



Our approach to tax seeks to enable and support our business strategy and balance the various interests of our stakeholders including investors, governments and regulators, employees, customers, consumers, suppliers and the communities in which we operate.

## WHO DOES THIS APPLY TO?

**For the purposes of this policy, tax is defined as all financial charges or levies (direct and indirect) including excise remittances, import duties, corporate income tax, VAT, payroll and other taxes applied by a Tax Authority.**

This Policy applies to all Directors and employees who are involved in or whose actions impact the management of Diageo's tax affairs. In particular, this includes:

- The Directors and Executive Committee of Diageo plc and its subsidiaries.
- All members of the Global Tax team.
- Global Business Operations ('GBO'), to the extent that it has responsibilities for managing or supporting tax matters.
- All Finance Directors, Supply Chain Directors and their reports.
- All General Managers/Country Directors.
- All Corporate Relations Directors, Policy & Public Affairs and Sustainable Development managers.
- Any other employee that has responsibility for managing or supporting tax matters.

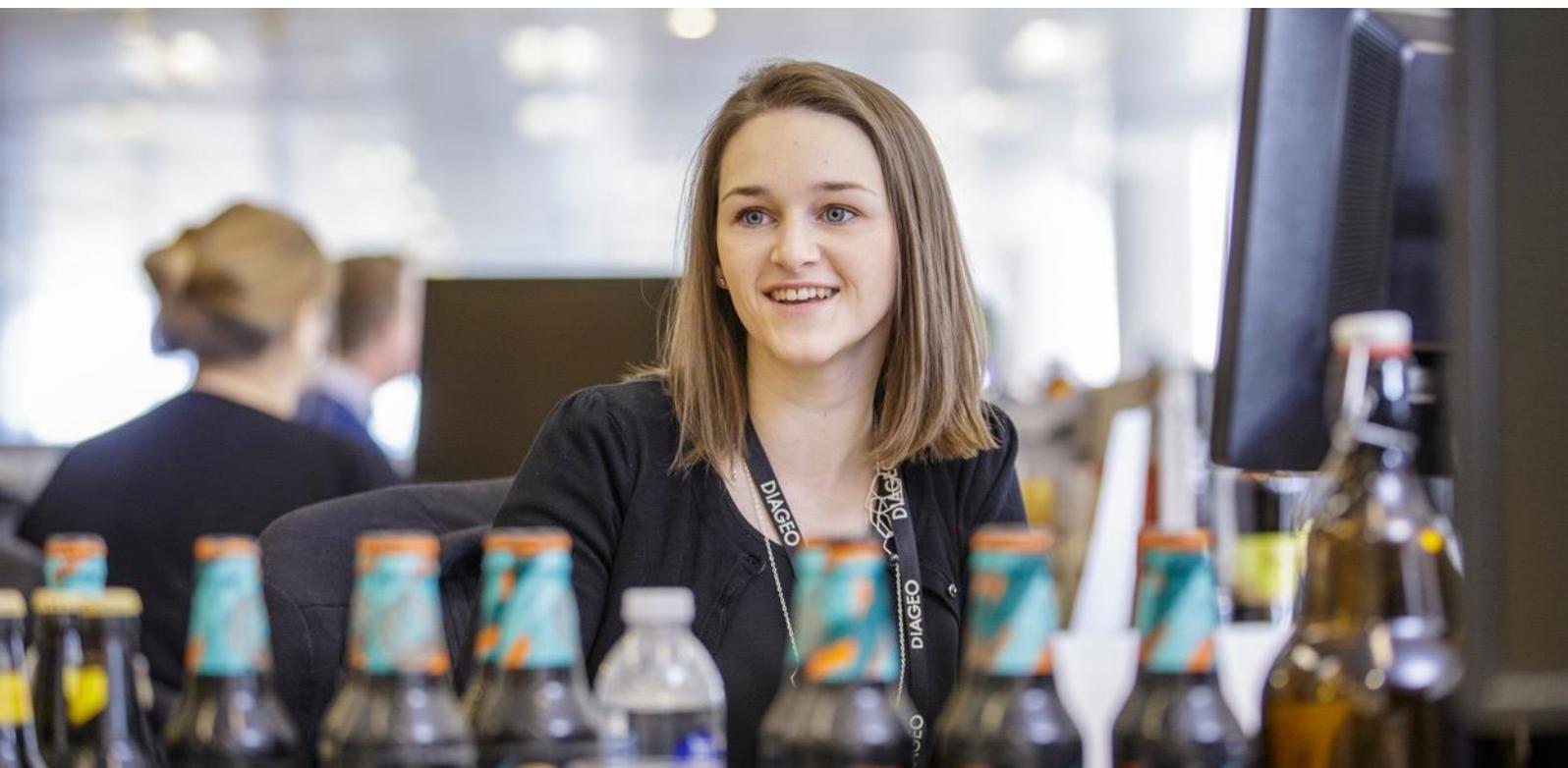
The Global Head of Tax will ensure that appropriate procedures and guidelines are established and suitable training and education are provided to support the key principles above and to manage the key tax risks. For the avoidance of doubt, accountability for compliance



with this Policy remains with Diageo employees. You are all individually responsible for making sure that you comply with this Policy in addition to our Code of Business Conduct, the Statement of Authorities and all laws, regulations and industry standards.

If you manage people, you are expected to ensure that the individuals who report to you receive the guidance, resources and training they need to enable them to do their jobs in compliance with this Policy.

We expect those representing and acting on behalf of Diageo, including temporary and contract employees, consultants, agents, and any other third party acting in our name, to do so in accordance with the principles of our Code.



## OUR COMMITMENT

Diageo pays tax in accordance with all relevant laws and regulations in the countries where we do business.

### Key principles:

- We conduct our business on sound commercial principles and, in doing so, take account of all relevant costs, including tax.
- We are committed to the effective, balanced and active management of our tax affairs to deliver our business strategy, create sustainable shareholder value and address the interests of our broader stakeholder group, including employees, governments, customers, consumers and the communities in which we operate.
- We pursue open and transparent working relationships with all tax authorities and we adhere to a policy of disclosure to relevant tax authorities in respect of all tax matters. We work collaboratively, wherever possible, to resolve any issues which may arise, including the interpretation of law. We do so in a professional and timely manner to achieve agreement and certainty on tax due.
- To the extent we undertake tax planning, we only do so in countries where we have commercial substance and our position would 'more likely than not' be upheld. Where appropriate, external advice is sought to verify our conclusions.
- Transactions between our subsidiaries are conducted on an arms-length basis in accordance with appropriate transfer pricing rules and OECD principles. This ensures that the group's global profits are taxed where economic activities are performed and where value is created.
- Where appropriate, we express views on the formulation of tax laws either directly or through trade associations or similar bodies.
- We claim tax incentives where these are applicable to our business operations and are in accordance with relevant tax legislation such as those established by government to promote economic growth. We ensure that any tax incentives claimed are implemented in the manner intended by the relevant statutory or regulatory framework.
- We do not have business operations in 'tax havens', as defined by the OECD, without a commercial purpose. We have a small number of businesses registered in such places, some of which are legacy entities from past acquisitions, or joint ventures. We continue to review these entities with a view to winding them up where practicable.

## CONTEXT

Diageo is the world's leading premium drinks company. Our products are sold in more than 180 countries with an ambition to be one of the best performing, most trusted and respected consumer products companies in the world. In delivering this ambition, it is our responsibility to run the business in the long term interests of all our stakeholders.

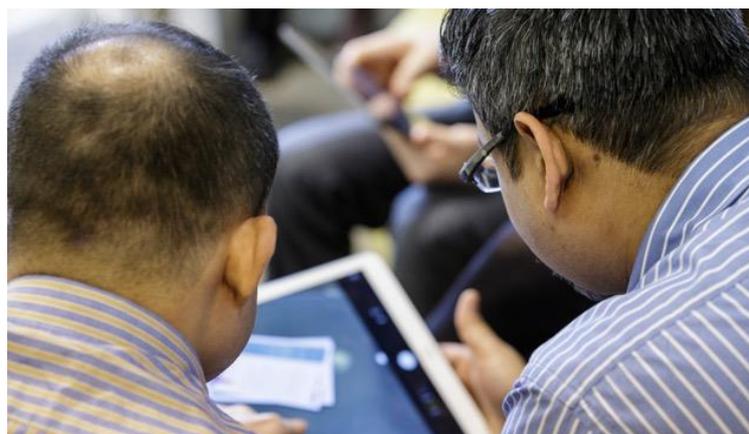
We work hard to ensure our global operations are competitive internationally and generate sustainable shareholder value, allowing us to grow the business; make significant investments behind our brands and in our production facilities; and, if appropriate, in the acquisition of new companies.

Our approach to tax seeks to enable and support our ambition and business strategy, as well as balance the various interests of our stakeholders including shareholders, governments, employees, customers, consumers and the communities in which we operate.

We support the adoption of international best practice and governance standards. We believe that a fair and effective tax system is in the interests of taxpayers and society at large and that it can contribute to the fight against poverty and corruption. We actively support measures to put the taxation of international companies like ours on a clear, fair and consistent basis. Although by its very nature, tax is complex and often uncertain, we know that it is a critical issue for all our stakeholders.

We recognise the importance of our social and economic impact on the communities in which we operate and our total economic contribution, including tax, can be a significant element of wealth creation for those communities. Our tax contributions include excise remittances, import duties, corporate income tax, VAT, payroll and other taxes we pay or collect on behalf of governments. Our economic contribution also includes jobs, investments, dividend payments, the purchase of goods and services, knowledge and skill transfers.

We manage and report our tax affairs in a manner which ensures compliance with the law and which is consistent with international best practice guidelines, such as international accounting standards and the Organisation for Economic Co-operation and Development ('OECD') Guidelines for Multinational Enterprises. Our Diageo Code of Business Conduct ('our Code') sets the standard for what is expected of everyone working at, or for, Diageo and our Global Tax Policy flows from its principles.



## CORE PRINCIPLES OF THE POLICY (CONT)

If this Policy applies to you, these are the principles you should follow:

- Make sure that Diageo complies with all relevant laws and regulations.
- Consider the context of this Policy and balance the interests of all stakeholders in making tax decisions and conducting tax affairs.
- Undertake appropriate training or consult experts to ensure you understand the relevant tax laws and regulations that apply to you in your job.
- Ensure that Diageo's systems, processes and controls enable you to fulfil our tax obligations.
- Engage the Global Tax team and Corporate Relations when tax issues arise in the countries in which Diageo operates.
- Act in a truthful and co-operative manner when dealing with all tax authorities in order to establish open working relationships.
- Understand and abide by the External Communications Global Policy at all times.
- Supply complete and accurate information to tax authorities in a timely manner.
- Manage records in line with Diageo's Information Management and Security Policy and maintain and disclose documentary evidence in accordance with regulatory and legal requirements.
- Seek to understand the tax implications of any major changes to the business and reflect all financial implications accurately in the accounting records, in line with the relevant accounting rules.
- Manage Diageo's tax affairs in compliance with the Code of Business Conduct and communicate any suspected instances of non-compliance with this Policy to an appropriate person (e.g. line manager/Global Risk and Compliance team/Speak Up helpline).
- Do not condone or tolerate the criminal evasion of any tax, or the deliberate facilitation of another's tax evasion, whether carried out by an employee or a business partner acting for us, or on our behalf. Do not transact business with anyone we believe is engaging in such practices anywhere in the world.
- Ensure that you adhere to Diageo's Statement of Authorities in respect of tax matters.
- Instruct any external organisations performing services for or on behalf of Diageo to act in accordance with the principles set out in this Policy so that they are able to discharge their obligations in a manner that is consistent with the Policy.



## WHERE TO GET MORE INFORMATION

More detail on accountability for tax is contained in the Diageo 'My Learning Hub'. For further information and support related to this Policy, please contact a member of the Global Tax team or your Line Manager.

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## HOW TO REPORT A BREACH

Any breach of this Policy is also considered to be a breach of the [Diageo Code of Business Conduct](#) and should be reported promptly.



Breaches of this policy will be dealt with in accordance with the [Breach Management Global Standard](#), Diageo [Investigation Guidelines](#) and local disciplinary policies, as permitted by law.

## POLICY GOVERNANCE

Diageo is a large, global and complex business and our products are sold in more than 180 countries, each with their own regulatory framework.

Our business in each location is subject to many types of taxes. The key tax risks that can arise from this complexity and scale include: the interpretation of, and changes in, tax laws; ensuring compliance; reporting accurately, transparently and, where possible, with certainty over tax costs; other transactional and reputational risks.

We identify, assess and account for all these potential tax risks appropriately and in a timely manner. We have internal controls and processes in place to manage and monitor these risks on a real time basis. This is over and above our compliance with the Sarbanes Oxley and Senior Accounting Officer regulations, as well as our regulatory obligations as a publically listed company.

The Board of Diageo plc approves the Group's Tax Policy and tax strategy, and monitors compliance annually via the Audit Committee, and, as appropriate, on an ad hoc basis. It delegates authority to execute against this policy framework to the Group CEO, who sub-delegates this authority to the

Finance Committee of Diageo plc. From an operational perspective, the Finance Committee, made up of senior management with relevant expertise (including the CEO and CFO), is considered to be the supervisory body for all Group tax activities. This Committee reviews any relevant developments on issues covered by this policy three times a year, and, as appropriate, on an ad hoc basis.

We review all our global policies annually to ensure we take account of any changes in the internal and external environment.

## KEY THINGS TO REMEMBER

1. Accountability for compliance with this Policy remains with Diageo employees;
2. Ensure that Diageo complies with all relevant laws and regulations;
3. Supply complete and accurate information to tax authorities and act in a truthful and co-operative manner when dealing with all tax authorities;
4. Seek to understand the tax implications of any major changes to the business and reflect accurately in the accounting records in accordance with the rules;
5. Engage the Global Tax team and Corporate Relations when tax issues arise;
6. Manage Diageo's tax affairs in compliance with the Code of Business Conduct and communicate any suspected instances of non-compliance through the appropriate channels.

This policy was last reviewed and updated in May 2021. It has been approved by the Diageo plc Finance Committee and the Diageo plc Board.

Diageo considers this publication as complying with the duty under paragraph 16(2) Schedule 19 Finance Act 2016 for the financial year ending 30 June 2021.

## TAX POLICY

**Q** I have become aware of a potential error in a tax return that may have resulted in a significant underpayment of tax in my market. What should I do?

**A** Our key principles require we pay tax in accordance with all the relevant laws, and that we pursue open working relationships with all tax authorities. You should raise the potential issue with your line manager and Global Tax, or the appropriate Speak Up mechanism, so that it can be investigated and confirmed whether there is an error, and if so, the best way of disclosing it to the tax authority and putting in place new controls to ensure similar errors do not occur again.