

Board of Directors and Company Secretary

Javier Ferrán (60)



Chairman, Non-Executive Director^{3*}

Nationality: Spanish

Appointed Chairman, January 2017 (Appointed Chairman Designate and Non-Executive

Director July 2016)

Current external appointments: Partner, Lion Capital LLP; Non-Executive Director, Associated British Foods plc and Coca-Cola European Partners plc; Member, Advisory Board of ESADE Business School

Previous relevant experience: President and CEO, Bacardi Limited; Non-Executive Director, SAB Miller plc

Ivan Menezes (58)



Chief Executive, Executive Director^{2*}

Nationality: American/British

Appointed Chief Executive July 2013 (Appointed Executive Director July 2012)

Current external appointments: Member of the Council, Scotch Whisky Association; Non-Executive Director, Coach Inc; Member of the Global Advisory Board, Kellogg School of Management, Northwestern University

Previous Diageo roles: Chief Operating Officer; President, North America; Chairman, Diageo Asia Pacific; Chairman, Diageo Latin America and Caribbean; senior management positions, Guinness and then Diageo

Previous relevant experience: marketing and strategy roles, Nestlé, Booz Allen Hamilton Inc. and Whirlpool

Kathryn Mikells (51)



Chief Financial Officer, Executive Director²

Nationality: American

Appointed Chief Financial Officer and Executive Director November 2015

Current external appointments: Non-Executive Director, The Hartford Financial Services Group, Inc.

Previous relevant experience: Corporate Executive Vice President and Chief Financial Officer, Xerox Corporation; Senior Vice President and Chief Financial Officer, ADT Corporation; Executive Vice President and Chief Financial Officer, Nalco Holding Company and UAL Corporation

Lord Davies of Abersoch (64)



Senior Non-Executive Director^{1,3,4*}

Nationality: British

Appointed Senior Non-Executive Director and Chairman of the Remuneration Committee October 2011 (Appointed Non-Executive Director September 2010)

Current external appointments: Partner and Chairman, Corsair Capital LLC; Chairman, Cydar Medical and LetterOne Holdings S.A; Vice Chairman, Teneo; Chair of Trustees, Royal Academy of Arts

Previous relevant experience: Chairman, Chime Communications PLC, Jack Wills; Minister for Trade, Investment and Small Business for the UK Government; Group Chief Executive, Standard Chartered PLC

Peggy B Bruzelius (67)



Non-Executive Director^{1,3,4}

Nationality: Swedish

Appointed Non-Executive Director April 2009

Current external appointments: Chairman,

Lancelot Asset Management; Non-Executive Director, Akzo Nobel NV, Lundin Petroleum AB and Skandia Liv AB

Previous relevant experience: Non-Executive Director, Axfood AB, Husqvarna AB; Syngenta AG and Scania AB; Vice Chairman, Electrolux AB; CEO, ABB Financial Services AB; Executive Vice President, Skandinaviska Enskilda Banken AB

Ho KwonPing (64)



Non-Executive Director^{1,3,4}

Nationality: Singaporean

Appointed Non-Executive Director October 2012

Current external appointments: Executive

Chairman and Founder, Banyan Tree Holdings Limited; Chairman, Laguna Resorts & Hotels Public Company Limited, Thai Wah Public Company Limited and Singapore Management University; Governor, London Business School; Chairman of School Advisory Committee, School of Hotel and Tourism Management of the Hong Kong Polytechnic University

Previous relevant experience: Member, Global Advisory Board of Moelis & Company; Chairman, MediaCorp Pte. Ltd, Non-Executive Director, Singapore Airlines Limited, Singapore Power Limited and Standard Chartered PLC

Betsy D Holden (61)



Non-Executive Director^{1,3,4}

Nationality: American

Appointed Non-Executive Director September 2009

Current external appointments: Senior Advisor,

McKinsey & Company; Non-Executive Director, Time Inc and Western Union Company; Member of the Executive Committee Board of Trustees, Duke University; Member of the Executive Committee, Kellogg School of Management Global Advisory Board

Previous relevant experience: Non-Executive Director, Catamaran Corporation, MediaBank LLC and Tribune Company; President, Global Marketing and Category Development and Co-Chief Executive Officer, Kraft Foods, Inc; Member of the North American Advisory Board, Schneider Electric

Nicola S Mendelsohn (45)



Non-Executive Director^{1,3,4}

Nationality: British

Appointed Non-Executive Director September 2014

Current external appointments: Vice president,

Facebook EMEA; Director, Women's Prize for Fiction; Co-Chair, Creative Industries Council; Co-President, Norwood; Member, Mayor's Business Advisory Board

Previous relevant experience: Executive Chairman, Karmarama; Deputy Chairman, Grey London; Board Director, BBH and Fragrance Foundation; President, Institute of Practitioners in Advertising; Board Member, CEW; Trustee, White Ribbon Alliance; Chair of the Corporate Board, Women's Aid

Philip G Scott (63)



Non-Executive Director^{1,3,4}

Nationality: British

Appointed Non-Executive Director October 2007 (Former Chairman of the Audit Committee). He will retire from

the Diageo Board at the September 2017 Annual General Meeting.

Previous relevant experience: Non-Executive Director, Royal Bank of Scotland Group plc; President, Institute and Faculty of Actuaries; Chief Financial Officer, Aviva plc

Alan JH Stewart (57)



Non-Executive Director^{1,3,4}

Nationality: British

Appointed Chairman of the Audit Committee January 2017 (Appointed Non-Executive Director September 2014)

Current external appointments: Chief Financial Officer, Tesco plc; Member of the Advisory Board, Chartered Institute of Management Accountants; Member of the Main Committee & Chairman of Pension Committee, the 100 Group of Finance Directors

Previous relevant experience: Chief Financial Officer, Marks & Spencer and AWAS; Non-Executive Director, Games Workshop plc; Group Finance Director, WH Smith plc; Chief Executive, Thomas Cook UK

David Harlock (56)



Company Secretary and General Counsel Corporate Centre

Nationality: British

Appointed Company Secretary and General Counsel Corporate

Centre July 2016

Previous Diageo roles: General Counsel Corporate, Africa, Russia, Turkey; General Counsel Africa, Turkey, Russia & Eastern Europe; General Counsel M&A and Global Functions; Regional Counsel International; Counsel International

Previous relevant experience: Hogan Lovells

Dr Franz B Humer ceased to be Chairman and Non-Executive Director on 1 January 2017.

Emma Walmsley ceased to be a Non-Executive Director on 21 September 2016.

Ursula Burns has been appointed as a Non-Executive Director with effect from 2 April 2018. She will seek election at the 2018 Annual General Meeting.

Key to committees

1. Audit
2. Executive (comprising senior management)
3. Nomination
4. Remuneration

*Chairman of committee

Executive Committee

David Cutter (49)



President, Global Supply and Procurement

Nationality: Australian

Appointed President, Global Supply and Procurement July 2014

Previous Diageo roles: Supply Director, International Supply Centre; President, Supply Americas; Supply Director, Asia Pacific

Previous relevant experience: leadership roles, Frito-Lay and SC Johnson

Current external appointments: Member of the Council, Scotch Whisky Association

Sam Fischer (49)



President, Diageo Greater China and Asia

Nationality: Australian

Appointed President, Greater China and Asia September 2014

Previous Diageo roles:

Managing Director, Diageo Greater China; Managing Director of South East Asia, Diageo Asia Pacific; General Manager, Diageo IndoChina and Vietnam

Previous relevant experience: Senior management roles across Central Europe and Indochina, Colgate Palmolive

Victoria Frame (44)



Group Strategy Director

Nationality: British

Appointed Group Strategy Director May 2017

Previous relevant experience: MD International and Chief

Marketing Officer, Barry's Bootcamp; Partner, Bain & Company; Roles at Marakon Associates and CITI

Brian Franz (52)



Chief Productivity Officer

Nationality: American/British

Appointed Chief Productivity Officer August 2015

Previous Diageo roles: CIO and Head of GDBS, IS Services

Previous relevant experience: Senior Vice President and CIO, PepsiCo International; Commercial CIO, various CIO and management roles, General Electric

Alberto Gavazzi (51)



President, Diageo Latin America and Caribbean

Nationality: Brazilian/Italian

Appointed President, Latin America and Caribbean July 2013

Previous Diageo roles: Managing Director, West Latin America and Caribbean; Global Category Director Whiskey, Gins and Reserve Brands; General Manager Brazil, Paraguay and Uruguay; Vice President Consumer Marketing, Chicago; Marketing Director, Brazil

Previous relevant experience: Colgate-Palmolive; Unilever PLC

John Kennedy (52)



President, Diageo Europe, Russia, Turkey and India

Nationality: American

Appointed President, Diageo Europe, Russia, Turkey and India July 2016

Previous Diageo roles: President, Europe and Western Europe; Chief Operating Officer, Western Europe; Marketing Director, Australia; General Manager for Innovation, North America; President and Chief Executive Officer, Diageo Canada; Managing Director, Diageo Ireland

Previous relevant experience: brand management roles, GlaxoSmithKline and Quaker Oats

Anand Kripalu (58)



CEO, United Spirits Limited

Nationality: Indian

Appointed CEO, United Spirits Limited September 2014

Previous Diageo roles: CEO-designate, United

Spirits Limited

Previous relevant experience: Various management roles at Mondelez International, Cadbury and Unilever

Current external appointments: Non-Executive Director, Marico

Deirdre Mahlan (55)



President, Diageo North America

Nationality: American

Appointed President, Diageo North America December 2015

Previous Diageo roles: Chief

Financial Officer and Executive Director; Deputy Chief Financial Officer; Head of Tax and Treasury

Previous relevant experience: Member, Main Committee of the 100 Group of Finance Directors; senior finance positions, Joseph E. Seagram & Sons, Inc.; Senior manager, PricewaterhouseCoopers

Current external appointments: Non-Executive Director, Experian plc

Daniel Mobley (41)



Corporate Relations Director

Nationality: British

Appointed Corporate Relations Director June 2017

Previous Diageo roles: Corporate Relations Director, Europe

Previous relevant experience: Regional Head of Corporate Affairs India & South Asia, Standard Chartered; Regional Head of Corporate Affairs Africa, Standard Chartered; Group Head of Government Relations, Standard Chartered; Extensive government experience including in HM Treasury and Foreign & Commonwealth Office

Siobhan Moriarty (55)



General Counsel

Nationality: Irish

Appointed General Counsel July 2013

Previous Diageo roles: General Counsel Designate; Corporate

M&A Counsel; Regional Counsel Ireland; General Counsel Europe

Previous relevant experience: various positions in law firm private practice, Dublin and London

Mairéad Nayager (42)



Human Resources Director

Nationality: Irish

Appointed Human Resources Director October 2015

Previous Diageo roles: HR

Director, Diageo Europe; HR Director, Brandhouse, South Africa; HR Director, Diageo Africa Regional Markets; Talent & Organisational Effectiveness Director, Diageo Africa; Employee Relations Manager, Diageo Ireland

Previous relevant experience: Irish Business and Employers' Confederation

John O'Keeffe (45)



President, Diageo Africa

Nationality: Irish

Appointed President Africa July 2015

Previous Diageo roles: CEO and

Managing Director, Guinness Nigeria; Global Head of Innovation and Beer and Baileys; Managing Director Russia and Eastern Europe; various management and marketing positions

Syl Saller (60)



Chief Marketing Officer

Nationality: American/British

Appointed Chief Marketing Officer July 2013

Previous Diageo roles: Global Innovation Director; Marketing

Director, Diageo Great Britain

Previous relevant experience: brand management and marketing roles, Allied Domecq PLC, Gillette Company and Holson Burnes Group, Inc; Non-Executive Director, Dominos Pizza Group plc

Charlotte Lambkin, formerly Corporate Relations Director, ceased to be an Executive Committee member on 31 December 2016.

Anna Manz, formerly Group Strategy Director, ceased to be an Executive Committee member on 30 September 2016.

Corporate governance report

Letter from the Chairman of the Board of Directors and the Company Secretary

Dear Shareholder

On behalf of the Board, we present the corporate governance report for the year ended 30 June 2017.

This report describes Diageo's corporate governance structures and procedures and the work of the Board, its committees and the Executive Committee, to give a sense of how all these things are carried out.

The Board is ultimately responsible for corporate governance (the way in which companies are directed and controlled) and its responsibilities include: setting strategic aims and values; providing the leadership to put them into effect; supervising and constructively challenging management (who are responsible for the day to day operational running of the business); and reporting to shareholders on their stewardship. We continue to believe that Diageo's Board has a balance of qualities that enables it to discharge its responsibilities effectively.

Recent debate around corporate governance has continued to focus on diversity in various forms. At Diageo, we have long believed that supporting and respecting all aspects of the diversity of our people is an important contributor to business performance as well as being the right thing to do. We believe also that reputation is critical to commercial success and can only be enhanced by behaviours of which we are proud.

The principal corporate governance rules applying to Diageo (as a UK company listed on the London Stock Exchange (LSE)) for the year ended 30 June 2017 are contained in The UK Corporate Governance Code as updated and published by the Financial Reporting Council (FRC) in April 2016 (the Code) and the UK Financial Conduct Authority (FCA) Listing Rules, which require us to describe, in our Annual Report, our corporate governance from two points of view: the first dealing generally with our application of the Code's main principles and the second dealing specifically with non-compliance with any of the Code's provisions. The two descriptions together are designed to give shareholders a picture of governance arrangements in relation to the Code as a criterion of good practice.

Throughout the year, Diageo has complied with all relevant provisions set out in the Code, which is publicly available under the heading 'Corporate Governance' at the website of the FRC, www.frc.org.uk. save that there was no performance evaluation of Franz Humer given his retirement as Chairman during the year.

Diageo must also comply with corporate governance rules contained in the FCA Disclosure Guidance and Transparency Rules as well as certain related provisions in the Companies Act 2006 (the Act).

As well as being subject to UK legislation and practice, as a company listed on the New York Stock Exchange (NYSE), Diageo is subject to the listing requirements of the NYSE and the rules of the US Securities and Exchange Commission (SEC). Compliance with the provisions of the US Sarbanes-Oxley Act of 2002 (SOX), as it applies to foreign private issuers, is continually monitored. As Diageo follows UK corporate governance practice, differences from the NYSE corporate governance standards are summarised in Diageo's 20-F filing and on our website at www.diageo.com/en-row/ourbusiness/aboutus/corporategovernance.



J Ferrán
Chairman



D Harlock
Company Secretary

Board of directors

Membership of the Board and Board Committees

The Chairman, Senior Non-Executive Director and other members of the Board, Audit Committee, Nomination Committee and Remuneration Committee are as set out in this Annual Report in the biographies of Directors and members of the Executive Committee.

There is a clear separation of the roles of the Chairman and the Chief Executive. The Chairman, Javier Ferrán (who was appointed to the Board on 22 July 2016 and succeeded Dr Humer as Chairman on 1 January 2017), is responsible for the running of the Board and for ensuring all Directors are fully informed of matters, sufficient to make informed judgements. As Chief Executive, Ivan Menezes has responsibility for implementing the strategy agreed by the Board and for managing the company and the group. He is supported in this role by the Executive Committee.

The Non-Executive Directors, all of whom the Board has determined are independent, are experienced and influential individuals from a range of industries, backgrounds and countries. No individual or group dominates the Board's decision-making processes.

A summary of the terms and conditions of appointment of the Non-Executive Directors is available at www.diageo.com/en-row/ourbusiness/aboutus/corporategovernance.

Activities and duties of the Board

The Board manages overall control of the company's affairs with reference to the formal schedule of matters reserved for the Board for decision. The schedule was last reviewed in July 2015 and is available at www.diageo.com/en-row/ourbusiness/aboutus/corporategovernance.

The Board has agreed an approach and adopted guidelines for dealing with conflicts of interest and responsibility for authorising conflicts of interest is included in the schedule of matters reserved for the Board. The Board confirmed that it was aware of no situations that may or did give rise to conflicts with the interests of the company other than those that may arise from Directors' other appointments as disclosed in their biographies.

In order to fulfil their duties, procedures are in place for Directors to seek both independent advice and the advice and services of the Company Secretary who is responsible for advising the Board, through the Chairman, on all governance matters. The Non-Executive Directors meet without the Chairman present, and also meet with the Chairman without management present, on a regular basis.

The terms of reference of Board Committees are available at www.diageo.com/en-row/ourbusiness/aboutus/corporategovernance.

Induction, training and business engagement

There is a formal induction programme for new Directors, which includes meeting with Executive Committee members and other senior executives individually and visiting a number of operations and sites around the group.

Following the initial induction for Non-Executive Directors, a continuing understanding of the business is developed through appropriate business engagements. Visits to customers, engagements with employees, and brand events were arranged during the year.

In addition, Executive Committee members and other senior executives are invited, as appropriate, to Board and strategy meetings to make presentations on their areas of responsibility.

All Directors are also provided with the opportunity, and encouraged, to attend regular training to ensure they are kept up to

date on relevant legal developments or changes and best practice and changing commercial and other risks.

Performance evaluation

During the year an evaluation of the Board's effectiveness, including the effectiveness of the Audit Committee, the Nomination Committee and the Remuneration Committee was undertaken internally by way of written questionnaire followed by the Chairman of the Board meeting individually with all Directors.

The results were presented to and discussed by the Board which agreed that the Board and its Committees continued to operate effectively, meeting the requirements and spirit of the Code. The culture, capability and diversity of the Board contributed to the Board's effectiveness.

The Board agreed to take various actions – the planning of future Non-Executive Director succession over the short and medium term, the selection of appropriate Board agenda items flowing from the Annual Strategy Conference, understanding in more depth the challenges to Diageo's business coming from volatility in emerging markets, ensuring the right balance between discussion and decision in Board meetings and continued focus on risk and the company's risk appetite through the Audit Committee. It is the Board's intention to continue to review annually its performance and that of its committees and individual directors. The evaluation later in 2017 will be externally facilitated.

The Chairman has confirmed that the Non-Executive Directors standing for re-election at this year's AGM continue to perform effectively, both individually and collectively as a board, and that each demonstrate commitment to their roles. It was agreed that a performance evaluation of the former Chairman by the Senior Non-Executive Director was not necessary given the changeover in January 2017. An evaluation of the current Chairman will be included as part of the 2017 evaluation.

Nomination Committee

Role of the Nomination Committee

The Nomination Committee is responsible for keeping under review the composition of the Board and succession to it, and succession planning for senior leadership positions. It makes recommendations to the Board concerning appointments to the Board.

Any new Directors are appointed by the Board and, in accordance with the company's articles of association, they must be elected at the next AGM to continue in office. All existing Directors retire by rotation every year.

Activities of the Nomination Committee

The principal activities of the Nomination Committee during the year were: the consideration of potential new Non-Executive Directors; the review of individual Director performance; a review of the Executive Committee membership and succession planning for it and for senior leadership positions, in addition to a review of diversity within the group.

The recruitment process for Non-Executive Directors typically includes the development of a candidate profile and the engagement of a professional search agency (which has no other connection with the company) specialising in the recruitment of high calibre Non-Executive Directors. Reports on potential appointees are provided to the committee, which, after careful consideration, makes a recommendation to the Board.

In respect of the appointment of Javier Ferrán a focussed search was undertaken with professional search agency JCA Group (which has no other connection with the company). This search resulted in the Nomination Committee meeting on a number of separate occasions before making a recommendation to the Board that Mr Ferrán be appointed as the designated successor to the Chairman.

In respect of the appointment of Ursula Burns the recruitment process included the development of a candidate profile and the engagement of a professional search agency (JCA Group, which has no other connection with the company) specialising in the recruitment of high calibre Non-Executive Directors. Reports on potential appointees were provided to the committee, which, after careful consideration, made a recommendation to the Board. The Board approved her appointment.

Diversity

Diageo supports diversity within its Board of Directors, including gender diversity. Further information is given in the section of this Annual Report on sustainability & responsibility, our people.

Remuneration Committee

Role of the Remuneration Committee

The role of the Remuneration Committee and details of how the company applies the principles of the Code in respect of Directors' remuneration are set out in the directors' remuneration report.

The Chairman and the Chief Executive may, by invitation, attend Remuneration Committee meetings, except when their own remuneration is discussed. No Director is involved in determining his or her own remuneration.

Executive direction and control

Executive Committee

The Executive Committee, appointed and chaired by the Chief Executive, supports him in discharging his responsibility for implementing the strategy agreed by the Board and for managing the company and the group.

It consists of the individuals responsible for the key components of the business: North America, Europe, Africa, Latin America and Caribbean, Asia Pacific, International Supply Centre and Corporate.

The Executive Committee focuses its time and agenda to align with the Performance Ambition and how to achieve Diageo's financial and non-financial performance objectives. Performance metrics have been developed to measure progress. There is also focus on the company's reputation. In support, monthly performance delivery calls, involving the senior leadership group, focus on progress against the six performance drivers.

To support the market visits made by the presidents in the ordinary course of their business, a small group led by the Chief Executive makes regular market visits focused on the execution of strategy and designed to assist in continuing the development of strategy and in the delivery of performance against the Performance Ambition.

Committees appointed by the Chief Executive and intended to have an ongoing remit, including the Audit & Risk Committee, Finance Committee and Filings Assurance Committee are shown (with their remits) at www.diageo.com/en-row/ourbusiness/aboutus/corporategovernance.

Additional information

Internal control and risk management

An ongoing process has been established for identifying, evaluating and managing risks faced by the group. This process, which complies with the requirements of the Code, has been in place for the full financial year and up to the date the financial statements were approved and accords with the guidance issued by the FRC in September 2014, Guidance on Risk management, Internal Control and related Financial and Business Reporting. The Board confirms that, through the activities of the Audit Committee described below, a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity has been carried out. These risks and mitigations are set out above in the section of this Annual Report dealing with principal risks.

The Board acknowledges that it is responsible for the company's systems of internal control and risk management and for reviewing their effectiveness. The Board confirms that, through the activities of the Audit Committee described below, it has reviewed the effectiveness of the company's systems of internal control and risk management.

During the year, in line with the Code, the Board considered the nature and extent of the risks it was willing to take to achieve its strategic goals and reviewed the existing internal statement of risk appetite (which was considered and recommended to the Board by both the Audit & Risk Committee and the Audit Committee). In accordance with the Code, the Board has also considered the company's longer term viability, based on a robust assessment of its principal risks. This was done through the work of the Audit Committee which recommended the Viability Statement (as set out above) to the Board.

The company has in place internal control and risk management systems in relation to the company's financial reporting process and the group's process for preparation of consolidated accounts. Further, a review of the consolidated financial statements is completed by management to ensure that the financial position and results of the group are appropriately reflected therein.

Compliance and ethics programme

Diageo is committed to conducting its business responsibly and in accordance with all laws and regulations to which its business activities are subject. We hold ourselves to the principles in our Code of Business Conduct, which is embedded through a comprehensive training and education programme for all employees.

Our Code of Business Conduct and other Diageo global policies are available at www.diageo.com/en-row/ourbusiness/aboutus/corporategovernance.

In accordance with the requirements of SOX (and related SEC rules), Diageo has adopted a code of ethics covering its Chief Executive, Chief Financial Officer, presidents and other identifiable persons in the group, including those performing senior accounting and controller functions. No amendments to, or waivers in respect of, the code of ethics were made during the year.

The full text of the code of ethics is available at www.diageo.com/en-row/ourbusiness/aboutus/corporategovernance.

Both the Audit & Risk Committee and the Audit Committee regularly review the strategy and operation of the compliance and ethics programme through the year.

Further information is given in the section of this Annual Report on sustainability & responsibility, governance and ethics.

Relations with shareholders

The Board's primary contact with institutional shareholders is through the Chief Executive and Chief Financial Officer. The Chief Executive and Chief Financial Officer are supported by the investor relations department, who are in regular contact with institutional shareholders and sell-side analysts. A monthly investor relations report, including coverage of the company by sell-side analysts, is circulated to the Board.

The Board also ensures that all Directors develop an understanding of the views of major institutional shareholders through an independent survey of shareholder opinion. In addition, major shareholders are invited to raise any company matters of interest to them at meetings with the chairman of the Board and the chairman of the Remuneration Committee. Reports on any meetings are made to the Board.

Private shareholders are invited to write to the Chairman or any other Director and express their views on any issues of concern at any time and the AGM provides an opportunity for private shareholders to put their questions in person.

Political donations

The group has not given any money for political purposes in the United Kingdom and made no donations to EU political organisations and incurred no EU political expenditure during the year.

The group made contributions to non-EU political parties totalling £0.4 million during the year (2016 – £0.4 million). These contributions were made exclusively to federal and state candidates and committees in North America (consistent with applicable laws), 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.

Going concern

The Directors confirm that, after making appropriate enquiries, they have reasonable expectation that the group has adequate resources to continue in operational existence. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further information on going concern is given in this Annual Report under note 1 Accounting information and policies – going concern. Although not assessed over the same period as the going concern, the viability of the group has been assessed above.

Management's report on internal control over financial reporting

Management, under the supervision of the Chief Executive and Chief Financial Officer, is responsible for establishing and maintaining adequate control over the group's financial reporting.

Management has assessed the effectiveness of Diageo's internal control over financial reporting (as defined in Rules 13(a)-13(f) and 15(d)-15(f) under the US Securities Exchange Act of 1934) based on the framework in 'Internal Control – Integrated Framework', issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in 2013. Based on this assessment, management concluded that, as at 30 June 2017, internal control over financial reporting was effective.

During the period covered by this report, there were no changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the effectiveness of internal control over financial reporting.

PricewaterhouseCoopers LLP (PwC), an independent registered public accounting firm, who also audit the group's consolidated financial statements, has audited the effectiveness of the group's internal control over financial reporting, and has issued an unqualified report thereon, which is included in PwC's integrated audit report below and which will be included in the company's Form 20-F to be filed with the SEC.

Directors' responsibilities in respect of the Annual Report and financial statements

The Directors are responsible for preparing the Annual Report, the information filed with the SEC on Form 20-F and the group and parent company financial statements in accordance with applicable law and regulations.

Responsibility statement

Each of the Directors, whose names are set out in the Board of Directors and Executive Committee section of this Annual Report, confirms that to the best of his or her knowledge:

- the Annual Report and Accounts for the year ended 30 June 2017, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy;
- the consolidated financial statements contained in the Annual Report and Accounts for the year ended 30 June 2017, which have been prepared in accordance with IFRS as issued by the IASB and as adopted for use in the EU, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- the management report represented by the Directors' Report contained in the Annual Report and Accounts for the year ended 30 June 2017 includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that the group faces.

The responsibility statement was approved by the Board of Directors on 26 July 2017.

Directors' attendance record at the AGM, scheduled Board meetings and Board committee meetings, for the year ended 30 June 2017 was as set out in the table below. For Board and Board committee meetings, attendance is expressed as the number of meetings attended out of the number that each Director was eligible to attend.

	Annual General Meeting 2016	Board (maximum 6) ^(iv)	Audit Committee (maximum 4)	Nomination Committee (maximum 5) ^(iv)	Remuneration Committee (maximum 5) ^(iv)
Dr Franz B Humer	✓	4/4	2/2 ⁽ⁱ⁾	3/3	2/2 ⁽ⁱ⁾
Javier Ferrán	✓	6/6	4/4 ⁽ⁱ⁾	5/5	5/5 ⁽ⁱ⁾
Ivan Menezes	✓	6/6	2/2 ⁽ⁱⁱ⁾	3/3 ⁽ⁱⁱ⁾	5/5 ⁽ⁱⁱ⁾
Kathryn Mikells	✓	6/6	4/4 ⁽ⁱ⁾	1/1 ⁽ⁱⁱ⁾	n/a
Lord Davies	✓	5/6	3/4	4/5	4/5
Peggy Bruzelius	✓	6/6	4/4	5/5	4/5
Betsy Holden	✓	6/6	4/4	5/5	5/5
Ho KwonPing	✓	6/6	4/4	5/5	5/5
Nicola Mendelsohn ⁽ⁱⁱⁱ⁾	✓	5/6	4/4	4/5	4/5
Philip Scott	✓	6/6	4/4	5/5	5/5
Alan Stewart	✓	6/6	4/4	4/5	5/5
Emma Walmsley	✓	2/2	1/1	2/2	1/1

(i) Attended by invitation. Javier Ferrán attended by invitation after his appointment as Chairman.

(ii) Attended by invitation, for part only.

(iii) Nicola Mendelsohn attended the Annual General Meeting by telephone.

(iv) Where Non-Executive Directors were unable to attend a meeting they gave their views to the chairman of the respective meetings ahead of the meetings being held.
A Sub-Committee meeting of the Audit Committee was also held involving Mr Stewart and Mr Scott.