Annual statement by the *Chair of the Remuneration Committee*

Dear Shareholder

I am pleased to present the Directors' remuneration report for the year ended 30 June 2024, which contains:

- The current Directors' remuneration policy, which was approved at the AGM on 28 September 2023; and
- The annual remuneration report, describing how the Remuneration Policy has been put into practice in 2024 and will be implemented in 2025.

This is the first year of operation of the new remuneration policy and the new Diageo Long-Term Incentive Plan (DLTIP) approved last year. On behalf of the Committee I would like to express my thanks to shareholders for their overwhelming support with 95.4% of the AGM votes cast in favour of the new Policy.

CFO transition

On 3 May 2024, we announced that Lavanya Chandrashekar will step down from the role of Chief Financial Officer (CFO) in fiscal 25 and leave Diageo, and that Nik Jhangiani will become the new CFO. Lavanya's remuneration arrangements, which confirm the Committee exercised its discretion to treat her as a good leaver for the purposes of incentives, are set out on page 144 and Nik's remuneration arrangements are disclosed in the 'Looking Ahead to 2025' section of this report (page 146). In addition to his annual remuneration, Nik will receive compensation for incentive plan awards forfeited from his previous employer. Full details of the one-off compensation awards will be disclosed at the time they are confirmed and will be reported in next year's report. Both sets of arrangements are in accordance with the Remuneration Policy.

Performance in year

Fiscal 24 was a challenging year for Diageo and despite macroeconomic and geopolitical headwinds, we delivered strong full-year cash flow and improved market share. Against rapid fluctuations in our industry, we focused on the key drivers of operational excellence, developing insights into consumers, resource allocation, routes to market and driving efficiencies in our business that will set us up to take advantage of the next stage of growth.

During the year, the company maintained its position as a global leader in spirits and demonstrated its capabilities as one of the world's best brand builders. Our advantaged portfolio which is balanced across geographies and price tiers enables us to both premiumise and attract new consumers.

Organic net sales and organic operating profit declined during fiscal 24, primarily driven by our Latin American business performance. We delivered $0.7 billion in productivity savings across all cost categories, gained or held share in over 75% of our net sales value in measured markets and generated free cash flow of $2.6 billion.

Non-financial measures are a critical indicator for building a platform for future sustainable growth and we are pleased that we have demonstrated progress in the measures that are aligned with our 'Spirit of Progress' action plan. These included a greenhouse gas emission reduction of 23.8% and water efficiency improvement of 15.6%, both compared to fiscal 20 baseline and strong performance in the diversity of our global leadership, maintaining female representation at 44% and increasing ethnically diverse leadership to 46%.

In this year's report

Looking back on 2024

Looking ahead to 2025

Incentive outcomes

Achieving our ambition to be the best performing, most trusted and respected consumer products company in the world requires the appropriate balance of annual and long-term incentive measures and a process to ensure that targets that are set are challenging but achievable and aligned to shareholders' interests.

In determining the annual and long-term incentive outcomes, the Committee reviews not only the outcomes against the performance metrics in the plans, but also considers Diageo's wider business performance including market share performance, financial performance relative to our TSR peer group, and other financial and non-financial measures. The Committee also considers the impact on Diageo's stakeholders more broadly.

Annual incentive

The annual incentive plan (AIP) outcomes for 2024 relating to net sales value (NSV) and operating profit (OP) were below threshold and operating cash conversion (OCC) was close to target which led to a payment of 16% of maximum on financials. Further detail is provided on page 135. The Committee considered this outcome against the business performance and concluded that the design of the AIP worked effectively in aligning reward and performance and the outcome was fair.

The AIP also includes individual bonus objectives (IBOs) and the outcomes for the Executive Directors are set out in more detail on page 135. As a result of the financial and individual performance for fiscal 24, Debra Crew received 24.8% of maximum and Lavanya Chandrashekar received 22.8% of maximum.

Long-term incentives

In terms of the DLTIP vesting outcomes for the three-year performance period ending 30 June 2024, an exceptional level of delivery in the early part of the three-year period resulted in an achievement of 8.7% compound annual growth in NSV and therefore a vesting of 94% of maximum. The compound annual growth in profit before exceptional items and tax (PBET) was 6.9% which resulted in a vesting of 24% of maximum. Free cash flow (FCF) was $9,798 million and total shareholder return (TSR) ranked 14th in our peer group and both were below threshold of the range.

The 2021 performance share awards also included metrics which were in support of our 'Spirit of Progress' action plan. The four metrics measure an increase in water efficiency, reduction in carbon emissions, promotion of positive drinking and building diversity representation in leadership. Demanding three-year targets were established for our goals in this area and the achievement across all of these resulted in a 46% level of vesting for these non-financial measures. The detail of the performance against these metrics is set out on page 137 and more information on the 'Spirit of Progress' action plan is at pages 48-76.

Overall this resulted in a final vesting outcome of 58.9% of maximum for the 2021 performance share award for the CEO and 56.5% for the CFO. The share option awards will not vest for either Director.

The Committee believes that the DLTIP drove the desired behaviours to support the company's values and strategy and that the Directors' remuneration policy has operated as intended in 2024. The Committee will continue to make sure the metrics and structure of the DLTIP are appropriate in the future as the business continues to evolve.

Looking forward to 2025

The 1 October 2024 salary increase proposed for Debra Crew is 4.25% which is slightly below the expected average salary increase budget for the wider workforce in the United Kingdom. The salary for the newly appointed CFO will next be reviewed on 1 October 2025.

The structure and performance measures for both the annual and long-term incentives remain unchanged for fiscal 25 for Executive Directors. The annual incentive plan will continue to include NSV, OP and OCC with relevant strategic IBOs for the Executive Directors.

The long-term incentive plan measures continue to drive the key drivers of sustainable business performance and remain unchanged with a combination of financial metrics (NSV and PBET growth, cumulative FCF and relative TSR) and non-financial metrics related to our 'Spirit of Progress' action plan. The Committee set fiscal 25 financial targets by considering a number of factors including historical performance, consumer trends amid ongoing macroeconomic challenges, market conditions and the competitive landscape. These targets align with our focus on achieving our medium-term guidance ranges.

In summary

Diageo's resilient performance despite a challenging consumer environment is reflected in the incentive outcomes and the decisions that the Committee has made. The outcomes are in line with the company's philosophy of delivering competitive pay in return for high performance against the company's strategic objectives.

The Committee recognises that a key enabler of the strategy is the company's ability to attract and retain diverse and engaged talent with a focus on our culture and values. To achieve this, we must ensure that remuneration structures remain competitive at all levels. Diageo is a global business with global and local market leading brands and we therefore compete for talent in a global marketplace. The topic of retention of high calibre talent at all levels is one that is regularly considered by the Committee.

During 2025 Javier Ferrán will retire as Chair and we welcome Sir John Manzoni as his successor. It has been a pleasure to work with Javier and I wish to personally thank him for his wise counsel and leadership of the Board. Alongside a new Chair, we will also see a transition in CFO as I noted at the start of my statement, and I extend my thanks to Lavanya for her hard work and support to the Committee and look forward to working with Nik in the coming months.

On behalf of the Committee I would like to thank all our investors, employees and stakeholders for their continued support and I ask that shareholders vote to approve this report at the AGM on 26 September 2024.

Susan Kilsby
Non-Executive Director
and Chair of the Remuneration Committee

Remuneration principles

The approach to setting executive remuneration continues to be guided by the remuneration principles set out below. The Committee considers these principles carefully when making decisions on executive remuneration in order to strike the right balance between risk and reward, cost and sustainability, and competitiveness and fairness.

The company has a strategy to grow and leverage its leaders globally given the international nature of the business. We also need to have the right tools in place to source talent globally and the increasingly restrictive corporate governance environment in the United Kingdom presents some challenges when considered against the significantly higher pay norms in the United States and other parts of the world, particularly given the increasing international mobility of the senior talent pool.

Long-term value creation for shareholders and pay for performance remains at the heart of our remuneration policy and practices. Attracting and nurturing a vibrant mix of international talent with a range of backgrounds, skills and capabilities enables Diageo to grow and thrive, and ultimately to deliver our Growth Ambition. Remuneration remains a key part of attracting and retaining the best people to lead our global business, balanced against the need to ensure our packages are appropriate and fair in the business and wider employee context, delivering market-competitive pay in return for high performance against the company's strategic objectives.

Delivery of business strategy

Short and long-term incentive plans reward the delivery of our business strategy and Growth Ambition. Performance measures are reviewed regularly and stretching targets are set relative to the company's growth plans and peer group forecasted performance. The Committee seeks to embed simplicity and transparency in the design and delivery of executive reward.

Creating sustainable, long-term performance

A significant proportion of remuneration is delivered in variable pay linked to business and individual performance, focused on consistent and responsible drivers of long-term growth. Performance against targets is assessed in the context of underlying business performance and the 'quality of earnings'.

Winning best talent

Well designed and market-competitive total remuneration, with an appropriate balance of fixed reward and upside opportunity, allows us to attract and retain the best talent from all over the world in a competitive talent market, which is critical to our continued business success.

Consideration of stakeholder interests

Executives are focused on creating sustainable share price growth. The requirement to build significant personal shareholdings in Diageo, and to hold shares acquired from long-term incentive awards for two years post-vesting aligns executives and shareholders. Decisions on executive remuneration are made with consideration of the interests of the wider workforce and other stakeholders, as well as the external climate.

Remuneration at *a glance*

Salary	Allowances and benefits	Annual incentive	Long-term incentives	Shareholding requirement
Purpose				
• Supports the attraction and retention of the best global talent with the capability to deliver Diageo's strategy	• Provision of market-competitive and cost-effective benefits supports attraction and retention of talent	• Incentivises delivery of Diageo's financial and strategic targets • Provides focus on key financial metrics and the individual's contribution to the company's performance	• Rewards consistent long-term performance in line with Diageo's business strategy • Provides focus on delivering superior long-term returns to shareholders	• Ensures alignment between the interests of Executive Directors and shareholders
Key features of current policy				

• Normally reviewed annually on 1 October
• Salaries take account of external market and internal employee context
	• Provision of competitive benefits linked to local market practice
	• Maximum company pension contribution is 14% of salary, which is aligned to the offering for the wider workforce in the United Kingdom
		• Target opportunity is 100% of salary and maximum is 200% of salary
		• Performance measures, weightings and stretching targets are set by the Remuneration Committee
		• Subject to malus and clawback provisions
		• Executive Directors defer a minimum of one-third of earned bonus payment into Diageo shares held for three years
		• Remainder paid out in cash after the end of the financial year
			• Annual grant of performance shares and share options
			  • CEO award up to 500% of salary
			  • CFO award up to 480% of salary
			(% of salary for both CEO and CFO described in performance share equivalents)
			• Performance measures, weightings and stretching targets are set annually
			• Three-year performance period plus two-year retention period
			• Subject to malus and clawback provisions
			• Number of awards granted is based on a six-month average share price to 30 June preceding grant date
				• Minimum shareholding requirement within five years of appointment:
				  • CEO 500% of salary
				  • CFO 400% of salary
				• Post-employment shareholding requirement for Executive Directors of 100% of the in-employment requirement (or, if lower, their actual shareholding on cessation) to be retained in full for two years after leaving the company

Planned for year ending 30 June 2025				
• 4.25% salary increase for the CEO, below the annual salary budgets for the wider workforce in the United Kingdom • New CFO appointment from autumn 2024. No salary increase in fiscal 25	• Allowances and benefits unchanged from prior year • Company pension contributions 14% of salary	• Size of annual incentive award opportunity is unchanged from prior year. For fiscal 25, measures are net sales growth, operating profit growth and operating cash conversion, 80% in total weighted equally, with remaining 20% on individual objectives	• Performance measures are net sales growth, relative TSR, cumulative free cash flow, profit before exceptional items and tax and 'Spirit of Progress' measures • Size of long-term incentive award opportunity is in line with the policy	• No change to in-employment shareholding requirement • Post-employment shareholding in line with the Policy
Implementation in year ended 30 June 2024				
• 4% salary increase for the CFO, slightly below the annual salary budgets for the wider workforce in the United Kingdom and the United States • No increase for the CEO in fiscal 24 following appointment on 8 June 2023	• Allowances and benefits unchanged from prior year • Company pension contribution of 14% for CEO and CFO. Aligned to the UK workforce	• Payout of 16% of maximum for the financial elements of the plan • Total payout of 24.8% of maximum for the CEO and 22.8% for the CFO	• Vesting of 2021 performance shares at 58.9% of maximum for Debra Crew, and 56.5% of maximum for Lavanya Chandrashekar • The 2021 share options lapsed for both Debra Crew and Lavanya Chandrashekar	• As at 30 June 2024, Debra Crew's shareholding was 240% of salary (she has until June 2028 to meet her requirement) • As at 30 June 2024, Lavanya Chandrashekar's shareholding was 100% of salary (she had until July 2026 to meet her requirement)

Pay for performance at a glance

The charts below show performance outcomes against targets for the long-term and annual incentive plans. Targets under both incentive plans are set with reference to Diageo's strategic plan and the historical and forecasted performance of Diageo and its peers.

Long-term incentives (for the period 1 July 2021 to 30 June 2024)

Organic net sales growth

CAGR	Threshold	Midpoint	Maximum
	5.0%	7.0%	9.0%

Actual 8.7%

Cumulative free cash flow

Threshold	Midpoint	Maximum
$10,058m	$11,273m	$12,488m

Actual $9,798m

Organic profit before exceptional items and tax growth

CAGR	Threshold	Midpoint	Maximum
	6.5%	10.0%	13.5%

Actual 6.9%

Relative TSR ranking vs peer group

Threshold	Midpoint	Maximum
9th (median)	-	3rd (upper quintile)

Actual 14th

ESG measure	Unit of measurement	Threshold	Midpoint	Maximum	Actual
Carbon reduction	Reduction in greenhouse gas emissions (cum%)	19.1%	23.1%	27.1%	**19.6%**
Water efficiency	Improvement in water efficiency (cum%)	6.3%	9.2%	12.1%	**4.2%**
Positive drinking	Number of people who confirmed changed attitudes on the dangers of underage drinking following participation in a Diageo supported education programme	2.3m	3.0m	3.7m	**3.8m**
Inclusion & diversity	% female leaders globally	44%	45%	46%	**44%**
	% ethnically diverse leaders globally	39%	40%	41%	**46%**

Annual incentive (for the period 1 July 2023 to 30 June 2024)

Net sales growth

Threshold	Target	Maximum
3.1%	6.1%	9.1%

Actual -0.6%

Operating profit growth

Threshold	Midpoint	Maximum
1.4%	6.4%	11.4%

Actual -4.8%

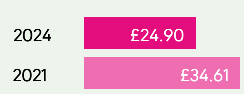
Operating cash conversion

Threshold	Target	Maximum
95%	100%	105%

Actual 99.6%

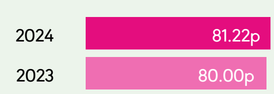
Diageo's share price growth over the period 30 June 2021 to 30 June 2024

(28.1)%



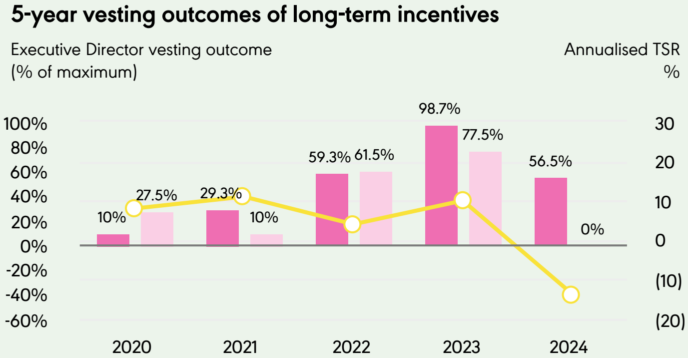
Growth in dividend distribution to shareholders in year ended to 30 June 2024

1.5%



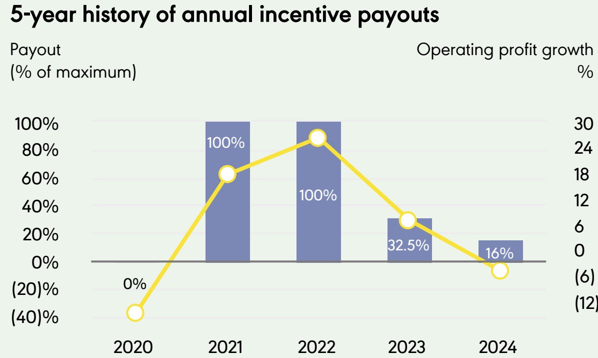
Historic reward outcomes under the annual and long-term incentive plans over the past five years are shown below. Vesting outcomes under the long-term incentive plan are shown against annualised total shareholder return for the three-year period ended in the year of vesting (i.e. annualised TSR for the three years ended 30 June 2024 is shown against the vesting outcome for the 2021 long-term incentive awards vesting in 2024). Outcomes against annual incentive financial measures are shown against organic operating profit growth for each respective financial year, as disclosed in prior-year annual reports.

5-year vesting outcomes of long-term incentives



- Performance shares
- Share options
- Annualised total shareholder return over three-year long-term incentive performance period

5-year history of annual incentive payouts



- Annual incentive payout (financial measures excluding individual business objectives)
- Organic operating profit growth (% on prior year)

Remuneration Committee Governance

Remuneration Committee

The Remuneration Committee consists of the following independent Non-Executive Directors: Susan Kilsby, Melissa Bethell, Karen Blackett, Valérie Chapoulaud-Floquet, Sir John Manzoni, Alan Stewart and Ireena Vittal. Susan Kilsby is the Chair of the Remuneration Committee and also the Senior Independent Director. The Chair of the Board and the Chief Executive are invited to attend Remuneration Committee meetings, except when their own remuneration is being discussed. The Chief Human Resources Officer and Global Performance and Reward Director are also invited by the Remuneration Committee to provide their views and advice. The Chief Financial Officer may also attend to provide performance context to the Committee during its discussions about target setting and incentive outcomes. The Remuneration Committee's terms of reference are available in the corporate governance section of the company's website and on request from the Company Secretary.

The Remuneration Committee is responsible for all executive remuneration decisions throughout the year, which includes setting financial targets for the annual and long-term incentive plans and the outcomes under these plans. The Committee considered the remuneration policy and practices in the context of the principles of the Corporate Governance Code, as follows:

Clarity – the Committee engages regularly with executives, shareholders and their representative bodies in order to explain the approach to executive pay;

Simplicity – the purpose, structure and strategic alignment of each element of pay has been laid out in the remuneration policy;

Risk – there is an appropriate mix of fixed and variable pay, and financial and non-financial objectives. There are robust measures in place to ensure alignment with long-term shareholder interests, including the DLTIP post-vesting retention period, shareholding requirement, bonus deferral into shares and malus and clawback provisions updated for prevailing legal and regulatory requirements. The Committee also considers the impact on behaviour of both the measures and targets set;

Predictability – the pay opportunity under different performance scenarios is set out in the approved Directors' remuneration policy (page 136 of the 2023 annual report);

Proportionality – executives are incentivised to achieve stretching targets over annual and three-year performance periods, and the Committee assesses performance holistically at the end of each period, taking into account underlying business performance and the internal and external context. The Committee may exercise discretion to ensure that payouts are appropriate; and

Alignment with culture – non-financial objectives may be incentivised under the individual business objective element of the annual incentive plan and 'Spirit of Progress' (ESG) priorities are incentivised under the long-term incentive plan, which reinforces the company's purpose and values. The design of remuneration, and the measures used, reflect Diageo's culture.

External advisors

During the year ended 30 June 2024, the Remuneration Committee received advice on Directors' remuneration from FIT. FIT was appointed by the Committee in October 2022 following a review of alternative providers and were selected on the basis of their understanding of the company's culture and business and the capability of their team.

The fees paid to FIT in fiscal 24 for advice provided to the Committee were £84,671. All fees were determined on a time and expenses basis.

The Committee is satisfied that FIT's engagement partners, and the teams that provide remuneration advice to the Committee, have no connections with Diageo that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. FIT does not provide Diageo with any other services. FIT is a founder member of the Remuneration Consultants Group (RCG) which is responsible for developing and maintaining the Code of Conduct for Consultants to Remuneration Committees of UK listed companies. FIT attended Remuneration Committee meetings during the year and the Committee is satisfied that the advice it has received has been objective and independent.

Statement of voting

The following table summarises the details of votes cast in respect of the resolutions on the Directors' remuneration policy and the Directors' remuneration report at the AGM on 28 September 2023. The Committee was pleased with the level of support shown for the Directors' Remuneration Policy and Report and appreciates the active participation of shareholders and their representative bodies in consulting on executive remuneration matters.

		For	Against	Total votes cast	Abstentions
Directors' remuneration policy	Total number of votes	1,663,080,546	80,098,370	1,743,178,916	1,023,145
	Percentage of votes cast	95.41%	4.59%	100%	n/a
Directors' remuneration report (excluding the policy)	Total number of votes	1,640,705,024	77,090,228	1,717,795,252	26,428,462
	Percentage of votes cast	95.51%	4.49%	100%	n/a

Directors' remuneration policy

This section of the report sets out the details of the 2023 Directors' remuneration policy which was approved by shareholders at the AGM on 28 September 2023 and which applied from that date. The Policy Considerations section has been updated to reflect the anticipated appointment of a new CFO in Autumn 2024, updated NED terms of appointment and employee engagement leadership.

The actual current approved policy can be found on the company's website at https://www.diageo.com/en/our-business/corporate-governance/remuneration-at-diageo.

As referenced in the Remuneration Committee Chair's statement, the Committee believes the current policy continues to support the business strategy.

The Committee reserves the right to make minor changes to the policy, where required for regulatory, tax or administrative reasons.

Base salary

Purpose and link to strategy

Supports the attraction and retention of the best global talent with the capability to deliver Diageo's strategy and performance goals.

Operation

- Normally reviewed annually or following a change in responsibilities with any increases usually taking effect from 1 October.
- The Remuneration Committee considers the following parameters when reviewing base salary levels:
  - Pay increases for other employees across the group.
  - Economic conditions and governance trends.
  - The individual's performance, skills and responsibilities.
  - Base salaries (and total remuneration) at companies of similar size and international scope to Diageo, with roles typically benchmarked against the FTSE 30 excluding financial services companies, or against similar comparator groups in other locations dependent on the Executive Director's home market as well as global consumer goods companies.

Opportunity

Salary increases will be made in the context of the broader employee pay environment, and will normally be in line with those made to other employees in the relevant markets in which Diageo operates, typically the United Kingdom and the United States, unless there is a change in role or responsibility or other exceptional circumstances.

Benefits

Purpose and link to strategy

Provides market-competitive and cost-effective benefits as part of remuneration packages designed to attract and retain the best global talent.

Operation

- The provision of benefits typically depends on the country of residence of the Executive Director and may include but is not limited to a company car or travel allowance, the provision of a contracted car service or equivalent, product allowance, life insurance, accidental death and disability insurance, medical and dental cover, tax support and tax return preparation costs.
- The Remuneration Committee has discretion to offer additional allowances, or benefits, to Executive Directors, if considered appropriate and reasonable. These may include, but are not limited to, relocation expenses, housing allowance and school fees where a Director is asked to relocate from his/her home location as part of their appointment. Where appropriate, for example in relation to relocation benefits, the company may also meet the tax costs associated with the benefit provision.

Opportunity

- The benefits package is set at a level which the Remuneration Committee considers:
  - provides an appropriate level of benefits depending on the role and individual circumstances;
  - is appropriate in the context of the benefits offered to the wider workforce in the relevant market; and
  - is in line with comparable roles in companies of a similar size and complexity in the relevant market.

Post-retirement provision

Purpose and link to strategy

Provides competitive post-retirement benefits which are part of remuneration packages designed to attract and retain the best global talent.

Operation

- Provision of market-competitive pension arrangements or a cash alternative based on a percentage of base salary.

Opportunity

- The maximum pension contribution, or cash alternative allowance, for Executive Directors is 14% of salary. The current CEO and CFO receive a pension contribution of 14% of salary, in line with the UK workforce.

Annual Incentive Plan (AIP)

Purpose and link to strategy

Incentivises delivery of Diageo's annual financial targets and the achievement of key individual objectives which are chosen to align with the business strategy and create a platform for sustainable longer-term performance. Compulsory deferral of a minimum of one-third of any annual incentive earned into shares for three years promotes longer-term alignment of Executive Directors' interests with shareholders' interests.

Operation

- Performance measures, weightings and targets are set by the Remuneration Committee. Appropriately stretching targets are set by reference to the operating plan and historical and projected performance for the company and its peer group.
- The level of award is determined with reference to Diageo's overall financial and strategic performance and individual performance.
- A minimum of one-third of the actual earned bonus payment is normally deferred into a share award (pre-tax deferral) or owned shares (post-tax deferral) under the Deferred Bonus Share Plan, to be held for a minimum period of three years, other than in exceptional circumstances. The remainder of the bonus payment is paid out in cash after the end of the financial year.
- The Remuneration Committee has discretion to adjust the level of payment if it is not deemed to reflect appropriately the individual's contribution or the overall business performance. Any discretionary adjustments will be detailed in the following year's annual report on remuneration.
- The Remuneration Committee has discretion to apply malus or clawback to bonus as detailed in the 'Malus and Clawback' section below.
- In the case of pre-tax deferral, notional dividends accrue on deferred bonus share awards, delivered as shares or cash at the discretion of the Remuneration Committee at the end of the vesting period (on post-tax deferral into owned shares, actual dividends are payable).

Opportunity

For threshold performance, up to 50% of salary may be earned, with up to 100% of salary earned for on-target performance and a maximum of 200% of salary payable for outstanding performance. The maximum includes the deferred share element but excludes dividend equivalents payable in respect of deferred share awards.

Performance conditions

Annual incentive plan awards are normally based 70%-100% on financial measures which may include, but are not limited to, measures of sales, profit and cash, and 0%-30% on broader objectives based on strategic goals and/or individual contribution.
The Remuneration Committee has discretion to amend the performance measures in exceptional circumstances if it considers it appropriate to do so, e.g. in cases of accounting policy changes, merger and acquisition activities or disposals. Any such amendments would be fully disclosed and explained in the following year's annual report on remuneration.

Diageo Long-Term Incentive Plan (DLTIP)

Purpose and link to strategy

Provides a long-term incentive to achieve key performance measures which support the company's strategy, and to align interests with shareholders.

Operation

- An annual grant of performance shares and/or market-price share options which vest subject to a performance test and continued employment, normally over a period of three years.
- Measures and stretching targets are reviewed annually by the Remuneration Committee for each new award.
- The Remuneration Committee has the authority to exercise discretion to adjust the vesting outcome based on its assessment of the overall business performance over the performance period. This may include the consideration of factors such as holistic performance relative to peers, stakeholder outcomes and significant investment projects, for example.
- Following vesting, there is normally a further retention period of two years. Executive Directors are able to exercise an option or sell sufficient shares to cover any tax liability when an award vests, provided they retain the net shares arising for the two-year retention period.
- Notional dividends accrue on performance share awards to the extent that the performance conditions have been met, delivered as shares or cash at the discretion of the Remuneration Committee at the end of the vesting period.
- The Remuneration Committee has discretion to apply malus or clawback to bonus as detailed in the 'Malus and Clawback' section below.

Opportunity

- The maximum annual grants for the Chief Executive and Chief Financial Officer are 500% and 480% of salary in performance share equivalents respectively (where a market-price option is valued at one-third of a performance share). Included within that maximum, no more than 375% of salary will be awarded in face-value terms in options, with the balance awarded in performance shares, to any Executive Director in any year.
- Awards vest at 20% of maximum for threshold performance and 100% of maximum if the performance conditions are met in full. The vesting schedule related to the levels of performance between threshold and maximum, including whether or not this will include an interim stretch performance level, will be determined by the Remuneration Committee on an annual basis and disclosed in the relevant remuneration report for that year. There is a ranking profile for the vesting of the part of the award based on relative total shareholder return, starting at 20% of maximum for achieving the threshold.

Diageo Long-Term Incentive Plan (DLTIP) continued

Performance conditions

The vesting of awards is linked to a range of measures which may include, but are not limited to:

- a growth measure (e.g. net sales growth, operating profit growth);
- a measure of efficiency (e.g. operating margin, cumulative free cash flow, return on invested capital);
- a measure of Diageo's performance in relation to its peers (e.g. relative total shareholder return); and
- a measure relating to our 'Spirit of Progress' (environmental, social or governance) priorities.

Measures that apply to performance shares and market-price options may differ, as is the case for current awards. Weightings of these measures may also vary year-on-year.

The Remuneration Committee has discretion to amend the performance conditions in exceptional circumstances if it considers it appropriate to do so, e.g. in cases of accounting policy changes, merger and acquisition activities or disposals. Any such amendments would be fully disclosed and explained in the following year's annual report on remuneration.

Malus and Clawback

Under the AIP and DLTIP, the Remuneration Committee has discretion to apply malus and clawback in the circumstances specified in the applicable malus and clawback policy from time to time in place, for example:

- Material misstatement of results or an error resulting in overpayment.
- Risk failure resulting in material financial loss or any business area being the subject of a regulatory investigation or in breach of regulation.
- Employee misconduct/disciplinary action.
- Employee accountability for material reputational damage to the group which could have been avoided.
- In respect of the application of malus, deterioration in the financial situation of the group which limits the ability to fund incentive awards.
- Any other matter which, in the reasonable opinion of the Remuneration Committee, is required to be considered to comply with prevailing legal and/or regulatory requirements.

The malus and clawback provisions may be invoked for one year following an AIP cash payment and two years following a DLTIP vesting. Where the Remuneration Committee determines that malus and/or clawback will apply, the Remuneration Committee has discretion to determine the basis of application and the means by which malus and/or clawback will be implemented.

The malus and clawback policy will be reviewed from time to time to ensure that the policy is compliant with any regulatory requirements, such as the NYSE listing rules.

All-employee share plans

Purpose and link to strategy

To encourage broader employee share ownership through locally approved plans.

Operation

- The company operates tax-efficient all-employee share acquisition plans in various jurisdictions.
- Executive Directors' eligibility may depend on their country of residence, tax status and employment company.

Opportunity

- Limits for all-employee share plans are set by the tax authorities. The company may choose to set its own lower limits.

Performance conditions

- Under the UK Share Incentive Plan, the annual award of Freeshares may be based on Diageo plc financial measures which may include, but are not limited to, measures of sales, profit and cash.

Shareholding requirement

Purpose and link to strategy

- Ensures alignment between the interests of Executive Directors and shareholders.

Operation

- The minimum in-employment shareholding requirement is 500% of base salary for the Chief Executive and 400% of base salary for any other Executive Directors.
- Executive Directors are normally expected to build up their in-employment shareholding within five years of their appointment to the Board.
- Shares that count towards these minimum shareholding requirements are shares beneficially held by the Executive Director and their connected persons, including Deferred Bonus Share Plan (DBSP) shares within the three-year deferral period, on a net (if post-tax deferral)/notional net (if pre-tax deferral) of tax basis.
- Executive Directors are restricted from selling more than 50% of shares which vest under the long-term incentive plan or deferred bonus share plan (excluding the sale of shares to cover tax on vesting and other exceptional circumstances to be specifically approved by the Chief Executive and/or Chair), until the shareholding requirement is met.
- In order to provide further long-term alignment with shareholders, Executive Directors will normally be expected to maintain a Diageo shareholding of 100% of the in-employment shareholding requirement (or, if lower, their actual shareholding on cessation) for two years after leaving the company.
- The Executive Directors enter into a deed undertaking to comply with the requirement and committing to hold the required number of shares in a specified nominee account.

Chair of the Board and Non-Executive Directors' fees

Purpose and link to strategy

- Supports the attraction and retention of world-class talent and reflects the value of the individual, their skills and experience.

Operation

- Fees for the Chair and Non-Executive Directors are normally reviewed every year.
- A proportion of the Chair's annual fee may be used for the monthly purchase of Diageo ordinary shares, which have to be retained until the Chair retires from the company or ceases to be a Director.
- Fees are reviewed in light of market practice in the FTSE 30, excluding financial services companies, and anticipated workload, tasks and potential liabilities.
- The Chair and Non-Executive Directors do not participate in any of the company's incentive plans nor do they receive pension contributions or benefits. Their travel and accommodation expenses in connection with attendance at Board meetings (and any tax thereon) are paid by the company.
- The Chair and the Non-Executive Directors are eligible to receive a product allowance or cash equivalent at the same level as the Executive Directors.
- All Non-Executive Directors have letters of appointment. A summary of their terms and conditions of appointment is available at www.diageo.com. The Chair of the Board, Javier Ferrán, was re-appointed on 6 October 2022 for a three-year term, terminable on three months' notice by either party or, if terminated by the company, by payment of three months' fees in lieu of notice.

Opportunity

- Fees for Non-Executive Directors are within the limits set by the shareholders from time to time, with an aggregate limit of £1,750,000, excluding the Chair's fees.

Policy considerations

Performance measures

Further details of the performance measures under the fiscal 25 annual incentive plan and measures and targets for DLTIP awards to be made in September 2024, are set out in the annual report on remuneration, on page 146. Annual incentive targets will be disclosed retrospectively in next year's annual report on remuneration as they are deemed by the Board to be commercially sensitive until after the end of the fiscal year.

Performance targets are set to be stretching yet achievable, and take into account the company's strategic priorities and business environment. The Remuneration Committee sets targets based on a range of reference points, including the corporate strategy and broker forecasts for both Diageo and its peers.

Approach to recruitment remuneration

Diageo is a global organisation selling its products in nearly 180 countries around the world. The ability to recruit and retain the best talent from all over the world is critical to the future success of the business. People diversity in all its forms is a core element of Diageo's global talent strategy and, managed effectively, is a key driver in delivering Diageo's Growth Ambition.

The Remuneration Committee's overarching principle for recruitment remuneration is to pay no more than is necessary to attract an Executive Director of the calibre required to shape and deliver Diageo's business strategy, recognising that Diageo competes for talent in a global marketplace. The Committee will seek to align any remuneration package with Diageo's remuneration policy, but retains the discretion to offer a remuneration package which is necessary to meet the individual circumstances of the recruited Executive Director and to enable the hiring of an individual with the necessary skills and expertise. However, the maximum short-term and long-term incentive opportunity will follow the policy, although awards may be granted with different performance measures and targets in the first year. On appointment of an external Executive Director, the Committee may decide to compensate for variable remuneration elements the individual forfeits when leaving their current employer. In doing so, the Committee will ensure that any such compensation would have a fair value no higher than that of the awards forfeited, and would generally be determined on a comparable basis taking into account factors including the form in which the awards were granted, performance conditions attached, the probability of the awards vesting (e.g. past, current and likely future performance), as well as the vesting schedules. Depending on individual circumstances at the time, the Committee has the discretion to determine the type of award (i.e. cash, shares or options), holding period and whether or not performance conditions would apply.

Any such award would be fully disclosed and explained in the following year's annual report on remuneration. When exercising its discretion in establishing the reward package for a new Executive Director, the Committee will carefully consider the balance between the need to secure an individual in the best interests of the company against the concerns of investors about the quantum of remuneration and, if considered appropriate at the time, will consult with the company's biggest shareholders. The Remuneration Committee will provide timely disclosure of the reward package of any new Executive Director.

Service contracts and policy on payment for loss of office (including takeover provisions)

Executive Directors have rolling service contracts, details of which are set out below. These are available for inspection at the company's registered office.

Executive Director	Date of service contract
Debra Crew	28 March 2023
Lavanya Chandrashekar	13 January 2021

Notice period	The contracts provide for a period of six months' notice by the Executive Director or 12 months' notice by the company, the same as would apply for any newly-appointed Executive Director. A payment may be made in lieu of notice consisting of a sum equivalent to the base salary which the Executive Director would have received for any notice period outstanding on the date employment ends and the cost to the company of providing contractual benefits for this period (including pension contributions but excluding incentive plans). If, on the termination date, the Executive Director has exceeded their accrued holiday entitlement, the value of such excess may be deducted by the company from any sums due to them. If the Executive Director, on the termination date, has accrued but untaken holiday entitlement, the company will, at its discretion, either require the Executive Director to take such unused holiday during any notice period or make a payment to them in lieu of it, provided that if the employment is terminated for cause then the Executive Director will not be entitled to any such payment.
Mitigation	The Remuneration Committee requires (or may exercise its discretion to require) a proportion of the termination payment to be paid in instalments and, upon the Executive Director commencing new employment, to be subject to mitigation.
Annual Incentive Plan (AIP)	Where the Executive Director leaves for reasons including retirement, death in service, disability, ill-health, injury, redundancy, transfer out of the group and other circumstances at the Remuneration Committee's discretion during the financial year, the Executive Director is usually entitled to an incentive payment pro-rated for the period of service during the performance period, which is typically payable at the usual payment date unless the Committee decides otherwise. Where the Executive Director leaves for any other reason, no payment or bonus deferral will be made. The amount is subject to performance measures being met and is at the discretion of the Committee. The Committee has discretion to determine an earlier payment date, for example, on death in service. The bonus may, if the Committee decides, be paid wholly in cash.
2020 Deferred Bonus Share Plan (DBSP)	Where the Executive Director leaves for any reason other than dismissal, they are entitled to retain any deferred bonus shares, which vest in full on departure, subject to any holding requirements under the post-employment shareholding policy. It is not considered necessary for the bonus deferral to continue to apply after leaving, since the bonus is already earned based on performance, and there is a post-employment shareholding requirement that ensures the Executive Director continues to be invested in the company's longer-term interests. On a takeover, awards vest in full. On other corporate events, the Remuneration Committee may allow awards to vest in full.
Diageo Long-Term Incentive Plan (DLTIP)	Where the Executive Director leaves for reasons including retirement, death in service, disability, ill-health, injury, redundancy, transfer out of the group and other circumstances at the Remuneration Committee's discretion during the financial year, awards continue in effect. Awards will vest on the original vesting date with the exception of death in service, when awards will vest on the date of death, in each case unless the Remuneration Committee decides otherwise. When an Executive Director leaves for any other reason, all unvested awards generally lapse immediately. The applicable retention period for vested awards continues for all leavers (other than in cases of disability, ill-health or death in service, where the retention period will end on the date of death or leaving employment), unless the Remuneration Committee decides otherwise. Where awards were granted in the form of options, on vesting they are generally exercisable for 12 months (or six months for approved options). The proportion of the award released depends on the extent to which the performance condition is met. The number of shares is reduced on a pro-rata basis reflecting the length of time the Executive Director was employed by the company during the performance period, unless the Remuneration Committee decides otherwise (for example, in the case of death in service). Where an Executive Director leaves within one month of the normal vesting date of the award, awards are not time pro-rated, unless the Remuneration Committee decides otherwise. On a takeover or other corporate event, awards vest subject to the extent to which the performance conditions are met and, unless the Remuneration Committee decides otherwise, the awards are time pro-rated. Otherwise the Committee, in agreement with the new company, may decide that awards should be swapped for awards over shares in the new company.
Repatriation/other	In cases where an Executive Director was recruited from outside the United Kingdom and has been relocated to the United Kingdom as part of their appointment, the company may pay reasonable repatriation costs for leavers at the Remuneration Committee's discretion. The company may also pay for reasonable costs in relation to the termination, for example, tax, legal and outplacement support, where appropriate.

Non-Executive Directors' unexpired terms of appointment

All Non-Executive Directors are on three-year terms which are expected to be extended up to a total of nine years. The date of initial appointment to the Board and the point at which the current letter of appointment expires for Non-Executive Directors are shown in the table below.

Non-Executive Directors	Date of appointment to the Board	Current letter of appointment expires
Javier Ferrán	22 July 2016	AGM 2025
Susan Kilsby	4 April 2018	AGM 2024
Melissa Bethell	30 June 2020	AGM 2026
Karen Blackett	1 June 2022	AGM 2025
Valérie Chapoulaud-Floquet	1 January 2021	AGM 2024
Sir John Manzoni	1 October 2020	AGM 2026
Alan Stewart	1 September 2014	AGM 2024
Ireena Vittal	2 October 2020	AGM 2026

Payments under previous policies

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed (i) under a previous policy, in which case the provision of that policy shall continue to apply until such payments have been made; (ii) before the policy or the relevant legislation came into effect; or (iii) at a time when the relevant individual was not a director of the company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the company.

Approach to stakeholder engagement

Shareholder engagement

The Committee is interested in the views of investors and maintains an ongoing dialogue with a broad group of shareholders and institutional advisors on remuneration matters. In advance of finalising our proposed policy that was approved at the 2023 AGM, the Chair of the Remuneration Committee consulted with the company's largest shareholders and their representatives about the policy and the implementation plan for fiscal 24. The responses received from shareholders were supportive of the proposed change to enhance the post-cessation shareholding requirement, as well as the planned implementation for fiscal 24.

Employee engagement on executive remuneration

Karen Blackett took over accountability for global workforce engagement sessions during the year and there were focus group sessions led by her and other Non-Executive Directors. As part of this engagement, there was a session where the Remuneration Committee Chair shared information with employees about executive remuneration, including the Directors' remuneration policy, the role of the Remuneration Committee, executive remuneration principles and structure and how executive pay aligns with pay for the wider workforce. This is the first year of undertaking the engagement on remuneration in this format and it was found to be productive and informative by the Committee Chair and the participating employees.

Diageo also runs annual employee engagement surveys, which gives employees the opportunity to provide feedback and express their views on a variety of topics, including remuneration. Any comments relating to Executive Directors' remuneration are fed back to the Remuneration Committee.

These activities ensure that shareholder views and interests, as well as the all-employee reward context at Diageo, are considered when making executive remuneration decisions.

Consideration of wider workforce remuneration

When reviewing Executive Directors' salaries, the Committee takes into account the company's salary budgets for key geographies and, each year, the Committee has a session reviewing various aspects of workforce remuneration to deepen its understanding of employee pay arrangements. There is clear alignment in the approach to pay for executives and the wider workforce in the way that remuneration principles are followed, as well as the mechanics of the salary review process and incentive plan design, which are broadly consistent throughout the organisation. The performance measures under the annual incentive plan and long-term incentive plan are the same for executives and other eligible employees. The key differences are that a larger percentage of Executive Directors' remuneration is performance related than that of other employees and salary, benefits and incentive participation levels vary according to role, seniority and business priorities.

When reviewing the Directors' remuneration policy, the Committee considered the remuneration arrangements for the workforce globally, as well as market practice in the FTSE 30 (excluding financial services) and Diageo's global consumer peer group. Given the minimal changes proposed for the 2023 Directors' remuneration policy, employees were not specifically consulted on this.

Annual report on remuneration

The following section provides details of how the company's 2023 remuneration policy was implemented during the year ended 30 June 2024, and how the Remuneration Committee intends to implement the proposed remuneration policy in the year ending 30 June 2025.

Single total figure of remuneration for Executive Directors (audited)

The table below details the Executive Directors' remuneration for the year ended 30 June 2024.

	Debra Crew[1][8]				Lavanya Chandrashekar[1]			
	2024 £ '000	**2024 $ '000**	2023 £ '000	2023 $ '000	**2024 £ '000**	**2024 $ '000**	2023 £ '000	2023 $ '000
Fixed pay								
Salary	**£1,392**	**$1,750**	£105	$126	**£823**	**$1,034**	£831	$997
Benefits [2]	**£112**	**$140**	£4	$5	**£37**	**$47**	£53	$63
Pension[3]	**£193**	**$242**	£10	$13	**£112**	**$140**	£110	$133
Total fixed pay[7]	**£1,696**	**$2,132**	£120	$145	**£972**	**$1,221**	£993	$1,193
Performance related pay								
Annual incentive[4]	**£690**	**$868**	£79	$95	**£379**	**$476**	£603	$723
Long-term incentives[5]	**£678**	**$852**	£166	$199	**£1,350**	**$1,697**	£258	$309
Other incentives [6]	**£3**	**$4**	–	–	**£4**	**$5**	£3	$4
Total variable pay[7]	**£1,371**	**$1,724**	£245	$294	**£1,732**	**$2,178**	£864	$1,037
Total single figure of remuneration[7]	**£3,067**	**$3,856**	£365	$439	**£2,704**	**$3,399**	£1,857	$2,230

Notes

(1)	Exchange rate	The amounts shown in US dollars are converted to sterling using the cumulative weighted average exchange rate for the respective financial year. For the year ended 30 June 2024, the exchange rate was £1 = $1.26 and for the year ended 30 June 2023 it was £1 = $1.20. Debra Crew and Lavanya Chandrashekar are paid in US dollars.	
(2)	Benefits	The benefits numbers include the gross value of all taxable benefits. For Debra Crew, these include flexible benefits allowance ($22.1k), tax return preparation ($19.2k), contracted car service ($58.7k), medical and dental ($22.2k), product allowance and life and long-term disability cover. Lavanya Chandrashekar's benefits include flexible benefits allowance ($23.8k), travel allowance ($13.5k), product allowance and life and long-term disability cover.	
(3)	Pension	Pension benefits reflect the increase in the pension fund balances over the year in the Diageo North America Inc. pension plans which are over and above the increase due to inflation. Debra Crew started to accrue benefits in the Supplemental Executive Retirement Plan (SERP) from 1 October 2022. Lavanya Chandrashekar started accruing benefits in the SERP from 1 July 2021. The company pension contribution has been 14% of salary from 1 January 2023 for all Executive Directors, aligned to the rate for the UK workforce.	Page 138
(4)	Annual incentive	The performance achieved under the fiscal 24 annual incentive plan resulted in an outcome of 16.0% of maximum for the financial elements of the plan. Financial elements represented 80% of the maximum incentive opportunity. Taking account of performance against Individual Business Objectives (IBOs), which represent 20% of the maximum opportunity, the annual incentive payout is 24.8% of maximum for Debra Crew and 22.8% of maximum for Lavanya Chandrashekar. In accordance with their elections to defer post-tax, one-third of the annual incentive for fiscal 24 shown in the table above for Debra Crew and Lavanya Chandrashekar will be deferred into owned shares which are held for three years in a nominee account.	Page 135
(5)	Long-term incentives	Long-term incentives represent the estimated gain (based on the average three-month ADR price to 30 June 2024 of $137.77) delivered through share options and performance shares where performance conditions have been met in the respective financial year. It also includes the value of additional shares earned in lieu of dividends on these vested performance shares. For Debra Crew, the 2021 performance shares and share options were granted before she became an Executive Director, and due to a slightly different vesting schedule for awards granted below the Board, vested at 58.9% and 0.0% of maximum respectively. The long-term incentive value reflects the proportion of the three-year period in which she was appointed as CEO. Lavanya Chandrashekar's 2021 performance shares and share options were granted after she became an Executive Director and vested at 56.5% and 0.0% of maximum respectively. Of the 2024 long term incentive amounts shown in the table above none are related to share price appreciation over the fiscal 22 to fiscal 24 performance period. For fiscal 23, long-term incentives comprise performance shares and share options awarded in 2020 that vested in September 2023 at 98.8% and 77.5% of maximum respectively for Debra Crew and Lavanya Chandrashekar, including dividend equivalents on performance shares. These 2020 long-term incentive amounts have been restated to reflect the ADR share price on the vesting date of $160.19 instead of the average three-month ADR share price used in last year's report of $178.52.	Page 136
(6)	Other incentives	Other incentives include the grant face value of awards made under the all-employee share plans. Awards do not have performance conditions attached.	
(7)	Totals	Some figures and sub-totals add up to slightly different amounts than the totals due to rounding.	
(8)	Other	The 2023 figures shown for Debra Crew are in respect of the period from 5 June 2023 to 30 June 2023; following her appointment as interim CEO on 5 June 2023 and CEO and Executive Director on 8 June 2023.	

Looking back on 2024

Annual incentive plan (AIP) payouts for 2024 (audited)

AIP payout for the year ended 30 June 2024

AIP payouts for the Executive Directors serving during the year are based 80% on performance against the group financial measures and 20% on performance against Individual Business Objectives (IBOs), as assessed by the Remuneration Committee and summarised in the table below.

Group financial measures[1]

Measure	Weighting	Threshold	Target	Maximum	Actual	Payout (% of total AIP opportunity)
Payout opportunity (% maximum)		25%	50%	100%		
Net sales value (% growth)[2]	26.67%	3.1%	6.1%	9.1%	**(0.6)%**	**–**
Operating profit (% growth)[2]	26.67%	1.4%	6.4%	11.4%	**(4.8)%**	**–**
Operating cash conversion[3]	26.67%	95.0%	100.0%	105.0%	**99.6%**	**12.80%**
Full year performance for 1 July 2023 - 30 June 2024	**80.00%**					**12.80%**

Individual business objectives

Measure (IBOs equally weighted) and target	Weighting	Result	Payout (% of total AIP opportunity)
Debra Crew Chief Executive	**20.00 %**		**12.00%**
Global market share performance • Grow or hold total trade market share in 2/3rds of total net sales in measured markets	10.00 %	We gained or held total trade market share in markets that total 75% of our net sales in fiscal 24[6]	5.00%
Productivity improvement • Deliver an overall productivity improvement in fiscal 24 of $505m across all cost categories	10.00 %	The productivity target for fiscal 24 has been exceeded as set out below: • By the end of fiscal 24, we delivered $698m in productivity savings across all cost categories including supply, marketing and indirect overheads	7.00%
Lavanya Chandrashekar Chief Financial Officer	**20.00 %**		**10.00%**
Productivity improvement • Deliver an overall productivity improvement in fiscal 24 of $505m across all cost categories	10.00 %	The productivity target for fiscal 24 has been exceeded as set out below: • By the end of fiscal 24, we delivered $698m in productivity savings across all cost categories including supply, marketing and indirect overheads	7.00%
Finance transformation • Implement actions to continue the improvement of financial forecasting and sustainable cash management • Deliver the agreed project milestones for the finance technology roll out within budget • Implement the new functional and presentational currency into all areas of management and reporting	10.00 %	A summary of performance against the finance transformation milestones for fiscal 24 is as follows: • Automated forecasting models built internally, rolled out and subject to further embedding • Key actions completed to support the delivery of strong cash performance • Initial stage of a significant programme of global technology change underway • Go live of required changes to functional currency in over 50 systems, restructuring of FX hedges and completion of reporting cycles	3.00%

Payout

	Group (weighted 80%)	IBO (weighted 20%)	**Total (% max)**	Total (% annual salary)	Total ('000) USD
Debra Crew[(4),(5)]	12.80%	12.00%	**24.80%**	49.60%	$868
Lavanya Chandrashekar[(4),(5)]	12.80%	10.00%	**22.80%**	45.60%	$476

(1) Performance against the AIP measures is calculated using 2024 budgeted exchange rates and is measured on a currency-neutral basis.
(2) For AIP purposes, net sales value (NSV) growth and operating profit (OP) growth are calculated on budgeted currency exchange rates, after adjustments for acquisitions and disposals and incorporates the organic treatment of hyperinflationary economies.
(3) For AIP purposes, operating cash conversion (OCC) is calculated by dividing cash generated from operations excluding cash inflows/outflows in respect of exceptional items, dividends, maturing inventories and post-employment payments in excess of the amount charged to operating profit by operating profit before depreciation, amortisation, impairment and exceptional items. The measure incorporates the organic treatment of hyperinflationary economies. The ratio is stated at the budgeted exchange rate for the year.
(4) AIP payments are calculated using base salary as at 30 June 2024, in line with the global policy that applies to other employees across the company.
(5) In accordance with the 2023 remuneration policy and their individual elections to defer post tax, one-third of Debra Crew's and Lavanya Chandrashekar's after tax AIP payout disclosed in the table above will be deferred into Diageo shares, which will be held for three years in a nominee account. These shares will be acquired in September 2024 and the number of shares will be disclosed in the 2025 remuneration report.
(6) Market share reflects internal estimates incorporating Nielsen, Association of Canadian Distillers, CGA, Dichter and Neira, Frontline, Intage, IRI, ISCAM, NABCA, Scentia, State Monopolies, TRAC, Ipsos and other third-party providers.
(7) No discretion was exercised by the Remuneration Committee in determining the AIP outcome.

Long-term incentive plans (LTIPs) vesting in 2024 (audited)

Long-term incentive awards up to and including September 2023 were made under the Diageo Long-Term Incentive Plan (DLTIP), which was approved by shareholders at the AGM in September 2014. Awards are designed to incentivise Executive Directors and senior managers to deliver long-term sustainable performance and are subject to performance conditions measured over a three-year period. Awards are granted on an annual basis in both performance shares and share options. Awards granted to Executive Directors vest at 20% of maximum for threshold performance, and 100% of the award will vest if the performance conditions are met in full, with a straight-line payout between threshold and maximum.

Share options – granted in September 2021, vesting in September 2024 (audited)

In September 2021, Debra Crew (although not an Executive Director at the time of grant) and Lavanya Chandrashekar received share option awards over ADRs under the DLTIP, with an exercise price of $194.75. The award was subject to a performance condition assessed over a three-year period based on the achievement of the following equally weighted performance measures:

- Relative total shareholder return (TSR) ranked against the TSR of a peer group of international drinks and consumer goods companies; and
- Cumulative free cash flow (FCF)

The vesting profile for grants to Executive Directors for relative TSR is shown below:

TSR ranking (out of 17)	Vesting (% max)
1st, 2nd or 3rd	100
4th	95
5th	75
6th	65

TSR ranking (out of 17)	Vesting (% max)
7th	55
8th	45
9th	20
10th or below	0

TSR peer group (16 companies)		
AB InBev	Heineken	Pernod Ricard
Brown-Forman	Kimberly-Clark	Procter & Gamble
Carlsberg	L'Oréal	Reckitt Benckiser
The Coca-Cola Company	Mondelēz International	Unilever
Colgate-Palmolive	Nestlé	
Groupe Danone	PepsiCo	

Performance shares – awarded in September 2021, vesting in September 2024 (audited)

In September 2021, Debra Crew (although not Executive Director at the time of grant) and Lavanya Chandrashekar received performance share awards under the DLTIP. Awards vest after a three-year period subject to the achievement of three performance conditions outlined below:

- Organic net sales value (NSV) growth (weighted 40%);
- Profit before exceptional items and tax (PBET) growth (weighted 40%); and
- ESG measures (water efficiency, carbon reduction, positive drinking, and diversity & inclusion) weighted 20%.

Notional dividends accrue on awards and are paid out either in cash or shares on the number of shares which vest.

Vesting outcome for 2021 performance share and share option awards in September 2024 (audited)

The 2021 performance share award vested at 58.9% of maximum for Debra Crew and 56.5% of maximum for Lavanya Chandrashekar. The 2021 share options lapsed having not met the threshold performance metric as detailed below:

Vesting of 2021 DLTIP[5]	Weighting	Threshold	Midpoint	Maximum	Actual	Debra Crew vesting (% maximum)[5][6]	Lavanya Chandrashekar vesting (% maximum)[5][6]
Vesting if performance achieved (% maximum)[6]		20%/25%	60%/62.5%	100%			
Organic net sales value growth (NSV)[1]	40.0%	5.0%	7.0%	9.0%	8.7%	37.8%	37.6%
Profit before exceptional items and tax (PBET) growth[2]	40.0%	6.5%	10.0%	13.5%	6.9%	11.7%	9.8%
Carbon reduction (ESG)	5.0%	19.1%	23.1%	27.1%	19.6%	1.5%	1.3%
Water efficiency (ESG)	5.0%	6.3%	9.2%	12.1%	4.2%	–	–
Positive drinking (ESG)	5.0%	2.3m	3.0m	3.7m	3.8m	5.0%	5.0%
Inclusion & diversity - % female leaders globally (ESG)	2.5%	44.0%	45.0%	46.0%	44.0%	0.6%	0.5%
Inclusion & diversity - % ethnically diverse leaders globally (ESG)	2.5%	39.0%	40.0%	41.0%	46.0%	2.5%	2.5%
Vesting of performance shares (% maximum)						**58.9%**	**56.5%**
Cumulative free cash flow (FCF)[3]	50.0%	$10,058m	$11,273m	$12,488m	$9,798m	–	–
Relative total shareholder return[4]	50.0%	9th	–	3rd	14th	–	–
Vesting of share options (% maximum)						**–**	**–**

(1) NSV growth is calculated at budgeted currency exchange rates, after adjustments for acquisitions and disposals and incorporates the organic treatment of hyperinflationary economies.
(2) PBET growth is presented on a constant currency basis and it excludes the impact of acquisitions and disposals. The impact of hyperinflation on operating profit is considered under the same organic methodology as for net sales while the impact on other lines (primarily on finance charges) is excluded. This metric also includes adjustment to exclude the fair value remeasurement of contingent considerations, earn out arrangements and biological assets and to exclude post-employment credits. Furthermore, the metric excluded the interest on current year's share repurchase program (SRP) and excludes the year-over-year change of M&A related interest.
(3) Cumulative FCF is based on the outcome for each of the three years within the performance period, measured before exceptional items and on an FX neutral basis by adjusting actual outcomes back to the base year exchange rates, and incorporates the organic treatment of hyperinflationary economies. Furthermore, the cash flow impact of any material business development activities such as share repurchase programmes, acquisitions and disposals, which were not known and planned at the beginning of the vesting period, are excluded from the three-year performance. Note that FCF has been restated in USD following the change in functional currency.
(4) Relative total shareholder return (TSR) is measured as the percentage growth in Diageo's share price (assuming all dividends and capital distributions are re-invested) compared to the TSR of a peer group of 16 international drinks and consumer goods companies. TSR calculations are based on an averaging period of six months and converted to a common currency (US dollars). Calculation is performed and provided by FIT.
(5) No discretion was exercised by the Remuneration Committee in determining the long-term incentive outcomes.
(6) At the time of grant of the 2021 awards, Debra Crew was not an Executive Director. The vesting schedule for awards granted to executives below the Board has a threshold vesting of 25% of maximum (62.5% at midpoint). Vesting at threshold for awards granted to Executive Directors is 20% of maximum (60.0% at midpoint).

Summary of performance share awards and options vesting (audited)

	Award	Award Date	Awarded (ADRs)	Vesting (% Max)	Vesting (ADRs)	Option price	ADR price	Dividend equivalent share	Estimated value ($'000)[1]
Debra Crew [2]	Performance Shares	03/09/2021	9,663	58.9%	5,691		$137.77	494	$852
	Share Options	03/09/2021	9,663	–	–	$194.75	$137.77	–	–
Lavanya Chandrashekar	Performance Shares	03/09/2021	20,060	56.5%	11,333		$137.77	985	$1,697
	Share Options	03/09/2021	20,060	–	–	$194.75	$137.77	–	–

(1) The total long-term incentives value shown in the single figure of remuneration on page 134 is the total of performance shares and share options in the table above and is based on an average ADR price for the last three months of the fiscal year ($137.77).

(2) The number of ADRs and the resulting value of performance share awards and options relating to Debra Crew in the table above are pro-rata figures that reflect the proportion of the three-year performance period in which she was appointed as Chief Executive Officer. The original number of Performance Shares and Share Options awarded is shown on page 140. The total number of Performance Shares awarded was 27,019 and 15,914 vested in total of which 5,691 is shown above. The total value of the vested award, including dividend equivalent shares (17,297 ADRs) is $2,383,007. No share options vested.

The Committee considered Diageo's overall business performance and value created for shareholders over the period and determined that the outcomes were fair and appropriate; consequently no adjustment to the vesting outcomes were made. It also considered the level of difficulty of the targets and determined that the vesting outcome was consistent with Diageo's long-term performance and returns to shareholders. No share options were exercised by any Director during the year ended 30 June 2024.

Pensions and benefits in the year ended 30 June 2024

Benefits provisions for the Executive Directors are in accordance with the information set out in the Directors' remuneration policy.

Pension arrangements (audited)

Debra Crew and Lavanya Chandrashekar are members of the Diageo North America Inc. Supplemental Executive Retirement Plan (SERP) with an accrual rate of 14% of base salary during the year ended 30 June 2024. The SERP is an unfunded, non-qualified supplemental retirement programme. Under the plan, accrued company contributions are subject to quarterly interest credits. Under the rules of the SERP, they can withdraw the balance of the plan six months after leaving service or age 55, if later and the balance may be withdrawn in either a lump sum or five equal annual instalments, depending on the size of the balance.

Debra Crew and Lavanya Chandrashekar participated in the US Cash Balance Plan and the Benefit Supplemental Plan (BSP), until 30 September 2022 and June 2021 respectively, and have accrued benefits under both plans. The Cash Balance Plan is a qualified funded pension arrangement. Employer contributions were 10% of pay capped at the Internal Revenue Service (IRS) limit. The BSP is a non-qualified unfunded arrangement; notional employer contributions were 10% of pay above the IRS limit. Interest (notional for the BSP) is credited quarterly on both plans.

In the event of death in service, a lump sum of six times base salary is payable for Debra Crew and Lavanya Chandrashekar.

The table below shows the pension benefits accrued by each Executive Director as at year end. The accrued US benefits for Debra Crew and Lavanya Chandrashekar are one-off cash balance amounts.

	30 June 2024	30 June 2023
Executive Director	**US benefit value $'000**	US benefit value $'000
Debra Crew[1]	**1,245**	958
Lavanya Chandrashekar[2]	**689**	520

(1) Debra Crew's US benefits reflect an increase of $287,000 over the year to 30 June 2024. This increase reflects $253,000 which is due to additional pension benefits earned over the year (of which $242,000 is over and above the increase due to inflation - and is reported in the total single figure of remuneration table on page 134); and, $34,000 which is due to interest earned over the year on her deferred US benefits.

(2) Lavanya Chandrashekar's US benefits reflect an increase of $169,000 over the year to 30 June 2024. This increase reflects $159,000 which is due to additional pension benefits earned over the year (of which $140,000 of which is over and above the increase due to inflation – and is reported in the total single figure of remuneration table on page 134); and $10,000 of which is due to interest earned on her deferred US benefits.

The Normal Retirement Age applicable to each Director's benefits depends on the pension scheme, as outlined below.

Executive Director	UK benefits (DPS)	US benefits (Cash Balance Plan)	US benefits (BSP)	US benefits (SERP)
Debra Crew	n/a	65	6 months after leaving service, or age 55 if later	6 months after leaving service, or age 55 if later
Lavanya Chandrashekar	n/a	65	6 months after leaving service, or age 55 if later	6 months after leaving service, or age 55 if later

Long-term incentive awards made during the year ended 30 June 2024 (audited)

On 4 September 2023, Debra Crew and Lavanya Chandrashekar received awards of performance shares and market-priced share options under the DLTIP based on a percentage of base salary as outlined below. The three-year period over which performance will be measured is 1 July 2023 to 30 June 2026.

The performance measures and targets for awards granted in September 2023 are outlined below. Net sales value and profit before exceptional items and tax are key levers for driving top and bottom line growth. The free cash flow measure was selected because it represents a robust indicator of cash performance consistent with typical external practice and is a key strategic priority. Total shareholder return, the only relative performance measure under the plan, provides good alignment with shareholder interests and increases the leverage based on share price growth. Finally, the environmental, social and governance (ESG) measure (20% of total performance share award), which was introduced in 2020, reinforces the stretching and strategically important goals under Diageo's 10-year 'Spirit of Progress' action plan to help create an inclusive and sustainable world. The definitions for the ESG measures were set out on page 152 of the annual remuneration report for fiscal 23.

	Performance shares							Share options	
2023 DLTIP	Organic net sales value (CAGR)	Organic profit before exceptional items and tax (CAGR)	Greenhouse gas reduction	Water efficiency index	Positive drinking	% Female leaders	% Ethnically diverse leaders	Cumulative free cash flow[1]	Relative TSR
Weighting	40%	40%	5%	5%	5%	2.5%	2.5%	50%	50%
Target range	4.0% - 8.0%	4.5% - 11.5%	17.9% - 25.9%	3.7% - 8.3%	2.8m - 4.2m	47% - 49%	44% - 46%	$9,400m - $12,600m	9th - 3rd and above

(1) The cumulative free cash flow targets are shown in USD following the change to functional currency from fiscal 24. More details can be found on this on pages 166-167.

20% of DLTIP awards will vest at threshold, with vesting in a straight line up to 100% if the maximum level of performance is achieved. As explained in the remuneration policy, one performance share is deemed equal in value at grant to three share options.

Executive Director	Date of grant	Plan	Share type	Awards made during the year	Exercise price	Face value $'000	Face value (% of salary)
Debra Crew	04/09/2023	DLTIP - share options	ADR	36,971	$166.67	$6,563	375%
Debra Crew	04/09/2023	DLTIP - performance shares	ADR	36,971		$6,563	375%
Lavanya Chandrashekar	04/09/2023	DLTIP - share options	ADR	21,182	$166.67	$3,760	360%
Lavanya Chandrashekar	04/09/2023	DLTIP - performance shares	ADR	21,182		$3,760	360%

The proportion of the awards outlined above that will vest is dependent on the achievement of performance conditions and continued employment, and the actual value received may be nil. The vesting outcomes will be disclosed in the 2026 annual remuneration report.

In accordance with the plan rules, the number of performance shares and share options granted under the DLTIP was calculated by using the average closing ADR price for the last six months of the preceding financial year ($177.50). This price is used to determine the face value in the table above. In accordance with the plan rules, the exercise price was calculated using the average closing ADR price of the three days preceding the grant date ($166.67).

Outstanding share plan interests (audited)

Plan name	Date of award	Performance period	Year of vesting	Award calculation share price	Exercise price	Number of shares/ options at 30 June 2023[1]	Granted	Vested/ exercised	Dividend equivalent shares released	Lapsed	Number of shares/ options at 30 June 2024[1]	
Debra Crew												
DLTIP - Share Options[4]	Sep 2021	2021-2024	2024		$194.75	27,019					27,019	ADR
DLTIP - Share Options	Sep 2022	2022-2025	2025		$176.95	26,629					26,629	ADR
DLTIP - Share Options	Sep 2023	2023-2026	2026		$166.67		36,971				36,971	ADR
Total unvested share options subject to performance in Ordinary shares[2]											**362,476**	**ORD**
DLTIP - Share Options[3]	Sep 2020	2020-2023	2023		$133.88	30,076		23,308		6,768	23,308	ADR
Total vested but unexercised share options in Ordinary shares[2]											**93,232**	**ORD**
DLTIP - Performance Shares	Sep 2020	2020-2023	2023	$143.63		30,076		29,715	2,101	361	–	ADR
DESAP - Performance Shares[5]	Sep 2020	2020-2023	2023	$143.63		19,494		20,622	1,362	234	–	ADR
Total vested shares subject to performance in Ordinary shares[2]											**–**	**ORD**
DLTIP - Performance Shares[4]	Sep 2021	2021-2024	2024	$174.97		27,019					27,019	ADR
DLTIP - Performance Shares	Sep 2022	2022-2025	2025	$195.29		26,629					26,629	ADR
DLTIP - Performance Shares	Sep 2023	2023-2026	2026	$177.50			36,971				36,971	ADR
DESAP - Performance Shares[5]	Mar 2022	2023-2025	2026	$197.06		8,796					8,796	ADR
DESAP - Performance Shares[5]	Mar 2022	2024-2026	2027	$197.06		8,930					8,930	ADR
DESAP - Performance Shares[5]	Mar 2022	2025-2027	2028	$197.06		8,930					8,930	ADR
Total unvested shares subject to performance in Ordinary shares[2]											**469,100**	**ORD**
DESAP - Restricted Stock Unit[5]	Mar 2022		2027	$197.06		8,796					8,796	ADR
DESAP - Restricted Stock Unit[5]	Mar 2022		2028	$197.06		8,930					8,930	ADR
DESAP - Restricted Stock Unit[5]	Mar 2022		2029	$197.06		8,930					8,930	ADR
Total unvested shares not subject to performance in Ordinary shares[2]											**106,624**	**ORD**
Lavanya Chandrashekar												
DLTIP - Share Options[3]	Sep 2018	2018-2021	2021		$140.89	3,832		3,832			3,832	ADR
DLTIP - Share Options[3]	Sep 2018	2018-2021	2021		$140.89	1,064		1,064			1,064	ADR
Total vested but unexercised share options in Ordinary shares[2]											**19,584**	**ORD**
DLTIP - Share Options[4]	Sep 2021	2021-2024	2024		$194.75	20,060					20,060	ADR
DLTIP - Share Options	Sep 2022	2022-2025	2025		$176.95	18,512					18,512	ADR
DLTIP - Share Options	Sep 2023	2023-2026	2026		$166.67		21,182				21,182	ADR
Total unvested share options subject to performance in Ordinary shares[2]											**239,016**	**ORD**
DLTIP - Performance Shares	Sep 2020	2020-2023	2023	$143.63		1,827		1,805	127	22	–	ADR
Total vested shares subject to performance in Ordinary shares[2]											**–**	**ORD**
DLTIP - Performance Shares	Sep 2021	2021-2024	2024	$174.97		20,060					20,060	ADR
DLTIP - Performance Shares	Sep 2022	2022-2025	2025	$195.29		18,512					18,512	ADR
DLTIP - Performance Shares	Sep 2023	2023-2026	2026	$177.50			21,182				21,182	ADR
Total unvested shares subject to performance in Ordinary shares[2]											**239,016**	**ORD**
DLTIP - Restricted Stock Units[6]	Sep 2020	2020-2023	2023	$143.63		2,635		2,635	2,635		–	ADR
Total unvested shares not subject to performance in Ordinary shares[2]											**–**	**ORD**

(1) For unvested awards, this is the number of shares/options initially awarded. For exercisable share options, this is the number of outstanding options. All share options have an expiry date of 10 years after the date of grant.
(2) ADRs have been converted to ORDs (one ADR is equivalent to four ordinary shares) for the purpose of calculating the total number of vested and unvested shares and options.
(3) The total number of share options granted under the DLTIP in September 2018 and 2020 showing as outstanding as at 30 June 2024 are vested but unexercised share options.
(4) Performance shares and share options granted under the DLTIP in September 2021 and due to vest in September 2024 are included here as unvested share awards subject to performance conditions, although the awards have also been included in the single figure of remuneration table on page 134, since the performance period ended during the year ended 30 June 2024.
(5) The performance shares awarded to Debra Crew in 2020 and vested in 2023 under the Diageo Exceptional Stock Award Plan (DESAP) were granted in recognition of equity which was forfeited on joining Diageo in 2020 and had the same performance measures and targets as the 2020 DLTIP performance shares. Debra Crew was granted a number of performance shares and restricted stock units under the DESAP in March 2022 for incentive and retention purposes. The DESAP performance shares will vest based on a performance hurdle of winning or holding market share in at least 2/3rs of total NSV in measured markets over the respective three-year performance periods (F23-F25 for awards due to vest in September 2026, F24-F26 for awards due to vest in September 2027 and F25-F27 for awards due to vest in September 2028). The DESAP restricted stock units vest subject to continued employment up to the vesting date.
(6) Lavanya Chandrashekar was granted a number of restricted stock units prior to her appointment as CFO and joining the Board.

Directors' shareholding requirement and share interests (audited)

The beneficial interests of the Directors who held office during the year ended 30 June 2024 (and their connected persons) in the ordinary shares (or ordinary share equivalents) of the company are shown in the table below.

	Ordinary shares or equivalent[(1),(2)]					
	24 July 2024	**30 June 2024 (or date of cessation, if earlier)**	30 June 2023 (or date of appointment if later)	Shareholding requirement (% salary)[(3)]	Shareholding at 30 June 2024 (% salary)[(3)]	Shareholding requirement met
Chair						
Javier Ferrán[(5)]	**314,830**	**314,498**	310,468			
Executive Directors						
Debra Crew[(4)(5)]	**122,736**	**122,736**	260	500%	240%	No - to be met by June 2028
Lavanya Chandrashekar [(4),(5),(6)]	**30,412**	**30,406**	17,901	400%	100%	No - to be met by July 2026
Non-Executive Directors						
Susan Kilsby[(5)]	**2,600**	**2,600**	2,600			
Melissa Bethell	**2,668**	**2,668**	2,668			
Valérie Chapoulaud-Floquet	**2,154**	**2,154**	2,098			
Sir John Manzoni	**3,007**	**3,007**	2,929			
Lady Nicola Mendelsohn[(8)]	**N/A**	**5,000**	5,000			
Alan Stewart[(7)]	**7,550**	**7,550**	7,354			
Ireena Vittal	**–**	**–**	–			
Karen Blackett	**702**	**702**	–			

Notes
(1) Each person listed beneficially owns less than 1% of Diageo's ordinary shares. Ordinary shares held by Directors have the same voting rights as all other ordinary shares.
(2) Any change in shareholding between the end of the financial year on 30 June 2024 and the last practicable date before publication of this report, being 24 July 2024, is outlined in the table above.
(3) Both the shareholding requirement and shareholding at 30 June 2024 are expressed as a percentage of base salary on 30 June 2024 and calculated using a three-month average share price for period ending 30 June 2024 of £27.22. For the purposes of the shareholding requirement any vested but unexercised share options are reflected on an estimated net of tax basis.
(4) The total share interests shown above include 2023 Deferred Bonus Plan Shares for Debra Crew (109 ADRs) and Lavanya Chandrashekar (754 ADRs).
(5) Javier Ferrán, Debra Crew, Lavanya Chandrashekar and Susan Kilsby have share interests in ADRs (one ADR is equivalent to four ordinary shares). The share interests in the table are stated as ordinary share equivalents.
(6) The figure as at 30 June 2023 for Lavanya Chandrashekar reflects the correction of an error in last year's report which had omitted her interests in 1,698 ADRs (equivalent to 6,792 ordinary shares) awarded as a proportion of her annual incentive outcome for the year ended 30 June 2022. The value of this award had been correctly reflected in the single total figure of remuneration disclosures in the 2022 and 2023 Directors' Remuneration Reports and was disclosed to shareholders at the time of the award.
(7) The figure as at 30 June 2023 for Alan Stewart has been corrected from 7,269 shares to 7,354 shares. The correction reflects additional shares acquired via an automatic dividend reinvestment plan.
(8) Lady Mendelsohn resigned from the Board on 28 September 2023 and therefore no details are included for the shareholding after her date of cessation.

Relative importance of spend on pay

The graphs below illustrate the relative importance of spend on pay (total remuneration of all group employees) compared with distributions to shareholders (total dividends plus the share buyback programme but excluding transaction costs), and the percentage change from the year ended 30 June 2023 to the year ended 30 June 2024. There are no other significant distributions or payments of profit or cash flow.

Distributions to shareholders

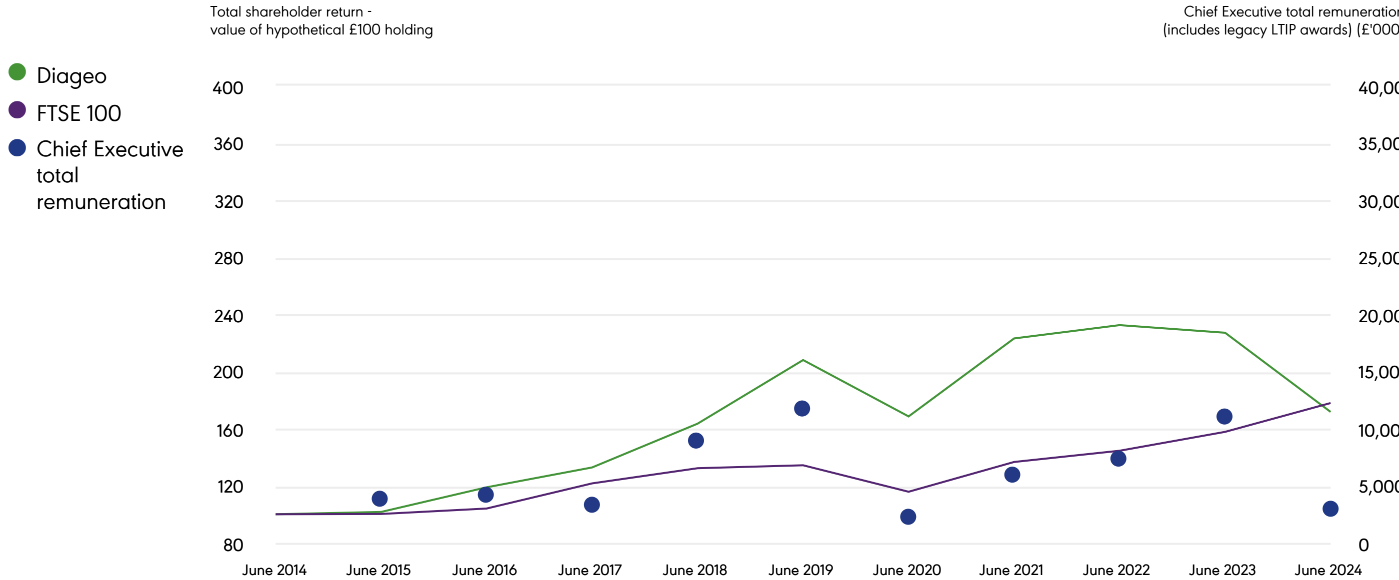
(13.7)%

Staff pay

5.4%

CEO total remuneration and TSR performance

The graph below show the total shareholder return for Diageo plc and the FTSE 100 Index since 30 June 2014 and demonstrates the relationship between pay and performance for the Chief Executive, using current and previously published single total remuneration figures. The FTSE 100 Index has been chosen because it is a widely recognised performance benchmark for large companies in the United Kingdom.



	Ivan Menezes[1] £'000 F15	Ivan Menezes[1] £'000 F16	Ivan Menezes[1] £'000 F17	Ivan Menezes[1] £'000 F18	Ivan Menezes[1] £'000 F19	Ivan Menezes[1] £'000 F20	Ivan Menezes[1] £'000 F21	Ivan Menezes[1] £'000 F22	Ivan Menezes[1] £'000 F23	Debra Crew[1][2] £'000 F23	**Debra Crew[1][2] £'000 F24**
Chief Executive total remuneration[2]	3,888	4,156	3,399	8,995	11,776	2,273	6,019	7,343	10,582	403	**3,067**
Annual incentive[3]	44.0%	65.0%	68.0%	70.0%	61.0%	0.0%	93.8%	93.8%	37.3%	35.4%	**24.8%**
Share options[3]	0.0%	0.0%	0.0%	60.0%	73.1%	27.5%	10.0%	61.5%	77.5%	77.5%	**0.0%**
Performance shares[3]	33.0%	31.0%	0.0%	70.0%	89.3%	10.0%	29.3%	59.3%	98.7%	98.8%	**58.9%**

(1) To enable comparison, Ivan Menezes' and Debra Crew's single total figure of remuneration has been converted into sterling using the average weighted exchange rate for the relevant financial year. The figure represented in the graph for fiscal 23 is the combined single figure total for Ivan Menezes and Debra Crew.
(2) The single total figure of remuneration for Debra Crew in fiscal 23 and fiscal 24 includes pro-rata long-term incentive plan awards proportionate to the duration of her appointment as CEO.
(3) % of total maximum opportunity.

Remuneration for the wider workforce and CEO pay ratio

Alignment of Executive pay with the wider workforce

There is clear alignment in the approach to pay for executives and the wider workforce in the way that remuneration principles are followed, as well as the mechanics of the salary review process and incentive plan design, which are broadly consistent throughout the organisation. There is a strong focus on performance-related pay, and the performance measures under the annual incentive plan and long-term incentive plan are the same for executives and other eligible employees. The reward package for Executive Directors is consistent with that of the senior management population, however, a much higher proportion of total remuneration for the Executive Directors is linked to business performance, compared to the rest of the employee population.

The structure of our reward packages is based on the principle that it should enable Diageo to attract and retain the best talent globally within our broader industry. It is driven by local market practice, as well as the level of seniority and accountability, reflecting the global nature of our business. Diageo is committed to fostering an inclusive and diverse workplace, and creating a culture where every individual can thrive. Reflective of this, pay parity and consistency of treatment for all employees are critical to the reward practices across the organisation. The reward framework is regularly reviewed to ensure employees are rewarded fairly and appropriately, in line with the business strategy, performance outcomes, competitive market practice and our diversity and inclusion agenda.

During the year, the Remuneration Committee Chair explained to employees the Directors' remuneration policy, the role of the Committee, executive remuneration principles and structure and sought their feedback on wider reward matters as part of the workforce engagement sessions. In 2024 this was a new format and was viewed by the Committee Chair, and the employees who participated, to be a productive and informative discussion.

Remuneration Committee review of wider workforce pay

Each year, the Remuneration Committee has a detailed session reviewing wider workforce remuneration. In fiscal 24, the review focused on the prior year's annual reward cycle outcomes, including base pay competitive positions, retaining talent in a global market, the level of differentiation across our reward programmes, gender pay analysis, and how we connect performance and reward programmes. The Committee also considered the challenges of attracting and retaining critical talent in a global marketplace at all levels as well as the all-employee reward priorities for the coming year. Information on wider workforce reward is also provided as required throughout the year to enable the Committee to consider the broader employee context when making executive remuneration decisions, for example the annual salary increase budgets by country.

Supporting our employees

We focus on all aspects of the wellbeing of our employees. We monitor the cost-of-living in all our geographies using a formal monitoring process and have implemented actions as required, typically by awarding off-cycle salary increases in high-inflation geographies. We have provided financial education to all employees to support them in managing their personal finances more effectively. Our global group of wellbeing champions work with regional and market teams to drive wellbeing initiatives locally, coming together each quarter for a global connect. Over fiscal 24, activations have included mental health first aider training, external speakers on wellbeing topics such as men's health, menopause, resilience, nutrition as well as holding masterclasses in activities to support wellbeing.

In fiscal 24 we rolled out Celebrate, our global recognition platform, to over 50 countries having been initially piloted in NAM and the UK. We now have the majority of the Diageo workforce covered by the programme and have seen 90,000 recognition moments to 17,000 employees. The programme supports embedding a culture of speed and agility and enables leaders and peers to recognise actions in the moment.

We continue to innovate with benefit policies that support and demonstrate our commitment to diversity and inclusion. In fiscal 24 we introduced a Carers Leave policy in the UK which provides all employees with two weeks paid leave per year to care, or arrange care, for dependents. This supports the attraction and retention of the best talent through a market leading policy, and by supporting flexibility and wellness. We will be working on a wider roll out across fiscal 25.

Fiscal 24 saw the launch of a new Employee Resource Group (ERG) for neurodiverse colleagues (PRISM) which complements the other ERGs in place supporting all colleagues. PRISM amplifies the voice of the neurodivergent community and is involved in our business supporting areas such as brand mobilisation. These practices reflect our progressive culture, where our policies are a hallmark of our business and differentiates our employee value proposition.

CEO pay ratio

In accordance with The Companies (Miscellaneous Reporting) Regulations 2018, the table below sets out Diageo's CEO pay ratios for the year ended 30 June 2024. These CEO pay ratios provide a comparison of the Chief Executive's total remuneration based on Debra Crew's total single figure of remuneration, converted into sterling, with the equivalent remuneration for the employees paid at the 25th (P25), 50th (P50) and 75th (P75) percentile of Diageo's workforce in the United Kingdom. Also shown are the salary and total remuneration for each quartile employee.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024(1)	**Option A**	**69:1**	**51:1**	**40:1**
2024	Total pay and benefits	£44,668	£60,620	£77,388
2024	Salary	£39,229	£50,720	£59,850
2023(2)(3)	Option A(4)	231:1	177:1	137:1
2022(3)	Option A(4)	146:1	114:1	90:1
2021	Option A(4)	127:1	100:1	79:1
2020	Option A(4)	50:1	38:1	31:1
2019	Option A(4)	265:1	208:1	166:1

(1) Debra Crew's total single figure of remuneration figure (see page 134 for details) in fiscal 24 used in the calculation of the CEO pay ratio includes pro-rata long-term incentive plan awards proportionate to the duration of her appointment as CEO.
(2) 2023 CEO pay ratios comprise the sum of both Sir Ivan Menezes' and Debra Crew's total single figure of remuneration converted to sterling.
(3) 2023 and 2022 CEO pay ratios have been updated to reflect the value of the updated prior year single figure of remuneration which incorporates long-term incentives based on the actual share price at vesting, rather than the average share price in the last three months of the financial year which had been used for the original disclosure.
(4) Only people employed in the United Kingdom and with the same number of contractual working hours throughout the full 12-month period have been included in the calculation. Inclusion of employees outside of this group would require a complex simulation of full-time annual remuneration based on a number of assumptions and would not have a meaningful impact on the ratio.

Methodology

Consistent with the approach for Diageo's disclosure in previous years, the methodology used to identify the employees at each quartile for 2024 is Option A, as defined in the regulations. We believe this is the most robust and accurate approach, and is in line with shareholder expectations.

Total full-time equivalent remuneration for employees reflects all pay and benefits received by an individual in respect of the relevant year and has, other than where noted below, been calculated in line with the methodology for the 'single total figure of remuneration' for the Chief Executive (shown on page 134 of this report). The total remuneration calculations were based on data as at 30 June 2024. Actual remuneration was converted into the full-time equivalent for the role and location by pro-rating earnings to reflect full-time contractual working hours and these figures were then ranked to identify the employees sitting at the percentiles. To ensure that the total remuneration for the selected median, 25th and 75th percentile employee is sufficiently representative of those positions, we calculated the total remuneration for a number of employees above and below each of the selected median, 25th and 75th percentile UK employees and used the median value. In light of financial performance outcomes being signed off close to the publication of the Annual Report, the Diageo Group business multiple, which is applicable to the majority of UK employees, has been used to calculate all payments under the annual incentive, although some employees may receive a variation on this multiple in practice. Pension values for each employee are not calculated on an actuarial basis as for the Chief Executive, but rather as the notional cost of the company's pension contribution during the financial year, according to the relevant section of the pension scheme for each individual. This approach allows meaningful data for a large group of people to be obtained in a more efficient way.

Points to note for the year ended 30 June 2024

The median remuneration and resulting pay ratio for 2024 are consistent with the pay and progression policies for Diageo's UK employees as a whole and reflect the impact of performance-related pay on total remuneration for the year. As the Chief Executive has a larger proportion of her total remuneration linked to business performance than other employees in the UK workforce, the ratio has decreased versus last year due to proportionate reduction in incentive outcome for the CEO for 2024 versus 2023.

Change in pay for Directors compared to wider workforce

The table below shows the percentage change in Directors' remuneration and average remuneration of employees on an annual basis. Given the small size of Diageo plc's workforce, data for all employees of the group has also been included.

	2024			2023			2022			2021			2020		
	Salary	Bonus	Benefits	Salary	Bonus	Benefits	Salary	Bonus	Benefits	Salary	Bonus	Benefits	Salary	Bonus	Benefits
Plc employee average[(1)]	**6.2%**	**(44.8)%**	**10.0%**	9.0%	(61.3)%	(7.2)%	11.1%	25.8%	10.5%	5.1%	N/A[(5)]	38.8%	7.5%	(100.0)%	9.0%
Average global employee[(2)]	**11.1%**	**(17.6)%**	**3.1%**	12.9%	(41.6)%	17.0%	6.4%	38.4%	11.7%	–	278.8%	12.6%	5.3%	(67.8)%	6.9%
Executive Directors[(3)]															
Debra Crew[(5)]	**N/A[(5)]**	**N/A[(5)]**	**N/A[(5)]**	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]
Lavanya Chandrashekar	**3.8%**	**(34.1)%**	**(22.1)%**	2.3 %	(58.8)%	(89.4)%	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]	N/A[(5)]
Non-Executive Directors[(4)]															
Melissa Bethell	**3.6%**	**–**	**218.4%**	3.0%	–	10.1%	2.3%	–	16.0%	N/A[(5)]	–	–	–	–	–
Karen Blackett [(5)]	**3.6%**	**–**	**4231.3%**	N/A[(5)]	–	N/A[(5)]	N/A[(5)]	–	N/A[(5)]	–	–	–	–	–	–
Valérie Chapoulaud-Floquet	**3.6%**	**–**	**159.0%**	3.0%	–	108.5%	–	–	–	N/A[(5)]	–	–	–	–	–
Javier Ferrán (Chair)	**4.1%**	**–**	**132.9%**	2.3%	–	(22.4)%	8.3%	–	28.8%	–	–	–	–	–	–
Susan Kilsby	**4.5%**	**–**	**182.7%**	2.6%	–	125.7%	3.8%	–	300.0%	9.6%	–	(87.7)%	37.3%	–	68.9%
Sir John Manzoni	**3.6%**	**–**	**241.5%**	3.0%	–	20.0%	–	–	–	–	–	–	–	–	–
Lady Nicola Mendelsohn	**N/A[(5)]**	**–**	**N/A[(5)]**	3.0%	–	–	2.3%	–	–	3.2%	–	–	3.3%	–	–
Alan Stewart	**2.7%**	**–**	**252.8%**	3.2%	–	–	4.7%	–	–	2.4%	–	–	2.5%	–	–
Ireena Vittal	**3.6%**	**–**	**689.2%**	3.0%	–	734.0%	–	–	–	–	–	–	–	–	–

(1) Around 15 UK-based employees are employed by Diageo plc. Their remuneration has been calculated in line with the approach used for the CEO pay-ratio calculation and the average year-on-year change has been reported. Only those employed during the full financial year have been included in calculations.
(2) Calculated by dividing staff cost related to salaries, bonus and benefits by the average number of employees on a full-time equivalent basis, as disclosed in note 4c to the financial statements under staff costs and average number of employees on page 174, but reduced to account for the inclusion of Executive Directors in reported figures. The salary, bonus and benefits cost data used for calculation are subsets of the Wages and salaries figure disclosed in this note. The salary data used for this calculation has been adjusted to exclude costs related to severance payments which are included in staff costs, and last year's disclosure has been updated in line with this for consistency. In line with the approach for Directors, the bonus values used for the calculation reflect the bonus earned in relation to performance during the relevant financial year.
(3) Calculated using the data from the single total figure of remuneration table on page 134 in US dollars, reflecting payment currency for Debra Crew and Lavanya Chandrashekar.
(4) Calculated using the fees and taxable benefits disclosed under Non-Executive Directors' remuneration in the table on page 145. Taxable benefits for Non-Executive Directors comprise a product allowance as well as expense reimbursements relating to attendance at Board meetings, which may vary year-on-year.
(5) N/A refers to a nil value in the previous year or an incomplete prior year, meaning that the year-on-year change cannot be calculated.

Payments to former Directors (audited)

There were no payments to former Directors in the year ended 30 June 2024.

Payments for loss of office (audited)

It was announced on 3 May 2024 that Lavanya Chandrashekar would be stepping down as Chief Financial Officer and as a director of Diageo during fiscal 25. Details of the remuneration arrangements for Lavanya, which were approved by the Remuneration Committee and are in accordance with the Directors' remuneration policy, are set out below. Full details of the values of any amounts paid will be reported in the Directors' remuneration report next year.

Lavanya's service contract provides for a twelve-month notice period (which commenced on 3 May 2024) and she remains eligible for salary and benefits until the date she leaves the company. If the company so determines, Lavanya may be paid a payment in lieu of notice to cover salary and the cost of contractual benefits in respect of any remaining portion of the notice period.

Lavanya is required to retain the lower of the level of her actual shareholding as at the leave date, or shares to the value of 400% of salary, for two years post her leave date in accordance with the Directors' remuneration policy.

The Remuneration Committee exercised its discretion to treat Lavanya as a good leaver under the incentive arrangements in accordance with the remuneration policy. Lavanya will be eligible to receive a bonus under Diageo's annual incentive plan (AIP) for the financial years ending 30 June 2024 and 30 June 2025 on a time pro-rata basis reflecting time employed in the respective financial year (excluding any period of garden leave). Any payments due will be payable at the normal times and subject to financial performance outcomes and delivery against individual business objectives, with one-third delivered in deferred bonus shares in accordance with the normal deferral rules (provided that in respect of any award made after the leave date, the award will be made on terms that it will vest immediately upon award). Deferred bonus shares related to bonuses for prior financial years, will vest on the leave date in accordance with the remuneration policy. Any deferred bonus shares which are delivered by the leave date are subject to the post-cessation shareholding requirement.

Lavanya's unvested Long-Term Incentive Plan (LTIP) awards (granted in 2021, 2022 and 2023) will continue and vest (subject to the extent that the relevant performance conditions, assessed at the time of vesting, are satisfied and subject to time pro-rating to reflect the period employed during the performance period) on the original vesting dates. To the extent they vest, options granted in 2021 will be exercisable until 3 March 2026 (the Committee having exercised discretion to slightly extend the normal exercise period), options granted in 2022 will be exercisable until 2 September 2026 and options granted in 2023 will be exercisable until 4 September 2027. Regarding already vested but unexercised options granted in 2018, the Committee exercised its discretion to allow these to be exercisable within 18 months (instead of the default 12 months) of leaving and lapse thereafter. All LTIP awards will continue to be subject to their respective two-year post-vesting holding periods. No further LTIP awards will be granted. Shares held under the Share Incentive Plan will be treated in accordance with the rules of that plan. The company's Malus and Clawback Policy will continue to apply.

As permitted under the Remuneration Policy, Lavanya will receive a contribution of up to a maximum of £25,000 excluding VAT towards legal fees incurred in connection with agreeing her departure terms. She will also receive up to a maximum annual amount of £20,000 plus VAT per year for fees incurred in connection with UK and US tax return submissions for three years following her departure. Finally, in relation to repatriation from the UK to the US, flights and shipping of possessions will be provided in accordance with the company's Global Mobility Policy, as well as a net sum of £114,500 to cover disturbance costs in connection with her repatriation to the US.

Non-Executive Directors

Fee policy

Javier Ferrán's fee as non-executive Chair was increased by 4.5% (from £670,000 to £700,000) on 1 October 2023. The Chair's fee is appropriately positioned against our comparator group of FTSE 30 companies excluding financial services. The Executive Directors and the Chair approved an increase in the base fee for Non-Executive Directors of 3.8% (from £104,000 to £108,000), effective 1 October 2023.

Per annum fees	2024 £'000	2023 £'000
Chair of the Board	**700**	670
Non-Executive Directors		
Base fee	**108**	104
Senior Non-Executive Director	**35**	30
Chair of the Audit Committee	**35**	35
Chair of the Remuneration Committee	**35**	35

Single total figure of remuneration for Non-Executive Directors (audited)

	Fees £'000		Taxable benefits £'000(1)		Total £'000(2)	
	2024	2023	**2024**	2023	**2024**	2023
Chair						
Javier Ferrán	**692**	665	**4**	1	**696**	666
Non-Executive Directors						
Melissa Bethell	**107**	103	**5**	2	**112**	105
Karen Blackett	**107**	103	**5**	1	**112**	104
Valérie Chapoulaud-Floquet	**107**	103	**13**	10	**120**	113
Susan Kilsby	**176**	168	**14**	11	**190**	179
Sir John Manzoni	**107**	103	**4**	2	**111**	105
Lady Nicola Mendelsohn(3)	**26**	103	**1**	1	**27**	104
Alan Stewart	**142**	138	**4**	1	**146**	139
Ireena Vittal	**107**	103	**10**	10	**117**	113

(1) Taxable benefits include a product allowance and expense reimbursements relating to travel, accommodation and subsistence in connection with attendance at Board meetings during the year, which are deemed by HMRC to be taxable in the United Kingdom. The amounts in the single total figure of remuneration table above include any tax gross-ups on the benefits provided by the company on behalf of the Directors. Non-taxable expense reimbursements have not been included in the single figure of remuneration table above.
(2) Some figures add up to slightly different totals due to rounding.
(3) Lady Mendelsohn resigned from the Board at the 2023 AGM on 28 September 2023.

Looking ahead to 2025

Salary increases for the year ending 30 June 2025

The Remuneration Committee reviewed base salaries for Executive Committee members and agreed the following increase for the Chief Executive Officer, effective 1 October 2024.

	Debra Crew		Lavanya Chandrashekar	
Salary at 1 October ('000)	**2024**	2023	**2024**	2023
Base salary	**$1,824**	$1,750	**$1,044**	$1,044
% increase (over previous year)	**4.25%**	n/a	**0%**	4%

As previously announced, Nik Jhanghiani will join the Board in Autumn 2024. His annual salary will be £900,000 and his benefits and incentives will be in accordance with the remuneration policy. In addition, Nik will be entitled to an additional one-off award on joining to compensate him for the financial loss of forfeited awards from his previous employer. Full details will be provided when these are confirmed at the time of the award and in the Directors' remuneration report next year.

Annual incentive design for the year ending 30 June 2025

The measures and targets for the annual incentive plan are reviewed annually by the Remuneration Committee and are carefully chosen to drive financial and individual business performance goals related to the company's short-term strategic operational objectives. The plan design for Executive Directors for the year ending 30 June 2025 will comprise the following performance measures and weightings (no change from last year), with targets set for the full financial year:

- **net sales value** (% growth) (26.67% weighting): a key performance measure of year-on-year top line growth;
- **operating profit** (% growth) (26.67% weighting): stretching profit targets drive operational efficiency and influence the level of returns that can be delivered to shareholders through increases in share price and dividend income not including exceptional items or exchange;
- **operating cash conversion** (26.67% weighting): ensures focus on efficient cash delivery by the end of the year; and
- **individual business objectives** (20% weighting): measurable deliverables that are specific to the individual and are focused on supporting the delivery of key strategic objectives.

The Committee has discretion to adjust the payout to reflect appropriately an individual's contribution or the overall business context.

Details of the targets for the year ending 30 June 2025 will be disclosed retrospectively in next year's annual report, by which time they will no longer be deemed commercially sensitive by the Board.

The annual incentive opportunity for Executive Directors will remain consistent with prior years, equal to 100% of base salary at target, with a maximum opportunity of 200% of base salary.

Long-term incentive awards to be made in the year ending 30 June 2025

The long-term incentive plan measures are reviewed annually by the Remuneration Committee and are selected to reward long-term consistent performance in line with Diageo's business strategy and to create alignment with the delivery of value for shareholders. The Committee has ensured that the incentive structure for senior management does not raise environmental, social and governance risks by inadvertently motivating irresponsible behaviour.

As per last year, DLTIP awards to be made in September 2024 will comprise awards of both performance shares and share options, based on stretching targets against the key performance measures as outlined in the table on page 147, assessed over a three-year performance period. The relative total shareholder return measure is based on the same constituent group and vesting schedule as outlined on page 136.

The Committee set fiscal 2025 financial targets by considering a number of factors including historical performance, consumer trends amid ongoing macroeconomic challenges, market conditions and the competitive landscape. These targets align with our focus on returning to our medium-term guidance ranges.

The ESG measures in the DLTIP comprise five ambitions reflecting the 'Spirit of Progress' action plan, to make a positive impact on the environment and society. Each goal is weighted equally:

- reduction in greenhouse gas emissions in our direct operations (Scope 1&2);
- improvement in the water efficiency index;
- number of people who confirm changed attitudes on the dangers of underage drinking after participating in a Diageo-supported education programme; and
- inclusion and diversity (percentage of female leaders globally and percentage of ethnically diverse leaders globally).

In setting ESG targets, the Committee took account of the material progress made to date across the various measures versus the 'Spirit of Progress' 2030 action plan. The Committee considered the opportunity to continuously improve against high levels of achievement and has set targets in this context.

The performance share element of the DLTIP applies to the Executive Committee and the top level of senior leaders across the organisation worldwide, whilst the share option element is applicable to a much smaller population comprising only members of the Executive Committee. One market price performance-based option is valued at one-third of a performance share.

Awards are calculated on the basis of a six-month average share price for the period ending 30 June 2024. This averaging period which is in line with Diageo's standard practice, helps to smooth out volatility in share price. The price used to calculate the awards (on the basis of ordinary shares) to be granted in September 2024 was 11% higher than the share price at the time the Committee approved the awards to be granted.

It is intended that a DLTIP award to the equivalent of 500% of base salary will be made to Debra Crew in September 2024, comprising 375% of salary in performance shares and the equivalent of 125% of salary in market price performance-based share options. It is intended that a DLTIP award to the equivalent of 480% of salary will be made to Nik Jhangiani in 2024 following the commencement of his employment, comprising 360% of salary in performance shares and the equivalent of 120% of salary in market price share options. In performance share equivalents, one market price option is valued at one-third of a performance share.

The table below summarises the annual DLTIP awards to Debra Crew and Nik Jhangiani to be made in 2024.

	Chief Executive	Chief Financial Officer
Grant value (% salary)	Performance share equivalents (1 share: 3 options)	
Performance shares	375%	360%
Share options	125%	120%
Total	**500%**	**480%**

Performance conditions for long-term incentive awards to be made in the year ending 30 June 2025[1]

	Performance shares								Share options		
			Environmental, social & governance (ESG)								
	Organic net sales (CAGR)	Organic profit before exceptional items and tax (CAGR)	Greenhouse gas reduction	Water efficiency index	Positive drinking	% Female leaders	% Ethnically diverse leaders	Vesting schedule	Relative Total Shareholder Return	Cumulative free cash flow ($m)	Vesting schedule
Weighting (% total)	40%	40%	5%	5%	5%	2.5%	2.5%		50.0%	50.0%	
Maximum	6.0%	9.1%	29.9%	11.2%	3.7m	50%	49%	100%	3rd and above	$9,950	100%
Midpoint	4.5%	6.1%	23.1%	8.7%	3.1m	48%	47%	60%	-	$8,550	60%
Threshold	3.0%	3.1%	16.3%	6.2%	2.5m	46%	45%	20%	9th	$7,150	20%

(1) Details of the considerations taken in to account when setting the targets for the DLTIP by the Committee are set out on page 146.

Additional information

Key management personnel related party transactions (audited)

Key management personnel of the group comprises the Executive and Non-Executive Directors, the members of the Executive Committee and the Company Secretary.

Diageo plc has granted rolling indemnities to the Directors and the Company Secretary, uncapped in amount, in relation to certain losses and liabilities which they may incur in the course of acting as Directors or Company Secretary (as applicable) of Diageo plc or of one or more of its subsidiaries. These indemnities continue to be in place at 30 June 2024.

Other than disclosed in this report, no Director had any interest, beneficial or non-beneficial, in the share capital of the company. Save as disclosed above, no Director has or has had any interest in any transaction which is or was unusual in its nature, or which is or was significant to the business of the group and which was effected by any member of the group during the financial year, or which having been effected during an earlier financial year, remains in any respect outstanding or unperformed. There have been no material transactions during the last three years to which any Director or officer, or 3% or greater shareholder, or any spouse or dependent thereof, was a party. There is no significant outstanding indebtedness to the company from any Directors or officer or 3% or greater shareholder.

Statutory and audit requirements

This report was approved by a duly authorised Committee of the Board of Directors and was signed on its behalf on 29 July 2024 by Susan Kilsby who is Chair of the Remuneration Committee.

The Board has followed the principles of good governance as set out in the UK Corporate Governance Code and complied with the regulations contained in the Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Listing Rules of the Financial Conduct Authority and the relevant schedules of the Companies Act 2006.

The Companies Act 2006 and the Listing Rules require the company's auditor to report on the audited information in their report and to state that this section has been properly prepared in accordance with these regulations.

PwC has audited the report to the extent required by the regulations, being the sections headed Single total figure of remuneration for Executive Directors (and notes), Payments to former Directors, Payments for loss of office, Annual incentive plan (AIP) payouts for 2024, Long-term incentive plans (DLTIPs) vesting in 2024, Pensions and benefits, Directors' shareholding requirement and share interests, Outstanding share plan interests, Non-Executive Directors' remuneration and Key management personnel related party transactions.

The annual remuneration report is subject to an advisory vote by shareholders at the AGM on 26 September 2024. Terms defined in this Directors' remuneration report are used solely herein.