



Creating a positive role for alcohol in society

We're proud of producing some of the world's best alcoholic drinks – and we want them to be enjoyed responsibly, as part of our purpose of celebrating life, every day, everywhere. Our goal is for people to drink better, not more – which is why we are committed to promoting moderation and tackling misuse, while respecting the fact that many people choose not to drink alcohol at all.



Millions of people enjoy our brands, and the vast majority do so sensibly and in moderation. They know that balance is important, and that drinking too much of any kind of alcohol can lead to serious problems. At the same time, we know that harmful drinking causes significant problems for individuals and for society. Tackling alcohol misuse and encouraging moderation are critically important to everyone at Diageo, because we all want to ensure our brands have a positive impact on the people around us.

Far from being in conflict with our commercial interests, these goals align with Diageo's values and business aims. Harmful drinking can damage our reputation and make it harder for us to create value. On the other hand, our focus on the taste, authenticity and heritage of our brands means we benefit when consumers choose to trade up to higher-quality, better-tasting drinks. That's what we mean by 'drink better, not more'.

New strategic approach to maximise our impact

We support the World Health Organization's goal of reducing harmful drinking by 10% across the world by 2025 through a wide range of approaches and programmes, often working alongside industry peers and external partners. This year, we are outlining a new strategy to make sure we're maximising our impact as leaders in creating a positive role for alcohol in society.

We already take a clear stand on key issues – such as being the first to put nutritional information and alcohol content onto our labels – and aim to be the first choice industry partner for governments. We also want to put

our support behind the most effective programmes around the world, reducing harm and changing behaviour. As a global business, we've focused our efforts on three core pillars: campaigning to reduce harmful drinking, promoting moderation, and improving laws and industry standards.

Industry collaboration

Collaboration with our peers in the alcohol industry is a vital part of achieving greater impact, whether through campaigns or by setting industry standards. From global businesses like ours, to local producers in individual markets, we believe everyone needs to play their part – and where possible, we aim to be a catalyst for change.

From 2013, for example, we worked with our peers to implement the Global Beer, Wine and Spirits Producers' Commitments to Reduce Harmful Drinking. We are proud of our achievements over the five years of those Commitments and, although these ended in December 2017, the signatory companies remain committed to the spirit of the five Commitments and the ten action areas. A final progress report will be issued in September 2018 and can be found at www.producerscommitments.org.

We will continue to work with our peers in this area. In 2017 our CEO became Chairman of the CEO Group at the International Alliance for Responsible Drinking. The CEO Group met in September 2017 and announced a commitment to enhance standards for digital marketing by applying new tools, technology and data to digital marketing to ensure it is responsibly targeting adult consumers.

Responsible marketing

The Diageo Marketing Code and Digital Code are our mandatory minimum standards for responsible marketing, and we review them at least every two years to ensure they represent best practice.

Across many of our markets, advertising monitoring and industry bodies publicly report breaches of self-regulatory alcohol marketing codes.

This year, the UK's Advertising Standards Agency (ASA) upheld a complaint relating to a Snapchat lens advertising our Captain Morgan brand, on the grounds that the lens was of particular appeal to people under 18 and was directed at people under 18. The demographic data supplied to Diageo by Snapchat showed that over 75% of users were

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Complaints about advertising upheld by industry bodies that report publicly⁽ⁱ⁾

Country	Body	Industry complaints upheld	Complaints upheld about Diageo brands
Australia	Alcohol Beverage Code	14	0
Ireland	Advertising Standards Authority for Ireland (ASAI)	1	0
United Kingdom	The Portman Group	5	0
	Advertising Standards Authority (ASA)	4	1
United States	Distilled Spirits Council of the United States (DISCUS)	9	4

(i) From 1 July 2017 to 30 June 2018.

Pillar 1

Campaigning to reduce harmful drinking

Our long experience of running campaigns to reduce harm, raise awareness and shift attitudes has taught us that the best results are achieved through proven, high-impact programmes, delivered at scale.

As a result, we're directing all our resources at global programmes focused on our priorities for reducing harmful drinking:

- **Tackling heavy episodic (or binge) drinking** through brand campaigns and pilot projects to develop a blueprint for a flourishing, safe night-time economy in cities, working with partners to reduce alcohol-related problems in entertainment districts. This year we launched pilots in Durban and Toronto.
- **Preventing drink driving** through our global #JoinThePact programme, we have already met our target to encourage five million people to sign a pact never to drink and drive, and the programme continues. We are also developing partnerships with police, local authorities and other agencies that support enforcement, to provide education for drivers and law enforcers, and to provide safe rides and public transportation.

- **Addressing underage drinking** through the global expansion of our hard-hitting, theatre-based programme. 'Smashed' has reached almost half a million school children since its launch in the UK in 2005. The programme has a proven track record: on average, attendees report a 44% increase in awareness of the risks associated with underage drinking and a 32% increase in awareness of where to get help over alcohol issues. As part of our ambition to harness innovation and technology to reach and inform more young people than ever before, we released an online version of 'Smashed' in the United Kingdom.

Partnerships are essential to delivering impact for many of our programmes. Our two-year partnership with the UN Institute for Training and Research (UNITAR), for example, aims to reduce death and injuries from traffic accidents in more than 60 countries, with a focus on those with the highest road traffic death rates. As part of the partnership, we are running multi-stakeholder conferences and training in 15 countries across Asia, Africa and Latin and Central America.

Pillar 2

Promoting moderation

For most people who drink, drinking responsibly is common sense. They know that balance is important, and that drinking too much can lead to serious problems. We want to reinforce that common sense understanding of moderation in everything we do, using the full reach of our brands and global business.

That means using our brands to carry a strong moderation message and combat heavy episodic drinking – for example, our Haig Club, Crown Royal and Captain Morgan brands have all launched campaigns this year with engaging messages to reinforce moderation. It also means exploring other channels for providing consumers with information, tools and resources to make informed choices. For example, our dedicated responsible drinking website, DRINKiQ.com, is available in 18 languages and offers consumers access to a wide range of training and resources on the effects of drinking. It includes an online tool with interactive learning and tests to help people gain insights on how drinking affects the body. Launched in March 2017, this tool is now available in 25 countries. DRINKiQ.com also hosts powerful resources such as our virtual reality films that simulate the potentially life-changing consequences of harmful drinking.

Our employees are passionate about alcohol's positive role in society too, and are at the heart of promoting moderation. Our Drink Positive initiative, launched in November 2017 and described in our case study on page 18, celebrated some of the most inspiring activities and commitments led by employees, and showcased innovative initiatives for reaching people with positive messages about moderation. Results from this year's Values Survey demonstrate the impact of this initiative, with 93% of employees agreeing that Diageo is effective in promoting a balanced role for alcohol in society.

Labels and packaging also help us provide information to consumers to reinforce the importance of moderation. Our Diageo Consumer Information Standards define mandatory minimum information for labels on and packaging of all our brands, wherever such information is legally permitted. Our labels and packaging must include alcohol content and nutrition information per serve, alcohol content by volume (ABV), at least one responsible drinking symbol, a reference to DRINKiQ.com, a list of allergens, and recycling and sustainability information.

Pillar 3

Improving laws and industry standards

Working with regulators and policy-makers is an important part of our strategy and is critical to the impact of our programmes. We comply with all laws and regulations, wherever we operate, but we also advocate sensible new regulation, including campaigning for legal purchasing age laws and blood-alcohol volume driving limits in countries where these do not exist.

We also campaign for effective policies to reduce the misuse of all forms of alcohol – whether beer, wine or spirits – and have worked with industry partners and others to establish minimum standards for responsible marketing. For example, this year we supported a stakeholder conference on self-regulation of marketing in Ghana in an effort to improve standards for responsible marketing to adults. We also work with governments and others to combat illicit alcohol.

Beyond our 2020 targets

In 2015, we set ourselves targets for reducing alcohol-related harm in key areas, which have driven performance across our programmes. This year, we updated our targets for 2025, which will help us go even further to deliver impact where it is needed. We will begin reporting against our 2025 targets next year.

Focus area	2020 target	KPI	Progress
Industry collaboration	<p>Implement global alcohol industry commitments to expand and increase efforts on:</p> <ul style="list-style-type: none"> • reducing underage drinking • strengthening and expanding market codes of practice • providing consumer information and responsible product innovation • reducing drink driving • enlisting the support of retailers to reduce harmful drinking. 	Concluded	<p>The current set of Global Producers' Commitments concluded in December 2017. Reports on progress against the commitments can be found at www.producerscommitments.org. In September 2017, the CEOs of the leading beer, wine and spirits producers, including Diageo, announced a commitment to develop, in collaboration with others, new robust responsible marketing standards for digital channels that represent best practice.</p>
Impactful programmes	<p>Going beyond industry commitments, we will work in partnership to support programmes to address harmful drinking in our top 18 countries. We will evaluate these initiatives for efficacy and impact and report on the results.</p>	Number of countries that evaluate responsible drinking programmes	<p>This year, 16 of our top 18⁽ⁱ⁾ countries assessed the effectiveness of their programmes, measuring increases in awareness or shifts in attitudes or behaviour.</p> <p>(i) This number changed from 19 to 18 as a result of the sale of our Red Stripe business in Jamaica.</p>
Training	<p>Reach one million adults with training materials that will enable them to become responsible drinking (RD) ambassadors.</p>	Number of adults, above legal purchasing age, who have completed interactive training (face-to-face or online) on responsible drinking, which can also include training on responsible serving, selling and marketing.	<p>By September 2017, we had trained one million adults around the world with the knowledge they need to champion responsible drinking. This year alone we trained 800,239 adults as RD ambassadors in 23 countries through training programmes including DRINKiQ, Learning for Life, Diageo Bar Academy and Plan W.</p>

By 2025

Educate
5m

young people, parents and teachers about the dangers of underage drinking.

Collect
50m

pledges never to drink and drive through #JoinThePact.

Reach
200m

people with moderation messages from our brands.

Responsible marketing continued

aged 18 years or over, and an age filter was applied to target the lens only at users with a registered age of 18 years and over. However, the ASA ruled that Diageo had not taken sufficient care, in relation to the selection of media, to ensure the Captain Morgan lens was not directed at under 18s. We acknowledge the ASA's ruling and have taken steps to apply additional interest-based targeting to our social media advertising. We have stopped all

advertising on Snapchat globally since January 2018 while we assess the incremental age verification safeguards that Snapchat is implementing.

In the US, the Distilled Spirits Council of the United States (DISCUS) upheld complaints against four advertisements for Casamigos Tequila, which we acquired in 2017. The complaints concerned two Instagram advertisements and a tweet for Casamigos,

and to the brand website's age affirmation method at the time. We responded in each case, with Casamigos deleting the Instagram advertisements and tweet. We also changed the age gate to one that uses month, day and year. Finally, we promptly conducted a training session with the Casamigos brand team to review and ensure full compliance with the Diageo Marketing Code and Digital Code.