

DIAGEO

Notice of Annual General Meeting 2020

This document is important and requires your immediate attention. If you have any doubts about the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional independent adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares, please pass this document and its enclosures to the stockbroker or other agent through whom the sale was effected, for transmission to the purchaser or transferee.

Dear Shareholder

The following document gives notice that the Annual General Meeting ('AGM') of Diageo plc (the 'Company') will be held at the Company's registered office at Lakeside Drive, Park Royal, London NW10 7HQ on Monday, 28 September 2020 at 2.30 pm.

As always, your vote is important to us and we encourage you to vote by completing and submitting a proxy form in accordance with the instructions on pages 19 to 21 or by voting electronically.

Impact of Covid-19 on the AGM

The health of our shareholders, employees and other stakeholders is of paramount importance to us. The continuing Covid-19 situation has meant that planning for this year's AGM has not been straightforward given the need to have a safe and secure meeting and because of the limits implicit in applicable restrictions and relevant guidance on public gatherings and social distancing. In light of the current situation and the guidance that we have received, we have decided, in line with recent UK legislation on holding company meetings during the Covid-19 pandemic and our articles of association, that this year's AGM will be convened with a minimum quorum of shareholders (which will be comprised of Diageo's management) in order to conduct the functional business of the AGM.

Therefore, the AGM will be held as a closed meeting and, sadly, we will be unable to welcome shareholders to our AGM in the usual way. **Accordingly, shareholders (and any appointed proxies (other than the chairman of the AGM) or corporate representatives) will not be granted access to the AGM in person. Given this, we strongly urge shareholders to vote by proxy on the resolutions in this Notice as early as possible and we recommend shareholders appoint the chairman of the AGM as their proxy. To ensure that your vote is counted, it is particularly important that you appoint the chairman of the AGM as your proxy as any other person who might be appointed will not be allowed access to the AGM.**

In light of the above, we are establishing an alternative way for shareholders to ask questions of the Board. To that end, shareholders who wish to ask a question of the Board relating to the business of the meeting can do so by sending an email to agm.2020@diageo.com. Please see page 19 of this Notice of AGM for further information in this regard. We will also arrange for a presentation from our Chief Executive to be made available on www.diageo.com at around the time of the AGM.

We will continue to monitor closely any developments relating to the current outbreak of Covid-19, including the related public health guidance and legislation issued by the UK Government. Should it become necessary or appropriate to revise the current arrangements for the AGM, details of any such changes will be made available on www.diageo.com and will also be the subject of public announcement as appropriate. We will also make such other updates as may be required by our articles of association.

Voting at the AGM will again be by way of poll using a poll card, rather than on a show of hands. This is a more transparent method of voting as shareholder votes are counted according to the number of shares held and this will ensure an exact and definitive result.

2019 Share buy-backs and employee benefit and share ownership trust transactions

In April 2020, as noted in the Directors' report in the Annual Report, the Board became aware of certain issues in relation to purchases of its own shares conducted between 10 May 2019 and 9 August 2019 (the 'Relevant Share Buy-backs') and certain transactions related to the Company's employee share schemes entered into with or for the benefit of the Company's employee benefit and share ownership trusts during the same period (the 'Relevant Share Trust Transactions' and, together with the Relevant Share Buy Backs, the 'Affected Transactions').

The Companies Act 2006 (the 'Act') provides that a public company may only make distributions to members and can only make purchases of its own shares out of its distributable profits as shown in the last annual accounts circulated to members or, if interim accounts are used, as shown in interim accounts which meet the other applicable requirements of the Act and which have been filed at Companies House. Similar provisions require certain transactions involving employee benefit and share ownership trusts to be supported by distributable reserves.

The broader Diageo group had, at all times, sufficient profits to support the Affected Transactions and, as such, sufficient profits could have been remitted through the group to the Company and the Company could then have prepared relevant interim accounts showing the requisite level of distributable profits and delivered these to Companies House in order to satisfy the requirements of the Act in relation to, and before making, the Affected Transactions. The Company did not, however, take these steps ahead of making the Affected Transactions and, accordingly, the Affected Transactions were, regrettably, undertaken otherwise than in accordance with the Act.

In order to regularise matters, Resolution 24 (the 'Affected Transactions Resolution') will, if passed, give the Board the authority to enter into two share buy-back deeds (the 'Share Buy-back Deeds') and will also provide for the execution of two deeds of release, as further described in the explanatory notes to that resolution. These documents will put all potentially affected parties, so far as possible, in the position in which they were intended to be had the Affected Transactions been undertaken in accordance with the Act. In particular, the entry by the Company into each of the Share Buy-back Deeds requires shareholder approval as, for the purposes of the Act, they constitute off-market share purchase contracts.

In addition, the entry by the Company into the deed of release in favour of the relevant Directors (the 'Directors' Deed of Release') will constitute a related party transaction (as defined in the Listing Rules). As it falls within the smaller related party transactions category under those rules, the Company is required to obtain written confirmation from a sponsor that the terms of the proposed transaction are fair and reasonable as far as shareholders are concerned. BofA Securities has provided a confirmation in those terms to the Company.

The Company has undertaken a detailed review of the circumstances in which the issues affecting the Affected Transactions arose and has put in place enhanced processes and controls to ensure that, in future, such issues do not arise in relation to share buy-backs, transactions involving employee benefit and share ownership trusts or any dividends or other distributions made by the Company.

Recommendation

The Board considers that the resolutions contained in this Notice (except the Affected Transactions Resolution, as to which see below) are in the best interests of your Company and the shareholders as a whole and recommends that you vote in favour of them. The Directors intend to vote in favour of these resolutions in respect of their own beneficial holdings.

All of the Directors except Melissa Bethell were directors of the Company in the period during which the Affected Transactions were undertaken. Given those Directors' interest in the Affected Transactions Resolution, the Board as a whole has not considered whether that resolution is in the best interests of the Company and shareholders as a whole or whether that resolution is fair and reasonable as far as the shareholders of the Company are concerned. Accordingly, the Board as a whole cannot recommend that shareholders vote in favour of the Affected Transactions Resolution and, as a result of their interest in the subject matter of the resolution, those Directors who were on the board in the relevant period do not intend to vote on the Affected Transactions Resolution. Melissa Bethell, as the one Director who was not on the Board in the relevant period, considers that the Affected Transactions Resolution is in the best interests of the Company and shareholders as a whole and recommends that shareholders vote in favour of it. In addition, the Company has, as required by the Listing Rules, obtained written confirmation from BofA Securities, in its capacity as the Company's sponsor, that the terms of the Directors' Deed of Release are fair and reasonable as far as shareholders are concerned.

Yours sincerely

Javier Ferrán
Chairman

6 August 2020

Merrill Lynch International ('BofA Securities') is acting exclusively for Diageo plc in connection with the proposed related party transaction set out in this document (the 'Transaction') and for no one else and will not be responsible to anyone other than Diageo plc for providing the protections afforded to its clients or for providing advice in relation to the Transaction.

Notice is hereby given that the Annual General Meeting ('AGM') of Diageo plc (the 'Company') will be held at the Company's registered office at Lakeside Drive, Park Royal, London NW10 7HQ on Monday, 28 September 2020 at 2.30 pm.

The business of the AGM will be to consider and, if thought fit, pass the following resolutions.

All resolutions will be proposed as ordinary resolutions, except for Resolutions 20 to 24 (inclusive), which will be proposed as special resolutions. Explanations of the resolutions are given on pages 10 to 18 of this Notice and additional information for those entitled to attend the AGM can be found on pages 19 to 24.

Ordinary Resolutions

Report and accounts 2020

1. THAT the Directors' and Auditor's reports and the accounts for the year ended 30 June 2020 be received.

Directors' remuneration report 2020

2. THAT the Directors' remuneration report (excluding the Directors' remuneration policy) for the year ended 30 June 2020 be approved.

Directors' remuneration policy 2020

3. THAT the Directors' remuneration policy as set out on pages 89 to 94 of the Annual Report for the year ended 30 June 2020 be approved.

Declaration of final dividend

4. THAT a final dividend be declared on the ordinary shares of 28 ¹⁰/₁₀₈ pence each ('ordinary share(s)') of 42.47 pence per ordinary share for the year ended 30 June 2020.

Directors' election and re-election

5. THAT Melissa Bethell be elected as a Director.
6. THAT Javier Ferrán be re-elected as a Director.

7. THAT Susan Kilsby be re-elected as a Director.
8. THAT Lady Mendelsohn be re-elected as a Director.
9. THAT Ivan Menezes be re-elected as a Director.
10. THAT Kathryn Mikells be re-elected as a Director.
11. THAT Alan Stewart be re-elected as a Director.

Re-appointment of auditor

12. THAT PricewaterhouseCoopers LLP be re-appointed as auditor of the Company to hold office from the conclusion of this AGM until the conclusion of the next general meeting at which accounts are laid before the Company.

Remuneration of auditor

13. THAT the Board, acting through the Audit Committee, be authorised to determine the auditor's remuneration.

Authority to make political donations and/or to incur political expenditure

14. THAT, in accordance with sections 366 and 367 of the Companies Act 2006 (the 'Act'), the Company and all companies that are, at any time during the period for which this resolution has effect, subsidiaries of the Company be authorised to:
 - a. make political donations (as defined in section 364 of the Act) to political parties (as defined in section 363 of the Act) or independent election candidates (as defined in section 363 of the Act) not exceeding £100,000 in total;
 - b. make political donations (as defined in section 364 of the Act) to political organisations other than political parties (as defined in section 363 of the Act) not exceeding £100,000 in total; and
 - c. incur political expenditure (as defined in section 365 of the Act) not exceeding £100,000 in total,

in each case during the period beginning with the date of passing this resolution and ending at the conclusion of next year's AGM

(or, if earlier, midnight on 27 December 2021), and provided that the aggregate amount of political donations and political expenditure so made and incurred by the Company and its subsidiaries pursuant to this resolution shall not exceed £100,000.

Authority to allot shares

15. THAT the Board be generally and unconditionally authorised in accordance with section 551 of the Act, in substitution for all subsisting authorities, to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £224,557,184, such authority to apply until the conclusion of next year's AGM (or, if earlier, until midnight on 27 December 2021) save that under such authority the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert any security into shares in pursuance of such an offer or agreement as if the relevant authority conferred hereby had not expired.

Amendment of the Diageo 2001 Share Incentive Plan

16. THAT the rules of the Diageo 2001 Share Incentive Plan, the main features of which are summarised in Appendix 1 of this Notice, be amended to extend the date on which the Board's authority to issue ordinary shares in the Company expires from 13 October 2020 to 28 September 2030, and such rules, a copy of which (marked to show the proposed amendment) is produced to the meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and adopted, and the Remuneration Committee of the Board be hereby authorised to do all acts and things

which it considers necessary or desirable to carry the same into effect.

Adoption of the Diageo 2020 Sharesave Plan

17. THAT the rules of the Diageo 2020 Sharesave Plan, the main features of which are summarised in Appendix 2 of this Notice, and a copy of which is produced to the meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and adopted, and the Remuneration Committee of the Board be hereby authorised to do all acts and things which it considers necessary or desirable to carry the same into effect.

Adoption of the Diageo Deferred Bonus Share Plan

18. THAT the rules of the Diageo Deferred Bonus Share Plan, the main features of which are summarised in Appendix 3 of this Notice, and a copy of which is produced to the meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and adopted and the Remuneration Committee of the Board be hereby authorised to do all acts and things which it considers necessary or desirable to carry the same into effect.

Authority to establish international share plans

19. THAT the Board be hereby authorised to establish, for the benefit of employees overseas, future share plans based on the Diageo 2001 Share Incentive Plan (as amended), the Diageo 2020 Sharesave Plan and the Diageo Deferred Bonus Share Plan, modified to the extent necessary or desirable to take account of overseas tax, securities and exchange control laws and regulations, provided that such plans must operate within the limits on individual or overall participation summarised in Appendix 1 of this Notice for the Diageo 2001 Share Incentive Plan (as amended), Appendix 2 of this Notice for the Diageo 2020 Sharesave

Plan and Appendix 3 of this Notice for the Diageo Deferred Bonus Share Plan.

Special Resolutions

Disapplication of pre-emption rights

20. THAT, if Resolution 15 is passed, in substitution for all subsisting authorities, the Board be given power to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares of the Company held as treasury shares for cash, in each case, as if section 561(1) of the Act did not apply to any such allotment or sale, such power to be limited:

- a. to the allotment of equity securities and sale of treasury shares for cash in connection with an offer or issue of, or invitation to apply for, equity securities:
 - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - ii. to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,and so that the Board may impose any limits, exclusions or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter (including any matters arising by virtue of equity securities being represented by depositary receipts);
- b. to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £33,683,577; and
- c. to the allotment of equity securities in connection with the Company's employee share plans and the Company's employee share plans

for employees of joint ventures in which the Company and/or any of its subsidiary undertakings (as defined in the Act) participates,

such power to apply until the conclusion of next year's AGM (or, if earlier, until midnight on 27 December 2021) save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted (and/or treasury shares to be sold) after such expiry and the Directors may allot equity securities and/or sell treasury shares in pursuance of such an offer or agreement as if the relevant power conferred hereby had not expired.

Authority to purchase own ordinary shares

21. THAT the Company be authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares on such terms and in such manner as the Board may from time to time determine but subject to the following restrictions and provisions:
- a. the maximum number of ordinary shares hereby authorised to be purchased is 232,820,888; and
 - b. the minimum price, exclusive of expenses, which may be paid for an ordinary share is 28 ¹⁰¹/₁₀₈ pence; and
 - c. the maximum price, exclusive of expenses, which may be paid for an ordinary share is the higher of:
 - i. 5% above the average market value of the Company's ordinary shares for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
 - ii. the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out; and

- d. unless previously revoked or varied, such authority shall expire at the conclusion of next year's AGM (or, if earlier, at midnight on 27 December 2021), save that the Company may, before such expiry, enter into a contract for the purchase of ordinary shares which would or might be completed wholly or partly after such expiry and the Company may purchase ordinary shares pursuant to any such contract as if this authority had not expired.

Reduced notice of a general meeting other than an AGM

22. THAT a general meeting of the Company other than an AGM may be called on not less than 14 clear days' notice.

Approval and adoption of new articles of association

23. THAT, with effect from the conclusion of the meeting, the articles of association of the Company produced to the meeting and initialled by the Chairman for the purposes of identification be adopted as the Company's articles of association in substitution for, and to the exclusion of, the existing articles of association.

2019 Share buy-backs and employee benefit and share ownership trust transactions

24. THAT:

- a. in relation to the Company's purported purchase of: (i) 6,907,552 ordinary shares between 10 May 2019 and 30 June 2019 (inclusive) (the 'FY19 Share Buy-backs'); and (ii) 2,350,298 ordinary shares between 1 July 2019 and 9 August 2019 (inclusive) (the 'FY20 Share Buy-backs') (the FY19 Share Buy-backs and the FY20 Share Buy-backs being, together, the 'Relevant Share Buy-backs'):
- i. the appropriation of distributable profits of the Company (as shown in the audited financial statements of

- the Company for the financial year ended 30 June 2019) to the payment of the purchase prices paid in respect of the FY19 Share Buy-backs be and is hereby authorised and confirmed;
- ii. the appropriation of distributable profits of the Company (as shown in the audited financial statements of the Company for the financial year ended 30 June 2020) to the payment of the purchase prices paid in respect of the FY20 Share Buy-backs be and is hereby authorised and confirmed;
- iii. the Company be and is hereby authorised for the purposes of section 694 of the Act to make off-market purchases (within the meaning of section 693(2) of the Act) of, in aggregate, 9,257,850 ordinary shares in accordance with the terms of the proposed buy-back deeds to be entered into between the Company and each of Citigroup Global Markets Limited ('Citi') and UBS AG, London Branch ('UBS' and, together with Citi, the 'Brokers'), in the form produced to the AGM and initialled by the Chairman for the purposes of identification, in consideration of the Company releasing and waiving its rights and claims to the amounts paid to each of the Brokers in respect of the Relevant Share Buy-backs (the 'Buy-back Deeds'), such authority to expire at the conclusion of the next annual general meeting of the Company or, if earlier, midnight on 27 December 2021 (unless renewed, varied or revoked by the Company prior to or on that date);
- iv. any Director in the presence of a witness or any two Directors or any Director and the Company Secretary be authorised to execute each of the Buy-back Deeds as a deed for and on behalf of the Company;

- v. for the avoidance of doubt, any and all claims which the Company has or may have arising out of or in connection with the payments made for the Relevant Share Buy-backs against either of the Brokers be waived and released in accordance with the Buy-back Deeds; and
 - vi. any distribution involved in the giving of any release or waiver to the Brokers pursuant to the terms of the Buy-back Deeds in relation to the Relevant Share Buy-backs be made out of the relevant distributable profits of the Company appropriated to each Relevant Share Buy-back by reference to a payment date identical to the payment date for each such Relevant Share Buy-back;
- b. in relation to certain assistance given by the Company to (i) the Diageo Employee Benefit Trust and the Diageo No.3 Employees' Benefit Trust (the 'Employee Benefit Trusts') or, where the context requires, Zedra Trust Company (Guernsey) Limited as trustee for the Employee Benefit Trusts, and (ii) Diageo Share Ownership Trustees Limited (together with the Employee Benefit Trusts, the 'Employee Benefit and Share Ownership Trusts') in relation to shares purchased for the purposes of free and matching share arrangements under the Diageo 2001 Share Incentive Plan between (i) 10 May 2019 and 30 June 2019 (inclusive) (the 'FY19 Relevant EBSOT Transactions'), and (ii) between 1 July 2019 and 9 August 2019 (inclusive) (the 'FY20 Relevant EBSOT Transactions') (the FY19 Relevant EBSOT Transactions and the FY20 Relevant EBSOT Transactions being, together, the 'Relevant EBSOT Transactions'):
- i. in relation to the FY19 Relevant EBSOT Transactions, the appropriation of distributable profits of the Company (as shown in the audited financial statements of the Company for the financial year ended 30 June 2019) to the assistance given by the Company in making a loan of £9,827,407 to the Employee Benefit Trusts, making a loan of £150,000 to Diageo Share Ownership Trustees Limited, and funding the purchase by Diageo Share Ownership Trustees Limited of ordinary shares worth £126,660 be and is hereby authorised and confirmed by reference to the date on which such assistance was given by the Company;
 - ii. in relation to the FY20 Relevant EBSOT Transactions, the appropriation of distributable profits of the Company (as shown in the audited financial statements of the Company for the financial year ended 30 June 2020) to the assistance given by the Company in making loans of £300,000 in aggregate to Diageo Share Ownership Trustees Limited be and is hereby authorised and confirmed by reference to the date on which such assistance was given by the Company;
 - iii. any and all claims which the Company has or may have against the Employee Benefit and Share Ownership Trusts arising out of or in connection with the provision of any such assistance or the incurrance of any related liabilities be waived and released, and that a deed of release in favour of the Employee Benefit and Share Ownership Trusts be entered into by the Company in the form produced to the AGM and initialled by the Chairman for the purposes of identification (the 'EBSOT Deed

of Release'), and any Director in the presence of a witness or any two Directors or any Director and the Company Secretary be authorised to execute the EBSOT Deed of Release as a deed for and on behalf of the Company; and

- iv. any distribution involved in the giving of any waiver or release referred to in paragraph (iii) above be made out of the distributable profits of the Company appropriated to the relevant assistance in relation to the Relevant EBSOT Transaction by reference to a date identical to the date on which the relevant assistance was given; and
- c. any and all claims which the Company has or may have against any of its Directors (whether past or present) arising out of or in connection with the approval, making, payments in respect of, or any other aspect of:
 - i. the Relevant Share Buy-backs; and
 - ii. the Relevant EBSOT Transactions and the assistance comprised in or provided for such transactions,be waived and released, and that a deed of release in favour of such persons be entered into by the Company in the form produced to the AGM and initialled by the Chairman for the purposes of identification (the 'Directors' Deed of Release'), and any Director in the presence of a witness or any two Directors or any Director and the Company Secretary be authorised to execute the Directors' Deed of Release as a deed poll for and on behalf of the Company.

By order of the Board

Siobhán Moriarty
Company Secretary

6 August 2020

Diageo plc
Registered office:
Lakeside Drive
Park Royal
London
NW10 7HQ

Registered in England No. 23307

Explanatory notes to the resolutions

Resolution 1 (report and accounts 2020)

These Diageo plc Directors' and Auditor's reports and accounts are for the year ended 30 June 2020.

Resolution 2 (Directors' remuneration report 2020)

Resolution 2 is an advisory vote to approve the Directors' remuneration report as required by sections 439 and 440 of the Act and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The remuneration report (excluding the Directors' remuneration policy) is set out on pages 84 to 88 and 95 to 106 of the Annual Report for the year ended 30 June 2020.

Resolution 3 (Directors' remuneration policy 2020)

Resolution 3 is to approve the Directors' remuneration policy as set out in the Directors' remuneration report on pages 89 to 94 of the Annual Report for the year ended 30 June 2020.

The vote on the Directors' remuneration policy is binding and accordingly the Company may not make a remuneration payment or payment for loss of office to a person who is, or is to become, or has been a director of the Company unless that payment is consistent with the Directors' remuneration policy or has otherwise been approved by a resolution of shareholders.

If Resolution 3 is passed, the Directors' remuneration policy will take effect immediately. The Directors' remuneration policy must be put to a shareholder vote and approved at least once every three financial years, or earlier if it is proposed that the policy is amended during that time.

Resolution 4 (declaration of final dividend)

The Company paid an interim dividend of 27.41 pence per ordinary share in April 2020. The Board recommends a final dividend of 42.47 pence per ordinary share, bringing the total dividend for the year to 69.88 pence per ordinary share. Subject to approval by shareholders, the final dividend will be paid on 8 October 2020 to shareholders on the Register on 14 August 2020.

A Dividend Re-investment Plan ('DRIP') is available in respect of this dividend and the plan notice date is 17 September 2020. A DRIP booklet and mandate form are available from the Registrar or from the Company's website (www.diageo.com).

Resolution 5 (election of Melissa Bethell)

The Company's articles of association provide that all Directors shall retire from office and may offer themselves for re-election.

Melissa Bethell was appointed to the Board on 30 June 2020 and therefore will retire at the AGM and stand for election by shareholders for the first time since her appointment.

Melissa is the Managing Partner of Atairos Europe, an investment firm backed by Comcast NBC Universal. Melissa was previously at Bain Capital, the global private equity firm, for over 18 years, where she performed various roles, latterly as a Senior Advisor, and previously including Managing Director, Private Equity. She was also a member of the Bain Capital senior leadership team responsible for strategy setting, fundraising and portfolio management. Before joining Bain Capital, Melissa worked as an analyst in the Fixed Income Capital Markets group at Goldman Sachs. Melissa is currently a non-executive director of Tesco plc and of Exor, a listed holding company for the Agnelli family. She was a non-executive director of Atento until November 2018.

Resolutions 6 to 11 (Directors seeking re-election)

In accordance with the UK Corporate Governance Code and the Company's articles of association, all other Directors, except Ho KwonPing, will stand for re-election by shareholders at the AGM.

In relation to the re-election of Non-Executive Directors, Susan Kilsby, Lady Mendelsohn and Alan Stewart, the Chairman has confirmed that the Board has determined that each of them is independent, continues to perform effectively and demonstrates commitment to their role, and that they are all influential individuals in their respective fields, backgrounds and countries. The Senior Independent Non-Executive Director and the other Non-Executive Directors are satisfied that the Chairman is performing effectively and demonstrates commitment to his role, including commitment of time to Board and Committee meetings and his other duties. The Chairman was considered to be independent on appointment.

Their balance of knowledge and skills, combined with their diversity and business experience, makes a major contribution to the proper functioning of the Board and its committees. Biographical details of the Directors seeking re-election can be found on pages 68 and 69 of the Annual Report for the year ended 30 June 2020. These include details of the strengths of each director, which demonstrate that each director's contribution is, and continues to be, important to the Company's long-term sustainable success.

Copies of the Directors' service contracts (or, where appropriate, letters of appointment) are available for inspection during normal business hours at the Company's registered office on any business day, and will be available at the place where the AGM is being held from at least 15 minutes prior to, and during, the AGM.

Resolution 12 (re-appointment of auditor)

At each general meeting at which the accounts are laid before the members, the Company is required to appoint an auditor to serve until the next such meeting. The Audit Committee has assessed the effectiveness of PricewaterhouseCoopers LLP and recommends re-appointment. PricewaterhouseCoopers LLP has agreed to continue as the Company's auditor in respect of the financial year ending 30 June 2021.

Resolution 13 (remuneration of auditor)

This resolution authorises the Board, acting through the Audit Committee, to determine the remuneration of the Company's auditor.

Resolution 14 (political donations and political expenditure)

Under section 366 of the Act, the Company is required to seek shareholders' authority for any political donations and/or political expenditure made by the Company in the UK or any member state of the European Union ('EU'). At the AGM held on 19 September 2019, the Board was granted authority to make such political donations and/or incur such political expenditure, capped at £100,000.

Within the UK and the EU, it has been the Company's longstanding practice not to make payments to political parties and the intention is that this will remain the case. However, the legislation is very broadly drafted and may catch activities such as funding seminars and other functions to which politicians are invited, supporting certain bodies involved in policy review and law reform, and matching employees' donations to certain charities.

The group made contributions to political parties outside the UK and EU totalling £0.38 million during the year (2019 – £0.38 million). These were all made consistent with applicable laws and were almost exclusively to federal and state candidates and committees in North America, where it is common practice to make political contributions. No particular political persuasion was supported and contributions were made with the aim of promoting a better understanding of the group and its views on commercial matters, as well as a generally improved business environment.

To avoid inadvertent infringement, the Board has decided to continue to seek shareholders' authority for political donations and political expenditure in the UK and the EU in case any of the Company's normal activities are caught by the legislation. The authority sought would again be capped at £100,000. This authority will apply until the conclusion of next year's AGM (or, if earlier, until midnight on 27 December 2021).

The Board will continue to seek to renew this authority at each AGM, in accordance with current best practice.

Resolution 15 (authority to allot shares)

At the AGM held on 19 September 2019, shareholders gave authority to the Board, which will expire at the conclusion of this year's AGM, to allot a maximum of £228,759,281 in nominal value of ordinary shares and any securities convertible into ordinary shares. Resolution 15 replaces the authority granted in 2019 and would allow the Board to allot ordinary shares, or to grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £224,557,184 (representing approximately 776,069,627 ordinary shares).

This amount represents approximately one-third of the Company's issued share capital (excluding treasury shares and the ordinary shares that were the subject of the Relevant Share Buy-backs referred to in Resolution 24) as at 4 August 2020, being the latest practicable date prior to publication of this Notice (the 'Latest Practicable Date').

The authority sought under this resolution will apply until the conclusion of next year's AGM (or, if earlier, until midnight on 27 December 2021). The Board will continue to seek to renew this authority at each AGM, in accordance with current best practice.

The Board has no present intention to exercise the authority sought under Resolution 15, except to satisfy options under the Company's share option plans (where relevant).

As at the Latest Practicable Date, 224,522,069 ordinary shares are held by the Company in treasury (representing approximately 9.64% of the total issued share capital (excluding treasury shares and the ordinary shares that were the subject of the Relevant Share Buy-backs referred to in Resolution 24) of the Company).

Resolutions 16 to 19 (employee share plans)

The Company currently operates the Diageo 2001 Share Incentive Plan ('SIP') and the Diageo 2010 Sharesave Plan ('Current UK Sharesave'), both of which need to be renewed. The SIP and Current UK Sharesave will each expire on 13 October 2020. Shareholder approval is being sought to:

- a. amend the SIP to extend the Board's authority to issue ordinary shares in the Company for the purposes of the SIP until 28 September 2030 to enable the Company to continue to operate the plan (Resolution 16); and

- b. renew the Current UK Sharesave to enable the Company to be able to continue to grant awards under the plan on a similar basis (Resolution 17) ('New UK Sharesave').

During 2020, the Remuneration Committee undertook a review of the Company's remuneration policy for directors ahead of the policy being put to shareholders for renewal at the 2020 AGM. Following consideration of the current policy, best practice and shareholder feedback, the Remuneration Committee decided to implement a deferred bonus plan for a portion of any annual bonus awarded to executive directors. Shareholder approval is being sought for the Diageo Deferred Bonus Share Plan ('DBSP') (Resolution 18) which is proposed as a new share plan which will be the mechanism for the bonus deferral into ordinary shares that will form part of the Company's remuneration policy for directors that shareholders are being asked to approve at the AGM.

Authority is also being sought under Resolution 19 to establish share plans comparable to the SIP, the New UK Sharesave and the DBSP for employees working overseas.

A summary of the main features of the rules of the SIP can be found in Appendix 1 of this Notice, a summary of the main features of the rules of the New UK Sharesave can be found in Appendix 2 of this Notice and a summary of the main features of the rules of the DBSP can be found in Appendix 3 of this Notice. The rules of the SIP, the New UK Sharesave and the DBSP will be available for inspection as set out in note 21.

Resolution 20 (disapplication of pre-emption rights)

This resolution would give the Board the power to allot ordinary shares (or sell any ordinary shares which the Company holds in treasury) for cash without first having to offer them to existing shareholders in proportion to their existing shareholdings.

This authority would be limited to allotments of new ordinary shares or sales of treasury shares, for cash, under Resolution 15 in connection with pre-emptive offers, or to allotments of equity securities to employees of joint ventures in which the group participates, or otherwise to allotments or sales of up to an aggregate nominal amount of £33,683,577 (representing approximately 116,410,442 ordinary shares), which is equivalent to just less than 5% of the issued ordinary share capital (excluding treasury shares and the ordinary shares that were the subject of the Relevant Share Buy-backs referred to in Resolution 24) of the Company as at the Latest Practicable Date.

In respect of the authority referred to in sub-paragraph (b) of the resolution, the Board also confirms its intention to follow the provisions of the Pre-Emption Group Statement of Principles regarding cumulative usage of authorities of no more than 7.5% of the issued ordinary share capital (excluding treasury shares) within a rolling three-year period without prior consultation with shareholders. The Board will continue to renew this authority at each AGM, in accordance with best practice.

This authority will apply until the conclusion of next year's AGM (or, if earlier, until midnight on 27 December 2021).

Resolution 21 (authority to purchase own ordinary shares)

At the AGM held on 19 September 2019, the shareholders granted authority for the Company to buy up to a maximum of 237,177,623 of its own ordinary shares in the market.

This resolution renews and replaces that authority and would allow the Company to buy back up to 232,820,888 ordinary shares (i.e. approximately £67,367,155 in nominal value) in the market, representing just less than 10% of the issued ordinary share capital (excluding treasury shares and the ordinary shares that were the subject of the Relevant Share Buy-backs referred to in Resolution 24), of the Company at the Latest Practicable Date.

At the Latest Practicable Date, the Company had outstanding options to subscribe for ordinary shares relating to 54,152 ordinary shares. This figure represents approximately 0.00% of the issued ordinary share capital (excluding treasury shares and the ordinary shares that were the subject of the Relevant Share Buy-backs referred to in Resolution 24) of the Company at the Latest Practicable Date and would, assuming no further ordinary shares are issued, represent approximately 0.00% of the issued ordinary share capital (excluding treasury shares and the ordinary shares that were the subject of the Relevant Share Buy-backs referred to in Resolution 24) of the Company if full authority to purchase shares (under both the existing authority and that being sought at this year's AGM) was used.

The resolution sets out the lowest and highest prices that the Company can pay for the ordinary shares, the lowest price being the nominal value of an ordinary share and the highest price being the higher of:

- a. 5% above the average market value of the Company's ordinary shares for the five business days preceding the day of purchase; and
- b. the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venues where the purchase is carried out.

This authority will apply until the conclusion of next year's AGM (or, if earlier, until midnight on 27 December 2021). Any buyback would be by market purchases through the London Stock Exchange and/or other relevant markets or exchange.

Any ordinary shares so purchased would be either held as treasury shares or cancelled. In the period from 19 September 2019 to the Latest Practicable Date, 26,777,028 ordinary shares have been purchased and cancelled under the existing authority.

The Board would only authorise such purchases after careful consideration, taking account of other investment opportunities, appropriate gearing levels, the overall financial position of the group and whether the effect would be an increase in earnings per share and in the best interests of shareholders generally. The group's leverage ratio, calculated as adjusted net debt to EBITDA, was 3.3x at 30 June 2020 and elevated levels above the target range of 2.5-3.0x are anticipated through the year ending 30 June 2021. As such, and as confirmed in the Company's preliminary results for the year ended 30 June 2020, the Board does not currently plan to re-initiate purchases under a buyback programme.

Resolution 22 (reduced notice of a general meeting other than an AGM)

In accordance with the Act, the notice period for general meetings (other than AGMs) is 21 clear days unless a shorter notice period is approved by shareholders via special resolution. The Company would like to have the ability to call general meetings (other than an AGM) on less than 21 clear days' notice. Resolution 22 seeks such approval.

The Company confirms that the shorter notice would not be used as a matter of routine but only in exceptional circumstances where the flexibility is merited by the nature of the business of the meeting and is thought to be in the interests of shareholders as a whole. In accordance with the Act, the Company shall continue to offer the facility for members to vote by electronic means.

Resolution 23 (approval and adoption of new articles of association)

It is proposed that the Company adopt new articles of association (the 'New Articles') to update the Company's current articles of association, which were adopted in 2019. The proposed New Articles have been updated for current procedural and governance requirements as well as in light of our experience during the ongoing Covid-19 pandemic. The proposed changes include:

- a. allowing the Company to hold general meetings in more than one location and to enable shareholders to participate in meetings by electronic means. The changes will, in particular, allow "hybrid" meetings so that shareholders may participate remotely alongside a physical in-person meeting. The Board recognises the value and importance of shareholders being able to attend meetings in person and, accordingly, the proposed changes do not permit "virtual-only" meetings where there is no physical meeting;
- b. updating the security-related provisions for general meetings to expressly include health and safety-related arrangements;
- c. updating the provisions relating to the conduct of Board and Directors' meetings;
- d. updating provisions relating to untraced shareholders, including so that (after a waiting period) the proceeds from the sale of shares of an untraced shareholder will be forfeit;
- e. updating the provisions relating to Directors' fees, including updating the cap on Directors' fees from £1,200,000 to £1,750,000 and clarifying that this cap may in future be increased by an ordinary resolution of the Company;
- f. amending the provisions permitting the Board to award additional remuneration and pensions and gratuities to Directors, including enabling such decisions to be taken by a committee;
- g. updating the provisions permitting the payment of interim dividends to allow such dividends to be paid other than in cash;
- h. including flexibility to allow the Board not to send notices or documents to certain shareholders in overseas jurisdictions where it considers this to be necessary to comply with, or to avoid practical issues relating to, the laws of certain jurisdictions; and
- i. updating the provisions permitting the indemnification of directors by the Company to allow for the indemnification of former Directors as well as current Directors.

Resolution 24 (2019 share buy-backs and employee benefit and share ownership trust transactions)

The Company has been advised that, as a consequence of the Relevant Share Buy-backs and the Relevant EBSOT Transactions (together the 'Affected Transactions') having been made otherwise than in accordance with the Act, it may have claims against counterparties to the Relevant Share Buy-backs, the Employee Benefit and Share Ownership Trusts and those persons who were directors of the Company at the time of entry into each of the Affected Transactions. The Board notes, however, that the Company has no intention of bringing any such claims and is therefore proposing this resolution to enable the position in relation to the Relevant Share Buy-backs and Relevant EBSOT Transactions to be regularised and to put all potentially affected parties, so far as possible, in the position in which they were intended to be had the Affected Transactions been undertaken in accordance with the Act.

In relation to the Relevant Share Buy-backs, the Company has been further advised that each Broker is entitled to be reinstated on the Company's register of members in respect of those ordinary shares that were the subject of the Relevant Share Buy-backs that it undertook provided that, upon such reinstatement, the relevant Broker accounts to the Company for the monies originally paid to it for the relevant ordinary shares. The Board also notes that, at the time of each of the Relevant Share Buy-backs, the relevant Broker was not aware that the relevant ordinary shares were purchased by the Company otherwise than in accordance with the Act and that, under the terms of engagement between the Company and each of the Brokers in relation to the Company's share buy-back programme, the Brokers received certain assurances regarding the availability of distributable

reserves and have certain contractual remedies to protect their position in a situation where sufficient reserves were not available.

In order to: (i) remedy the potential consequences of the Affected Transactions having been undertaken by the Company otherwise than in accordance with the Act; and (ii) put all potentially affected parties so far as possible in the position in which they were always intended to be had the Affected Transactions been undertaken in accordance with the requirements of the Act, the Company is proposing this resolution.

If passed, the effect of this resolution, which will be proposed as a special resolution, will be to:

- a. authorise and confirm the appropriation of the relevant distributable profits of the Company to the payment of each of the purchase prices paid in respect of Relevant Share Buy-backs and the provision of the relevant assistance for each of the Relevant EBSOT Transactions;
- b. authorise the Company to enter into each of the Buy-back Deeds with the relevant Broker (as applicable) to acquire the relevant ordinary shares which were the subject of each of the Relevant Share Buy-backs in consideration for the Company releasing and waiving its rights and claims against the relevant Broker in respect of the monies paid by the Company to the relevant Broker in respect of the purchase of the relevant ordinary shares;
- c. waive and release any rights of the Company to make claims against the Employee Benefit and Share Ownership Trusts in respect of each of the Relevant EBSOT Transactions, such waiver and release to be effected by way of the entry by the Company into the EBSOT Deed of Release; and

- d. waive and release any rights of the Company to make claims against its directors (whether past or present) in respect of each of the Relevant Share Buy-backs and each of the Relevant EBSOT Transactions, such waiver and release to be effected by way of the entry by the Company into the Directors' Deed of Release.

The approach that the Company is proposing by way of this resolution in respect of the Relevant Share Buy-backs and the Relevant EBSOT Transactions is consistent with the approach taken by other listed companies that have, similarly, made distributions or undertaken such transactions otherwise than in accordance with the Act.

Share Buy-back Deeds

The Company's entry into each of the Share Buy-back Deeds requires shareholder authorisation under section 694 of the Act as, for the purposes of the Act, each Buy-back Deed constitutes an off-market purchase contract, where the relevant ordinary shares will be purchased otherwise than on a recognised investment exchange. The authority to make the off-market purchases pursuant to the Buy-back Deeds (which is specific to the Relevant Share Buy-backs) will expire at the conclusion next year's AGM or, if earlier, midnight on 27 December 2021, whichever is sooner.

A total of 9,257,850 ordinary shares were purported to be bought back by the Company from the Brokers under the Relevant Share Buy-backs for an aggregate consideration of £309,498,349.08. Pursuant to the Share Buy-back Deeds, these ordinary shares will be purchased by the Company from the relevant Broker in consideration for the release and waiver by the Company of its rights to

repayment of the original consideration. That will result in the lawful transfer of the relevant ordinary shares on the economic terms originally applicable and with no additional price payable by the Company. Following the completion of such transfer (which, subject to shareholder approval of Resolution 24, is expected to take place as soon as possible after the AGM), the Company will then immediately cancel the ordinary shares transferred to it. Under the Share Buy-back Deeds, the Company will also indemnify each Broker, its affiliates and their respective directors, officers, agents and employees (and any person that controls such Broker or its affiliates) from and against any liability, claim, damages, cost, loss or expense arising out of or in connection with the Share Buy-back Deeds.

In addition, pursuant to the Share Buy-back Deeds, the Brokers will: (i) acknowledge that their reinstatement in the Company's register of members in respect of the relevant shares will satisfy the Company's obligation to restore legal title in the relevant shares to them; and (ii) waive (subject to the general protections afforded to each of the Brokers under the terms of engagement between the Company and each Broker) any rights or claims they have or may have to dividends due in respect of the shares, any rights or claims they have or may have to the current value of the shares and any other rights, claims, interests or benefits which may have arisen in respect of the shares prior to the date of the Buy-Back Deeds.

EBSOT Deed of Release

The Relevant EBSOT Transactions were conducted in order to satisfy the Diageo group's obligations under its employee incentive and share ownership plans. The Company has no intention to assert any right to claim any amount from the Employee Benefit and Share Ownership Trusts as a result of arrangements and payments having been made otherwise than in accordance with the Act. Pursuant to the EBSOT Deed of Release, the Company will therefore waive any right or claim which it has against the Employee Benefit and Share Ownership Trusts for the payment or repayment of any amount.

The arrangements in the EBSOT Deed of Release also apply for the benefit of directors, officers and employees of the Employee Benefit and Share Ownership Trusts. The directors of Diageo Share Ownership Trustees Limited (none of whom is a director of Diageo plc) are treated as related parties of Diageo under the Listing Rules. However, the scale of the arrangements involving Diageo Share Ownership Trustees Limited is de minimis and, accordingly, there are no applicable related party requirements under the Listing Rules.

Directors' Deed of Release

Under the Company's articles of association, it is necessary for shareholders to approve the Company's waiver of any rights of the Company to make claims against past and present directors in respect of the Affected Transactions, since members of the Board (all but one of whom are beneficiaries of the waiver) would have potential conflicts of interest in approving such a waiver.

The entry by the Company into the Directors' Deed of Release constitutes a related party transaction (as defined in the Listing Rules). In light of that, the Directors who were on the Board during the period in which the Affected Transactions took place have confirmed that they do not intend to vote shares held by them on this resolution. The size of the transaction relative to the Diageo group as a whole means that it is categorised as a smaller related party transaction for the purposes of the Listing Rules, meaning that the Company, whilst not required to seek shareholder approval for the transaction under the Listing Rules, is required to obtain written confirmation from a sponsor that the terms of the proposed transaction are fair and reasonable as far as shareholders are concerned. As noted in the Chairman's letter above, confirmation in these terms has been provided by BofA Securities in its capacity as sponsor.

BofA Securities has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in this document in the form and context in which they appear.

Effect of arrangements on the Company

The entry by the Company into the Share Buy-back Deeds, the EBSOT Deed of Release and the Directors' Deed of Release is not expected to have any effect on the Company's financial position as the Company has not recorded or disclosed its right potentially to make claims against any person in respect of the Affected Transactions as an asset or contingent asset of the Company.

Additional information for those entitled to attend the AGM

Attending and voting

1. Only holders of ordinary shares on the Register as at close of business on Thursday, 24 September 2020 (or, in the event of any adjournment, the date which is two days before the time of the adjourned meeting, provided that no account shall be taken of any part of a day that is not a working day) are entitled to attend, speak and/or vote at the AGM. Such shareholders can vote in respect of the number of shares registered in their names at that time, but any subsequent changes to the Register shall be disregarded in determining rights to attend and vote. Shareholders' entitlements to attend (and therefore speak) at the AGM are, this year, subject to the restrictions and limits described in note 2 below.
2. As explained on pages 1 to 2 of this Notice, shareholders (and any appointed proxies (other than the chairman of the AGM) or corporate representatives) will not be granted access to the AGM in person. In line with the recent UK legislation on holding company meetings during the Covid-19 pandemic and our articles of association, this year's AGM will be convened with a minimum quorum of shareholders (which will be comprised of Diageo's management) in order to conduct the functional business of the AGM. Shareholders are entitled and are strongly encouraged to register their vote in advance by appointing the chairman of the AGM as their proxy and giving voting instructions as further detailed below. To ensure that your vote is counted, it is particularly important that you appoint the chairman of the AGM as your proxy as any other person who might be appointed will not be allowed access to the AGM.
3. Any shareholder attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM, but no such answer need be given if (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information, (b) the answer has already been given on the Company's website (www.diageo.com) in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered. Shareholders' entitlements to attend (and therefore ask questions) at the AGM are, this year, subject to the restrictions and limits described in note 2 above.
4. As shareholders are unable to attend this year's AGM as described in note 2 above, we recognise that, in light of the exceptional arrangements for this year's AGM, shareholders will not have the opportunity to ask questions at the meeting. Instead, those shareholders who wish to ask a question of the Board relating to the business of the meeting can do so by sending an email to agm.2020@diageo.com by no later than close of business on Thursday, 24 September 2020. Questions will then be addressed and answered subject to the points in (a), (b) and (c) in note 3 above in the manner considered most appropriate by the Company given the nature of the question, which is expected to be either by reply email or via a statement on the Company's website (www.diageo.com).

Appointment of proxies

5. Given that attendance restrictions will apply to the AGM because of Covid-19, shareholders are encouraged to register their vote in advance by appointing the chairman of the AGM as their proxy. It is particularly important to consider appointing the chairman of the AGM as

your proxy as, if you appoint some other person, that other person will not be able to attend the AGM to cast votes as your proxy.

Any shareholder entitled to attend, speak and vote is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend the AGM and to speak and vote on his/her behalf. If you appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. A proxy need not be a shareholder of the Company. However, as noted above, it is particularly important to consider appointing the chairman of the AGM as your proxy as, if you appoint some other person, that other person will not be able to attend the AGM to cast votes as your proxy. You can find a Form of Proxy to make an appointment and give proxy instructions, on the Company's website (www.diageo.com) or you can request a copy from the Registrar at the address below. To be effective, the duly completed Form of Proxy, together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority, must reach The Registrar, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 2.30 pm on Thursday, 24 September 2020 (or not less than 48 hours before the time fixed for any adjourned AGM, provided that no account shall be taken of any part of a day that is not a working day).

To appoint a proxy electronically you will need your unique investor code as it appears on the Register (which can be found on either your share certificate, dividend confirmation or similar documentation as issued by the Registrar). You must use the electronic address specified for this purpose on the Company's website (please see 'Electronic Voting' at www.diageo.com) and your appointment must reach the Registrar by

2.30 pm on Thursday, 24 September 2020 (or not less than 48 hours before the time fixed for any adjourned AGM, provided that no account shall be taken of any part of a day that is not a working day). Please note that any electronic communication that is found to contain a computer virus will not be accepted.

If two or more valid but differing appointments of a proxy are received in respect of the same share for use at the same AGM, the appointment of proxy which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share. Participants in the Company's Employee Share Plans or holders of shares in the Diageo Sharestore should refer to note 11.

6. Unless voting instructions are indicated on the Form of Proxy, a proxy may vote or withhold his/her vote as he/she thinks fit on the resolutions or on any other business (including amendments to resolutions) which may come before the AGM. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for or against a resolution.
7. The return of the Form of Proxy or the appointment of a proxy via the electronic voting section of the Company's website (www.diageo.com) or via CREST will not in itself prevent you from attending and voting in person. However, as set out in note 2 above, you should not attempt to attend the AGM in person as you will not be permitted entry. In the case of joint holders, any one holder may vote. If more than one holder is present at the AGM or purports to vote by proxy, only the vote of the senior will be accepted, seniority being determined by the order in which names appear on the Register.

8. A shareholder must inform the Company in writing of any termination of the authority of a proxy.

Appointment of proxies through CREST

9. CREST members who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so in accordance with the procedures described in the CREST manual (available by logging in at www.euroclear.com). In order for a proxy appointment made through CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments as set out in note 5.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

CREST members and, where applicable, their CREST sponsors or voting service

providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system provider are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

Voting using Proxymity

10. If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 2.30 pm on Thursday, 24 September 2020 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

Participants in Diageo employee share plans or holders of shares in the Diageo Sharestore

11. Participants in the Company's Employee Share Plans and holders of shares in the Diageo Sharestore should complete the Letter of Direction section of the Form of Proxy.

Those who are ordinary shareholders and/or participants in such plans and/or holders of shares in the Diageo Sharestore should complete both the Form of Proxy and the Letter of Direction section. The Letter of Direction must reach the Registrar (at the address specified in note 5), or in the case of a Letter of Direction completed electronically, the electronic address specified for this purpose on the Company's website (please see 'Electronic Voting' at www.diageo.com), by 2.30 pm on Monday, 21 September 2020. The votes of employees or former employees of the Company will be taken to include their Employee Share Plans and Diageo Sharestore shares together with holdings in their own name unless they notify the Registrar to the contrary at least 48 hours before the AGM.

Corporate representatives

12. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. However, as explained in note 2 above, given that attendance restrictions will apply to the AGM because of Covid-19, corporate representatives will not be granted access to the AGM. Shareholders are encouraged to register their vote in advance by appointing the chairman of the AGM as their proxy. It is particularly important to consider appointing the chairman of the

AGM as your proxy as, if you appoint some other person, that other person will not be able to attend the AGM to cast votes as your proxy.

Nominated persons

13. A copy of this Notice has been provided for information only to persons who have been nominated by a shareholder to enjoy information rights under section 146 of the Act ('Nominated Persons'). The statement of the rights of shareholders in relation to the appointment of proxies does not apply to Nominated Persons as those rights can only be exercised by members of the Company. However, a Nominated Person may, under an agreement between him/her and the shareholder by whom he/ she was nominated, have a right to be appointed as a proxy for the AGM or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights.

If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains the registered shareholder or custodian or broker who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holdings (including any administration) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee to deal with matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.

Shareholders' rights

14. Under section 527 of the Act, shareholders that meet the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to (a) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous AGM at which annual accounts and reports were laid in accordance with section 437 of the Act.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required, under section 527 of the Act, to publish on a website.

Result of AGM

15. As soon as practicable following the AGM, the results of the voting at the AGM and the number of votes cast for and against and the number of votes withheld in respect of each resolution will be announced via a Regulatory Information Service and placed on the Company's website (www.diageo.com).

Electronic communications

16. Any electronic address provided either in this Notice or any related documents (including the Chairman's letter and Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.
17. Diageo encourages you to receive communications and documents electronically, by registering your email address at www.diageoregistrars.com. You will be sent an email letting you know that your shareholder documents will be available on the Company's website (www.diageo.com) for you to view or download.

Information on website

18. A copy of this Notice and other information required by section 311(A) of the Act can be found at the Company's website (www.diageo.com).
19. The Diageo plc report and accounts for the year ended 30 June 2020 can be viewed at, or downloaded from, the Company's website (www.diageo.com) or a copy requested by writing to the Registrar at the Link Asset Services – Diageo Registrars, PO Box 521, Darlington DL1 9XS or by calling +44 (0) 371 277 1010, or by emailing diageo@linkgroup.co.uk. Given the current restrictions related to Covid-19, the display documents set out in note 21 below are also being made available on the Company's website (www.diageo.com).

Issued share capital

20. Having undertaken the Relevant Share Buy-backs otherwise than in accordance with the Act, the Company has been advised that the ordinary shares purported to be acquired pursuant thereto remain in issue, albeit that they are not registered in the names of the Brokers and, as such, cannot be voted. Accordingly, the

Company's issued share capital at the Latest Practicable Date was 2,561,988,804 including 224,522,069 ordinary shares held as treasury shares and the 9,257,850 ordinary shares that were the subject of the Relevant Share Buy-backs. As at the Latest Practicable Date, the Company held 224,522,069 ordinary shares as treasury shares, representing approximately 9.64% of the Company's issued share capital (excluding treasury shares as at that date and also excluding the ordinary shares that were the subject of the Relevant Share Buy-backs) and 9.61% of the Company's issued share capital (excluding treasury shares as at that date but including the ordinary shares that were the subject of the Relevant Share Buy-backs). As at the Latest Practicable Date, the total number of voting rights in the Company was 2,328,208,885 (that is, excluding treasury shares and the shares that were the subject of the Relevant Share Buy-backs).

Display documents

21. The following documents, are available for inspection at the registered office of the Company during normal business hours on any weekday (Saturday, Sunday and UK public holidays excluded) until the close of the AGM:

- a. copies of service contracts between the executive directors and the Company;
- b. copies of letters of appointment of the non-executive directors;
- c. the Rules of the Diageo 2001 Share Incentive Plan marked to show the amendments as proposed under resolution 16;
- d. the Rules of the Diageo 2020 Sharesave Plan as proposed under resolution 17;
- e. the Rules of the Diageo Deferred Bonus Share Plan as proposed under resolution 18;

- f. the existing Articles of Association and New Articles as proposed under resolution 23;
- g. the Share Buy-back Deeds, the EBSOT Deed of Release and the Directors' Deed of Release, each as referred to in Resolution 24; and
- h. the consent letter referred to in the explanatory note on Resolution 24.

Given the current restrictions related to Covid-19, the documents above are also being made available on the Company's website (www.diageo.com).

The Rules of the Diageo 2001 Share Incentive Plan, the Rules of the Diageo 2020 Sharesave Plan, the Rules of the Diageo Deferred Bonus Share Plan and the existing Articles of Association and New Articles are also available for inspection at Slaughter and May, One Bunhill Row, London EC1Y 8YY.

Warning to shareholders

22. Please beware of share fraud or 'boiler room' scams, where shareholders are called 'out of the blue' by fraudsters (sometimes claiming to represent Diageo) attempting to obtain money or property dishonestly. Further information is available in the investor section of the Company's website (www.diageo.com) but in short, if in doubt, take proper professional advice before making any investment decision.

Appendix 1 – main terms of Rules of the Diageo 2001 Share Incentive Plan Outline

The SIP is intended to be flexible and the Company may offer any combination of the features outlined below to allow eligible employees to obtain ordinary shares in the Company. Under the SIP, the Company can:

- a. give up to £3,600 worth of free shares a year to an employee ('Free Shares');
- b. offer an employee the opportunity of buying up to £1,800 of shares a year ('Partnership Shares') out of pre-tax salary;
- c. give an employee up to two free matching shares for each Partnership Share bought ('Matching Shares'); and
- d. in addition to buying up to £1,800 of Partnership Shares each year, allow employees to purchase more shares using dividends received on Free Shares, Partnership Shares and Matching Shares ('Dividend Shares').

To date, the Company has offered Free Shares, Partnership Shares and Matching Shares. It is not intended that any award will be pensionable.

Eligibility

Each time that the Board (or a duly authorised committee) decides to operate the SIP, all UK resident tax-paying employees of the Company and its participating subsidiaries must be offered the opportunity to participate. Other employees may be permitted to participate at the Board's discretion. Employees invited to participate must have completed a minimum qualifying period of employment before they can participate. That period must not exceed eighteen months or, in certain circumstances, six months.

Free Shares

Up to £3,600 worth of Free Shares can be awarded to each employee in a tax year. Free Shares must be awarded on the same terms, so that the number awarded to each employee is determined by standard criteria such as remuneration, length of service and number of hours worked. The award of Free Shares can, if the Company so chooses, be subject to the satisfaction of a pre-award performance target which measures the objective success of the individual, team, division or business.

There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the employee cannot withdraw the Free Shares from the SIP unless the employee leaves employment.

The Board can, at its discretion, provide that the Free Shares will be forfeit if the employee leaves employment other than in the circumstances of injury, disability, redundancy, transfer of the employing business or company, on reaching retirement age or on death. Forfeiture can only take place within three years of the Free Shares being awarded.

Partnership Shares

The Board may allow an employee to use pre-tax salary to buy Partnership Shares. The maximum limit is the lower of £1,800 or 10% of pre-tax salary in any tax year. The salary allocated to Partnership Shares can be accumulated for a period of up to 12 months ('Accumulation Period') or Partnership Shares can be purchased monthly out of deductions from the employee's pay. In either case, Partnership Shares must be bought within 30 days of, as appropriate, the end of the Accumulation Period or the deduction from pay. An employee may stop and start deductions at any time. Once acquired, Partnership Shares may be withdrawn from the SIP by the employee at any time and will not be capable of forfeiture.

Matching Shares

The Board may offer Matching Shares free to an employee who has purchased Partnership Shares. If awarded, Matching Shares must be awarded on the same basis to all employees up to a maximum of two Matching Shares for every Partnership Share purchased.

There is a holding period of between three and five years during which the employee cannot withdraw the Matching Shares from the SIP unless the employee leaves employment.

The Board can, at its discretion, provide that the Matching Shares will be forfeit if the associated Partnership Shares are withdrawn by the employee, or if the employee leaves employment other than in the circumstances of injury, disability, redundancy, transfer of the employing business or company, on reaching retirement age or on death.

Investment of Dividends

The Board may allow an employee to reinvest all or some of their dividends to purchase additional shares. Dividend Shares must be held in the SIP for three years, unless the employee leaves employment. Once acquired, Dividend Shares are not capable of forfeiture.

Plan Trust

The SIP operates through a UK resident trust ('SIP Trust'). The SIP Trust purchases or subscribes for shares that are subsequently awarded to employees. The money to buy shares is provided either by the Company or, if employees are allowed to acquire Partnership Shares, by the employees.

Limits

The rules of the SIP provide that, in any period of ten years, not more than 10% of the Company's issued ordinary share capital may be issued under the SIP and under any other employees' share scheme operated by the Company.

Shares issued out of treasury under the SIP will count towards this limit for so long as this is required under institutional shareholder guidelines.

Amendments

The Board may at any time amend the SIP. The prior approval of the Company in general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits or the basis for determining an employee's entitlement or the provisions affecting variations of share capital, except for any minor amendment to benefit the administration of the SIP, to take account of any change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or the Company.

Appendix 2 – main terms of the Rules of the Diageo 2020 Sharesave Plan

The New UK Sharesave is an all-employee savings-related share option plan.

Eligibility

An individual must be a UK resident tax-paying employee or full-time director of the Company or a participating subsidiary and who has been an employee or full-time director for a qualifying service period (not exceeding five years) as the Board may determine. An individual is a full-time director if he is obliged to devote not less than 25 hours per week to his duties with the company concerned. The Board can decide which subsidiaries participate in the New UK Sharesave.

Grant of Options

The Board may invite all eligible employees to apply for options during the period of six weeks starting on the day which the New UK Sharesave is approved by shareholders, any day on which a new savings contract prospectus is announced or comes into force, the dealing day following the date on which the Company announces its results for any period, or at any other time when the Board considers that there are exceptional circumstances justifying the issue of invitations.

No options may be granted after 27 September 2030 (that is, the expiry of the period of ten years from the date on which the New UK Sharesave is approved by shareholders of the Company). Options granted under the New UK Sharesave are personal to the optionholder and, except on the death of the optionholder, may not be transferred. Options granted under the New UK Sharesave are not pensionable.

Savings Contracts

An eligible employee who applies for an option under the New UK Sharesave must also enter into a savings contract for a specified period of three or five years. The Board has discretion to determine which of the savings contracts will be available in respect of any invitation to apply for options. Under this contract, the employee will agree to make monthly savings contributions of a fixed amount which may not exceed the statutory maximum (currently, £500 per month) nor fall below £5 per month. Shares in the Company may only be acquired under the New UK Sharesave on the exercise of the options using the payment under this contract. Payment will be taken as including any interest or bonus payable under the savings contract.

Price

The Board shall determine the price payable for each share under option, provided that the price shall not be less than:

- a. 80% of the middle-market quotation for a share in the Daily Official List of the London Stock Exchange on the dealing day before the date on which invitations to apply for options are issued ('Invitation Date') or the date specified in the invitations ('Specified Date') or 80% of the average of the middle-market quotations for a share in the Daily Official List on the 3 consecutive dealing days before the Invitation Date or the Specified Date (or on such other dealing day or days as may be agreed with HMRC); or
- b. the nominal value of a share, if the option relates to new shares.

Limit

The number of shares which may be issued on the exercise of options or awards granted in any period of ten years under all the Company's employee share schemes may not exceed such number of shares as represents 10% of the Company's ordinary share capital in issue on the date of grant of such options or awards.

Market purchase shares which are transferred from a trust to satisfy options under the New UK Sharesave do not count towards this limit. Shares issued out of treasury to satisfy options under the New UK Sharesave will count towards this limit for so long as this is required under institutional shareholder guidelines.

Scaling Down

Applications to participate in the New UK Sharesave may be scaled down by the Board if applications exceed the number of shares available for the grant of options. The ways in which scaling down may be carried out are set out in the rules of the New UK Sharesave.

Exercise of Options

An option may not normally be exercised until the optionholder has completed their savings contract (which will usually be three or five years from the date of commencement of the savings contract) and then not more than six months thereafter. Special provisions allow early exercise in the case of death, injury, disability, redundancy, retirement or because the company or the business which employs the optionholder is transferred out of the group.

If an optionholder ceases employment for any other reason, their option will lapse. Special provisions also allow early exercise in the event of a change of control, reconstruction or winding up of the Company. Internal reorganisations do not automatically trigger the early exercise of options.

Variation of Capital

In the event of an increase or variation of the share capital of the Company, the Board may make such adjustments as it considers appropriate to the number of shares under option and the price at which they may be acquired.

Amendments

The Board may at any time amend the New UK Sharesave. The prior approval of the Company in general meeting is required for an amendment to the advantage of optionholders to the provisions relating to eligibility, individual and overall limits, the basis for determining a participant's entitlement to, and the terms of, shares provided under the New UK Sharesave, and the adjustments that may be made in the event of a variation of capital. Minor amendments to benefit the administration of the New UK Sharesave, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any member of the group do not require the approval of the Company in general meeting.

Appendix 3 – main terms of Rules of the Diageo Deferred Bonus Share Plan Eligibility

Employees (including executive directors) of the Company, its subsidiaries and its associated companies are eligible to participate in the DBSP. The intention is that the DBSP will only be used for executive directors currently.

Grant of awards

The Remuneration Committee ("Committee") will decide who will participate in the DBSP and how many ordinary shares they may receive, which will be linked to a percentage of the employee's annual cash bonus in accordance with the Company's remuneration policies.

Under the DBSP, participants are granted a right to receive ordinary shares. The award can take the form of rights to ordinary shares, options (with a nil exercise price) to acquire ordinary shares or ordinary shares issued or transferred at grant which are forfeited if the award lapses.

Awards will normally only be granted during the period of six weeks starting on the day which the DBSP is approved by shareholders, the dealing day following the date on which the Company announces its results for any period or at any other time when the Committee considers that there are exceptional circumstances justifying the grant.

No awards may be granted after 27 September 2030 (that is, the period of ten years from the date on which the DBSP is approved by shareholders of the Company).

Awards are not generally transferable (except to personal representatives on death or with the consent of the Committee) and are not pensionable. Participants do not pay for the grant of an award.

Dividend equivalent

An award can be granted on the basis that the participant will receive an additional amount on vesting based on the dividends paid on the number of ordinary shares over which the award vests or is exercised. This may be paid in cash or additional ordinary shares.

Performance conditions

Awards will not be subject to performance conditions as the annual cash bonus deferred into awards will have already been subject to performance conditions under the Company's annual cash bonus plan.

Individual limits

Awards in respect of any financial year are subject to a limit of 100% of the annual cash bonus the employee receives.

Overall limit

The number of ordinary shares which may be issued on the exercise of options or awards granted in any period of ten years under:

- a. all the Company's employee share schemes may not exceed such number of shares as represents 10% of the Company's ordinary share capital in issue on the date of grant of such options or awards; and
- b. the Company's discretionary employee share schemes may not exceed such number of shares as represents 5% of the Company's ordinary share capital in issue on the date of grant of such options or awards.

Market purchase ordinary shares which are transferred from a trust to satisfy awards under the DBSP do not count towards this limit. Ordinary shares issued out of treasury to satisfy awards under the DBSP will count towards this limit for so long as this is required under institutional shareholder guidelines.

Vesting of awards

Awards will normally vest on the final day of the third financial year following the financial year in relation to which the annual cash bonus that is being deferred under the DBSP was awarded.

To the extent the award vests, ordinary shares will be issued or transferred to the participant or, in the case of an option, the participant may exercise the option from vesting up to 10th anniversary of the grant date.

Instead of issuing or transferring ordinary shares, the Committee can decide to pay an equivalent value in cash.

Malus

The Committee can reduce or delay the vesting of awards in certain circumstances, such as in the event of a material performance failure or a material misstatement of the accounts.

Leaving employment

If a participant leaves employment for any reason other than summary dismissal, their award will vest in full on the date they leave. Awards will otherwise lapse when a participant leaves.

Takeovers, reorganisations

Special provisions allow early exercise in the event of a change of control, reconstruction or winding up of the Company.

Variation of Capital

In the event of an increase or variation of the share capital of the Company, the Committee may make such adjustments as it considers appropriate to the number of ordinary shares under award.

Amendments

The Committee may at any time amend the DBSP. The prior approval of the Company in general meeting is required for an amendment to the advantage of participants to the provisions relating to eligibility, individual and overall limits, the basis for determining a participant's entitlement to, and the terms of, shares provided under the DBSP, and the adjustments that may be made in the event of a variation of capital. Minor amendments to benefit the administration of the DBSP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any member of the group do not require the approval of the Company in general meeting.

DIAGEO

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EVERY DAY, EVERYWHERE

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