44%
North America	33%
South Africa	25%
Venezuela	25%
Greece	24%
Kenya	No published data
Nigeria	No published data

1. Estimated consumer recycling of primary packaging.
2. Primary packaging categories include glass, aluminium, paper and board.

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

GRI 300: ENVIRONMENTAL continued

ENERGY

103-02 | **Our management approach to energy**

Evaluation of the management approach
We committed to halving our direct carbon emissions (Scopes 1 and 2) in absolute terms by 2020, against a 2007 baseline, and achieving a 30% reduction in carbon emissions in our overall supply chain.

Our approach is based on four main activities:

1. Improving energy efficiency in our operations
Improving energy efficiency in our operations reduces carbon emissions, cuts energy bills and reduces our exposure to energy risks. Measures include improving insulation on cookers and stills, installing variable speed drives and low-energy lighting systems, and improving air condensers and boilers.

2. Generating renewable energy at our sites
Alcohol production creates a number of by-products which can be used as sources of renewable energy. We are investing in the bioenergy potential of our distilleries and breweries.

3. Sourcing renewable or low-carbon energy
Renewable and low-carbon energy from bioenergy, nuclear, wind, solar and hydro-electric sources can contribute significantly to reducing emissions. We are committed to procuring 100% of our electricity from renewable sources by 2030.

4. Partnering to reduce carbon in our supply chain
Supporting and encouraging our key suppliers to measure, manage and report their carbon emissions is essential to reducing our overall greenhouse gas emissions. In addition, we have committed to ensuring that all our new refrigeration equipment in trade is free from hydrofluorocarbons (HFCs).

For more details see the Pioneer grain-to-glass sustainability and Climate risk sections of our Annual Report, pages 28-29 and 42-43 respectively, and our Environment Policy.

103-03 | **Evaluation of the management approach**

We set ourselves a series of targets to achieve by 2020, measured by KPIs which are disclosed in our Annual Report. The targets and KPIs are as follows:

Target: Reduce absolute greenhouse gas emissions from direct operations by 50%

KPI: % reduction in absolute GHG (kt CO_2e)

Target: Achieve a 30% reduction in absolute greenhouse gas emissions along the total supply chain

KPI: % reduction in absolute GHG (kt CO_2e)

Target: Ensure all our new refrigeration equipment in trade is HFC-free, with a reduction in associated greenhouse gas emissions from 2015

KPI: % of new equipment sourced HFC-free from 1 July 2015

We are developing our strategy to address our most material issues and support sustainable growth over the critical decade until 2030. While the launch of our strategy and the targets that will drive its delivery have been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals. We know we must continue to be global champions for water stewardship, and vocal advocates for a low carbon world.

We are listed on the FTSE4Good, CDP and Dow Jones Sustainability World Index to benchmark our sustainability performance.

The Environmental Executive Working Group, through the Environmental Leadership Team, ensures compliance is measured and monitored.

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

GRI 300: ENVIRONMENTAL continued

ENERGY continued

Disclosure		Our response

302-01 — **Energy consumption within the organisation**

We report renewable and non-renewable direct energy consumption for the last three years in addition to our baseline year of 2007.

Renewable and non-renewable direct energy consumption (TJ)[1, 2]

- Renewable energy source
- Non-renewable energy source

1. Direct energy consumption refers to energy sources that are owned or controlled by the company and generate Scope 1 emissions as defined by the WRI/WBCSD Greenhouse Gas Reporting Protocol.
2. 2007 baseline data, and data for each of the intervening years in the period ended 30 June 2019, have been restated in accordance with the WRI/WBCSD Greenhouse Gas Reporting Protocol and Diageo's environmental reporting methodologies.

Δ Within PwC's independent limited assurance scope, see pages 92-93 of this document.

Indirect (grid electricity) accounted for 13.1% of total energy consumption.

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

302-02 — **Energy consumption outside of the organisation**

Purchased goods and services, capital goods, transport and distribution of our brands by third-party logistics providers, and the use of chilling and refrigeration equipment by our retail customers to store and display products, are among the most significant areas of energy consumption outside Diageo's direct use. Road and rail transport uses approximately 4.7 million gigajoules per year, and chilling and refrigeration equipment uses approximately 1.3 million gigajoules per year.

302-03 — **Energy intensity**

Here we report direct and indirect energy efficiency for the last three years in addition to our baseline year of 2007.

Direct and indirect energy efficiency (MJ/litre packaged)[1, 2, 3]

- Direct
- Indirect

1. Direct and indirect energy sources refer to those that generate Scope 1 (direct) and Scope 2 (indirect) emissions as defined by the WRI/WBCSD Greenhouse Gas Reporting Protocol.
2. 2007 baseline data, and data for each of the intervening years in the period ended 30 June 2019, have been restated in accordance with the WRI/WBCSD Greenhouse Gas Reporting Protocol and Diageo's environmental reporting methodologies.
3. Energy included was used for fuel, electricity, heating, cooling and steam.

Δ Within PwC's independent limited assurance scope, see pages 92-93 of this document.

302-04 — **Reduction of energy consumption**

This year energy consumption from fuel, electricity, heating, cooling and steam reduced by 8.0% compared with 2019 as a result of energy efficiency initiatives and reduced distilled and and packaged volume; relating to Covid-19 during the last quarter of the year.

Reporting boundaries and methodologies can be found on pages 86-91 of this Performance Addendum.

302-05 — **Reductions in energy requirements of products and services**

Energy requirements of products and services are not deemed relevant as GHG emissions from this energy use do not meet the relevancy criteria stipulated by the WRI Scope 3 Reporting Standard. Specifically: they do not contribute significantly to Diageo's overall Scope 3 footprint, nor do they contribute to Diageo's business-wide risk exposure.

How we have met each disclosure

- ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
- ◖ Partially disclosed and missing at least one required indicator
- ○ Not disclosed
- ⊗ Not considered material to our business at this time
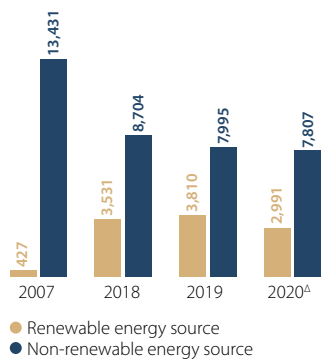
GRI 300: ENVIRONMENTAL continued

WATER

103-02 **Our management approach to water**

Our Water Blueprint defines our strategic approach to water stewardship. It is an integrated approach based on four core areas: the sourcing of raw materials; water use in our own operations; stewardship within the communities in which we operate; and local and global advocacy of best practice in water stewardship.

In recent years we have expanded our strategy to encompass our broader global supply chain, which helps us better understand and manage our total impact on water. We focus on our sites and their supply chains in water-stressed areas, and their respective water catchments, all of which are in emerging markets.

Our Water Blueprint's key aims are to:

1. Reduce water use through a 50% improvement in water-use efficiency
We will continue to improve water-use efficiency in our operations through a combination of continuous improvement, operational efficiency projects, capital investment, and cultural change, aimed at conserving and reusing water wherever possible. We prioritise sites located in water-stressed areas.

2. Return 100% of wastewater from our operations to the environment safely
Measures include investment in additional effluent treatment capacity, and upgrades to ensure we continue to make progress towards this ambitious target.

3. Replenish the amount of water used in our final product in water-stressed areas
We recognise that our impact on water stretches beyond our own operations, and we are committed to replenishing water in water-stressed areas where we operate or source raw materials. This means that where we make our brands in water-stressed areas, we will replenish the equivalent amount of water used in our final products. We will do this either by replenishing the local catchment, or by replenishing the water-stressed catchment of relevant raw material sourcing areas, through projects such as reforestation, wetland recovery, safe water and sanitation, and improved farming techniques.

For more details see the Pioneer grain-to-glass section of our Annual Report, pages 28-29, and our Environment Policy.

103-03 **Evaluation of the management approach**

We set four targets to be achieved by 2020, against a 2007 baseline. Progress against each target is disclosed in our Annual Report through the following KPIs:

Target: Reduce water use through a 50% improvement in water-use efficiency

KPI: % improvement in litres of water used per litre of packaged product

Target: Return 100% of wastewater from our operations to the environment safely

KPI: % reduction of wastewater polluting power (1,000t BOD)

Target: Replenish the amount of water used in our final product in water-stressed areas

KPI: % of total volume of water replenished in water-stressed areas (m^3)

Target: Equip our suppliers with tools to protect water resources in our most water-stressed locations

KPI: % of key suppliers engaged in water management practices.

We are developing our strategy to address our most material issues and support sustainable growth over the critical decade until 2030. While the launch of our strategy and the targets that will drive its delivery have been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals. We know we must continue to be global champions for water stewardship, and vocal advocates for a low carbon world.

We are listed on the FTSE4Good, CDP and Dow Jones Sustainability World Index to benchmark our sustainability performance.

The Environmental Executive Working Group, through the Environmental Leadership Team, ensures compliance is measured and monitored.

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

GRI 300: ENVIRONMENTAL continued

WATER continued

Disclosure		Our response

303-01	**Interactions with water as a shared resource**	As a beverage company, water is an essential ingredient in all Diageo brands and is used throughout our value chain. Water is used for growing our raw materials and manufacturing our packaging. We also use water throughout our direct manufacturing operations. We are committed to best practice water stewardship across our value chain including in local communities.
		We carry out a detailed, data-driven assessment of our impact on water throughout our value chain, which includes assessing the water embedded in our products, through to water used to grow our raw materials. We conduct on-going water assessments for brands and suppliers and undertake assessments every three years in our own sites. We use a range of tools, including lifecycle analysis, environmental footprinting, the World Resource Institute Aqueduct tool and our internal risk assessment process.
		Our Diageo Water Blueprint sets out how we address water-related impacts and how we work with our stakeholders including suppliers, consumers, local communities, governments and regulatory groups.
		The Water Blueprint also provides water-related goals and targets and a management approach and demonstrates how we interact with global and local public policy.
		Omission: catchments where Diageo causes significant water-related impacts.
303-02	**Management of water discharge-related impacts**	Diageo aims to return all wastewater from operations to the environment safely. Our internal voluntary standard sets stringent criteria for wastewater discharge which ensure we meet or exceed local and national regulations and return our wastewater in a state as close to nature as possible and maximise circularity. The criteria for wastewater discharge include temperature, pH, total suspended solids and chemical oxygen demand (COD) and/or biological oxygen demand (BOD), key parameters in determining the pollution potential and oxidisable organic matter present in the water discharge. The global wastewater standard applies across all sites including locations where local discharge parameters do not exist or are in development.

| 303-03 | **Water withdrawal** | **Water withdrawal** |

		All areas	**Areas with water stress**
Water withdrawal by source	Surface water	1,851△ ML	1,077 ML
	– Freshwater	1,851 ML	1,077 ML
	– Other water	0 ML	0 ML
	Ground water	6,821△ ML	1,778 ML
	– Freshwater	6,821 ML	1,778 ML
	– Other water	0 ML	0 ML
	Seawater	0 ML	0 ML
	Produced water	0 ML	0 ML
	Third-party water	7,803 ML	2,115 ML
	– Freshwater	7,803 ML	2,115 ML
	– Other water	0 ML	0 ML

Total third-party water withdrawal by withdrawal source	Surface water	7,803 ML	2,115 ML
	Ground water	0 ML	ML
	Seawater	0 ML	0 ML
	Produced water	0 ML	0 ML

Total water withdrawal	Surface water (total) + Ground water (total) + Seawater (total) + Produced water (total) + Third-party water (total)	16,475 ML	4,970 ML

△ Within PwC's independent limited assurance scope, see pages 92-93 of this document.

Please refer to reporting methodologies for more information on how data has been compiled such as standards, methodologies and assumptions used.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards

◖ Partially disclosed and missing at least one required indicator

○ Not disclosed

⊗ Not considered material to our business at this time

GRI 300: ENVIRONMENTAL continued

WATER continued

Disclosure	Our response

303-04   **Water discharge**   ●

Water discharge

		All areas	Areas with water stress
Water discharge	Surface water	3,781 ML	0 ML
	Ground water	0 ML	0 ML
	Seawater	2,735 ML	14 ML
	Third-party water (total)	5,323 ML	2,314 ML
	Third-party water set for use to other organisations	0 ML	0 ML
Total water discharge	Surface water + Ground water + Third-party water (total)	11,839 ML	2,328 ML
Water discharge by freshwater and other water	Freshwater	0 ML	0 ML
	Other water	0 ML	0 ML

Please refer to GRI 306-01 for information on wastewater polluting power by region, by year (BOD/tonnes).

Please refer to reporting methodologies for more information on how data has been compiled such as standards, methodologies and assumptions used.

303-05   **Water consumption**   ●

Water consumption

		All areas	Areas with water stress
Water consumption	Total water consumption	4,636 ML	2,642 ML
	Change in water storage, if water storage has been identified as having a significant water-related impact	0 ML	0 ML

Please refer to reporting methodologies for more information on how data has been compiled such as standards, methodologies and assumptions used.

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

GRI 300: ENVIRONMENTAL continued

BIODIVERSITY

| 103-02 | **Our management approach to biodiversity** | 103-03 | **Evaluation of the management approach** |

Many of our distilleries, breweries and other sites are surrounded by valuable ecosystems that support a wide range of plant and animal species and can be vital to the livelihoods of local people.

We take responsibility for the impact our business has on these ecosystems and the wider environment, particularly in relation to water, our main ingredient. Where appropriate, we measure and report our impact, mitigate the risks, and work towards improving the environment.

Additionally, we carry out biodiversity impact assessments for new builds and sites in sensitive locations.

The use of water in areas that are water stressed has particular consequences for biodiversity. Our overall water strategy focuses on an integrated approach to corporate water stewardship, with a specific emphasis on water-stressed areas.

Nineteen of our production sites are associated with wetlands designated under the Convention on Wetlands of International Importance (the Ramsar Convention).

In each protected wetland we are monitoring the local issues specific to our sites and implementing technologies that improve water efficiency and the quality of wastewater. We are also exploring the potential for collaboration with other industries and stakeholders to encourage more effective water catchment management practices.

We have identified 36 operational sites, and other land we own, near or adjacent to areas designated as having biodiversity value by the United Nations or national conservation lists. These have a relatively small total area of approximately 25km², and are listed under 304-01.

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

Disclosure		Our response
304-01	**Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**	See table below.

Site	Type of operation	Protected status of area	Position in relation to area of high biodiversity value				Biodiversity value attribute
			Inside	Adjacent	Near	Close	
Victoria, Seychelles	Brewing	C.I. Biodiversity Hotspot	●				Terrestrial, Freshwater, Marine Ecosystem
		IUCN Category I-VI, Alliance for Zero Extinction, Key Biodiversity Area		●			
		Ramsar			●		
Cragganmore, Scotland	Distilling	IUCN Category I-IV, Natura 2000	●				Terrestrial, Freshwater
		Key Biodiversity Area		●			
		IUCN Category V-VI			●		
Dalwhinnie, Scotland	Distilling	IUCN Category V-VI	●				Terrestrial, Freshwater
		IUCN Category I-IV, Natura 2000		●			
		Key Biodiversity Area			●		
		Ramsar				●	
Lochnagar, Scotland	Distilling	IUCN Category V-VI	●				Terrestrial, Freshwater
		IUCN Category I-IV, Natura 2000, Key Biodiversity Area		●			

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

GRI 300: ENVIRONMENTAL continued

BIODIVERSITY continued

Disclosure		Our response
304-01 continued	**Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas** continued	See table below (continued).

Site	Type of operation	Protected status of area	Inside	Adjacent	Near	Close	Biodiversity value attribute
			Position in relation to area of high biodiversity value				
Quetzaltenango, Guatemala	Packaging	C.I. Biodiversity Hotspot	●				Terrestrial, Freshwater
		Key Biodiversity Area, Alliance for Zero Extinction		●			
		IUCN Category I-IV, IUCN Category V-VI			●		
Gazimagusa, Cyprus	Packaging	C.I. Biodiversity Hotspot	●				Terrestrial, Freshwater, Marine Ecosystem
		Key Biodiversity Area, Natura 2000		●			
Dailuaine, Scotland	Distilling	IUCN Category I-IV, Natura 2000	●				Terrestrial, Freshwater
		IUCN Category I-IV, IUCN Category V-VI		●			
Dailuaine, Scotland	Dark grains plant	IUCN Category I-IV, Natura 2000	●				Terrestrial, Freshwater
		IUCN Category I-IV, IUCN Category V-VI				●	
Dufftown, Scotland	Distilling	Natura 2000	●				Terrestrial, Freshwater
		Key Biodiversity Area		●			
		IUCN Category I-IV, IUCN Category V-VI			●		
Dar es Salaam, Tanzania	Brewing	Key Biodiversity Area, Natura 2000, Ramsar		●			Terrestrial, Freshwater
		IUCN Category I-IV			●		
		IUCN Category V-VI				●	
Meta Abo, Ethiopia	Brewing	C.I. Biodiversity Hotspot	●				Terrestrial, Freshwater
		IUCN Category V-VI		●			
		Key Biodiversity Area			●		
		IUCN Category I-IV				●	
Benin, Nigeria	Brewing	IUCN Category V-VI, Key Biodiversity Area	●				Terrestrial, Freshwater
Nairobi, Kenya	Malting	C.I. Biodiversity Hotspot	●				Terrestrial, Freshwater
		IUCN Category I-IV, IUCN Category V-VI, Key Biodiversity Area			●		
Ponda, Goa, India	Distilling	IUCN Category I-IV, IUCN Category V-VI	●				Terrestrial, Freshwater
		Key Biodiversity Area, Alliance for Zero Extinction, C.I. Biodiversity Hotspot			●		
St Croix, USVI	Distilling	C.I. Biodiversity Hotspot	●				Terrestrial, Freshwater
		Key Biodiversity Hotspot, Alliance for Zero Extinction			●		
		IUCN Category I-IV, IUCN Category V-VI				●	
Moshi, Tanzania	Brewing	Key Biodiversity Area, C.I. Biodiversity Hotspot		●			Terrestrial, Freshwater
		IUCN Category V-VI			●		
		IUCN Category I-IV, World Heritage Site				●	
Auchroisk, Scotland	Distilling	IUCN Category I-IV, Natura 2000			●		Terrestrial, Freshwater
		Ramsar, Key Biodiversity Area				●	

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

GRI 300: ENVIRONMENTAL continued

BIODIVERSITY continued

Disclosure		Our response
304-01 continued	**Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas** continued	See table below (continued).

Site	Type of operation	Protected status of area	Position in relation to area of high biodiversity value				Biodiversity value attribute
			Inside	Adjacent	Near	Close	
Benrinnes, Scotland	Distilling	IUCN Category I-IV, Natura 2000, Key Biodiversity Area			●		Terrestrial, Freshwater
Blackgrange, Scotland	Warehousing	Ramsar, IUCN Category I-IV, Natura 2000, Key Biodiversity Area			●		Terrestrial, Freshwater
Blair Athol, Scotland	Distilling	Natura 2000		●			Terrestrial, Freshwater
		IUCN Category I-IV, IUCN Category V-VI, Natura 2000, Key Biodiversity Area			●		
		Key Biodiversity Area				●	
Blythswood, Scotland	Warehousing	IUCN Category I-IV, Natura 2000, Key Biodiversity Area			●		Terrestrial, Freshwater
		IUCN Category V-VI				●	
Bonhill, Scotland	Warehousing	IUCN Category V-VI			●		Terrestrial, Freshwater
		Ramsar, Natura 2000, IUCN Category I-IV, Key Biodiversity Area				●	
Broxburn, Scotland	Distilling	Ramsar, Natura 2000, IUCN Category I-IV, Key Biodiversity Area				●	Terrestrial, Freshwater
Burghead, Scotland	Malting	IUCN Category I-IV, Natura 2000		●			Terrestrial, Freshwater
		IUCN Category V-VI, Key Biodiversity Area				●	
Cambus, Scotland	Warehousing	Ramsar, IUCN Category I-IV, Natura 2000, Key Biodiversity Area		●			Terrestrial, Freshwater
		IUCN Category V-VI, Key Biodiversity Area				●	
Cardhu, Scotland	Distilling	IUCN I-IV, Natura 2000			●		Terrestrial, Freshwater
		Key Biodiversity Area				●	
Carsebridge, Scotland	Warehousing	Ramsar, IUCN Category I-IV, IUCN Category V-VI, Natura 2000, Key Biodiversity Area			●		Terrestrial, Freshwater
Glen Ord, Scotland	Distilling	Ramsar, IUCN Category I-IV, Natura 2000, Key Biodiversity Area			●		Terrestrial, Freshwater
Glen Spey, Scotland	Distilling	IUCN Category I-IV, Natura 2000		●			Terrestrial, Freshwater
Glendullan, Scotland	Distilling	IUCN Category I-IV, Natura 2000, Key Biodiversity Area			●		Terrestrial, Freshwater
		IUCN Category V-VI				●	
Knockando, Scotland	Distilling	IUCN Category I-IV, Natura 2000		●			Terrestrial, Freshwater
Menstrie, Scotland	Warehousing	IUCN Category I-IV		●			Terrestrial, Freshwater
		Ramsar, Natura 2000, Key Biodiversity Area				●	

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

GRI 300: ENVIRONMENTAL continued

BIODIVERSITY continued

Disclosure		Our response
304-01 continued	**Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas** continued	See table below (continued).

Site	Type of operation	Protected status of area	Position in relation to area of high biodiversity value				Biodiversity value attribute
			Inside	Adjacent	Near	Close	
Mortlach, Scotland	Distilling	Natura 2000		●			Terrestrial, Freshwater
		IUCN Category I-IV, Key Biodiversity Area				●	
Mwanza, Tanzania	Brewing	IUCN Category I-IV, Key Biodiversity Area		●			Terrestrial, Freshwater
		IUCN Category V-VI				●	
Shieldhall, Scotland	Bottling	Ramsar, IUCN Category I-IV, IUCN Category V-VI, Natura 2000, Key Biodiversity Area				●	Terrestrial, Freshwater
Teaninich, Scotland	Distilling	Ramsar, IUCN Category I-IV, Natura 2000, Key Biodiversity Area			●		Terrestrial, Freshwater
Kampala, Uganda	Brewing	Ramsar		●			Freshwater

Proximity
Inside: inside boundary of protected area
Adjacent: <1km to boundary of protected area
Near: 1-5km to boundary of protected area
Close: 5-20km to boundary of protected area

Protected area designations
- Alliance for Zero Extinction
- C.I. (Conservation International) Biodiversity Hotspot
- IUCN (International Union for Conservation of Nature) Categories I-VI
- **Key Biodiversity Area:** compiled from IUCN Red List of Threatened Species™, BirdLife International's Important Bird Areas, Plantlife International's Important Plant Areas, IUCN's Important Sites for Freshwater Biodiversity, and sites identified by the Alliance for Zero Extinction
- Natura 2000
- Ramsar
- World Heritage Site

Disclosure		Our response
304-02 ◖	**Significant impacts of activities, products and services on biodiversity**	None of our operations or land that we own has a significant impact on protected areas, or on areas of high biodiversity value outside protected areas. **Omissions:** impact of products.
304-03 ◖	**Habitats protected or restored**	We have carried out initiatives in various locations to protect habitats. For example, in Kenya, we planted 100,000 trees, in regions such as Koguta Forest in Kisumu county, in support of the country's agenda to increase tree cover from 7% to 10%. Diageo employees around the world took part in volunteer-led environment-related activity, such as tree planting, establishing community gardens, and community clear-ups, in support of the United Nations World Water Day on 22 March and World Environment Day on 5 June 2020. **Omissions:** total size and location of all habitats restored/protected; methodologies and assumptions.
304-04 ●	**IUCN Red List species and national conservation list species with habitats in areas affected by operations**	Critically endangered: 1 Endangered: 3 Vulnerable: 3 Near threatened: 3 Least concern: 11 See table at 304-01 for list of locations.

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

GRI 300: ENVIRONMENTAL continued

EMISSIONS

103-02	**Our management approach to emissions**	103-03	**Evaluation of the management approach**

Distillation and brewing can generate emissions that have an impact on the environment. We comply with all local laws and regulations with regard to air emissions.

In 2015 we set ourselves a target to ensure all our new refrigeration equipment in trade is free from hydrofluorocarbons (HFCs), with a reduction in associated greenhouse gas emissions.

A few of our sites have nitrogen oxides (NO_x) and sulphur oxides (SO_x) air emissions associated with the roasting and kilning of cereals. These emissions are measured but are minimal in the context of our overall total NO_x/SO_x levels, which remain low compared with background NO_x and SO_x data. We are committed to measuring and reducing emissions under the We Mean Business initiative to reduce Short-Lived Climate Pollutants.

One of our 2020 targets covers our HFC-free ambition. We report progress through a KPI disclosed in our Annual Report (page 35).

Target: Ensure all our new refrigeration equipment in trade is HFC-free, with a reduction in associated greenhouse gas emissions from 2015

KPI: % of new equipment sourced HFC-free from 1 July 2015.

We are currently developing our strategy to address our most material issues and support sustainable growth over the critical decade until 2030. While the launch of our strategy and the targets that will drive its delivery have been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals, which include further reducing our emissions and continuing to be vocal advocates for a low carbon world. We are listed on the FTSE4Good, CDP and Dow Jones Sustainability World Index to benchmark our overall sustainability performance.

The Environmental Executive Working Group, through the Environmental Leadership Team, ensures compliance with our Environment Policy is measured and monitored.

Disclosure		Our response
305-01 and 305-02	**Direct (Scope 1) and indirect (Scope 2) GHG emissions**	Diageo's total direct and indirect carbon emissions, (location/gross) this year were 710,986△ tonnes, comprising direct emissions (Scope 1) of 567,080 tonnes and indirect emissions (Scope 2) of 143,905.

Direct and indirect GHG emissions (market-based) ('000 tonnes CO_2e)[1,2]

Bar chart — Direct / Indirect:
- 2007: 845 / 171
- 2018: 512 / 71
- 2019: 490 / 65
- 2020△: 477 / 30

● Direct
● Indirect

1. CO_2e figures are calculated using the WRI/WBCSD GHG Protocol Guidance available at the beginning of our financial year; the kWh/CO_2 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 intervening years in the period ended 30 June 2019, have been restated in accordance with the WRI/WBCSD Greenhouse Gas Reporting Protocol and Diageo's environmental reporting methodologies.
△ Within PwC's independent limited assurance scope, see pages 92-93.

For reporting methodologies, please see pages 86-91 of this Performance Addendum.

305-03	**Other indirect (Scope 3) GHG emissions**		

Sources of Scope 3 GHG[1] emissions	Metric tonnes CO_2e (fiscal year 2020)
Purchased goods and services	1,551,057
Capital goods	414,498
Fuel- and energy-related activities (not included in Scope 1 or 2)	172,219
Upstream transportation and distribution[2]	261,666△
Waste generated in operations	260
Business travel	0
Employee commuting	16,374

1. The principal greenhouse gas is carbon dioxide; others include HCFCs and nitrous oxide (N_2O) from fertilisers.
2. Latest data available.
△ PwC were engaged to provide limited assurance over this figure in our Scope 3 Logistics GHG Report for the year ended 30 June 2019. This figure has been reproduced here.

Our total fleet miles travelled during the year was 61,363,531.

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

GRI Index
Topic-specific standards

GRI 300: ENVIRONMENTAL continued

EMISSIONS continued

Disclosure		Our response
305-04 ●	**GHG emissions intensity**	The market-based (net) intensity ratio of our GHG emissions was 142g$^\triangle$ CO$_2$e per litre of packaged product (2019 – 137g/l) and the location-based (gross) intensity ratio of our GHG emissions was 199g$^\triangle$ CO$_2$e per litre of packaged product (2019 – 185g/l). For reporting methodologies, including methods of calculation, please see **pages 86-91** of this Performance Addendum.
		$\triangle$ Within PwC's limited assurance scope, see **pages 92-93**.
305-05 ●	**Reduction of GHG emissions**	This year we reduced GHG emissions by 8.7%$^\triangle$ compared with 2019. For more details, see our Annual Report, page 34. For reporting methodologies, please see **pages 86-91** of this Performance Addendum.
305-06 ●	**Emissions of ozone-depleting substances**	The extent of ozone-depleting substances across our operations is summarised in the following table. The residual volumes of halons and CFCs across the business are now relatively minor.

Ozone-depleting substances and fluorinated gases

	Present (kg)	Emitted (kg)	Emissions CO$_2$e (tonnes)
Halons	0	0	0
CFC	14	0	0
HCFC	3,064	673	1,217
HFC	19,612	853	1,516
SF$_6$	1	0	0
PCC	4	0	0

Disclosure		Our response
305-07 ●	**Nitrogen oxides (NO$_x$), sulphur oxides (SO$_x$) and other significant air emissions**	The use of fuel and the distillation of alcohol generate emissions which have impacts on the environment. In 2020, we emitted 880t of nitrogen oxides (NO$_x$) and 810t of sulphur oxides (SO$_x$). NO$_x$ and SO$_x$ are calculated based on fuel usage and standard emission factors. A small number of sites have NO$_x$ and SO$_x$ air emissions associated with the roasting and kilning of cereals. These emissions are measured but are minimal to our overall total NO$_x$/SO$_x$ levels, which remain low compared with background NO$_x$ and SO$_x$ data.

NO$_x$ and SO$_x$ emissions by year (tonnes)

	2018	2019	2020
NO$_x$	988	904	880
SO$_x$	945	949	810

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

GRI 300: ENVIRONMENTAL continued

<div style="background-color:olive; color:white;">**EFFLUENTS AND WASTE**</div>

103-02 **Our management approach to effluents and waste**

As part of our global Environment Policy we will comply with consent limits on abstraction and discharges of water, or with appropriate Diageo standards where there is no regulation. We look for alternative uses for wastewater via recycling and reuse where appropriate. We set targets for reducing water use and wastewater discharge, setting more challenging water use and replenishment targets in areas of water scarcity.

We monitor waste streams, promoting awareness of the need to increase resource efficiency. To minimise the waste we send to landfill, we operate a hierarchy of actions: omit, reduce, reuse, recycle and dispose. We monitor levels of waste recycling and waste to energy recovery, and set a target for achieving zero waste sent to landfill at all sites by 2020.

For more details see the Pioneer grain-to-glass sustainability section of the Annual Report, pages 28-29, and our Environment Policy.

103-03 **Evaluation of the management approach**

We have set two relevant targets to be achieved by 2020. Progress against each target is disclosed in our Annual Report through the following KPIs:

Target: Return 100% of wastewater from our operations to the environment safely

KPI: % reduction of wastewater polluting power (1,000t BOD)

Target: Achieve zero waste to landfill

KPI: Reduction in total waste to landfill (tonnes).

We are developing our strategy to address our most material issues and support sustainable growth over the critical decade until 2030. While the launch of our strategy and the targets that will drive its delivery have been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals. We know we must continue to be global champions for water stewardship, and vocal advocates for a low carbon world. And we will go further in pioneering sustainability from grain to glass, including through encouraging regenerative agriculture and by exploring circular economy approaches as we seek to minimise waste in our operations and value chain.

Our Environmental Executive Working Group, through the Environmental Leadership Team, ensures compliance with our Environment Policy is measured and monitored.

Disclosure		Our response
306-01	**Water discharge by quality and destination**	In 2020, total effluent volume was 11,839,550m³ and total BOD was 19,419 tonnes of which 19,143△ tonnes were under Diageo's direct control. We report on wastewater polluting power by region, by year, in 303-03, above.

The immediate receiving medium after leaving Diageo site

	As a percentage of total Diageo effluent volume	Percentage of the final BOD to the environment
Lake	0	0
Third-party municipal	45.5	1.9
Land	3.1	0.1
River	25.1	4.6
Sea	23.8	93.4
Wetland	2.5	0
Total	**100**	**100**

△ Within PwC's limited assurance scope, see pages 92-93.

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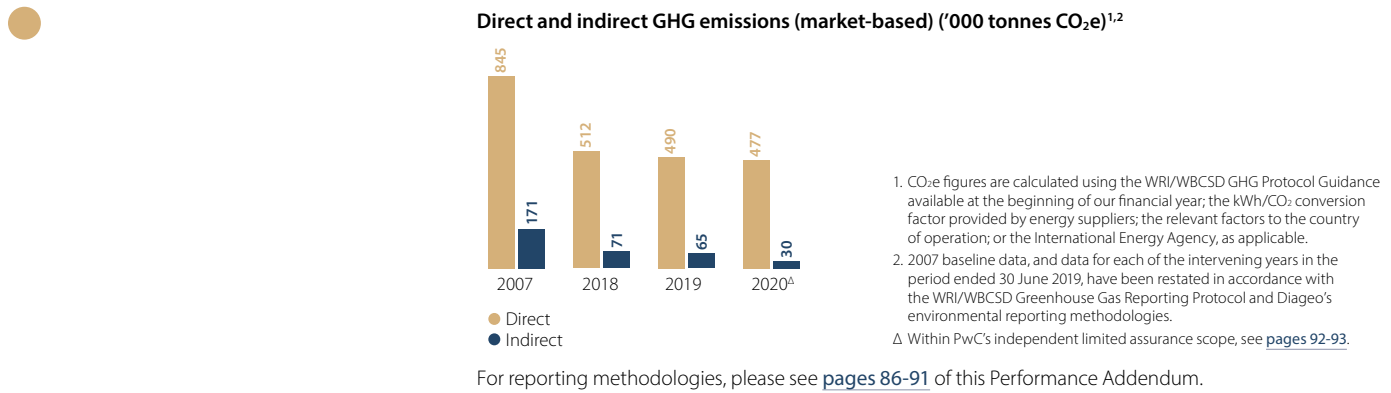⊗ Not considered material to our business at this time

GRI 300: ENVIRONMENTAL continued

EFFLUENTS AND WASTE continued

Disclosure	Our response

306-01 continued | **Water discharge by quality and destination** continued

Wastewater polluting power by region, by year (BOD/tonnes)[1]

	2007	2018	2019	2020
North America	214	343	836	415
Europe and Turkey[2]	25,962	23,502	18,354	18,053
Africa	9,965	145	1,605	950
Latin America and Caribbean	9	14	10	1
Asia Pacific	92	3	1	0
Corporate	1	1	0	0
Total	36,243	24,008	20,806	19,419
Total under direct control	**35,141**	**23,751**	**20,531**	**19,143**Δ

1. 2007 baseline data and data for each of the intervening years in the period ended 30 June 2019 have been restated in accordance with Diageo's environmental reporting methodologies.
2. Baseline for Europe and Turkey has been restated to reflect waste water volumes originally omitted from F07, and established during the current reporting year which have increased the baseline volume by 10%.
Δ Within PwC's limited assurance scope, see pages 92-93.

For standards and methodologies, see pages 86-91 of this Performance Addendum.

Wastewater treatment by method
In 2020, wastewater was treated onsite at our operations using one or more of the following methods: aerobic treatment, anaerobic treatment, pH balance, filtration, reverse osmosis, settling area and stabilisation ponds. 45.5% of wastewater volume was sent to off-site treatment facilities. This represents 1.9% of final BOD to the environment.

Treatment method	Sites using treatment method (%)	Volume (m³) of effluent by treatment method
Aerobic treatment	45	5,327,798
Anaerobic treatment	40	4,735,820
pH balance	60	7,103,730
Filtration	58	6,866,939
Reverse osmosis	9	1,065,560
Settling area	100	11,839,550
Stabilisation ponds	100	11,839,550
Other	51	6,038,171

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

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

GRI 300: ENVIRONMENTAL continued

EFFLUENTS AND WASTE continued

Disclosure		Our response

306-02   **Waste by type and disposal method**

Total weight of waste by type and disposal method (tonnes)[1]

Region	Total waste to landfill	Total waste used or recycled	Total waste
North America	314	138,608	138,922
Europe and Turkey	11	417,438	417,449
Africa	1,059	205,760	206,819
Latin America and Caribbean	27	3,307	3,334
Asia Pacific	235	98,495	98,730
Corporate	168	1,223	1,391
Total	**1,814Δ**	**864,831**	**866,645**

1. This information is collected both by Diageo and by our waste disposal contractors.
Δ Within PwC's limited assurance scope, see pages 92-93.

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

Region	Hazardous waste to landfill	Hazardous waste used or recycled	Total hazardous waste
North America	1	956	957
Europe and Turkey	9	17,442	17,451
Africa	124	726	850
Latin America and Caribbean	0	107	107
Asia Pacific	6	15	21
Corporate	38	6	44
Total	**178**	**19,252**	**19,430**

306-03   **Significant spills**

There were 20 spills or incidents during the reporting year, totalling approximately 651,700 litres of spilled material. In each case regulators were informed and were satisfied with our response and follow-up. There were no significant spills; as such none was reported in our financial statements

306-04   **Transport of hazardous waste**

Waste deemed hazardous under the terms of the Basel Convention is not relevant to our business.

306-05   **Water bodies affected by water discharges and/or runoff**

None of our operations has a known significant impact on protected water bodies as a result of wastewater discharges or runoff.

Omissions: further research required on potential impact and biodiversity value.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards   ◖ Partially disclosed and missing at least one required indicator   ○ Not disclosed   ⊗ Not considered material to our business at this time

GRI Index
Topic-specific standards

GRI 300: ENVIRONMENTAL continued

ENVIRONMENTAL COMPLIANCE

103-02 | **Our management approach to environmental compliance**

Our approaches to water, energy, biodiversity, emissions, and effluents and waste are described in detail above. These all form part of our overall approach to managing our environmental impact and complying with all local laws and regulations, or with Diageo standards (whichever are higher), at each site. These are set out in our Environment Policy and our supporting framework of policies.

103-03 | **Evaluation of the management approach**

Our Environmental Executive Working Group (EEWG), through the Environmental Leadership Team, ensures our Environment Policy is monitored across the business. The EEWG is led by the President, Global Supply and Procurement (who is also our Chief Sustainability Officer), and reviews environmental performance and progress on a regular basis throughout the year. There are also routine reports to the Executive Committee and an annual review of performance against yearly and longer-term targets.

Disclosure		Our response
307-01	**Non-compliance with environmental laws and regulations**	There were 14 incidents of non-compliance with environmental consents this reporting year, resulting in a total of £39,221 in fines. No cases were brought through dispute resolution mechanisms.

SUPPLIER ENVIRONMENTAL ASSESSMENT

103-02 | **Our management approach to supplier environmental assessment**

We work with suppliers on environmental issues principally through our climate change and water supply chain programmes with CDP, and the implementation of our sustainable agriculture strategy. In previous years we have held detailed reviews with our largest suppliers concerning their climate change risks and performance, and developed specific action plans on areas for improvement. This year we shared feedback letters with participating suppliers detailing areas for improvement and invited them to join us for a detailed review but delayed CDP scoring coinciding with Covid-19 disruption this year, meant suppliers did not take up this offer. We intend to develop our engagement with participating suppliers significantly in support of our 2030 supply chain emissions reductions intentions.

We also have specific environmental programmes in place with our key packaging suppliers, aligned with our 2020 sustainable packaging targets. For example, we have worked with our suppliers to increase the amount of paper and board packaging sourced from sustainable sources, and with our glass suppliers to increase the amount of recycled content. We achieved 99% sustainably sourced paper and board this year, against our 2020 target of 100%. Glass is a priority material for our sustainable packaging programme, as it represents over 80% of our packaging by weight. Plastics are also a priority (see page 35 of our Annual Report for more details).

Our Procurement function reviews suppliers' environmental performance across the programmes outlined above. We track progress throughout the year and expect suppliers to take action on areas identified for improvement.

For more details on our approach to environmental management with suppliers, see Diageo's Partnering with Suppliers Standard.

103-03 | **Evaluation of the management approach**

Environmental performance is reviewed by the Procurement function, which reports to the Executive Environmental Working Group (EEWG) who meet quarterly. Mitigation and improvement activities are developed as appropriate.

No significant additional supplier programmes were identified for development in 2020. The use of the CDP framework is welcomed by suppliers as it is a sectoral approach that meets the needs of their other customers.

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

GRI 300: ENVIRONMENTAL continued

SUPPLIER ENVIRONMENTAL ASSESSMENT continued

Disclosure		Our response
308-01 ●	**New suppliers that were screened using environmental criteria**	Generally, our screening process for suppliers focuses primarily on human rights and labour standards risk. However, any suppliers considered to have potential risks are required to join SEDEX and complete a questionnaire which contains environmental elements. In February 2020, SEDEX updated their self-assessment questionnaire. By February 2020, 1,261 of our suppliers' sites had completed the previous SEDEX self-assessment questionnaire; since February 2020, 551 suppliers have completed the updated version.
308-02 ●	**Negative environmental impacts in the supply chain and actions taken**	We have identified a variety of environmental impacts associated with our supply chain. Some, such as climate change through GHG emissions, are relevant to the majority of our suppliers. Other impacts such as biodiversity are most relevant to our agricultural raw material suppliers. Because of its wider relevance, we actively track and manage the carbon footprint of our supply chain through our membership of the CDP Supply Chain programme, which reports by calendar year.

Carbon
In 2012, we began to identify suppliers with whom we can partner to manage the carbon footprint of our supply chain. In the 2019 calendar year we identified 229 which account for approximately 80% of our global spend in the categories we identified as having the highest impact, namely logistics, packaging, raw materials, information services and third-party operations (other businesses that make our brands under licence). Of these 229 suppliers, 92% responded to the CDP questionnaire, with 55% of those reporting that they have an absolute or intensity emissions reduction target.

Compared to the previous year, suppliers reporting Scope 1 emissions has decreased slightly from 87% to 75%, and suppliers integrating climate-related issues into long-term business objectives has remained at 80%.

As part of our work with suppliers, we review their carbon performance, enabling us to analyse and assess the emissions they report to the CDP. We recognise the challenge some suppliers experience in completing their climate change disclosures and in identifying opportunities to work with Diageo to improve. This year, we have taken steps to improve our engagement with them through support webinars and have plans to create a Supplier Toolkit and training to build capability and drive further emissions reductions.

Water
Water is another significant focus area in our supply chain. As part of our 2020 targets, we committed to equipping our suppliers with tools to protect water resources in our most water-stressed locations. Through our membership of the CDP Supply Chain programme, in the 2019 calendar year we asked 144 of our largest suppliers to disclose their water management practices. Of the 86% of suppliers that responded, 70% reported having a water target. This compared with 128 suppliers asked in the previous year, of which 86% responded, and of those responding, 70% reporting having a water target.

In 2018 we carried out water risk assessments of all our third-party manufacturing sites, and identified 18 in water-stressed areas. During 2019 and 2020 we have worked with these sites to better understand their water performance. |

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

GRI 400: SOCIAL

GRIEVANCE MECHANISMS

103-02 | **Our management approach to grievance mechanisms**

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

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

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

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

For suppliers, we advertise SpeakUp through our Partnering with Suppliers Standard. They are also encouraged to raise concerns to their most senior Diageo contact, a Diageo lawyer, or the market Managing Director or function head.

All grievances and allegations are taken seriously and we investigate those that require action. We deal with issues on a case-by-case basis at local level, and, when needed, local sites will escalate the issue.

Where issues are raised, we are committed to protecting the rights of those reporting concerns, and we do not tolerate reprisals against anyone who raises anything in good faith or has assisted an investigation.

We monitor breaches to identify trends or common areas where further action may be required. Our people receive specific training and guidance on risks relevant to their role, such as human rights risk training for Procurement teams. This year, we rolled out human rights training with a specific focus on Modern Slavery to our procurement teams and a selection of key roles within the business. Employees worldwide have received Dignity at Work training, which is now available through an e-learning module in 22 languages. Where appropriate, we also share anonymous case studies of breaches of different areas of our Code through internal channels.

More information about our approach to managing grievance mechanisms can be found on page 41 of the Annual Report.

Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms
There were 644 suspected breaches of our Code reported this year, of which 195 were subsequently substantiated. Of the suspected breaches, 384 were reported through SpeakUp, compared with 416 in 2019. All identified breaches are taken very seriously and those that require action are investigated by trained investigators.

For more information, see page 41 of our Annual Report.

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

103-03 | **Evaluation of the management approach**

We track and routinely review our grievance mechanisms, along with any feedback we have received, and improve the process where necessary and practical. We also engage with local judicial or non-judicial grievance mechanisms to address matters when needed.

Human rights breaches
In 2020, seven human rights allegations were raised via SpeakUp. Of the seven, five are now closed. Three of the cases were unsubstantiated, two were substantiated and two remain under investigation. The two substantiated cases relate to individuals not displaying the leadership behaviours we expect, resulting in discrimination against employees. We have implemented disciplinary action to address the concerns. Three of the cases were closed within our 60-day timeframe, while two investigations took longer due to the nature of the allegations.

Labour standards breaches
In addition to routine tracking and review, which we carry out for all grievance mechanisms, we also review assessments and non-compliances from the SEDEX Members Ethical Trade Audit (SMETA) supplier assessment systems. Our reviews have led us to work more closely with SEDEX on SMETA activities and with suppliers to assess and strengthen compliance with labour standards.

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

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

GRI 400: SOCIAL continued

EMPLOYMENT

| 103-02 | **Our management approach to employment** | | 103-03 | **Evaluation of the management approach** |

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

For more details, see the Our people section of the Annual Report, page 27.

We abide by all local labour laws and regulations and expect our suppliers to do the same. Above and beyond that we have our own policies for employees (Human Rights Global Policy) and for suppliers (Partnering with Suppliers Standard).

We measure employee engagement as one of our overarching KPIs, as set out in our Annual Report on page 33, using our annual employee Your Voice survey to measure how engaged our people are. Based on the outcomes of this survey and our ongoing engagement programmes, each team develops its own action plan to improve employee engagement and satisfaction.

Our Human Resources team routinely reviews our policies and standards to ensure they are sufficiently rigorous and will continue to strengthen our reputation as an employer. This helps us retain our employees while also attracting new people to the business.

Disclosure		Our response
401-01	**New employee hires and employee turnover**	Diageo employs 27,775 people around the world. In 2020 we hired 3,769 employees.

Employee turnover in 2020 was 13.3%. Turnover was a result of both voluntary departures and those stemming from our productivity drive, which was part of our organisational effectiveness initiatives.

New hires by region by age[1]

Region	Under 30	30-50	Over 50	Total	Percentage of headcount
North America	84	165	18	267	10.1%
Europe and Turkey	544	579	39	1,162	11.5%
Africa	155	217	5	377	9.1%
Latin America and Caribbean	356	409	25	790	29.2%
Asia Pacific	409	744	20	1,173	14.3%
Total	**1,548**	**2,114**	**107**	**3,769**	**13.6%**
Percentage of total new hires	41.1%	56.1%	2.8%	100%	N/A

Leavers by region by age[1]

Region	Under 30	30-50	Over 50	Total	Percentage of headcount
North America	71	181	74	326	12.4%
Europe and Turkey	381	754	239	1,374	13.6%
Africa	119	331	42	492	11.9%
Latin America and Caribbean	164	279	26	469	17.4%
Asia Pacific	234	674	133	1,041	12.7%
Total	**969**	**2,219**	**514**	**3,702**	**13.3%**
Percentage of total leavers	26.2%	59.9%	13.9%	100%	N/A

1. In some markets the concept of 'permanent employment' does not exist. For reporting purposes, we have considered as 'permanent' all those employees whose contract is not fixed-term/temporary.

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

GRI 400: SOCIAL continued

EMPLOYMENT continued

Disclosure		Our response

401-01 continued — **New employee hires and employee turnover** continued

Leavers by region by gender[1]

Region	Men	Women	Total	Percentage of headcount
North America	182	144	326	12.4%
Europe and Turkey	698	676	1,374	13.6%
Africa	309	183	492	11.9%
Latin America and Caribbean	310	159	469	17.4%
Asia Pacific	666	375	1,041	12.7%
Total	**2,165**	**1,537**	**3,702**	**13.3%**
Percentage of total leavers	58.5%	41.5%	100%	N/A

1. In some markets the concept of 'permanent employment' does not exist. For reporting purposes, we have considered as 'permanent' all those employees whose contract is not fixed-term/temporary.

Total workforce by employees and supervised workers, and by gender
This information is included in the Our people section of the Annual Report, page 27.

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

- Construction projects resulting from investments we are making in the business
- Logistics (from the end of the packaging line), such as warehouse operators, forklift truck drivers and loaders
- Selected sales and merchandising activity
- Cleaning, catering and site security.

401-02 — **Benefits provided to full-time employees that are not provided to temporary or part-time employees**

We do not collect detailed benefits data across all our locations, so cannot report fully here. Benefits provided to employees vary across the countries where we do business. We can comment on two of our significant locations; the UK (21% of our global employee base) and the United States and Canada (12% of our global employee base). In the UK we make no differentiation in relation to access to benefits between full-time and part-time employees – all employees have access to the same benefits applicable for their grade/location regardless of the number of hours worked. In the United States and Canada non-unionised employees that work 19.5 hours or less a week do not receive any benefits – those employees that work more than 19.5 hours a week have access to the same benefits applicable for their grade/location regardless of the number of hours worked.

Omission: list of benefits.

401-03 — **Parental leave**

Diageo complies with all local legislation in relation to provision of parental leave and provides benefits beyond minimum requirements in many countries. In May 2019, as part of our leading work to create a fully inclusive and diverse workforce, we announced an ambitious new Family Leave policy applicable to all employees across the business from 1 July. The new global policy offers women in all markets a minimum of 26 weeks of fully-paid maternity leave, and men in all markets a minimum of four weeks of fully-paid paternity leave. In some markets, we offer 26 weeks of fully-paid paternity leave – these include North America, Thailand, the Philippines, Singapore, UK, Spain, Netherlands, Ireland, Italy, Russia, Colombia, Venezuela and Australia.

As a result, we have seen a significant increase in the use of parental leave and the amount of time taken. 163,824 days of parental leave were used by our employees this year. On average the number of days taken by men increased from 23 to 105 showing the positive impact of the new policy.

Number of employees taking parental leave and average number of days taken by gender

	Men	Women	Total
Number of employees taking parental leave	484	466	950
Average days of parental leave taken in the year	105	243	173

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

GRI 400: SOCIAL continued

LABOUR/MANAGEMENT RELATIONS

103-02 **Our management approach to labour/management relations**

We have a strong commitment to dialogue with all our people, including those who are represented through a trade union or works council.

We respect our employees' choice to join or not join a trade union or other organisations and provide them with a forum to bargain collectively in support of their mutual interests. In countries where the right to freedom of association is restricted by law, we support the development of alternative means of representing employees' interests, by investing in individual consultations.

In those markets where we have employees represented by trades unions or works councils, we have human resources professionals with responsibility for building relationships with those groups, who liaise on all official dialogue. We encourage our markets to involve employee representatives early in business decisions to give them an opportunity to contribute to key issues.

As outlined in our Partnering with Suppliers Standard, we expect our suppliers to adhere to these principles.

More information can be found in our Human Rights Global Policy.

103-03 **Evaluation of the management approach**

HR professionals such as Employee Relations Directors and Managers are monitored and evaluated on their performance in managing industrial dialogue.

If an employee wishes to raise a grievance, there are a number of ways to do so. Diageo has a confidential service (SpeakUp) available for anyone, including employees, to raise areas of concern about compliance with the law, our Code of Business Conduct, any of our global policies or standards, or compliance and ethics matters. The service is available 24 hours a day, 365 days a year, and is accessible via telephone or at www.diageospeakup.com.

SpeakUp complements, but does not replace, reporting labour/management relations issues to line managers, Legal, or Business Integrity managers.

All grievances and allegations in the area of employee or labour relations are treated with the utmost sensitivity. We apply our Global Breach Management standards to every case. This includes the appointment of impartial investigation managers.

All breaches are reported and saved to our central global risk database so they can be monitored until completion and, as appropriate, analysed for trends or themes.

The annual Your Voice employee engagement survey provides a key indicator of labour relations and leads to ongoing action plans to improve relations.

Disclosure		Our response
402-01	**Minimum notice periods regarding operational changes**	We operate in some countries where legislation defines the minimum consultation time required, and in others where this is set out in policy or in collective terms. These vary from one to 12 weeks.
		Once a decision has been made to effect a change, within those consultation timelines, employees are served contractual notice, bringing into effect the decision. Over any period, while we still retain an employee, we have a policy to redeploy or find suitable alternative employment where possible. If we are unable to find an opportunity we provide a severance or redundancy payment, along with notice, depending on contractual obligations.
		We also offer training and outplacement support, which varies by market, to help those who leave Diageo to find other employment.

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

GRI 400: SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY

103-02 **Our management approach to occupational health and safety**

Diageo maintains comprehensive best practice global risk management standards for occupational health and safety that apply to all our operations and business units with the aim of ensuring that all our people go home safe and healthy, every day, everywhere. Our end-to-end health and safety excellence strategy aims to deliver a world-class health and safety culture and environment where everybody plays their part.

Each location is:

- Required to assure compliance to our standards
- Subject to regular formal corporate independent assurance audits
- Required to maintain and assure legal compliance assessment processes.

For more details, see Diageo's Health, Safety and Wellbeing Policy.

We have now set a new primary key performance indicator of achieving a leading Total Recordable Accident Frequency rate of less than 3.5 per 1,000. This new target will be part of the next phase of our health and safety cultural journey as we develop our 2025 health and safety strategy.

This year, in response to Covid-19, we created a range of new health and wellbeing content to support our people. Campaigns and activations across the year have focused on further developing mental and physical health awareness. This included a greater focus on promoting flexible working and helping employees create a suitable, dynamic work life balance. We also launched a new Wellbeing Tips section on My Learning Hub.

103-03 **Evaluation of the management approach**

Occupational health and safety is monitored continuously and reviewed by site, market and functional teams. We report our KPIs to the Supply Chain Leadership team every month. These are also reviewed by the Executive Committee.

We take action as necessary to improve our performance, with measures such as capability building, improvements to processes and investments in assets and resources.

Disclosure		Our response
403-01	**Occupational health and safety management system**	Diageo's Occupational Health and Safety Management System is implemented through a robust audit assurance programme and adherence to Diageo's risk management standards.
		It covers Diageo workers and activities across our entire supply chain from procurement, manufacturing and production to marketing, sales and distribution. It includes onsite third-party contractors and third-party logistics providers.
403-02	**Hazard identification, risk assessment and incident investigation**	Diageo identifies work-related hazards and assesses risk based on our global risk management standard framework and policy. Audit programmes review the quality of risk assessments and the competency of individuals creating assessments.
		We also have a global 'hazard and behaviour' reporting system, which enables us to identify and rectify unsafe conditions or behaviours as well as recognise positive ideas and behaviours. Through this system, employees raise their ideas and observations to management, who take action and provide feedback.
		Our Global Health and Safety Policy encourages our workers to report work-related hazards as soon as possible and remove themselves from work situations that they believe could cause injury or ill health.
		Our Global Learning Platform has tailored guidance on the investigation of work-related incidents, including the processes to identify hazards and assess risks in order to determine corrective actions and mitigation measures. The Global Health and Safety Policy cascades down to individual markets and sites.
403-03	**Occupational health services**	Our 2025 Occupational Health and Safety Strategy will aim to to create a culture free of work-related illness for workers and a happier, healthier and more engaged workforce. Our continued focus on Diageo global risk management standards ensures the appropriate health and wellbeing controls are in place.
		Internal data protection/privacy policies and national regulations apply to the recording or disclosure of occupational health-related incidents, ensuring that workers' participation in occupational health services is not used in any favourable or unfavourable treatment of workers.

How we have met each disclosure

● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
◔ Partially disclosed and missing at least one required indicator
○ Not disclosed
⊗ Not considered material to our business at this time

GRI Index
Topic-specific standards

GRI 400: SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY continued	

Disclosure	Our response
403-04 ● **Worker participation, consultation and communication on occupational health and safety**	Diageo's global risk management standards (GRMS) as well as local legislation (in some markets) mandate the use of employee consultation forums (e.g. safety committees) at facility level. These cover 100% of Diageo's operations. Our GRMS also require employees to be involved in risk assessment and change-management processes as they relate to health and safety. This year, given the unique challenges faced by all employees during the Covid-19 pandemic, we have found innovative ways to support, inspire and engage our people. As well as developing specific programmes to support people's mental health as part of our commitment to health, safety and wellbeing, we developed a new pulse survey tool to help us understand how engaged our employees are, to listen to their feedback, and to learn from their experience of working during the pandemic. We have also clarified what constitutes a work-related injury to people working at home, that is, an injury caused by an activity involving work-related equipment.
403-05 ● **Worker training on occupational health and safety**	Diageo provides worker training through several channels including: ● Our My Learning Hub, a learning management system platform our people can access every day for occupational health and safety capability and awareness content. Some of this training is mandated and assigned to workers and is based on the requirements of their role ● Face-to-face occupational health and safety training such as forklift truck training or explosive atmospheres training is delivered by internal and external trainers; some other subject-matter-expert training is delivered through video conferencing.
403-06 ● **Promotion of worker health**	Diageo facilitates non-occupational medical and healthcare services through our Benefits Team. We provide optional medical insurance, which is communicated to employees through internal communication channels. Diageo provides access to an Employee Assistance Programme (Workplace Options) as well as access to voluntary health promotion training courses on My Learning Hub, such as our DRINKiQ e-learning programme on positive drinking behaviours. We continue to focus on growing the health and wellbeing capability of our people. We run various health and wellbeing awareness capability weeks covering subjects including mental health, the importance of a good night's sleep, mindfulness techniques and nutrition. This year, several guest speakers shared their own mental health journeys. In response to Covid-19, we created a new Wellbeing Tips section on My Learning Hub.
403-07 ● **Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**	Diageo prevents and mitigates significant occupational health and safety impacts directly linked to its operations, products or services through its business relationships by building core health and safety requirements and KPI deliverables into third-party service level agreements (SLAs). We meet third-party service providers on a regular basis to review delivery against KPIs and we will withdraw from business relations with service providers who put the reputation of Diageo at risk or who do not consistently deliver the KPIs within the service level agreements.
403-08 ● **Workers covered by an occupational health and safety management system**	All our workers are required to comply with the mandatory requirements of our Global Occupational Health and Safety Policy as well as adhering to all global risk management standards. Adherence to these standards and requirements is continually audited by internal audit teams. Some of our sites have obtained accreditation to the ISO 45001 Occupational Health and Safety Management System Standard and are regularly audited against this standard by a third party. No employees or workers are excluded from the occupational health and safety management system.

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

GRI Index
Topic-specific standards

GRI 400: SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY continued

Disclosure	Our response

403-09   **Work-related injuries**

Any work-related incident, involving injury or illness, where a healthcare professional or Diageo recommends one or more days away from work is reportable to Diageo (e.g. any unplanned, identifiable event that results in personal injury or harm).

Severe Injury and Fatality Prevention
All business units are required to conform to the Severe and Fatal Incident Prevention Programme, introduced in 2012. This is aimed at eliminating the risks that lead to severe or fatal incidents and ensuring suitable and sustainable controls are in place to manage these. Local and regional teams conduct frequent, robust self-assessment audits to ensure ongoing compliance to this mandatory programme.

Total Recordable Accident Frequency Rate
After sustaining less than one Lost Time Accident (LTA) per 1,000 employees over the past three years, we have introduced a new, broader Total Recordable Accident Frequency Rate (TRAFR) metric, with the aim of achieving a leading TRAFR performance of 3.5 per 1,000 employees or less.

This year, our global TRAFR target was successfully delivered with a rate of 2.12 and our global LTA frequency rate was 0.60$^\Delta$, a reduction of 41% LTAs compared with 2019. This rate is represented 83% by men and 17% by women. For rates by region and year since 2016, see below.

This year, we are sorry to report that a colleague was fatally injured in a road traffic accident in Tanzania. The lessons from this tragedy have led to a refreshed focus on road safety capability (including defensive driver training) and vehicle technology, and ensuring all the hazards and risks associated with driving are suitably controlled. The health, safety and wellbeing of our people remains our top priority.

Safety data by region

	Employee LTA rate	Employee TRA rate	Fatalities[1]	Days lost per 1,000 FTEs[2]	Independent contractor LTAs[3]
North America	0.31	2.21	0	59.58	0
Europe and Turkey	1.03	2.15	0	53.95	6
Africa	0.36	2.42	1	61.46	6
Latin America and Caribbean	1.56	2.51	0	113.32	1
Asia Pacific	0.30	1.65	0	4.28	3
Diageo (total)	0.60$^{\Delta 4}$	2.12	1	42.72	16

1. Fatalities include any employee work-related fatality arising in their day-to-day work environment, or any work-related fatalities occurring to third parties and contractors (non FTEs), while on Diageo's premises.
2. The number of lost-time accidents decreased this year as did the severity of the injuries sustained during 2020. The introduction of our new total recordable accident metric will ensure more accidents will be investigated with the same rigour as lost-time accidents, helping to prevent more serious injuries in the future.
3. 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.
4. The UNB disposal has positively impacted the LTA figure from last year as acquisitions or disposals are only accounted for in the current year. Previous year and baseline data is not restated for health and safety data.
Δ Within PwC's limited assurance scope, see pages 92-93.

Lost-time accident frequency rate per 1,000 full-time employees[1]

Region	2016	2017	2018	2019	2020
North America	0.37	0.70	0	1.76	0.31
Europe and Turkey	1.28	1.46	1.58	1.00	1.03
Africa	0.77	1.26	1.35	1.22	0.36
Latin America and Caribbean	2.27	1.79	0.36	1.15	1.56
Asia Pacific	2.01	0.81	0.66	0.57	0.30
Diageo (total)	1.44	1.14	1.00	0.98	0.60$^{\Delta 2}$

1. Number of accidents per 1,000 employees and directly supervised contractors resulting in time lost from work of one calendar day or more.
2. The UNB disposal has positively impacted the LTAFR figure from last year as acquisitions or disposals are only accounted for in the current year, and prior year or baseline data is not restated.
Δ Within PwC's independent limited assurance scope. Please see pages 92-93 for further details.

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

GRI 400: SOCIAL continued

OCCUPATIONAL HEALTH AND SAFETY continued	

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

Types of injury (employee) %

●	Cut by glass	**18%**	●	Forklift truck impact	**4%**
●	Slipped, tripped or fell on the same level	**17%**	●	Burn – contact with hot surface or liquid	**4%**
●	Manual handling	**14%**	●	Struck by falling object	**4%**
●	Fall to lower level <2m	**10%**	●	Entanglement in moving parts	**3%**
●	Struck against	**6%**	●	Other repeated motion/pressure	**1%**
●	Cut by knife/razor/other	**6%**	●	Bite/Sting/Animal attack	**1%**
●	Struck/trapped by (other than vehicle or falling object)	**6%**	●	Chemical splash/burn	**0%**
●	Other vehicle impact	**5%**			

Types of injury (contractor) %

●	Struck/trapped by (other than vehicle or falling object)	**25.9%**	●	Struck against	**7.4%**
●	Slipped, tripped or fell on the same level	**14.8%**	●	Burn – contact with hot surface or liquid	**3.7%**
●	Cut by glass	**14.8%**	●	Entanglement in moving parts	**3.7%**
●	Cut by knife/razor/other	**7.4%**	●	Struck by falling object	**0%**
●	Other vehicle impact	**7.4%**	●	Fall to lower level <2m	**0%**
●	Forklift truck impact	**7.4%**	●	Other	**0%**
●	Manual handling	**7.4%**			

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

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

| 403-10 ○ | **Work-related ill health** | Any work-related incident, involving injury or illness, where a healthcare professional or Diageo recommends one or more days away from work is reportable to Diageo (e.g. any identified illness made worse or caused by workplace factors). Internal data protection/privacy policies and national regulations prevent the recording or disclosure of many communicable 'serious diseases' as defined in the GRI implementation guidance. Our global health and safety standards require occupational health monitoring for new employees and specific worker groups and for specific conditions, including lung function and audiometry assessments for shift workers, and assessments for lone workers and for professional drivers. Our global standards also include industrial hygiene monitoring requirements for specific work groups or conditions, including workplace chemical exposures, noise, vibration and ionising radiation. Our monitoring programmes and incident data suggest that the only globally material issue is musculoskeletal disorders. However, incidence rates are not disclosed due to regional variations in capabilities and data privacy requirements and regulations. We are currently piloting a new work-related ill health reporting system in the UK/Ireland with a view to expanding this in the future. |

Omission: Diageo does not collect data on work-related ill health at a global level.

GRI 400: SOCIAL continued

TRAINING AND EDUCATION

103-02	**Our management approach to occupational training and education**	103-03	**Evaluation of the management approach**

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. It includes a clear personal development programme supported by a variety of internal and external training and coaching opportunities, alongside performance management. We also have a range of initiatives that are designed to help employees become the best they can be, as described in 404-02.

We have a performance management and development process for all employees. We evaluate employees' performance against annual objectives and identify where they may benefit from our extensive range of internal and external training programmes. Each function assesses its own training needs and is responsible for succession planning. As a result of these reviews, training is reviewed and developed in partnership with the Global Learning team. We also centrally develop and implement specific training to strengthen the leadership community.

Disclosure		Our response
404-01	**Average hours of training per year per employee**	Our measurement control system enables markets to track and capture training hours of employees (from both global and local programmes) within the Diageo 'My Learning Hub' System.
		This year the system recorded 457,428 hours in total, an average of approximately 20.4 hours per employee of the 22,390 employees recorded in the system.
		We also provide training to our Supply team, which is recorded manually in employees' personal files and is not recorded within the management system. These figures therefore exclude this training.
		Omissions: our system is not set up to record training hours per employee by gender.
404-02	**Programmes for upgrading employee skills and transition assistance programmes**	We strive to be trusted and recognised for providing innovative world-class learning solutions. Our mission is for our people to access learning and development that is relevant to them simply and effectively, driven by a desire to ensure our employees can experience learning every day, everywhere.
		We will achieve this through our three core strategic pillars:
		1. **Promote a continuous learning culture:** our ambition is to personalise learning at point of need, facilitating micro-learning moments every day where individuals take ownership for their learning needs while line managers remain accountable for development conversations
		2. **Partner with the business to grow capability and performance:** our goal is to identify strategic capability requirements at both an organisational and local level to close the capability gap, by leveraging data-driven insight and working with pace and agility
		3. **Deliver fulfilling learning experiences:** we will reframe the purpose of learning, creating immersive and innovative multi-channel learning experiences that connect our global Diageo community to grow capability and performance.
		We see learning technology as an enabler and launched our learner experience platform, My Learning Hub, in September 2019. Containing a library of over 20,000 external learning resources that complement our own proprietary learning content, My Learning Hub provides our people with access to best-in-class learning on any device, anywhere, at any time. We have worked to ensure we develop learning and development solutions with clarity, simplicity and agility, that provide tailored programmes that reflect our rapidly changing working environment. Our learning is segmented into Academies that are organised into dedicated content channels supporting important learning moments, such as onboarding, moving to a new role, becoming a people manager, or parental leave. In addition, employees can search for performance support at the point of need, and consume curated blended learning content to grow essential skills such as leadership, commercial, marketing and change management skills in addition to opportunities to develop a greater understanding of resilience and personal mental health. My Learning Hub has received a very favourable response, and our people have viewed over 2,000,000 pieces of content since launch.
		The majority of employees at Diageo also have individual development plans and performance goals as part of their Partners for Growth (P4G) appraisal system, which are tracked and measured by their line managers. The content available through our formal learning programmes and via My Learning Hub is further supported through active coaching and mentorship.
404-03	**Percentage of employees receiving regular performance and career development reviews**	In 2020, 82.8% of our employees received regular performance reviews.
		Omissions: data by gender and by employee category.

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

GRI Index
Topic-specific standards

GRI 400: SOCIAL continued

DIVERSITY AND EQUAL OPPORTUNITY

103-02

Our management approach to diversity and equal opportunity

Diageo is fully committed to diversity and equal opportunity, and to fostering an inclusive and diverse workplace culture where everyone can perform at their best, regardless of background. Gender balance is a priority for us, and we made a public commitment that 35% of leadership positions would be held by women by 2020, and 40% by 2025. As of the end of June 2020, 39% of our leadership positions were held by women.

We also have a number of initiatives aimed at strengthening the diversity of our talent as a whole, promoting inclusive leadership and ensuring that our workforce reflects the global markets where we operate.

We build employee advocacy through active Employee Resource Groups (ERGs), such as AHEAD (African Heritage Employees at Diageo) and Conectados (Diageo employees championing Latin culture) in the US, REACH (Race, Ethnicity and Cultural Heritage) in the UK and the international Rainbow Network. These groups help ensure we respect and value contributions from our minority communities and build alliances to champion change and inclusion. For the last two years we have supported a global INC. week, a week-long series of employee-led events, panels, workshops and more, designed to help accelerate an inclusive culture.

As part of our leading work to create a fully inclusive and diverse workforce, we launched an ambitious new Family Leave policy applicable to all employees across the business from 1 July 2019. The global policy offers women in all markets a minimum of 26 weeks of fully-paid maternity leave, and men in all markets a minimum of four weeks of fully-paid paternity leave. In some markets, we offer 26 weeks of fully-paid paternity leave – these include North America, Thailand, the Philippines, Singapore, UK, Spain, Netherlands, Ireland, Italy, Russia, Colombia, Venezuela and Australia.

We look for the same commitment from external partners. For example, our 'Free the Bid' initiative, launched in 2018, requires all our marketing agencies to propose at least one female director as part of any creative team. Externally, we promote inclusivity as a principle, by sponsoring Pride, for example, and other local and international initiatives to empower under-represented groups. Our brands are also prominent in promoting a positive message on inclusion and diversity more broadly, for example, iconic brands including Guinness and Smirnoff have actively promoted inclusivity and equality in their advertising this year. We are also a signatory of Business in the Community's Race at Work Charter, an initiative designed to improve outcomes for ethnic minority employees in the UK and which provides practical help to tackle racial barriers in the workplace.

103-03

Evaluation of the management approach

We have a number of diversity targets which we track and report against regularly; these targets are incorporated into the annual goals of relevant employees. We also keep track of our employees' experience of diversity through our annual Your Voice survey.

Disclosure		Our response
405-01	**Diversity of governance bodies and employees**	Women comprise 39% of top leadership roles across the company[1], 38% of our Executive Committee and 50% of our Board.
		Further employee profile information by gender is included in the Our people section of the Annual Report, page 27.
		The global nature of our business means that we are ideally placed to leverage diversity in leadership, and we estimate that 90% of our senior leaders come from the market in which they work. We strive to cultivate a diverse leadership group both in terms of nationality and culture, with breadth and depth of experience across our global operations. Our leadership and talent programmes are structured to promote a balanced intake of people across a wide spectrum of markets, and this is reflected in the vibrant mix of 102 different nationalities at Diageo.
		Omissions: employee profile information by age and specific group.
		1. Top leadership positions in Diageo below our Executive Committee.
405-02	**Ratio of basic salary and remuneration of women to men**	Given the complexity of our operations, we do not currently collect this data at a global level. In 2017, the UK government introduced legislation on gender pay gap reporting, and in November 2019 we published our latest detailed gender pay analysis covering our UK businesses. The headline figure was a mean pay gap of -7.5% (i.e. on average women earned 7.5% more than men).

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

GRI 400: SOCIAL continued

NON-DISCRIMINATION

103-02 **Our management approach to non-discrimination**

●

All our employees have the right to expect that their basic human identity and dignity will be fully respected in the workplace, and we reject any form of discrimination. In all aspects of employment, we treat employees justly, and according to their abilities to meet the requirements of their role. We will not discriminate based on factors such as race, religion, colour, ethnicity, national origin, disability, sexual orientation, gender, gender identity, gender expression or marital status.

We are committed to providing a harassment-free environment that promotes openness, teamwork and trust. We will not tolerate employees being subject to harassment, bullying or abuse whether physical, sexual, racial, psychological, verbal, or in any other form. We have introduced an element of human resources expertise to our triage process on issues of this nature.

In 2019 we rolled out our Dignity at Work training in Europe, and this year we completed our full global roll out. The e-learning module is available in 22 languages, and has been adapted in line with local legislation and cultures.

Through our Partnering with Suppliers Standard, we expect our suppliers to treat employees fairly and not discriminate (in any aspect of employment) on factors such as race, gender, colour, caste, religion, ethnicity, sexual orientation, disability, age, marital status, health, pregnancy, union membership, political affiliation, or national origin. This is a contractual requirement. For more details see our Human Rights Global Policy.

103-03 **Evaluation of the management approach**

●

Employees and everyone we work with are entitled to human rights without discrimination.

We evaluate this through internal review and in response to feedback received through external formal processes. Our evaluation includes input from SpeakUp data and from other engagement mechanisms.

This year we conducted anti-discrimination and harassment training in a number of locations around the world, including all of Europe, the US and India, where it is legally required.

For more details, see our Human Rights Global Policy.

Disclosure		Our response
406-01 ●	**Incidents of discrimination and corrective actions taken**	**Operations** A key issue for all companies over the past three years has been the increase in awareness of discrimination and harassment in the workplace. We have appropriate measures in place to monitor and manage any allegations, and we raise awareness amongst our employees through various function-wide and local programmes. In 2019 we rolled out our Dignity at Work training in Europe, and this year we completed our full global roll out. The e-learning module is available in 22 languages, and has been adapted in line with local legislation and cultures. **Suppliers** Our review of all high-risk supplier audits found 15 issues of non-compliance related to the category of discrimination. Eight issues have been identified relating to no discrimination policy in place, two relating to discriminatory systems in hiring practices, two relating to gender discrimination in recruitment, one relating to a lack of sexual harassment committee and two relating to the discrimination of agency workers on issues such as provision of personal protective equipment. At the time of writing, three of the issues of non-compliance have been verified as closed, and we are following up with suppliers as part of their corrective action plans to ensure the other issues are resolved as well.

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

GRI Index
Topic-specific standards

GRI 400: SOCIAL continued

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

103-02 **Our management approach to freedom of association and collective bargaining**

We have a strong commitment to industrial dialogue, supporting the right of employees to join or not join a trade union, as outlined in our Human Rights Global Policy. We also expect this of our suppliers, as outlined in our Partnering with Suppliers Standard. This is a contractual requirement.

In 2020, 39.6% 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 Partnering with Suppliers Standard.

103-03 **Evaluation of the management approach**

We use internal reviews and our supplier assessment process to evaluate our approach. Reviews include input from trade unions and any feedback we receive through SpeakUp or other engagement mechanisms.

For more details, see our Human Rights Global Policy.

Disclosure		Our response
407-01	**Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk**	**Operations** We are not aware of any operations that have violated, or are at significant risk of violating, people's rights to exercise freedom of association and collective bargaining. We will investigate allegations as and when they come up, and will take appropriate remedial action, involving relevant local agencies as appropriate. **Suppliers** Our review of all high-risk supplier audits found 110 issues of non-compliance related to the category of freedom of association and collective bargaining. 12 issues relate to the lack of a formal policy; nine to issues concerning collective bargaining agreements; 12 to the effectiveness of the representation body for the workers; 12 to a lack of grievance procedure; 59 to the lack of a worker committee; three to trade unions; and three to the attitude of the employer towards representation bodies. At the time of writing, 23 of the issues of non-compliance have been verified as closed, and we are following up with suppliers as part of their corrective action plans to ensure the other issues are resolved as well.

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

GRI 400: SOCIAL continued

CHILD LABOUR

103-02 **Our management approach to child labour**

We act in accordance with the United Nations Guiding Principles on Business and Human Rights. Our Human Rights Global Policy is informed by the Children's Rights and Business Principles. We do not permit exploitation of children by our employees, or by our suppliers or business partners. We will not employ anyone under the age of 16. Employees under the age of 18 will not perform any hazardous work. We respect all relevant local laws regarding voluntary employment and minimum age for employment.

We have identified child labour as a potential risk within our agricultural supply chains, in Africa in particular. We therefore developed a child protection toolkit which we are implementing in all markets where we source from smallholder farmers. This will help our own people who visit farms build their awareness of the risks to children's safety, including what activities are unacceptable and pose a risk to their development.

We will build similar awareness with farming communities through our training programme, and monitor standards during visits to farmers. We will carry out further investigations to evaluate ongoing risk, the level of awareness amongst our teams and the farming communities, and the effectiveness of our child protection activity.

103-03 **Evaluation of the management approach**

Operations
Our due diligence approach focuses on child labour, which is one of the areas that our human rights impact assessments robustly investigate.

We have reviewed higher-risk areas of our supply network and are not aware of any operations that have significant risks concerning issues related to child labour. We will investigate allegations as and when they come up, and take remedial action, involving relevant local agencies as appropriate. We have developed a child protection toolkit as described in 103-02.

Our human rights steering committee is accountable for reviewing this activity.

Suppliers
Our child protection toolkit increases awareness of the risks faced by children on family farms and supports greater protection. We will continue to assess the risk through our own farm visits and additional reviews.

We have not identified any risk of the worst forms of child labour, through our assessments or within our activities. The worst forms of child labour are defined by the International Labour Organization's Worst Forms of Child Labour Convention, 1999 (No.182, Article 3).

Disclosure		Our response
408-01	**Operations and suppliers at significant risk for incidents of child labour**	**Operations** We have reviewed higher-risk areas of our supply network, including agricultural supply chains in Africa, Mexico, Guatemala, Turkey and Brazil, and are not aware of any operations that have significant risks concerning issues related to child labour. We will investigate allegations as and when they occur and take appropriate remedial action, involving relevant local agencies as appropriate. We have developed a child protection toolkit for both farming supply networks and the Diageo employees who are involved with them. **Suppliers** Our review of all high-risk supplier audits raised 66 issues of non-compliance under the category of children and young workers. 56 issues relate to the lack of a formal policy at the supplier's facility in relation to child labour or not having records in place to verify workers' age, nine to no child labour remediation programme and one to a violation of the minimum age of employment. At the time of writing, 12 issues of non-compliance have been verified as closed and we are following up with the suppliers as part of their corrective action plans to ensure the other issues are resolved as well.

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

GRI 400: SOCIAL continued

FORCED OR COMPULSORY LABOUR

103-02 ● **Our management approach to forced or compulsory labour**

103-03 ● **Evaluation of the management approach**

Through our human rights impact assessments (HRIAs), we have reviewed higher-risk areas of our value chain network, including agricultural supply chains in Africa, Mexico, Guatemala, Turkey, the UK and Brazil, and are not aware of any operations that have significant risks concerning issues related to forced or compulsory labour.

If any allegations are reported, we will investigate and take appropriate remedial action, involving relevant local agencies as appropriate.

Further details are included in our submission in the UK under the Modern Slavery Act.

Each of our HRIAs results in an action plan. We review progress against these plans through our routine business processes.

Disclosure	Our response
409-01 ● **Operations and suppliers at significant risk for incidents of forced or compulsory labour**	Our due diligence approach focuses on the risk of forced and compulsory labour, which is one of the areas that is robustly investigated by our human rights impact assessments. **Operations** We are not aware of any operations that have significant risks concerning issues related to forced or compulsory labour. We will investigate allegations as and when they occur, and take appropriate remedial action, involving relevant local agencies as appropriate. **Suppliers** Our review of all high-risk supplier audits raised 21 issues of non-compliance related to the SMETA audit section 'freely chosen employment'. 17 of these issues relate to the lack of a formal policy at the supplier's facility; two relate to workers subject to disciplinary hearings for refusing to work overtime; one relating to wage deductions for staying in employment; and one relating to excessive probation periods. We have followed up with the relevant suppliers with corrective action plans. At the time of writing, five of these issues of non-compliance have been verified as closed.

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

GRI 400: SOCIAL continued

SECURITY PRACTICES

103-02 ●	**Our management approach to security practices**

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

We operate security programmes at all sites, and every site must have an identified and trained individual responsible for the programme. The level of security at each site is determined by its size and local requirements.

Sites are supported by a central team of security experts who have regional and functional responsibility for security across the four pillars and all Diageo markets. This team runs global training (such as our online people security training), oversees global security communications and awareness, and ensures Diageo meets all external regulations and requirements.

We take a risk-based approach to security, with a global program to identify and assess risks and produce mitigation plans. We review security risks routinely and communicate with our people around the world to raise awareness.

103-03 ●	**Evaluation of the management approach**

The central team tracks all markets for adherence to our policy and manages our internal audit process for security and BCM. The team also regularly benchmarks with other multinationals and with governments through membership of and liaison with organisations such as the UK government's Centre for the Protection of National Infrastructure, the US State Department's Overseas Security Advisory Council and the International Security Management Association.

Disclosure		Our response
410-01 ○	**Security personnel trained in human rights policies or procedures**	We do not record this data since our security staff contracts vary by market, some being direct employees, and others third-party contractors. However, it is a contractual requirement for third parties to carry out training on our Code of Business Conduct.

RIGHTS OF INDIGENOUS PEOPLES

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

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

GRI 400: SOCIAL continued

HUMAN RIGHTS ASSESSMENT

103-02	**Our management approach to human rights assessment**	103-03	**Evaluation of the management approach**

103-02

For our overall approach to human rights, see our Human Rights Global Policy, which includes the requirement that all our suppliers assess human rights within their organisations. All our business units and operations (100%) are required to carry out a risk assessment, which includes human rights as part of the review process.

We have been signatories to the UN Guiding Principles on Business and Human Rights (UNGP) since 2014 and continue to embed human rights throughout our value chain.

We have a comprehensive human rights impact assessment (HRIA) programme, prioritised by risk and based on a global mapping process. This programme is our opportunity to reach across our whole value chain, from our own operations to our suppliers, customers and other partners. Through it, we identify those people potentially affected by human rights issues, assess the risks and develop mitigation action plans. In 2018, we further strengthened this assessment process through our HRIA toolkit. The toolkit was the result of significant internal review, and provides additional structure to our processes along with additional guidance material for markets undergoing the HRIA process, ensuring a consistent approach.

HRIAs are conducted by specialists in human rights alongside our own teams, who receive training to support their role. We also ensure that members of teams with direct involvement in specific areas of human rights risks, such as Procurement, receive training to support their role.

At the beginning of the year we were on track to meet our 2020 target of conducting HRIAs in all markets by the end of this year. As a result of Covid-19 we have extended this target to December 2021. In 2020, we carried out HRIAs in China, North America (United States/Canada), the Middle East (first phase) and Australia, bringing our total to 17 since we began the programme in 2015. The remaining market assessments will be completed by the end of 2021.

For details of how we assess human rights in our supply chain, please see the supplier social assessment indicator, on pages 72-73.

103-03

Each of our HRIAs results in an action plan. We review progress against these plans through our routine business processes.

Disclosure		Our response
412-01	**Operations that have been subject to human rights reviews or impact assessments**	All our business units and operations (100%) are required to carry out a risk assessment, which includes human rights as part of the review process.
		Beyond this, as part of our commitment to act in accordance with the UNGP, we have developed a comprehensive human rights impact assessment (HRIA). At the beginning of the year we were on track to meet our 2020 target of conducting HRIAs in all markets by the end of this year. As a result of Covid-19 we have extended this target to December 2021. This year, we finalised HRIAs in China, North America (United States/Canada), the Middle East (first phase) and Australia. All markets develop action plans to address specific salient risks. To date, we have conducted HRIAs in Kenya, Ghana, Mexico, Brazil, Thailand, Turkey, Uganda, Colombia, UK, Guatemala, India (first phase), Tanzania, Nigeria, South Africa, China, North America (United States/Canada), the Middle East (first phase) and Australia.
		Details of our approach are included in our Annual Report, page 36 and within our submission in the UK under the Modern Slavery Act.

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

GRI 400: SOCIAL continued

HUMAN RIGHTS ASSESSMENT continued		

Disclosure		Our response
412-02 ◐	**Employee training on human rights policies or procedures**	All middle-managers and above are required to complete an Annual Certification of Compliance, which certifies their compliance with, and understanding of, our Code, which includes human rights. Within the certification, those who mark the Human Rights Global Policy as most important are required to complete a certification of their knowledge and understanding of some of the key points of the policy. We have implemented a Brand Promoters Standard and accompanying training aimed at protecting brand promotion teams from harassment.
		In 2019, we refreshed our training for people in our Procurement and Sustainability functions who have direct responsibility for our human rights, responsible sourcing or supply governance programmes. Working with an external partner, we created a series of interactive webinars and workshop sessions, designed to educate employees on the principles of human rights – with a specific emphasis on modern slavery – and to empower staff to recognise the signs of potential forced labour, and to challenge and intervene. The training was rolled out to our Procurement teams and a selection of key stakeholder and influencing functions within Diageo. This year we rolled out a new responsible sourcing toolkit with additional training; we plan to roll out a similar toolkit to suppliers in the future.
		More broadly, through our human rights programme, we are building awareness among our employees of human rights risks in our value chain and engaging them on the issues through the human rights assessment process, which considers business activities from sourcing raw materials to operations, right the way through to sales. We have created a video sharing our approach to human rights, and the role our employees play.
		We also train our Procurement teams on our responsible sourcing programme and our Partnering with Suppliers Standard, which includes guidance on how we manage human rights and labour standard risks within our supply chain. We also train employees specifically at our supply sites on security standards and awareness to ensure the integrity of our supply chain, and reduce the risk of human trafficking.
		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.
412-03 ●	**Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening**	100% of suppliers are contractually obliged to abide by the standards set out in our Partnering with Suppliers Standard, which includes specific requirements with respect to Human Rights, either through specific contract clauses or, if not bound by a contract, by the standard inclusion of the requirement to meet our Partnering with Suppliers Standard in our standard purchase order terms and conditions.

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

GRI 400: SOCIAL continued

LOCAL COMMUNITIES

103-02   **Our management approach to local communities**

We aim to strengthen our communities by providing engaging, safe and diverse places to work; by building sustainable and inclusive supply chains; and by delivering programmes that empower communities and the individuals within them, enabling them to grow. We invested £18.9 million, or 1.0% of operating profit, in these programmes this year.

As part of this approach we are committed to promoting human rights throughout our value chain. We also invest in promoting positive drinking, building thriving communities, and reducing our environmental impact.

Our external targets for 2020 and 2025 address these areas, and are designed to create shared value while contributing to the UN Sustainable Development Goals, as described in the Annual Report on pages 32-35. This has led to the provision of safe water and sanitation in water-stressed areas for more than 250,000 people this year; the development of skills programmes focusing on the hospitality sector which have trained around 140,000 young people since 2008; and women's empowerment programmes which have empowered around 435,000 women since 2012. Our local farming programme also aims to build skills for farmers, improve their livelihoods and support rural economic development both directly and indirectly through the trade created.

We are currently developing our strategy to address our most material issues and support sustainable growth over the critical decade until 2030. While the launch of our strategy and the targets that will drive its delivery have been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals. These include championing inclusion and diversity, within our business and in society, and making sure our programmes and our business as a whole contribute to building inclusive, thriving communities that work for everyone, wherever we live, work, source and sell.

We believe one of the best ways we can contribute to communities is by engaging others to become advocates for causes important to them and their stakeholders. Some of our strongest advocacy work includes arguing for industry-wide standards to encourage moderation and tackle misuse. We are also passionate advocates in areas including anti-corruption, the empowerment of women and other under-represented groups, and water stewardship. For more details see our website.

103-03   **Evaluation of the management approach**

Local community engagement and programmes are reviewed by the relevant market Corporate Relations team as well as at group level. We gather data on the impact of our programmes and assess how we can improve them. Where appropriate, we also assess these programmes through more detailed research. For example, our research into local farming activity in Ethiopia led us to strengthen the controls on the quality of seeds provided to farmers and increase the emphasis on women's empowerment within our smallholder farming networks.

Disclosure		Our response
413-01	**Operations with local community engagement, impact assessments and development programmes**	We carry out detailed research on key community programmes to understand their full impact. For example, we have assessed farming activity with smallholders in Ethiopia, Cameroon and Uganda. These assessments help us improve our approach through activities such as improving seed quality and increasing our engagement with farmer organisations or intermediaries. Similar studies have assessed the impact of our Learning for Life skills development programmes in Latin America and Europe.

These programmes, which are underpinned by our commitment to human rights, focus on the core inclusive communities element of our Pioneer grain-to-glass strategic priority, which are:

- Empowering women and other under-represented groups
- Promoting entrepreneurship, employability and skills
- Building sustainable supply chains
- Improving access to clean water, sanitation and hygiene.

These are described in more detail in the Annual Report on pages 28-37.

413-02	**Operations with significant actual and potential negative impacts on local communities**	The social impacts of our operations and community investment are discussed in the Annual Report on pages 28-37.

Omissions: we discuss significant actual and potential negative impacts on local communities at a global level but not by specific location.

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

GRI 400: SOCIAL continued

SUPPLIER SOCIAL ASSESSMENT

103-02 · **Our management approach to supplier social assessment**

103-03 · **Evaluation of the management approach**

Our Partnering with Suppliers Standard (PwS) sets out the minimum social, ethical and environmental standards we require suppliers to follow as part of their contract with us.

Within this PwS we set out our commitment to acting in accordance with the UN Guiding Principles on Business and Human Rights (UNGP), and with the international standards set out by the eight core International Labour Organization (ILO) conventions and recommendations. We also expect our suppliers to promote the principles of our PwS throughout their own supply chain, and to have appropriate processes in place to verify compliance.

Our Responsible Sourcing programme is a comprehensive but flexible process for identifying, assessing and managing social and ethical impacts in our supply chain. While it focuses predominantly on tier one suppliers, we also have a programme for tier two suppliers of our point of sales (POS) materials, reflecting the inherent risk of procuring POS through marketing agencies; we intend to increase the number of these tier two suppliers who are codified with our core Responsible Sourcing programme in 2021.

Our Responsible Sourcing programme consists of: an initial screening; a pre-qualification questionnaire which covers social and ethical risks including human rights; a qualification process where suppliers assessed as a potential risk are required to register with SEDEX and complete a SEDEX self-assessment questionnaire; and independent audits of suppliers who represent a potential high risk. SEDEX is a not-for-profit organisation that enables suppliers to share assessments and audits of ethical and responsible practices with their customers. This means suppliers only have to go through one assessment process for many customers.

Audits follow the SEDEX Members Ethical Trade Audit (SMETA) Four Pillar Audit Protocol, or equivalent, covering health and safety, labour standards, environment and business ethics.

If we identify any issues of non-compliance in an audit, a corrective action plan report (CAPR) is raised with the supplier in question in order to resolve any issues.

We have worked with our peers under the umbrella of AIM-PROGRESS to develop a supplier business toolkit to share best practice and provide practical guidance on how to improve productivity, quality and workforce management by ensuring good working conditions and ethical standards. We currently chair a new Africa Hub under the umbrella of AIM-Progress; this year we delivered a webinar from Partner Africa in which they shared insights into the salient labour risks taken from an analysis of the audits they have completed for Diageo and others across Africa.

This year we rolled out a new Buyer Responsible Sourcing Toolkit; we plan to roll out a similar toolkit to suppliers in the future.

Human rights in our supply chain
We have been signatories to the UNGP since 2014 and continue to embed human rights throughout our value chain. We do this through our comprehensive human rights impact assessment (HRIA) programme, prioritised by risk and based on a global mapping process. This programme is our opportunity to reach beyond tier one suppliers, to primary producers such as farmers. At the beginning of the year we were on track to meet our 2020 target of conducting HRIAs in all markets by the end of this year. As a result of Covid-19 we have extended this target to December 2021. In 2020, we carried out HRIAs in China, North America, the Middle East (first phase) and Australia, bringing our total to 17 since 2015.

HRIAs are conducted by specialists in human rights, alongside our own teams, who receive training to support their role.

In line with the UNGP, we have identified issues that are particularly salient to our business: labour rights, including the risk of child labour, especially in agricultural supply networks; treatment of contract labour; and sexual harassment in the hospitality sector. These issues were identified as external risk factors in the places where we operate, rather than through reported incidents in our own value chain. Because human rights issues such as these are often systemic, we will also work with others to address them at scale.

We have developed a child protection programme for our work with smallholder farmers, where we have trained key functions and business partners in our local sourcing programme in seven countries in Africa to prevent child labour.

We are developing an awareness programme and measures to protect workers, including seasonal contract workers.

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

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

While specific issues of non-compliance are acted on as part of the audit process, these reviews identify trends that allow us to revise standards and guidance. If specific suppliers consistently fail to respond to improvement plans, as identified as part of their performance evaluation, we reserve the right to stop working with them.

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

GRI 400: SOCIAL continued

SUPPLIER SOCIAL ASSESSMENT continued	

Disclosure	Our response
414-01 ● **New suppliers that were screened using social criteria**	All suppliers of Procurement-managed spend go through the screening process described in 103-02 on page 53. This includes areas such as labour standards, human rights including child labour, and legal compliance on issues such as pay.
414-02 ● **Negative social impacts in the supply chain and actions taken**	All suppliers determined to be a potential risk are required to register with SEDEX, and to complete the SEDEX self-assessment questionnaire. To date, 1,417 of the company's supplier sites assessed as a potential risk are registered with SEDEX, an increase from 1,372 last year. Of these, 1,261 have completed the SEDEX self-assessment questionnaire which was superseded by a new version in February 2020: 551 sites have completed the new questionnaire. In addition, 202 supplier sites' SEDEX membership has lapsed, meaning we were unable to view their site data. We ask these suppliers to renew their membership, and we will disconnect on SEDEX from those with whom we no longer have a commercial relationship.

Suppliers who represent a potential high risk are flagged, so they can be independently audited against the SEDEX Members Ethical Trade Audit (SMETA) Four Pillar Audit Protocol or equivalent. We have 412 such suppliers, of whom 336 (82%) were independently audited during the last three years (audits are valid for three years); 263 audits were commissioned by Diageo, and 73 accessed through SEDEX and AIM-PROGRESS.

A total of 2,379 issues of non-compliance have been raised through these audits, with 44% relating to health, safety, and hygiene issues; 10% relating to wages and benefits, 12% relating to management systems, 9% relating to working hours; and the remaining 25% to other categories. We have followed up with the relevant suppliers with corrective action plans and are working together to resolve them. Where required, we are arranging follow-up audits to verify the issues have been closed.

Merchandising materials remain one of our highest-risk categories, because they are frequently made in higher-risk countries, and we often buy them through intermediaries and therefore may not know where they were produced. We continue to work with our key merchandising suppliers to develop their capability and processes to drive auditing and assurance further down their supply chains. To date, our key merchandising suppliers have audited over 326 factories in our supply chain. |

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

GRI 400: SOCIAL continued

PUBLIC POLICY

103-02   **Our management approach to public policy**

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.

Our Corporate Relations team manages our engagement in public policy, assessing risk and aiming to support the delivery of market and business strategy, including, for example, engagement on promoting positive drinking, or government/regulatory or fiscal policy. For more details on our approach to public policy, see our Code of Business Conduct.

The team also assesses risks and opportunities against the Corporate Relations strategy at market and global levels. The risk management focus includes public policy/engagement risks, which are also reviewed by the Executive Committee, the Audit Committee and the Audit and Risk Committee as part of overall corporate risk management activity.

Recent reviews have led to an increased emphasis on global trade tensions, indirect tax policy and various availability regulations, and to a review of our Positive Drinking strategy. Our position on specific issues related to alcohol policy is described on our website.

103-03   **Evaluation of the management approach**

We are well placed to manage risks in the external policy environment, particularly those relating to ongoing international trade volatility and alcohol-related policies and regulations arising from the Covid-19 pandemic.

We have improved our analysis and evidence base, and enhanced our public policy campaigning and our network of stakeholders.

We have strengthened capability in navigating marketing and availability regulations, including e-commerce , and continue to work closely with industry and other stakeholders on public policy issues to support government priorities, the long-term sustainability of the sector and encourage responsible drinking choices for those that choose to drink.

We are at the forefront of industry initiatives in promoting positive drinking, for example adapting to encourage responsible drinking at home during the Covid-19 crisis.

Disclosure		Our response
415-01	**Political contributions**	Diageo has not given any money for political purposes in the UK, has made no donations to EU political organisations and has incurred no EU political expenditure during the year. We made contributions to non-EU political parties totalling £380,000 during the fiscal year in North America, where it is common practice. Contributions of approximately £380,000 were made to US Federal and State candidates and committees (consistent with applicable laws). No particular political persuasion was supported and contributions were made with the aim of promoting a better understanding of our business and our views on commercial matters, as well as a generally improved business environment.

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

GRI 400: SOCIAL continued

CUSTOMER HEALTH AND SAFETY

| 103-02 | **Our management approach to customer health and safety** | 103-03 | **Evaluation of the management approach** |

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

- Site internal assessment to Diageo standards
- Market independent assurance of adherence to standards
- ISO 9001 for our production facilities
- FSSC22000 at our brewing and packaging locations.

At the date of this report, 76% of our sites were certified to ISO 9001 and 63% to FSSC22000. The number of certifications is growing, but it takes time to bring acquisitions in line with these standards, and we have made a number of significant acquisitions in the last few years. Moreover, our initial focus for acquisitions is to ensure compliance with Diageo standards.

For more details, see our Quality Global Policy and the Diageo Marketing Code.

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

Management's Audit and Risk Committee reviews our key risks that relate to customer health and safety, counterfeit and contamination (with a particular focus on food fraud).

The Excellence in Supply Chain meeting, chaired by the President, Global Supply and Procurement, monitors our top KPIs for quality – total pack defects and distribution defects.

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

Disclosure		Our response
416-01	**Assessment of the health and safety impacts of product and service categories**	Our products are mostly low risk in that they are unlikely to be a source of food poisoning and are stable at ambient temperatures. All products are subject to liquid testing and inspection for defects (these include critical defects which relate to product safety and legislative requirements). This year we saw a 62% increase in reported critical packaging defects. Much of this increase was due to improved reporting, especially from Africa, as we reported last year. The improvement plan that we launched last year has delivered significant improvement in the second half of this year, with a much improved performance since March 2020. We have not seen an increase in complaints, with the number of complaints in the past year broadly in line with those recorded last year.
		We have continued to review and update our quality and global risk management standards and these have been shared with all production sites.
416-02	**Incidents of non-compliance concerning the health and safety impacts of products and services**	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.

How we have met each disclosure

- ● Fully disclosed as outlined by the GRI Sustainability Reporting Standards
- ◖ Partially disclosed and missing at least one required indicator
- ○ Not disclosed
- ⊗ Not considered material to our business at this time

GRI 400: SOCIAL continued

MARKETING AND LABELLING

103-02 **Our management approach to marketing and labelling**

We take very seriously our duty to develop, produce, market and sell our brands responsibly, and all our marketing is governed by our Diageo Marketing Code, Digital Code, Responsible Research Global Standard and Data Protection Global Policy. Our Diageo Consumer Information Standard, provides mandatory minimum standards for the information that must be included on labels and packaging on all Diageo-owned brands in all geographies (where legally permitted). Labels and packaging must include alcohol content and nutrition information per serve, alcohol content by volume (ABV), at least one and up to three responsible drinking symbols, a reference to our global responsible drinking website, DRINKiQ.com, a list of allergens, and recycling and sustainability symbols. Together with companies that form the International Alliance for Responsible Drinking we have committed to adding an age-restriction symbol or equivalent words on all our alcohol brand labels, including alcohol-free extensions of alcohol brands. We will start to roll this out immediately, where legally permissible, with compliance across all markets by 2024.

For more details about labelling and information, see the Diageo Marketing Code, Quality Global Policy and the Diageo Consumer Information Standard.

103-03 **Evaluation of the management approach**

We have a cross-functional review process in place for all marketing communications that ensures compliance with the Diageo Marketing Code. Where communications are in breach of the Code, they are revised appropriately. Our Marketing, Legal, Brand Technical and Regulatory functions review packaging and labelling of innovation and renovation products to ensure they comply with the Diageo Consumer Information Standard.

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

Our market-based teams, including general managers, review the efficacy of marketing communications, as do our global brand teams and global Marketing function.

By continually assessing our communications, we gain feedback that helps improve future campaigns.

Disclosure		Our response
417-01	**Requirements for product and service information and labelling**	Our approach is as follows: • **Sourcing of components of the product or service:** we do not provide sourcing information for our ingredients; 0% of our product labels include this information • **Content, particularly with regard to substances that might produce an environmental or social impact:** legislation requires a statement of alcohol by volume on all our products; 100% of our products contain this information • **Safe use of the product or service:** the Global Beer, Wine and Spirits Producers' Commitments (see our website) required all our products to carry at least one and up to three responsible drinking symbols by 2017. We have been working towards this in all markets. The majority of our products are compliant, and we continue to work towards full compliance. This and all other requirements of the Diageo Consumer Information Standard (see above) are implemented on new brand innovations and when we renovate existing brands. Together with companies that form the International Alliance for Responsible Drinking we have committed to adding an age-restriction symbol or equivalent words on all our alcohol brand labels, including alcohol-free extensions of alcohol brands. We will start to roll this out immediately, where legally permissible, with compliance across all markets by 2024. • **Disposal of the product and environmental/social impacts:** we mandate the Mobius loop (or equivalent) on all packaging and point of sale materials as part of our Diageo Consumer Information Standard; all of our products comply with this requirement, with the exception of USL which does not use the Mobius loop on its product labelling at present.
417-02	**Incidents of non-compliance concerning product and service information and labelling**	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.
417-03	**Incidents of non-compliance concerning marketing communications**	This year no breaches were upheld by key industry bodies about Diageo's advertising. For more details, and for industry complaints as a whole, see the Annual Report on page 25.

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

GRI 400: SOCIAL continued

CUSTOMER PRIVACY	

103-02	**Our management approach to customer privacy**	103-03	**Evaluation of the management approach**
●		●	

Diageo holds personal data about employees, customers and suppliers, consumers and other individuals, including prospective and former employees. We have a data privacy programme led by our Global Data Privacy Officer, designed to protect all such personal information that we handle in our business activities. Our Code of Business Conduct, Data Privacy Global Policy and Digital Code set out how we handle data in line with data protection laws. We have mandatory global training on data privacy for all employees and global data breach response processes.	Our Compliance team reviews the adoption and delivery of our Code of Business Conduct, including completion of training on the Code, and monitoring of activity including data privacy in all markets and functions. Our group Data Privacy Officer, supported by a Privacy team, oversees internal accountability and legal compliance across Diageo and reports on key aspects to the Audit Committee. Our global Computer Security Incident team is trained to investigate and contain any personal data security incident and, together with the Privacy team, ensures any breach is reported within the timeframe required by local law. Issues may also be raised through our SpeakUp helpline, via line managers, Legal representatives, Human Resources or the Compliance team. Audits and issues are reviewed, with remedial action being instigated as appropriate, including via the Audit and Risk Committee and an Executive oversight committee. For more information, see our Code of Business Conduct.

Disclosure		Our response
418-01 ●	**Substantiated complaints concerning breaches of customer privacy and losses of customer data**	In 2018, the introduction of GDPR substantially increased the scope of personal data breaches that are potentially reportable to the relevant EU regulator(s). In some cases organisations may have to report incidents as a routine matter unless there is deemed to be 'no risk'. Individuals are also permitted by law to complain to a relevant EU regulator if they feel their privacy rights have been breached. In either case, the regulator can choose to investigate further and exercise their enforcement powers via a range of sanctions. We follow our internal procedures when we receive any requests by individuals to exercise their rights (e.g. the right to access personal information or to unsubscribe) or receive reports of any personal data incidents. This year, there have been no instances of regulatory action against, or investigation into, Diageo in the EU.

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

GRI 400: SOCIAL continued

SOCIOECONOMIC COMPLIANCE			
103-02 ●	**Our management approach to socioeconomic compliance**	103-03 ●	**Evaluation of the management approach**
	Diageo has a sound corporate governance structure and a robust governance, risk and compliance programme, with our Code of Business Conduct at its centre.		Our Business Integrity team monitors and reviews compliance systems, training activity and mechanisms such as the SpeakUp helpline. Our Internal Audit team also undertakes regular audits at market level which include an assessment of compliance.
	We train employees across the company to comply with all standards and policies, and we conduct targeted interventions with managers and senior leaders to create a culture of integrity.		All audits are reported to the Executive Committee member responsible and to the Chief Executive and Chief Financial Officer. The Executive Committee routinely reviews the outcomes of audits, compliance monitoring of required processes and training, and the details of grievances raised through the SpeakUp helpline. These areas are also reviewed by management's Audit and Risk Committee and by the Audit Committee of the Board.
	For more details, see our website and the Effective risk management section of the Annual Report, pages 38-41.		Reviews have led to further training on our Code of Business Conduct.

Disclosure		Our response
419-01 ◖	**Non-compliance with laws and regulations in the social and economic area**	This year there were no charges to exceptional items in respect of non-compliance with laws and regulations in the social and economic area.
		Omission: we do not report fines which the business does not deem to be material. Materiality is defined in the Independent Auditor's Report in the Annual Report, pages 110-118.

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

United Nations Global Compact (UNGC) Index

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

IMPLEMENTING THE 10 PRINCIPLES INTO STRATEGIES AND OPERATIONS		
Criterion	**Description**	**Cross reference/direct answer**
1	**Mainstreaming into corporate functions and business units**	Our sustainability and responsibility strategy supports the delivery of the 10 principles of the UN Global Compact (the 10 principles), and this year we continued to embed it into corporate functions and business units, including through our work towards our external targets for 2020 and 2025 and our planning for our new 2030 strategy.
		An overview of our strategy can be found on **page 6** of this document, with further discussion in the strategic priorities section of our Annual Report 2020, pages 17-29.
		Several other sections of our Annual Report reflect the mainstreaming of the 10 principles. These include:
		• Our Chairman's statement, pages 4-5
		• Our Chief Executive's statement, pages 8-9
		• Our principal risks and risk management, and climate-related risks sections, pages 38-43.
		Further reporting in this Performance Addendum relating to the 10 principles includes:
		Human rights and labour
		Our support and respect for the protection of internationally proclaimed human rights, and our processes for ensuring that we are not complicit in human rights abuses, are described in GRI 103-02 to 103-03 and GRI 412, **pages 69-70**.
		Our commitment to upholding the freedom of association and the effective recognition of the right to collective bargaining is described in GRI 103-02 to 103-03 and GRI 407, **page 65**.
		We describe our work to eliminate all forms of forced and compulsory labour in GRI 103-02 to 103-03 and GRI 409, **page 67** in this document.
		Our work to support the effective abolition of child labour is described in GRI 103-02 to 103-03 and GRI 408, **page 66**.
		Our work to eliminate discrimination and create a fair, inclusive and diverse workplace is described in GRI 103-02 to 103-03 and GRI 405, **pages 63-64**.
		Environment
		Our approach to environmental challenges, including the initiatives we undertake to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies, are described in GRI 103-02 to 103-03 and GRI 301 to 308, **pages 34-53**.
		Anti-corruption
		We have an internal Anti-Corruption Global Policy, and its core principles are included in our **Code of Business Conduct** (our Code). Our work to prevent all forms of corruption, including extortion and bribery, and how we conduct our business transparently, are described in GRI 103-02 to 103-03 and GRI 205, **page 32**.
2	**Value chain implementation**	Our sustainability and responsibility strategy supports the delivery of the 10 principles of the UN Global Compact. It covers our entire value chain, from grain to glass, as described in the Strategic priorities and Doing business the right way from grain to glass sections of our Annual Report, pages 17-29 and 36-37 respectively.
		Further reporting in this Performance Addendum relating to value chain implementation of the 10 principles includes:
		Human rights and labour
		Details of how we implement our **Partnering with Suppliers Standard**, are described in GRI 103-02 to 103-03 and GRI 414, **pages 72-73**. In our Partnering with Suppliers Standard we set out the minimum social and ethical standards we require suppliers to follow as part of their contract with us. As part of this, we outline our expectation that all our suppliers act in accordance with the UN Guiding Principles on Business and Human Rights (UNGP) and the international standards set out by the eight core International Labour Organization (ILO) conventions and recommendations.
		Environment
		We describe our approach to environmental standards in our supply chain and our work on climate change and water supply chain initiatives in GRI 103-02 to 103-03 and GRI 308, **pages 52-53**.
		Anti-corruption
		As well as our own measures to prevent all forms of corruption, described throughout GRI 205 in this document, we evaluate suppliers against the risk of bribery and corruption through our Know Your Business Partner (KYBP) assessment, which considers operating risks, market/sector risks and feedback from our internal reviews and assessments. This is described in GRI 103-02 to 103-03 and GRI 205, **page 32**. For more information, see page 41 of the Annual Report.

ROBUST HUMAN RIGHTS MANAGEMENT POLICIES AND PROCEDURES		
Criterion	**Description**	**Cross reference/direct answer**
3	**Robust commitments, strategies or policies in the area of human rights**	We committed to act in accordance with the UN Guiding Principles on Business and Human Rights (UNGP) by 2020. Our Human Rights Global Policy outlines our commitment to respect and embed human rights, as articulated in the Universal Declaration of Human Rights, across all our operations and throughout our business and value chain. Through appropriate contractual arrangements and our Global Partnering with Suppliers standard, we make our suppliers aware of, and expect their compliance with, our human rights commitments. In our workplaces and the communities in which we operate, we believe a serious commitment to respecting human rights is fundamental to our way of doing business. We recognise that we are responsible for the impact of our operations on our employees, on all workers in our supply chain, on consumers of our products and on the communities in which we operate. Therefore, we have policies and processes in place to identify, prevent and mitigate human rights risks, and to provide remedy for any adverse impact we have caused or contributed to through our operations. This includes a commitment to support the rights of indigenous peoples, migrant workers and the communities where we work, including their land rights. We're also committed to supporting rights to water and sanitation, delivered through our Water Blueprint, our community water, sanitation and hygiene (WASH) programmes, and our Partnering with Suppliers Standard. We are a signatory to the UN Global Compact and the UN Women's Empowerment Principles. Our Human Rights Global Policy is also informed by the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights to Work, the Children's Rights and Business Principles, and the UN Global LGBTI Standards of Conduct for Business. By committing to these international frameworks, we are dedicated to enriching the workplace. We act with integrity, in compliance with local law, and we respect the unique customs and cultures in the communities in which we operate.
4	**Effective management systems to integrate human rights principles**	We have a clear Human Rights Global Policy which sets out our commitment to human rights. We also have a number of other policies and standards that reinforce our human rights principles to our employees, suppliers and other stakeholders. We have well-developed management systems, including our global framework for compliance training, which mandates that every employee has to complete training about our Code and key policies (such as human rights) on joining Diageo. The Annual Certificate of Compliance (ACC) is designed to confirm that all mid-level and senior managers fulfil their duties with regard to compliance and have read and understood our Code and key global policies. In 2019, following an external review, we extended the ACC to include certain non-management roles. Each market has a training plan on our key policies, which is delivered through locally organised, risk-based training. This year, we rolled out human rights training with a specific focus on modern slavery to our procurement teams and a selection of key roles within the business. Employees worldwide have received Dignity at Work training, which is now available through an e-learning module in 22 languages. We have a comprehensive human rights impact assessment (HRIA) approach, which is progressively assessing the human rights risks across our whole value chain within all of our markets. Assessments are prioritised by risk, initially at an international level and then within the local market context. For more information, see page 36 of our Annual Report, and GRI 103-02 to 103-03 and GRI 405 to 414, pages 63-73.
5	**Effective monitoring and evaluation mechanisms of human rights integration**	We have established a human rights governance structure to embed the due diligence and integration of human rights as business as usual across our operations. We aim to proactively manage and monitor any infringement of human rights on an ongoing basis and take appropriate remedial action as and when required. Our HRIA programme is carried out by external human rights specialists alongside our own teams. It covers our own operations and those of our suppliers, including primary producers such as farmers, and our consumer markets. We consider all aspects of human rights through the assessment programme, both through focused assessments and through our routine engagement with key areas of our value chain such as agriculture. We also engage with the different stakeholders in our value chain, identifying those potentially affected by human rights risks. In 2019, we further strengthened this assessment process through our HRIA toolkit, which was developed as a result of a significant internal review. It provides additional structure to our processes, and guidance material for markets undergoing the assessment process. This aims to ensure a consistent approach for each HRIA. The programme supports markets through a systematic review of their businesses to identify and assess potential human rights impacts, and covers all aspects of our value chain, from raw materials to consumption. Trends identified to date are communicated along with relevant mitigation activity. In 2020 we continued to roll out our HRIA programme, which was initially trialled in 2016. At the beginning of the year we were on track to meet our 2020 target of conducting HRIAs in all markets by the end of this year. But, as a result of Covid-19, we were unable to complete all the planned assessments, and have therefore extended this target to December 2021. In 2020, we carried out HRIAs in China, North America (United States/Canada), the Middle East (first phase) and China, bringing our total to 17.

United Nations Global Compact (UNGC) Index

ROBUST LABOUR MANAGEMENT POLICIES AND PROCEDURES		
Criterion	**Description**	**Cross reference/direct answer**
6	**Robust commitments, strategies or policies in the area of labour**	Our Code of Business Conduct, which was refreshed this year, sets the standard for what is expected of everyone working at Diageo, as well as of third parties who are contractually required to adhere to its terms. Other policies, such as our Global Health, Safety and Wellbeing Policy and our Human Rights Global Policy, flow from its principles.
		Our overall commitment to our people is outlined in the Champion inclusion and diversity and Our people sections of the Annual Report, pages 26-27, which discuss how we manage issues such as diversity, health and safety, and engagement. The Doing business the right way from grain to glass section on pages 36-37 explains how we manage labour issues in our supply chain to the same standards.
7	**Effective management systems to integrate the labour principles**	Our risk and compliance programme, referenced above, also covers labour issues. For more information on how we manage issues such as diversity, health and safety, or engagement, see the Champion inclusion and diversity and Our people sections of the Annual Report, pages 26-27.
		Additional details can also be found in GRI 103-02 to 103-03 and GRI 405 to 409, pages 63-67.
8	**Effective monitoring and evaluation mechanisms of labour principles integration**	Our risk and compliance programme, referenced above, also applies to labour issues. Reports through our SpeakUp website and telephone line help us monitor these issues, as outlined in the Annual Report, page 41.
		We have set targets for aspects of labour implementation, notably safety, diversity and employee engagement. These are key performance indicators for our business, as set out on pages 30-33 of the Annual Report. Each is routinely monitored, and reviewed at site, market and global level, with programmes in place to improve performance where necessary in order to deliver our 2020 targets.
		Additional details can also be found in GRI 103-02 to 103-03 and GRI 405 to 409, pages 63-67.

ROBUST ENVIRONMENTAL MANAGEMENT POLICIES AND PROCEDURES		
Criterion	**Description**	**Cross reference/direct answer**
9	**Robust commitments, strategies or policies in the area of environmental stewardship**	Our Environment Global Policy outlines our commitment to reducing our impact on the environment. We have a series of environment targets that we aimed to achieve by 2020, as well as longer-term commitments on the use of plastics and a commitment to using 100% renewable electricity by 2030.
		For more information, see the following sections of the Annual Report, Pioneer grain-to-glass sustainability, Doing business the right way from grain to glass and Climate-related risk, pages 28-29, 36-37 and 42-43, and GRI 103-02 to 103-03 and GRI 301 to 308, pages 34-53.
10	**Effective management systems to integrate the environmental principles**	Our robust environmental management system helps us with our targets for water efficiency, water quality, water replenishment, carbon emissions, waste to landfill and sustainable packaging. For more information, see the following sections of the Annual Report, Pioneer grain-to-glass sustainability, Doing business the right way from grain to glass and Climate-related risk, pages 28-29, 36-37 and 42-43, and GRI 103-02 to 103-03 and GRI 301 to 308, pages 34-53.
11	**Effective monitoring and evaluation mechanisms for environmental stewardship**	Our risk and compliance programme, referenced above, also applies to our Environment Global Policy. Beyond this we have a robust system to monitor environmental performance managed by our Environmental Leadership Team which meets monthly, our Environmental Executive Working Group, and our Climate Risk Steering Group which meets quarterly. We independently externally assure select environmental key performance indicators. More details can be found in the Methodologies section on pages 86-91 of this Performance Addendum.
		For more information, see the following sections of the Annual Report, Pioneer grain-to-glass sustainability, Doing business the right way from grain to glass and Climate-related risk, pages 28-29, 36-37 and 42-43, and GRI 103-02 to 103-03 and GRI 301 to 308, pages 34-53.

United Nations Global Compact (UNGC) Index

ROBUST ENVIRONMENTAL MANAGEMENT POLICIES AND PROCEDURES continued		
Criterion	**Description**	**Cross reference/direct answer**
12	**Robust commitments, strategies or policies in the area of anti-corruption**	Our Code of Business Conduct and Anti-Corruption Global Policy set the standard for what is expected of everyone working at Diageo, and those who represent or act on behalf of Diageo. We have made a commitment that we will not condone the offer or acceptance of bribes in any form, anywhere we operate.
13	**Effective management systems to integrate the anti-corruption principle**	Our risk and compliance programme, referenced in the Our principal risks and risk management section of the Annual Report, pages 38-41, outlines how we deliver our anti-corruption commitment. We also have an internal Know Your Business Partner (KYBP) programme to assess third parties, such as suppliers and customers, against the risk of bribery and corruption, and to mitigate risks. For more information, see GRI 103-02 to 103-03 and GRI 205 to 206, **pages 32-33**.
14	**Effective monitoring and evaluation mechanisms for the integration of anti-corruption**	The Our Principal risks and risk management section of the Annual Report, pages 38-41, sets out our monitoring and evaluation mechanisms. Our internal Global Audit and Risk (GAR) programme checks that these principles are consistently applied. For more information, see GRI 103-02 to 103-03 and GRI 205 to 206, **pages 32-33**.

TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES		
Criterion	**Description**	**Cross reference/direct answer**
15	**Core business contributions to UN goals and issues**	Diageo is committed to contributing to many goals of the United Nations (UN) as well as those of other affiliated, specialised agencies, such as the World Health Organization (WHO) and the International Labour Organization (ILO). Our sustainability and responsibility strategy is aligned to the UN Sustainable Development Goals (SDGs), and delivery of our 2020, 2025 and 2030 targets contributes to the delivery of those goals. Areas of specific focus are water and sanitation, health and non-communicable disease, carbon, diversity and empowerment, livelihoods and decent work. These also contribute to poverty reduction. Further details are available on pages 33-35 of the Annual Report. We focus particularly on promoting positive drinking through encouraging moderation and tackling misuse, and the WHO target of reducing alcohol-related harm by 10% across the world by 2025. Every one of our responsible drinking programmes, partnerships and campaigns are in service of this. In 2018 we announced a new Positive Drinking strategy, creating greater reach and measurement of impact, and our performance this year is outlined in the Annual Report on pages 24-25 and 33.
16	**Strategic social investments and philanthropy**	Our community programmes focus on the most material areas for our business, with support for water and sanitation, diversity and inclusion, skills development for employment and sustainable agriculture. We also support critical issues and disaster relief as they arise in our markets, providing financial and material support for relief programmes, when necessary through NGO partners. For more on our strategic community investment programmes, see pages 28-29 and 33 of the Annual Report, and GRI 103-02 to 103-03 and GRI 205 to 206.
17	**Advocacy and public policy engagement**	We engage on many issues important to our sustainability and responsibility strategy. For example, we have signed up to the Business Ambition for 1.5⁰C, the UNGC/SBTI Uniting Business to Recover Better, and the UNGC Government Letter on SDGs in Recovery; and have joined the Open for Business coalition, an alliance of leading companies that are committed to supporting LGBTQ+ inclusion worldwide. For more information, see our website. We engage in advocacy at national and international levels with governments and civil society. For example, we have a strategic partnership with WaterAid to promote access to safe drinking water, hygiene and sanitation, and more broadly for water stewardship; and we are strong global advocates for various important issues through our membership of the Alliance for Water Stewardship, UNGC CEO Water Mandate and local partnerships with NGOs including Oxfam and Amref. On positive drinking issues we advocate, for example, for road safety, including through our partnership with the United Nations' road safety initiative, UNITAR. The partnership supports road safety events aimed at reducing traffic deaths and injuries and improving road safety globally. It has a particular focus on high-visibility enforcement in Latin America, Asia and Africa. In April 2020, in response to Covid-19, we collaborated with UNITAR as it launched a series of online training resources in English and Spanish for government officials responsible for road safety and law enforcement. In 2018 we also led discussions at the OECD Development Assistance Committee, representing the wider private sector and supporting the role of the private sector in the development and delivery of the SDGs. We discussed our work on skills for young people and water in particular, and the importance of leveraging our core business to support shared value. For more information, see GRI 103-02 to 103-03 and GRI 203-02, **pages 30-31**.

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TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES *continued*		
Criterion	**Description**	**Cross reference/direct answer**
18	**Partnerships and collective action**	We believe partnership is the best way to make progress against our sustainability and responsibility strategy and goals.
		In the case of positive drinking, the most significant initiative we have been part of in recent years is the Global Beer, Wine and Spirits Producers' Commitments to Reduce Harmful Drinking – the largest ever industry-wide initiative to implement effective ways to address harmful drinking. The Commitments ended in December 2017, but the signatory companies remain committed to the spirit of the five Commitments and the 10 action areas.
		We will continue to work with our peers in this area. Together with companies that form the International Alliance for Responsible Drinking we have committed to adding an age-restriction symbol or equivalent words on all our alcohol brand labels, including alcohol-free extensions of alcohol brands. We will start to roll this out immediately, where legally permissible, with compliance across all markets by 2024. Our partnership with UNITAR on road safety to address drink driving globally is a further example of how we use partnerships to increase the scale and impact of our efforts to deliver the Commitments.
		We have strategic partnerships with two global NGOs, WaterAid and CARE International UK, to support our advocacy and programmes on water, sanitation and hygiene, and women's empowerment. These are in addition to focused partnerships to deliver programmes, including with government agencies such as the UK Government's Department for International Development (DFID) and national and international NGOs such as Amref and Oxfam.
		Elsewhere in our supply chain activity, partnering with suppliers and peers through AIM-PROGRESS and SEDEX is critical to the success of our programme to improve human rights and labour standards within our global supply network. For more information, see the Pioneer grain-to-glass sustainability section of the Annual Report, pages 28-29.

CORPORATE SUSTAINABILITY GOVERNANCE AND LEADERSHIP		
Criterion	**Description**	**Cross reference/direct answer**
19	**CEO commitment and leadership**	In the Annual Report, pages 4-9, our Chairman and Chief Executive confirm their commitment to sustainability and responsibility.
20	**Board adoption and oversight**	The process by which the Board adopts and oversees aspects of our sustainability and responsibility strategy is described in GRI 102-18 to 102-39, pages 15-22.
21	**Stakeholder engagement**	We engage stakeholders on two levels, local and global. At a local level, employees across the business engage their colleagues, local governments, customers, media, community groups and consumers on issues of immediate concern to them. At a global level, we engage investors, customers, suppliers and multinational organisations such as UN agencies and NGOs. Routine dialogue through the Corporate Relations function is critical to those engagement processes, with regular assessment of stakeholder sentiment within the various sectors, the review of which strengthens our engagement process and public policy activity. For more information, see the Stakeholder engagement section of the Annual Report, pages 12-13 and GRI 102-40 to 102-44, pages 22-23.

Our response to the Sustainability Accounting Standards Board (SASB)

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

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

WATER MANAGEMENT	
SASB metric	**Our response**
(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with high or extremely high baseline water stress	See GRI 303 in this document See page 42 of the Annual Report
Discussion of water management risks and description of management strategies and practices to mitigate those risks	See GRI 303 in this document See 28-29 and 42-43 of the Annual Report See our Water Blueprint

RESPONSIBLE DRINKING AND MARKETING	
SASB metric	**Our response**
Percentage of advertising impressions made on individuals above the legal drinking age	All advertising impressions are targeted to those above the legal drinking age; see the Diageo Marketing Code for more details See page 25 of the Annual Report for breaches of our Marketing Code
Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	See GRI 417-03 in this document See page 25 of the Annual Report
Total amount of monetary losses as a result of legal proceedings associated with labelling and/or marketing practices	See Note 18 of the Financial statements, pages 163-166 of the Annual Report, for details of contingent liabilities and legal proceedings See page 25 of the Annual Report for details of breaches of marketing practices
Description of efforts to promote responsible consumption of alcohol	See pages 24-25 of the Annual Report See www.diageo.com

PACKAGING LIFECYCLE MANAGEMENT	
SASB metric	**Our response**
(1) Total weight of packaging, (2) percentage made from recycled or renewable materials, (3) percentage that is recyclable or compostable	See GRI 301 in this document See pages 32-35 of the Annual Report
Description of strategies to reduce the environmental impact of packaging throughout its lifecycle	See GRI 301 in this document See pages 28-37 of the Annual Report See the sustainable packaging section of our website

Our response to the Sustainability Accounting Standards Board (SASB)

ENVIRONMENTAL AND SOCIAL IMPACT OF INGREDIENTS SUPPLY CHAIN	
SASB metric	**Our response**
Suppliers' social and environmental responsibility audit: (1) non-conformance rate, (2) associated corrective action rate for (a) major and (b) minor non-conformances	See GRI 414 in this document

INGREDIENT SOURCING	
SASB metric	**Our response**
Percentage of beverage ingredients sourced from regions with high or extremely high baseline water stress	See page 43 of the Annual Report for the location of our sites in water-stressed areas
	Omission: percentage of ingredients
List of priority beverage ingredients and description of sourcing risks due to environmental and social considerations	See GRI 301 in this document
	See pages 28-29 of the Annual Report

ACTIVITY METRIC	
SASB metric	**Our response**
Volume of products sold	See page 14 of the Annual Report
Number of production facilities	See GRI 103-01 in this document
Total fleet road miles travelled	See GRI 305-03 in this document

Reporting boundaries and methodologies

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

Reporting boundaries

Our reporting covers the global operations of Diageo plc in the financial year ended 30 June 2020. 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.

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 practically possible, 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

Environmental and safety data from joint ventures and associates where Diageo does not have operational control is not included.

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

Over the last three years, Diageo has made a number of disposals, notably United National Breweries in South Africa in 2019, and acquisitions of brands, distribution rights, and equity interests in premium drinks businesses. Please see Note 8 to the Financial statements in the Annual Report, pages 136-137, for details.

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, under the following headings:

- Positive drinking
- Environment
- Inclusive communities
- Our people
- Sustainable supply chains
- Governance and ethics
- Food safety and quality.

Positive drinking

Here we explain our methodology for the following:

- Educate 5 million young people, parents and teachers about the dangers of underage drinking
- Collect 50 million pledges never to drink and drive through #JoinThePact
- Reach 200 million people with moderation messages from our brands.

Educate 5 million young people, parents and teachers about the dangers of underage drinking

All our programmes are administered by third parties who count the number of attendees at each session and report those numbers to us. Our two largest programmes are 'Smashed', administered by Collingwood Learning, and 'Ask, Listen and Learn', administered by the Foundation for Advancing Alcohol Responsibility.

Collect 50 million pledges never to drink and drive through #JoinThePact

People sign up for #JoinThePact on our website, at our events, or through targeted social media campaigns. Signing up at events involves either doing so on a tablet (i.e. directly onto our website) or by signing on a wall. Signatures collected on a wall are recorded by one of our staff or partners and added to the overall total.

Our #JoinThePact campaign had reached 25.3 million people by the end of this year, and we are proud of its achievements in raising awareness. Building on what we have learnt from our drink driving interventions and feedback from our stakeholders, we are evolving our approach to focus on education programmes that promote changes in attitudes as a way to tackle drink driving. As a result, 2020 was our final year for #JoinThePact, and we will no longer include it in our reporting.

Reach 200 million people with moderation messages from our brands

The agencies that run our brand moderation campaigns collect data about numbers of consumers reached through advertising and marketing and report it to us. This year, our campaigns were Guinness Clear, Bundaberg, Captain Morgan and Crown Royal.

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
- Our targets
  1. Greenhouse gas emissions – referred to as carbon dioxide equivalent (CO_2e)
  2. Water use
  3. Wastewater polluting power as measured by biochemical oxygen demand (BOD)
  4. Waste to landfill
  5. Sustainable packaging
- Litres of packaged product (the denominator for determining efficiency indicators; both absolute and efficiency indicators are used for environmental measures).

The following methodologies take into account regulatory requirements applicable to our operations globally, industry codes of practice and voluntary guidance from external bodies.

PricewaterhouseCoopers LLP (PwC) has been appointed to provide limited assurance over selected environmental KPIs. See pages 92-93 here for PwC's full independent limited assurance opinion.

Reporting boundaries and methodologies

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 material changes are ratified by Diageo's Environmental Executive Working Group, chaired by the President, Global Supply and Procurement.

Reporting boundaries

Environmental data is collected and reported for all sites at which Diageo has operational control including office sites with more than 50 employees. The reporting boundaries are based on 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 operational control, is excluded from the reported environmental figures.

The environmental impacts associated with leased facilities and the carbon emissions associated with company vehicles and leased cars are also excluded and considered immaterial to the company's overall impacts. This is reviewed every three years to assess the data and extent of impacts.

The environmental data includes newly-acquired businesses and environmental impacts from new operational sites, as soon as practical and no later than one year after assuming operational control. The environmental data associated with any divestments is removed from the baseline, intervening years and current year to ensure relevant comparisons and consistent performance tracking towards targets.

We collect data on key measures of environmental performance every year. This is collated and analysed using a web-based environmental management system. For the reporting period 1 July 2019 to 30 June 2020, 205 sites in 45 countries reported environmental impact data.

Baselines

Diageo's baseline year, set as the financial year (FY) ended 30 June 2007, applies to all environmental targets with the exception of packaging, which has a baseline of (FY) 30 June 2009. The baselines have been established as set out here. The baseline data is used as the basis for calculating progress against Diageo's targets for CO_2e emissions, water use, BOD load to the environment and waste to landfill, first announced in September 2008 and further developed in 2015. 2007 as the baseline year is deemed to be appropriate in FY 2020 and the relevance of this is reviewed annually.

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 baseline year environmental impact data, and data for intervening years, are adjusted to reflect acquisitions, divestments, updates to databases for CO_2e emission factors, any errors in calculations, and any significant changes in reporting policy that result in a material change to the baseline of more than 1%. We also restate data where we can show that structural changes regarding outsourcing and insourcing have an impact of more than 1%.

In FY 2020, the baseline year environmental impacts and the impacts for the intervening years were restated to reflect changes to CO_2e emission factors and updated calorific values, as well as the sale of United National Breweries in South Africa.

Any restatements are carried out in accordance with the WRI/WBCSD Protocol, which defines the requirements for companies to restate environmental impacts for consistent tracking over time when they undergo significant structural changes. We deem this necessary to make meaningful historical comparisons.

The baseline year environmental impacts associated with acquisitions and bringing production in-house are primarily determined directly from the historical data records for production volumes, energy, water use and waste generated for the baseline year and intervening years. In certain cases, where historical data is unavailable, the environmental impacts for the baseline year and intervening years are extrapolated from current environmental impact data, based on production patterns.

The impact of these increases is absorbed within the group and does not impact our commitment to our 2020 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 judgement based on industry norms and/or historical data for similar site operation, these are highlighted within these reporting methodologies.

Our targets

In 2008 Diageo set environmental targets on baseline data from the financial year ended 30 June 2007. In December 2014 we announced a new set of sustainability and responsibility targets to be achieved by FY 2020, and which would apply from FY 2016 onwards. Since setting these targets and reporting our performance against them, we have incorporated a number of acquisitions and the FY 2007 baseline has been reset accordingly. The impact of these acquisitions on our 2020 environmental targets has been fully absorbed.

1. Greenhouse gas emissions – referred to as carbon dioxide equivalent (CO_2e)

CO_2e emissions data has been prepared in accordance with the WRI/WBCSD Protocol, Scope 2 guidance (amendment to the GHG Protocol Corporate Standard, 2015), Scope 3 calculation guidance (Corporate Value Chain (Scope 3)) and IPCC methodology in relation to ozone-depleting substances and fluorinated gases. A summary of the key elements of this standard and their application to Diageo's business is outlined below.

Scope

- **Scope 1 emissions** (i.e. direct CO_2e emissions) are defined as those from on-site energy consumption of fuel sources, such as gas, fuel oil, diesel, as well as fugitive and agricultural emissions. In keeping with WRI/WBCSD Protocol guidance relating to biofuels, Diageo reports CO_2e emissions attributable to CH4 and N2O only, and excludes direct CO_2 emissions for biomass, biogas and the biogenic element of biofuels. De minimis quantities, typically at office sites, to a maximum of 50 tonnes CO_2e, are excluded, as are the carbon emissions associated with biogas flaring and leased cars since they are considered immaterial to the company's overall impacts. These areas are routinely reviewed to reassess the materiality of the data.

- **Scope 2 emissions** (i.e. indirect CO_2e emissions) are defined as those from purchased electricity and heat.
- **Scope 3 emissions** (i.e. indirect CO_2e emissions) are defined as those that relate specifically to Category 4 of the Protocol – emissions from upstream transportation and distribution (e.g. suppliers, distribution and logistics). CO_2e emissions associated with the distribution and logistics component of the supply chain were first quantified for FY 2013 and are reported separately this financial year. In addition, the CO_2e emissions relating to all categories material to our supply chain include purchased raw materials, packaging, capital equipment, consumer use and disposal. These were first quantified for FY 2016. These are combined with direct operations and emissions associated with distribution and logistics (Category 4), providing a total supply chain carbon footprint. These are reported separately this financial year.

Carbon dioxide emissions from the fermentation process are excluded from our reported environmental data as these emissions are from a biological short cycle carbon source and are thus outside scopes 1, 2 and 3.

Calculation methodology and assumptions
Performance measure:

- Absolute volume of carbon emissions (in 1,000 tonnes of CO_2e) from energy use in the year.

CO_2e emissions data is externally reported in metric tonnes and is the measure used to compare the emissions from the six main greenhouse gases based on their global warming potential (GWP). The CO_2e emissions data is calculated on the basis of direct measurement of energy use (e.g. meter reads/ invoices) for the majority of sites. In certain limited instances (<1%*), where invoices are not available, for example due to timing differences, consumption is estimated. Fuel consumption is reported by fuel type at site level using the environmental management system. It is then converted to energy consumption, in kWh, by fuel type and multiplied by the relevant CO_2e emission factor to derive the total CO_2e emissions.

Scope 1 emission factors for fuels are typically UK BEIS average fuel CO_2e emissions factors and calorific values (the latest available at the start

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

of the reporting year). However, where product specific factors are available, these are applied.

As part of our strategy we have identified the opportunity to use a third party to process our distillery by-products through anaerobic digestion into biogas, which will generate green gas, for which we receive renewable energy attribute certificates. We have also purchased renewable energy attribute certificates to accelerate and support our decarbonisation strategy.

Carbon emissions from electricity (Scope 2) are reported as both market emissions and location emissions in line with the WRI/WBCSD Protocol Scope 2 amendment made in January 2015. Diageo's CO_2e reduction targets and reporting protocols since 2007 are based on market emissions applying emissions factors specified in energy attribute certificates, contracts, power purchase agreements and supplier utility emission as detailed in WRI/WBCSD Protocol Scope 2 guidance. The reporting of location (gross) emissions has been added to Diageo's protocols since FY 2014. For location-based reporting of grid electricity consumption, regional or subnational factors are used where available. These include, for example, CER (Ireland), BEIS (GB), the National Inventory Report (Canada), US eGRID (USA) and the Indian power sector report (India). In all other cases country or sub-regional factors are provided by the International Energy Agency (IEA).

2. Water use
Performance measure:

- Water use efficiency derived from total volume of water withdrawn, in cubic metres, by sites in the year/total packaged volume, in litres.

Diageo prepares and reports water withdrawal data from the sites over which it has operational control, using internally developed reporting methodologies based on the GRI Standards. In addition to tracking total water usage, Diageo also prepares and reports water efficiency, meaning the ratio of the amount of water consumed to produce one litre of packaged product.

Water-stressed locations and classification
The World Resource Institute Aqueduct tool, UN Definitions and internal survey information are used to determine the number of our sites that are located in water-stressed areas. In the current financial year, we have designated 34 of our production sites as being in water-stressed areas, identifying them as higher risk

in terms of sustainable water supply. These sites are subject to more intense water stewardship measures over and above our target to improve water efficiency by 50% by 2020.

Calculation methodology and assumptions
Diageo defines the total quantity of water withdrawals as water obtained from ground water, surface water, mains supply and water delivered to the site by tanker less any clean water provided back to local communities directly from a site. Uncontaminated water abstracted and returned to the same source under local consent, water abstracted from the sea, and rainwater collection are excluded from water usage data reported.

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 extent of water use at Diageo-operated agricultural lands (in Mexico, Brazil and Turkey), is quantified and reported separately.

Water withdrawals are measured primarily on the basis of meter reads and invoices for the majority of sites. In some limited instances estimations are used to calculate withdrawals. Water withdrawals are reported by source at site level using the environmental management system.

Water efficiency (water use rate), per litre of packaged product, is calculated by converting the total water withdrawal in cubic metres to litres, then dividing by the total packaged volume in litres.

3. Wastewater polluting power as measured by biochemical oxygen demand (BOD)
Performance measure:

- Wastewater pollution load to the environment measured in '000s tonnes of biochemical oxygen demand (BOD), by site in the year.

Much of the water used in brewing, distilling and beverage packaging facilities is used for cleaning process equipment, and such water becomes polluted with product residues. The strength of this pollution in the wastewater discharged as effluent is expressed as BOD. BOD is a direct measure of the polluting strength of effluent, and quantifies the oxidisable organic matter present in the wastewater or effluent stream.

Diageo measures and reports the final BOD load discharge to the environment outside of the site boundary that is directly treated and controlled and/or treated by third parties, consistent with international methods and literature describing

the determination of BOD impacts. Wastewater used for irrigation is excluded from reported BOD. The BOD load to the environment ('000's tonnes), that is attributable to Diageo's owned and operated wastewater treatment facilities, is covered by external independent assurance.

Calculation methodology and assumptions
The final BOD load to the environment is determined from the volume in cubic metres of site effluent multiplied by the BOD concentration in mg/l, and is expressed as '000's of tonnes.

Effluent volume is either determined from an on-site flow meter or by calculating a 'mass balance' formula/ratio of effluent volume: water withdrawal. In the limited instances where mass balance and ratios are applied, these are validated through industry standard coefficients for wastewater volume for brewing, distilling and packaging operations. The BOD concentration of the effluent is determined on a sample basis, from one of the following:

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

Data is reported at site level using the environmental management system.

4. Waste to landfill
Performance measure:

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

Diageo records the type and quantity of all waste to landfill using Diageo's internal environmental reporting methodologies and GRI Standards.

The definition of waste to landfill includes all hazardous waste and all unwanted or discarded material produced in solid, sludge or liquid form from manufacturing and office sites (except asbestos waste and/or other waste required by national or state legislation to be landfilled in either specified registered sites or other landfill sites). The definition includes all refuse, garbage, construction debris, treatment and process sludge, and materials that a site has been unable to reclaim, reuse, or recover.

Calculation methodology and assumptions
Sites collect primary waste data typically in the form of weighbridge tickets and invoices from waste handlers. Data is reported by waste type

at site level using the environmental management system. All waste to landfill is reported in metric tonnes.

We aim to achieve zero waste to landfill everywhere we operate. However, incidents may occur where small quantities of waste are sent to landfill by accident or due to operational changes such as acquiring new sites, changing who handles our waste, and issues with waste disposable suppliers. We consider we have achieved zero waste to landfill if we have disposed of less than 0.2%* of baseline 'waste to landfill' volume during the year.

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

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

- Packaging weight
- Recycled content
- 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 grammes and multiplying by the number of product lines (SKUs) affected on an annualised basis. Recycled content is determined by establishing the volume in grammes/kgs of non-virgin materials used to generate the pack components, and adjusting for current year changes to recycled content. Recyclability 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, based on the best available information.

Litres of packaged product
Litres of product packaged by sites and aggregated at group level is the denominator for efficiency indicators, for example water efficiency or where environmental impact areas are expressed in terms of efficiency as well as absolute measures.

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 and assumptions
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 at the point of production is not included in these figures.

Data is reported at site level using the environmental management system.

Inclusive communities

Here we explain the basis of calculation for:

- Setting baseline data and KPIs
- Women's empowerment beneficiaries
- Water, sanitation and hygiene beneficiaries
- Skills empowerment beneficiaries
- Community investment figures.

Setting baseline data and KPIs
We have KPIs for each of our community programmes, and baselines differ for each indicator. Learning for Life beneficiaries are counted from 1 July 2008. Women's empowerment beneficiaries are counted from 12 December 2012.

Women's empowerment beneficiaries
The number of women empowered is defined as direct participants in women's empowerment programmes, or in those programmes with a specific women's empowerment element.

Beneficiary data for each project is provided by either our in-market sustainable development leads or our implementation partners. Data is collected via an online survey tool completed by each country team and collated at global level.

Community WASH beneficiaries
Our implementation partners provide us with beneficiary data for each project. To meet the criteria for a water, sanitation and hygiene (WASH) 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
- Have access to:
  - Sanitation (toilets)
  - Educational programmes on hygiene.

Skills empowerment beneficiaries
Beneficiaries are defined as direct participants in Diageo-funded programmes, including Learning for Life. Data is collected by our training partners via standardised surveys, and averages are reported by market via an online data collection tool. Alongside the number of beneficiaries, many market teams also track demographic information (age and gender), the number of hours spent training (meeting local certification standards), participant satisfaction rate, the number of participants who perform internships, and participants' increase in income after completing the programme.

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

Cash, in-kind donations, programme delivery costs and employee time contributions are recorded by local markets using an online data collection tool.

Our people
Here we explain the basis of calculation for:
- Setting baseline data and targets
- Lost-time accident (LTA) frequency rate
- Fatalities
- Employee profile data
- Women in senior management positions
- Engagement results.

PricewaterhouseCoopers LLP (PwC) has been appointed to provide limited assurance over selected safety KPIs. See pages 92-93 for PwC's full independent limited assurance opinion.

Setting baseline data and targets
Baseline information differs between metrics. Employee profile information and engagement results are calculated annually, and for this year, they were calculated at the year ended 30 June 2020. Lost-time accident (LTA) frequency has a baseline of 30 June 2010, with targets set for 2020, and phased incremental targets set each year.

Reporting boundaries for safety data
Safety data is collected and reported for all sites at which Diageo has full operational control, including all office sites. The safety data includes newly-acquired businesses as soon as practical, and no later than one year after we have assumed operational control. Safety data associated with any divestments during the current reporting year is excluded from reporting in the current period.

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

An LTA is defined as any work-related incident resulting in injury or illness, where a healthcare professional or Diageo recommends one or more full days away from work or where a job restriction is required. Where individuals self-certify their absence in the absence of a healthcare professional or Diageo recommendation, these are not included as LTAs.

We consider an injury or illness to be work-related when an event or exposure in the work environment (including people working at home) either (1) caused or contributed to the resulting condition, or (2) significantly aggravated a medically-documented and treated pre-existing injury or illness. Due to the ongoing impact of Covid-19 and FTEs having to work from home, we have looked closely into what home-working injuries should be in scope for reporting. For example, an injury would be in scope if caused by an activity involving work-related equipment, such as an employee injuring a finger by getting it trapped in a laptop cover.

LTA numbers also include any FTE work-related fatalities.

In line with industry best practice, for the purposes of calculating LTAs and FTEs we include all employees, temporary staff and contractors who work under our direct day-to-day supervision in our definition of 'employee'.

Total Recordable Accident Frequency Rate (TRAFR)
TRAFR is defined as the sum of all work-related lost-time accidents (inc Diageo fatalities, FTE and non FTE LTAs), FTE medical treatment cases (MTCs), non FTE MTCs (permanent site-based contractors) expressed as a rate per 1,000 FTEs and non FTEs.

Calculation methodology and assumptions
At all sites (operational, corporate office, remote commercial and remote home-working environment), when an incident occurs, the local line manager and local health and safety team will initiate an accident investigation and root cause analysis. If the accident is classified as an LTA, then the local health and safety representative will escalate to the site leadership team, who will in turn escalate to regional, market and global leadership.

Each month, sites are required to submit (a) details associated with all incidents, accidents and LTAs, and (b) FTE data for their site. FTE data is primarily obtained directly from the global HR/payroll system or estimated using employee numbers, average number of hours worked, absences and overtime information if actual data is not readily available.

Safety data and FTE data is reported at site level using the global data management system.

Fatalities
Fatalities include any employee work-related fatality arising in their day-to-day work environment, or any work-related fatalities occurring to third parties and contractors (non FTEs), while on Diageo's premises.

Employee profile data
Total employee data comprises our average number of full-time equivalent employees. It is captured globally through financial and human resources (HR) information and reporting systems. New hires and leavers data considers the total number of employees, irrespective of type of contract. Gender data is collected by region. The majority of the gender information is collected from our global HR system. A few markets, however, are not yet using the global HR system. For those markets, the HR teams provided gender information at the market level from their local HR and finance systems.

Women in senior management positions
Gender data is collected by region. The majority of the gender information is collected from our global HR system. A few markets, however, are

not yet using the system, and in these markets the HR teams provided gender information from their local HR and finance systems.

Engagement results

Engagement is usually assessed through our annual employee survey, Your Voice, administered by Karian and Box. In 2019 the data represented 94% of those able to participate (22,615 of the 24,129 invited) compared with 94% in 2018.

This year, Covid-19 meant we did not conduct Your Voice. Instead we established a pulse survey to measure engagement and listen to feedback from employees on their experience of working during the pandemic. We recognise that the results of this survey do not represent a like-for-like comparison with previous years.

Sustainable supply chains

Here we explain the basis of calculation for:

- Setting baseline data and targets
- Local sourcing in Africa
- SEDEX self-assessment
- Audits of highest-risk suppliers
- Sustainable paper and board packaging.

Setting baseline data and targets

All performance figures against targets are for the period from 1 July 2019 to 30 June 2020 unless otherwise stated.

Exclusions

Supplier CDP water data does not include suppliers of our India business, which are currently not part of this programme.

Local sourcing in Africa

Our target is to source 80% of agricultural materials locally across Africa by 2020. 'Local' is defined as materials of agricultural origin sourced within Africa and used in our African operations to produce our brands.

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

SEDEX self-assessment

Self-assessment data is provided to us in reports run from the Supplier Ethical Data Exchange (SEDEX), a not-for-profit organisation that enables 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

SEDEX, linked their operating sites with ours, and then completed the self-assessment or submitted any other performance-related data.

Audits of highest-risk suppliers

A supplier is assessed as a potential high risk by considering location, category type and spend. We have only reported the number of audits of supplier sites assessed as a potential high risk, rather than all suppliers linked to Diageo on SEDEX that have an ethical audit.

Audits are conducted by independent third-party auditing companies trained to SEDEX Members Ethical Trade Audit (SMETA) protocols or equivalent. The breakdown of our audit compliance data in this report relates to both audits requested by Diageo and audits from industry-wide mutual recognition programmes. Audits are valid for three years, and our data relates to the most recent audit at a site.

The number of supplier sites assessed as a potential high risk decreased from 413 to 412 due to changes in our supply base.

Sustainable paper and board packaging

The percentage of sustainably sourced paper and board packaging reported relates to the 98% of suppliers who responded to our request for information and not our total supply base, and is based on data reported for the final quarter of our financial year 2020. The data from our suppliers is self-reported.

Governance and ethics

Here we explain the basis of calculation for:

- Annual Certification of Compliance
- SpeakUp
- Reported and substantiated breaches.

Annual Certification of Compliance

We ask all employees at manager-level and above and in certain non-manager roles to confirm their understanding and commitment to their compliance and ethics accountabilities in the Annual Certification of Compliance (ACC). The ACC and Code of Business Conduct eLearning are integrated and delivered through the global online training tool, Diageo Academy, which holds a record of who has participated. Participation records are reported to market and function leadership teams, and reviewed by Business Integrity managers.

SpeakUp

Our SpeakUp whistleblowing telephone service and on-line portal **www.diageospeakup.com** are communicated to all employees and third

parties, and are available in all 20 of our Code languages. The service is run by an independent external party 24 hours a day, 365 days a year. All reports received are triaged by representatives from Global Business Integrity and Global Corporate Security teams. When reports relate to discrimination and harassment or other HR related issues, a representative from Global HR will be involved in the triage process to provide expertise in handling of these cases. Investigators are appointed when required and appropriate remediation, including disciplinary consequences, are put in place where allegations are substantiated.

Oversight is provided by in-market Business Integrity managers or, in more serious cases, members of the Global Business Integrity team, Global Legal or Global HR teams.

Reported and substantiated breaches

Prior year numbers of substantiated breaches and code-related leavers are updated to include the outcomes of those reports made in one financial year but for which the investigation and any associated disciplinary actions are not closed until the following financial year, after the Annual Report has been published. This enables a full and accurate year-on-year comparison to be made.

Food safety and quality

Here we explain the basis of calculation for:

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

Packaging defects (ppm)

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

Total concerns (complaints)

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

External assurance: PwC

Independent Limited Assurance Report to the Directors of Diageo plc

The Board of Directors of Diageo plc ("Diageo") engaged us to provide limited assurance over selected information to be reported in Diageo's Annual Report and Sustainability & Responsibility Performance Addendum for the year ended 30 June 2020.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 30 June 2020 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

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

Selected Information

The scope of our work was limited to assurance over the information marked with the symbol Δ in Diageo's Sustainability & Responsibility ("S&R") Performance Addendum 2020 and Diageo's Annual Report 2020 ("Annual Report 2020"), the "Selected Information".

We assessed the Selected Information using Diageo's Reporting Methodologies (the "Reporting Criteria") as set out on pages 86-91 of the S&R Performance Addendum 2020. Our assurance does not extend to information in respect of earlier periods or to any other information included in the S&R Performance Addendum 2020.

Environmental and Safety indicators	Reported number
Direct and indirect carbon emissions by weight (market/net based) (1,000 tonnes CO_2e)	507
Direct and indirect carbon emissions by weight (location/gross based) (1,000 tonnes CO_2e)	711
Total direct (renewable and non-renewable) energy consumption (TJ)	10,798
Direct and indirect energy efficiency (MJ/litre packaged)	3.5
Market based (net) intensity ratio of GHG emissions (g CO_2e per litre of packaged product)	141.9
Location based (gross intensity) ratio of GHG emissions (g CO_2e per litre of packaged product)	199.17
Percentage reduction in absolute carbon emissions (direct and indirect carbon emissions by weight (market / net based)) from the prior year	8.7%
Total volume packaged (litres)	3,569,759,444
Total mains water withdrawn (cubic metres)	7,842,713
Total ground water withdrawn (cubic metres)	6,821,238
Total surface water withdrawn (cubic metres)	1,851,015
Water use efficiency per litre of product packaged (litres/litre)	4.62
Percentage improvement in litres of water used per litre of product packaged from the prior year (percentage)	2.1%
Wastewater polluting power ('BOD'), total under direct control (tonnes)	19,143
Percentage reduction in wastewater polluting power ('BOD'), total under direct control (tonnes)	6.8%
Total volume of waste sent to landfill (tonnes)	1,814
Percentage reduction in total waste sent to landfill from the prior year	39%
Lost time accident frequency rate per 1,000 full-time employees.	0.60

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and Quality Control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and which is at least as demanding as Part A and Part B of the IESBA Code of Ethics. We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent team with experience in sustainability reporting and assurance.

External assurance: PwC

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria, which Diageo is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at June 2020.

Work done

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

- made enquiries of Diageo's management, including those with responsibility for management and group reporting of S&R data;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. We performed virtual site tours using live feed streaming under our direction for 11 sites in order to understand the key processes and controls for reporting site performance data to the group team. Sites were selected based on their inherent risk and materiality to the group;
- performed limited substantive testing remotely on a selective basis of the Selected Information for 11 sites to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Selected Information.

Diageo's responsibilities

The Directors of Diageo are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the content of the S&R Performance Addendum 2020 and Annual Report 2020.

Our responsibilities

We are responsible for:

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

This report, including our conclusions, has been prepared solely for the Board of Directors of Diageo in accordance with the agreement between us, to assist the Directors in reporting Diageo's performance and activities. We permit this report to be disclosed in the S&R Performance Addendum 2020 and online[1] at www.diageo.com/en/in-society/our-role-in-society/our-reporting for the year ended 30 June 2020, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Diageo for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
4 August 2020

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

External assurance: London Benchmarking Group

Assurance statement

Diageo community contribution 2019-2020

Diageo is an active member of LBG: the international standard for measuring companies' contribution to communities. LBG's measurement model helps businesses to improve the management, measurement and reporting of their community investment programmes and activities. It moves beyond charitable donations to include the full range of contributions (in time, in kind and in cash) made to community causes, and assesses the actual results for the community and for the business. (See www.lbg-online.net for more information).

As managers of LBG, Corporate Citizenship has worked with Diageo to ensure that it understands the LBG model and that the reported community investment programmes and contributions are in line with the LBG principles of measurement. Having conducted an assessment, we are satisfied that this has been achieved during the year to 30th June 2020. Our work has not extended to an independent audit of the data.

Commentary

Diageo's community contributions are a subset of a wider programme of 'Diageo in Society' activity, which has two key strands:

- Promoting positive drinking – programmes that prevent and reduce alcohol misuse, working with others to raise awareness and change people's attitudes and behaviour
- Grain to glass sustainability – programmes and partnerships to empower women, develop skills and improve water access and quality in communities around the world

Diageo aims to include as community contributions only those items concerning alcohol that extend beyond its core responsibilities as an alcohol company and that:

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

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

Corporate Citizenship
www.corporate-citizenship.com
June 2020