

Reporting *boundaries* and *methodologies*

The non-financial reporting boundaries and methodologies outlined here relate to the social and environmental performance disclosures set out in the Annual Report and the ESG Reporting Index. Any exceptions, differences or deviations from or limitations on these general reporting methodologies and boundaries are explicitly noted alongside the respective metrics in the subsequent tables that follow.

General reporting methodology and boundaries, covering both non-environmental and environmental metric reporting

Our non-financial reporting presents relevant information that is based on the data available at the time of publication, while being transparent about its limitations.

I. Reporting period

Our reporting covers the financial year ended 30 June 2024 unless indicated otherwise.

II. Scope

Unless stated otherwise⁽¹⁾, the scope of all non-financial data disclosed in the Annual Report and the ESG Reporting Index encompasses the performance of Diageo plc's worldwide operations and its subsidiaries, along with the proportionate contribution of results from significant joint ventures, associates and joint operations. Deviations from the reporting scope depend on the nature of each performance metric and any differences are explained for each performance metric below.

We have defined reporting boundaries for those targets and metrics which are part of our 'Spirit of Progress' action plan, including those under the banner "Doing Business the Right Way". The reporting boundaries for all metrics and targets are based on the nature of each indicator and, in the case of our greenhouse gas (GHG) emissions metrics, with reference to the Greenhouse Gas Protocol.

Environmental data and health and safety data is collected and reported for all operational sites and office sites with more than 50 employees where we have operational control ('direct operations')⁽²⁾. The environmental impacts associated with leased facilities where we do not have operational control or have less than 50 employees are excluded and considered immaterial to the company's overall impacts. The environmental and health and safety impacts associated with leased or third-party manufacturing units, where we have a lease arrangement under International Financial Reporting Standards (IFRS), are excluded from our direct operations data.

(1) Non-financial information, including baseline information, excludes the performance attributable to one of our business units in Greater China due to local regulatory restrictions. We believe the exclusion of this data does not materially impact our non-financial performance.

(2) We define operational control using the definition of accounting standards for most of our ESG metrics. For greenhouse gas emissions, our definition is aligned with the Greenhouse Gas Protocol. Any exceptions, limitations and judgements, including around interpretation of the GHG protocol, are explained under each performance metric.

All company-owned vehicles, specifically all vehicles used and re-fuelled on Diageo's premises, are included in direct operation greenhouse gas emissions (Scope 1 and 2). The emissions associated with leased vehicles not under our control are included in our indirect greenhouse gas emissions (Scope 3). In limited instances, Diageo has ownership of some benefit cars which are not used and re-fuelled on Diageo operational sites. The emissions associated with these cars are included in our indirect greenhouse gas emissions (Scope 3).

Net zero emissions are reached when anthropogenic (i.e. human-caused) emissions of greenhouse gases into the atmosphere are balanced by anthropogenic removals over a specified period. A science based approach to net zero covers greenhouse gas emission Scope 1, 2 and 3 with direct abatement of approximately 90% from our emissions baseline and up to 10% of high-quality certified carbon offsets to neutralise hard-to-abate residual emissions to close the gap to zero.

'Carbon neutral' or 'carbon neutrality' refers to an outcome in which greenhouse gas emissions have been neutralised, through a combination of emissions reduction efforts and the purchase of carbon offsets/credits, resulting in no net release of carbon dioxide. Any carbon offset purchases for discrete carbon neutral claims are specifically for certification and are not included in annually reported Diageo greenhouse gas emission footprint.

III. Baseline and targets

The financial year ended 30 June 2020 is our baseline year and applies to the majority of our 'Spirit of Progress' ambitions. If a different baseline year is used, this is described in the following pages. The baseline year is used as the basis for calculating progress against our ambitions. We aim to achieve each ambition by fiscal 30, unless otherwise stated in the following pages.

Material changes to environmental reporting boundaries and methodologies are reviewed at 2030 grain-to-glass Strategic Business Review meetings that are chaired by the President, Global Supply Chain & Procurement and Chief Sustainability Officer. The Executive Working Group - a group that leads discussion on ESG topics and our 'Spirit of Progress' plan - also reviews material changes to the reporting boundaries and methodologies on an annual basis.

IV. Acquisitions, new sites and divestments

Acquisitions are included in the consolidated reporting for all metrics from the date when control transfers or as soon as practically feasible and no later than one year after that date. This duration varies as each new acquisition has unique systems and processes that must be integrated.

New sites or site extensions are included in the scope of all metrics from the date commissioning commences.

In the case of divestments, data associated with the divestment is removed from the baseline, intervening years and current year unless otherwise stated in the following pages.

V. Restatements

We may restate prior years' data due to structural changes in our operations, including from acquisitions and divestments; improvements in data quality and calculation methods and material changes to relevant policies.

To determine whether we need to restate prior years' data, we examine whether the qualitative or quantitative impacts of the changes are material to the users of our reporting.

For a restatement of environmental data, we restate the data for the baseline year and intervening years.

In the case of our environmental data, we may restate prior years' data to reflect updates to GHG emission factors, in line with the GHG Protocol recommendations and for any changes in reporting policy that result in a change to the baseline of more than 1%. We also restate prior years' data where structural changes regarding outsourcing and insourcing have an impact of more than 1%. In certain cases, where historical data is unavailable, the environmental impacts for the baseline year and intervening years are extrapolated from current environmental impact data, based on production patterns and other relevant factors.

Any other restatement for all metrics is triggered by a benchmark threshold of 5%.

VI. Reliability and accuracy of data

We have systems, processes and controls that govern the collection, review and validation of non-financial data included in this report. Reporting boundaries and methodologies are reviewed and updated where appropriate each year by leadership teams. We are continually strengthening our data collection processes and underlying controls.

Whilst we seek to capture all information as accurately as possible, it is neither feasible nor practical to measure all data with absolute certainty. Where we have made estimates or exercised judgement, this is highlighted within the reporting methodologies for each indicator under 'Limitations'.

The metrics with the symbol Δ are subject to independent limited assurance by PricewaterhouseCoopers LLP - see pages 258-261 of this document and pages 118-121 of the ESG Reporting Index.

Some of our listed subsidiaries also publish sustainability information either as standalone reports or as part of their annual report.

A non-exhaustive set of examples of this reporting are linked below:

- United Spirits Limited
- Sichuan Swellfun Co.,Ltd
- East African Breweries Ltd
- Guinness Nigeria plc

VII. Reporting systems

We use four main systems to collect, validate and analyse reported data.

- Human Resources data is reported at site level primarily using Workday, our global information management systems. HR data is collected on a monthly basis for all Workday markets. Non-Workday markets data is manually captured offline. Both Workday and non-Workday markets data are then consolidated.
- Health and Safety information for performance measures is collected locally, on a monthly basis, using site held incident reports. This is collated and analysed using a web-based information management system.
- Environmental data is collected on key measures of environmental performance monthly at site and market level and consolidated for group reporting monthly. Data is collated and analysed using a web-based environmental management system.
- Market-level 'Spirit of Progress' data: Where 'Spirit of Progress' programmes are managed at a local level, data is collated every quarter. The data is compiled at market, regional and global levels, alongside our other 'Spirit of Progress' goals and is reviewed by general managers, functional leadership teams, the 2030 grain-to-glass Strategic Business Review (SBR) and the Executive Committee during quarterly meetings.

Scope and methodology of physical and transition climate risk scenario analysis reported on pages 61-66

Scenario analysis of physical risks

Important note on scenario analysis

Climate risk scenario analysis has limitations: it is not a predictor of the future and it is limited by the assumptions used, which themselves are subject to uncertainty. No single scenario is likely to materialise and we are all likely to be exposed to both physical and transition risks as the world continues to warm as a consequence of emissions already in the atmosphere. The pathway to reducing emissions is also highly variable, as governments and industry pursue a variety of means, such as introducing regulation and developing new technologies. Nevertheless, scenario analysis is a powerful tool to understand how our business could be impacted under certain plausible but severe future conditions and it allows us to understand where risks and opportunities are most likely to materialise, to understand trends and to integrate these into our strategy.

Following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we conducted scenario analysis to determine the likely financial impact of the most important physical risks on our assets and operations. The physical risks we identified of most importance were:

1. Water supply: Inability to produce brands due to constrained water supply as a result of drought caused by climate change.
2. Agricultural material supply: Increased cost of raw materials due to scarcity caused by changes in growing conditions caused by climate change.
3. Site integrity: Inability to produce products, or damage to stored products due to acute weather events (floods or storms).
4. Disruption to agricultural material supply: Inability to receive agricultural materials due to acute weather events (floods or storms).

Using available climate data and natural catastrophe-modelling techniques, our climate resilience partners calculated projected Estimated Annual Losses (EALs) and Value at Risk (VaR) for the present day and two future time periods (2030 and 2050) under two climate scenarios. For most climate variables, these climate scenarios include a 'moderate' emissions reduction pathway (RCP4.5 or SSP245) and a 'worst-case' pathway (RCP 8.5 or SSP 585). The results were expressed as:

Present day and projected EALs driven by:








- The impact of drought, river floods and tropical windstorms on owned and third-party-operated production assets.
- The impact of floods and tropical windstorms on supplier assets (glass and cans).

and present day and projected VaR associated with:

- The exposure of production assets to water stress.
- The exposure of production and supplier assets to tropical windstorms.

NON-FINANCIAL REPORTING BOUNDARIES AND METHODOLOGIES *continued*

A summary of the scope of our physical and transition risk assessments and scenario analysis

| Timeframe | Short term (0-5yrs) | Medium term (2030) | Long term (2050) | | | | |
|------------------------------|---|---|---|--|---|--|--|
| Geography | All Diageo and key third-party operations in North America, Scotland (fiscal 21); India, Africa, Mexico and Türkiye (fiscal 22); Asia Pacific, Europe and Latin America and Caribbean (fiscal 23). In fiscal 24, we assessed a further 13 new acquisitions or important third-party sites to complete our assessment. | | | | | | |
| Risk types | Physical risks Water (availability, quality, temperature), flooding, landslide, wildfires, wind, humidity | | Transition risks and opportunities | | | | |
| Temperature scenarios | +4 to +5°C (extreme) RCP 8.5' | +2 to +3°C (moderate) RCP 4.5' | 1.5°C to 2°C (Paris agreement) RCP 2.6' | | | | |
| Scope |  <p>Raw materials 1,200+ suppliers' sites Key raw materials* (wheat, barley, maize, cane and beet sugar, vanilla, aniseed, grapes, broken rice, sorghum, agave, dairy, hops) *+4 to +5°C scenario only</p> |  <p>Processing Approximately 250 Diageo and third-party operations sites Detailed assessments of 39 sites</p> |  <p>Distribution Key road, rail routes Key sea ports (69)</p> |  <p>Risks reviewed Policy and legal risks Technology risks Market risks Reputation risks</p> |  <p>Opportunities Resource efficiency Energy source Products and services Markets</p> |  <p>Scenario analysis Energy Transport Packaging Raw materials</p> |  <p>Scenario analysis Pack weight reduction Circular offerings</p> |

Scenario analysis of transition risks

Over fiscal years 21-24, we conducted scenario analyses of the impact on our financial performance of transition risks, stemming from a Paris-aligned scenario. Our modelling is based on a successful transition to a low-carbon economy to limit the temperature rise to 1-2°C by 2100 and assumes a variety of decarbonisation challenges and opportunities relating to ingredients, energy, packaging and transport costs and changes in demand for our products (to 2030 and 2050). Over the course of several years, we have refined the model and incorporated data relating to our entire business, including production volume, sales, raw materials and packaging costs and projected growth rates by category and market, to inform future scenarios.

In modelling the financial impact of a successful transition to a low-carbon economy, we considered two scenarios:

1. A baseline scenario which incorporates stated policies and national targets that are already in place and have detailed measures for their realisation; and
2. A transition scenario that assumes the world successfully reaches net zero emissions by 2050. This scenario considers necessary changes in the global energy sector and associated changes across all other sectors of the economy that can reasonably be modelled.

Both scenarios rely on a combination of internal assumptions (e.g. production costs, sales and margin growth rates, product mix, etc.) and external factors (e.g. carbon pricing, increased green energy production and decarbonisation of industry). External models available from the International Energy Agency, the Intergovernmental Panel on Climate Change and other institutions were supplemented where necessary by our expert partners' internal models. Together, these models gave us a range of plausible assumptions designed to capture a trajectory of changes in demand, costs, prices, regulation, technology and capital investments in relevant markets and business segments, that could result in the world achieving net zero emissions by 2050. We looked at how combinations of these changes might affect us both positively (increased demand for sustainable products) and negatively (higher costs) and estimated the combined effect on our cash flow to both 2030 and 2050. Outlined in the table on page 241 below are the materials that most affect our input costs, which may go up or down depending on the situation. We have modelled costs based on our exposure to global versus local changes; for example, glass and aluminium are procured globally, while the cost of energy, for example, is local. For each scenario, we then estimated the prices of major input costs, where relevant by geography and modelled the impact they would have on our operating profit.

Input costs assessed in the scenario analysis by geography

| Region | Global | United Kingdom | United States | Canada | Mexico | Türkiye | India | Africa | Asia Pacific | LAC | Ireland |
|-----------------|--------|----------------|---------------|--------|--------|---------|-------|--------|--------------|-----|---------|
| Glass | ● | | | | | | | | | | |
| Aluminium | ● | | | | | | | | | | |
| Land transport | ● | | | | | | | | | | |
| Ocean transport | ● | | | | | | | | | | |
| Energy | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Electricity | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Raw materials: | | | | | | | | | | | |
| Barley | ● | | | | | | | | | | |
| Wheat | ● | | | | | | | | | | |
| Maize | ● | | | | | | | | | | |
| Rice | ● | | | | | | | | | | |
| Sorghum | ● | | | | | | | | | | |
| Sugar | ● | | | | | | | | | | |
| Vanilla | | | | | | | | ● | | | |
| Aniseed | | | | | | ● | | | | | |
| Agave | | | | | ● | | | | | | |
| Grapes | | | | | | ● | | | | | |
| Hops | ● | | | | | | | | | | |
| Dairy | | | | | | | | | | | ● |

Promote *positive* drinking

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| Target | Scale up our SMASHED partnership and educate 10 million young people, parents and teachers on the dangers of underage drinking |
| Performance measures | <ul style="list-style-type: none"> Number of people educated on the dangers of underage drinking through a Diageo-supported education programme Number of people who confirmed changed attitudes on the dangers of underage drinking following participation in a Diageo-supported education programme |
| Definition | <p>SMASHED is our flagship underage drinking programme, developed and delivered in partnership with Collingwood Learning (Collingwood) and sponsored by Diageo. Our SMASHED partnership aims to change attitudes to underage drinking through live theatre performances, workshops and interactive online learning experiences.</p> <p>Live: A live or virtual theatre performance in schools or other community setting, with interactive workshops for students, resources for teachers and parents, and comprehensive evaluations.</p> <p>Online: An innovative and engaging e-learning course, telling the SMASHED story through film clips, with interactive learning tools, student assessment and teacher support.</p> <p>Offline: SMASHED Online programme can also be delivered offline through PowerPoint and film clips.</p> <p>People educated: Target age group (10-17), who have participated in the live or online learning experience. Completions for online are counted only on course completion, and live completion is counted when the individuals, as recorded by the teacher, have completed the session, which is then confirmed by the local delivery partner.</p> <p>Changed attitudes: A young person who confirmed a changed attitude is someone who responds to the post-survey question by stating that they are less likely to drink underage. This is supported by evidenced progression through pre- and post-performance surveys against all other learning outcomes, with the 'less likely to drink underage' results as the core indicator.</p> |
| Reporting period | 1 June to 31 May. The complexity of gathering data from hundreds of schools globally with different academic years means there is a lag in reporting information from our live programmes. Each financial year we include data from 1 June to 31 May. The baseline year for the reporting of cumulative progress is our financial year ended 30 June 2018. |
| Scope exception | When SMASHED is delivered by a third party and is partially funded by Diageo, we only claim the proportion of people educated that our funding contributes to. |

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| Target (continued) | Scale up our SMASHED partnership and educate 10 million young people, parents and teachers on the dangers of underage drinking |
| Data preparation and measurement | <p>The number of people educated is supplied by in-country delivery partners to Collingwood through teachers and online records. We have assumed that teachers are an impartial and accurate provider of student numbers, with clear knowledge of the groups allocated to SMASHED. We have also assumed that students participating in SMASHED live and online have adequate literacy skills to understand and complete written evaluation forms.</p> <p>SMASHED Live operates pre- and post-evaluation surveys of the target audience of young learners.</p> <p>The following sampling criteria have been established to measure attitude change:</p> <ul style="list-style-type: none"> Assess at least 20% of programme participants through pre- and post-evaluation surveys. The participants that make the 20% sample must be selected randomly. If the sample is less than 200 people, the same participants must take the pre- and post-evaluation surveys. <p>The number of people who confirmed changed attitude is calculated by projecting the results of the survey, for those who have confirmed in the post-survey question that they are less likely to drink underage, to the total number of people educated for the events run.</p> <p>From September 2022, where an audience numbers over 500 students in one session, we categorised these as 'large scale special events'. Where large scale events were run if there are a sufficient number of facilitators (ratio 1:200 students) then the full number of people educated were included. If the number of facilitators present is below this ratio, then the number of people in attendance were capped at the large-scale event number.</p> <p>From October 2023, we extended capping of our participants to a 1:200 teacher to student ratio across all sizes of events and formats. This enhancement balances the need for large gathering programme delivery with maintaining impactful instruction and participation.</p> <p>The data, alongside supporting evidence is supplied by delivery partners and then consolidated and reviewed by Collingwood before being shared with Diageo for review and reporting.</p> |
| Limitations | <p>We consider double counting to be highly unlikely, given the SMASHED activity is only delivered once to any audience within the curricular requirements for the year and our delivery partners also ensure additional quality measures, which are detailed below. No unique personal identifiers are collected, for data privacy reasons.</p> <ul style="list-style-type: none"> Where two programmes are available, we mitigate the risk of duplication by offering programmes strategically to different school areas. Our delivering markets self-declare duplication risks proactively. These self-reported risks of duplication have been omitted from reported figures. We request all markets document steps they take to avoid duplication of audience participation year-on-year with an annual deduplication statement. Output from these statements provide a tailored, specific, and culturally appropriate approach to avoiding double counting. We have assumed that the number of students expected to either repeat a year group or change secondary schools is negligible, based on the most recent statistics from third parties. |

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| Target | Extend our UNITAR partnership, and promote changes in attitudes to drink driving, reaching five million people by 2030 |
| Performance measure | Number of people educated about the dangers of drink driving |
| Definition | <p>Our Wrong Side of the Road (WSOTR) digital learning resource with the United Nations Institute for Training and Research (UNITAR), primarily delivered online, is designed to help people understand the consequences of drink driving by listening to the repercussions for people who decided to get behind the wheel after drinking. All stories shared via WSOTR are real and aim to help prevent other people from making the same mistakes. The purpose is to show the effects that this decision can have on the individual and the people around them, helping viewers to consider what would happen if they were in a similar situation.</p> <p>We have also introduced a pilot programme called Sober versus Drink Driving. This is a gamification approach to educating people about how alcohol impacts core driving skills. The intention is to demonstrate how drinking impacts their ability to control the vehicle. We have initiated a trial in six markets and also in one of our brand homes, the Guinness Storehouse in St. James' Gate, Dublin.</p> <p>People educated: Any individual who completes the WSOTR training or Sober versus Drink Driving. Completions for online or in person training are only counted on course completion. Adaptations of the programmes are only made for language translation.</p> |
| Scope exception | For programmes that are partially funded by Diageo, we only claim the proportion of people educated that our funding contributes to. |
| Reporting period | 1 July to 30 June. Our baseline year is fiscal 22. |
| Data preparation and measurement | Data preparation depends on the format of the training. For online trainings, completions are reported daily based on Diageo's own system or via third parties who must provide back-up data. For offline trainings, data is reported quarterly and reviewed by the Diageo global team. |
| Limitation | - |

Governance and *ethics*

| Performance measure | Code of Business Conduct mandatory training |
|---|---|
| Definition | Annually, we request all Diageo employees to complete the Code of Business Conduct e-learning. This requires employees to confirm their commitment to their compliance and ethics accountabilities, and certify that they have read, understood, and complied with our Code of Business Conduct and supporting global policies. |
| Scope exception | Employees on long-term leave e.g. family leave, sickness leave. |
| Data preparation and measurement | We deliver the Code of Business Conduct e-learning through our global online training tool, Diageo My Learning Hub, which holds participation and completion records for the course. Participation and completion records are reported to market and function leadership teams and reviewed by Business Integrity leads. |
| Limitation | - |
| Performance measure | Reported and substantiated breaches |
| Definition | Reported breaches are potential breaches of our Code of Business Conduct, policies or standards made known to the business, either via our SpeakUp service or brought to our attention internally. Substantiated breaches are those reports that ultimately result in sufficient evidence being gathered to support the concern raised and if dismissal occurred, these employees would be recorded as a Code-related leaver. |
| Scope exception | - |
| Data preparation and measurement | We restate the number of substantiated breaches and Code-related leavers from previous years to include the outcomes of those reports made in one financial year, but for which the investigation and any associated disciplinary actions are not closed until the following financial year. This enables us to make a full and accurate year-on-year comparison. |
| Limitation | - |

Our people

Health and safety

| Performance measure | Lost-time accident frequency rate (LTAFR) |
|---|---|
| Definition | LTAFR is the number of lost time accidents (LTAs) for employees and contractors who work under Diageo's direct supervision. The calculation is based on actual working hours and is expressed as a rate per 1,000 full-time equivalent (Occupational Health and Safety (OH&S) FTE). OH&S FTE differs from our employee based FTE; it includes contractors. Direct supervision exists when Diageo directly defines the contractors' deliverables and the methods and processes by which the work is performed. We define an LTA as any work-related incident resulting in injury or illness, where a healthcare professional or Diageo recommends one or more full days away from work, or where a job restriction or modification prevents the employee from conducting their routine tasks and activities and from working a full shift. We consider an injury or illness to be work-related when an event or exposure in the work environment (including people working at home) either caused or contributed to the resulting condition, or significantly aggravated a medically documented and treated pre-existing injury or illness. |
| Scope exception | If the injured person did not report the accident on the same shift to their immediate line manager and/or Diageo point of contact, this accident is not in scope as work-related. |
| Data preparation and measurement | We collect and report safety data for all locations (manufacturing, corporate office, remote commercial and remote home working) where we have operational control, including all office sites. Each month, locations are required to collate and submit details associated with all incidents, accidents and LTAs, as well as OH&S FTE data for their site. Contractor agencies provide data on the hours worked by each contractor under Diageo's direct supervision. This is then combined with Diageo employee data to calculate the total OH&S FTE data for the month. Data is submitted by locations onto our global reporting platform on a monthly basis. |
| Limitation | We do not report LTAFR for independent contractors because of the difficulty and administrative burden in accurately recording headcount. |

| Performance measure | Total recordable accident frequency rate (TRAFR) |
|---|--|
| Definition | TRAFR includes all work-related fatalities, lost time accidents and medical treatment cases for Diageo employees wherever they carry out their work-related activities. It includes fatalities and lost time accidents for all contractors (not only those under our direct supervision) and outsourced service providers while on Diageo premises. It also includes medical treatment cases for all site-based contractors. The calculation is based on actual working hours and is expressed as a rate per 1,000 OH&S workers. Definition for 'Injury or illness' as under LTAFR. |
| Scope exception | The exception is the same as under LTAFR. Working hours are excluded from the calculation for contractors visiting Diageo premises for a short period of time. |
| Data preparation and measurement | The data preparation is the same as LTAFR. |
| Limitation | We do not report medical treatment cases for contractors visiting Diageo premises on a temporary basis. |

| Performance measure | Number of fatalities |
|---|---|
| Definition | A fatality includes any work-related fatality of an employee or contractor under our direct supervision in their day-to-day work environment (on or off our premises), or any work-related fatality suffered by an outsourced service provider or contractor not under our direct supervision while on our premises. We consider a fatality to be work-related when an event or exposure in the work environment (including people working at home) either caused or contributed to the event. |
| Scope exception | - |
| Data preparation and measurement | The data preparation is the same as LTAFR. |
| Limitation | - |

NON-FINANCIAL REPORTING BOUNDARIES AND METHODOLOGIES *continued*

| Performance measure | Lost-time injury frequency rate (LTIFR) |
|---|---|
| Definition | Lost-time injury frequency rate (LTIFR) is a standard Occupational Safety and Health Administration (OSHA) metric that measures the number of lost-time injuries occurring in a workplace per one million hours worked. |
| Scope exception | The scope exception is the same as LTAFR. |
| Data preparation and measurement | The data preparation is the same as LTAFR. |
| Limitation | We do not report LTIFR for independent contractors because of the difficulty and administrative burden in accurately recording headcount. |

| Performance measure | Lost-time injury rate (LTIR) |
|---|--|
| Definition | LTIR is a standard OSHA metric that calculates the number of lost-time injuries occurring in a workplace per 200,000 hours worked. |
| Scope exception | The scope exception is the same as LTAFR. |
| Data preparation and measurement | The data preparation is the same as LTAFR. |
| Limitation | We do not report LTIR for independent contractors because of the difficulty and administrative burden in accurately recording headcount. |

| Performance measure | Employee Engagement Index |
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| Definition | The Employee Engagement Index is calculated as the percentage of respondents who answer positively to three questions in our Your Voice survey: I am proud to work for Diageo; I would recommend Diageo as a great place to work; I am extremely satisfied with Diageo as a place to work. |
| Scope exception | Contractors and employees on long-term leave are excluded. |
| Reporting period | The data was collected between 2 and 26 April 2024, so the results are based on feedback from participants in that particular window. |
| Data preparation and measurement | The index is calculated from an anonymous annual survey run by an independent third-party. |
| Limitation | - |

| | Employee profile data | |
|---|---|---|
| Performance measures | Average number of employees by region by gender | Average number of employees by role by gender |
| Definition | Employees on a full-time equivalent basis who are directly employed by Diageo have been allocated to the region in which they reside. | Employees on a full-time equivalent basis who are directly employed by Diageo have been allocated to the role in which they occupy. We define Executive as a member of the Executive Committee; senior manager (Senior Leaders, Level 2 and Level 3) as those in top leadership positions excluding Executive Committee members; line manager as all Diageo employees (excluding Executive Committee and senior managers) with one or more direct reports; and supervised employee as all remaining Diageo employees who have no direct reports. |
| Scope exception | All Diageo employees on a full-time equivalent basis are in scope for this performance measure. However, people data from joint ventures and associates where Diageo does not have operational control are not included. | All Diageo employees are in scope for this performance measure. However, people data from joint ventures and associates where Diageo does not have operational control are not included. |
| Data preparation and measurement | Total employee data comprises our average number of FTE employees across 12 months. The average is calculated based on the FTE numbers from the last day of each month over the past year. Employee type includes Regular, Graduates and Fixed Term Contract (FTC) across all markets. | Total employee data comprises our average number of FTE employees across 12 months except Executives, which are reported as of 30 June 2024 because of the small population size. The average is calculated based on the FTE numbers from the last day of each month over the past year. Employee type includes Regular, Graduates and Fixed Term Contract (FTC) across all markets. |
| Limitations | Joint operations are included but, where Diageo does not have operational control, only high-level regional data is available. Markets where our global HR system, Workday, is not in place are reliant on manual data collection or, in some cases, we may not be able to obtain data. Data on family leave is only available for markets where we have implemented our global HR system, Workday. | Joint operations are included but, where Diageo does not have operational control, only high-level regional data is available. Markets where our global HR system, Workday, is not in place are reliant on manual data collection or, in some cases, we may not be able to obtain data. Data on family leave is only available for markets where we have implemented our global HR system, Workday. |

Champion *inclusion and diversity*

| Ambition | Champion gender diversity, with an ambition to achieve 50% representation of women in leadership roles by 2030 |
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| Performance measure | Percentage of female leaders globally |
| Definition | Leadership roles comprise Executive Committee members (Exec), Senior Leaders (SL), Level 2 (L2) and Level 3 (L3) roles, some of which will be vacant at any point in time. Employee type includes those on regular and fixed-term contracts. Gender data is disclosed by employees themselves on a voluntary basis on our online Human Resources system (Workday). |
| Scope exception | Non-Executive Directors and extended workers (agency workers, independent contractors, freelancers and consultants) are not in scope, nor are joint ventures, joint operations not managed by Diageo or associates where Diageo does not have operational control. |
| Data preparation and measurement | The performance measure is calculated as the average of filled leadership roles at the end of each of the four quarters across the fiscal year. The total leadership population is calculated from markets that collect gender information through Workday, enabling all employees in scope to self-disclose this information. |
| Limitation | Where employees have chosen not to declare their gender, this information is excluded from the gender representation data. |

| Ambition | Champion ethnic diversity with an ambition to increase representation of leaders from ethnically diverse backgrounds to 45% by 2030 |
|---|---|
| Performance measure | Percentage of ethnically diverse leaders globally |
| Definition | Leadership roles comprise Executive Committee members (Exec), Senior Leaders (SL), Level 2 (L2) and Level 3 (L3) roles, some of which will be vacant at any point in time. Employee type includes those on regular and fixed-term contracts. We define ethnically diverse as those ethnic groups who are, or were historically, systematically under-represented, disenfranchised and/or economically excluded. Ethnically diverse people can be a majority or a minority in a country. We determined eight categories of ethnicity, considering Diageo's market footprint, historic underrepresentation and alignment across regions: Asian, Black, Hispanic/Latin American, Indian, Indigenous, Middle Eastern and Turkish, Mixed and Other Ethnic Groups. Based on a third-party study commissioned by Diageo, 'Hispanic/Latin American' is adopted as a term to categorise all people originating from the Latin America and Caribbean (LAC) region, including both indigenous and historically migrant populations. For the purposes of this data gathering exercise, all employees identifying as White with a LAC nationality have been recorded as Hispanic/Latin American. |
| Scope exception | Non-Executive Directors and extended workers (agency workers, independent contractors, freelancers and consultants) are not in scope, nor are joint ventures, joint operations not managed by Diageo or associates where Diageo does not have operational control. While Workday is live across all geographies in which leaders are based, ethnicity data collection is not legally available in Denmark, France, Italy, Portugal, Spain and Sweden. Any leaders based in these locations are not in scope. |
| Data preparation and measurement | The performance target is calculated as the average of filled leadership roles at the end of each of the four quarters across the fiscal year. Ethnicity is selected by individuals within the leadership population from a pre-defined list that encompasses those ethnic types most readily seen within the specific country, based on local census and governmental data. Ethnicity data is disclosed by employees on a voluntary basis on Workday. The relevant ethnicity fields are based on the country in which the individual is employed to ensure all are culturally relevant. Employees based in India are not able to submit ethnicity data through Workday due to cultural sensitivities. Nationality is obtained by the local HR team through official identification documents during the onboarding process. For India-based employees not of Indian nationality, the local HR director confirms their ethnicity through a confidential conversation with the individual. Non-LAC nationals are mapped to their identified ethnicity. |
| Limitation | Employees who declined to self-identify or have not disclosed their ethnicity are not counted as ethnically diverse. |

NON-FINANCIAL REPORTING BOUNDARIES AND METHODOLOGIES *continued*

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| Ambition | Provide business and hospitality skills to 200,000 people, increasing employability and improving livelihoods through Learning for Life and our other skills programmes |
| Performance measure | Number of people reached through Learning for Life and other skills programmes |
| Definition | <p>Our hospitality skills training programmes, including Learning for Life, aim to increase participants' employability, improve livelihoods and support a thriving hospitality sector.</p> <p>Our entrepreneurship programmes provide business skills related to Diageo's activities with the aim of supporting participants to start their own business.</p> <p>Our training courses are delivered in different ways: physical, live online sessions or via e-learning. Our training curriculums includes technical skills, life skills, sustainability and inclusion and diversity.</p> <p>People reached through Learning for Life: Participants are counted when an individual successfully completes the curriculum, evidenced by either online training system records or classroom records.</p> |
| Scope exception | Only markets running business and hospitality programmes are in scope. |
| Data preparation and measurement | We collate the number of beneficiaries of Learning for Life and other skills programmes through participant programme completion records (collected face-to-face or via our online training systems) maintained by Diageo programme managers or third-party delivery partners. |
| Limitations | <p>Accuracy relies on the quality of data provided by our third-party delivery partners.</p> <p>For entrepreneurship programmes to be included, the metric owner applies judgment in determining whether the initiatives are appropriate to be included under the definition of providing business or hospitality skills related to our value chain.</p> <p>Third-party delivery partners avoid double counting through checking the name of the participants on programme registration forms in the case of physical trainings or using unique identifiers for online trainings and e-learnings. Even with these procedures, there remains a limited risk of double counting which we will be addressing through increased controls in the future.</p> |

Pioneer *grain-to-glass sustainability*

Preserve *water for life*

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| Target | Reduce water use in our operations with a 40% improvement in water use efficiency in water-stressed areas and a 30% improvement across the company |
| Performance measures | <ul style="list-style-type: none"> Water efficiency index - water-stressed areas Water efficiency index - across the company |
| Additional performance measures | Percentage change in water efficiency index from the prior year and from the baseline Note: This metric is used in all new Long Term Incentive Plans awarded from fiscal 24 onwards. |
| Definition | <p>We prepare and report water withdrawal (use) using internally developed reporting methodologies based on the GRI Standards.</p> <p>Water withdrawal (use) includes water obtained from ground water, surface water, mains supply and water delivered to the site by tanker, less any clean water provided directly from a site to local communities. Also excluded from reported water withdrawal data is uncontaminated water abstracted and returned to the same source under local consent, water abstracted from the sea and rainwater collection.</p> <p>Water efficiency for distillation is measured as water use per litre of pure alcohol (LPA) distilled for finished products only. Water efficiency for brewing and packaging is measured as water use per litre packaged.</p> <p>When preparing the water efficiency index, the change in water efficiency for distillation and the change in water efficiency for brewing and packaging are weighted by the proportion of water used (m³) by all sites in each production type relative to the total water use, and added together. This is then compared to the baseline and prior year.</p> <p>For water-stressed only: We classify a site as in water-stressed areas if the site is in a location which meets the definition of 'water-stressed', which is identified through a combination of sources, including the World Resources Institute (WRI) Aqueduct tool, UN definitions, internal water risk survey information and external reviews by independent hydrologists.</p> <p>An assessment to identify our sites located in water-stressed areas is completed every two years. We include any new-build or acquired sites and exclude any sites divested. All sites identified as water-stressed up until the 2025 water risk assessment will be included in the scope of our current 2030 water efficiency commitment for water-stressed areas.</p> <p>Newly classified water-stressed sites are retrospectively applied to the fiscal 20 baseline, including the water use and distilled, brewed or packaged production volumes. Similarly, sites reclassified as no longer water-stressed are removed from the fiscal 20 baseline. This approach ensures consistency in tracking performance, versus the more stretching target of 40% improvement for water-stressed sites.</p> <p>For reference, the water efficiency index formula is: $100 - (((\% \text{ Change in Water efficiency, I/I distilled}) * \% \text{ of water withdrawals for distillation}) + (\% \text{ Change in Water efficiency, I/I brewing and packaging}) * \% \text{ of water withdrawals for brewing and packaging}) * 100$.</p> |
| Scope exception | The volume of water used on land under our operational control in Mexico and Türkiye is reported separately from water used in our direct operations and not included in our water efficiency calculations. |
| Data preparation and measurement | <p>Water withdrawal (use) is measured primarily from meter readings and invoices. In limited cases, estimates are used. Distilled, brewed and packaged production volumes are based on production records.</p> <p>All sites (including offices, warehouses, maltings, etc.) are mapped to either distillation or brewing and packaging, based on their prevailing production type. This mapping is reviewed annually and applied in determining the:</p> <ul style="list-style-type: none"> water use distillation (m³); water use brewing and packaging, (m³); proportion of total water abstracted for each production type (%); and water efficiency for distillation (I/LPA) and brewing and packaging, (I/I). <p>Water efficiency index performance is attributed to the prevailing production type and excludes the production from the secondary production process in the calculations (e.g. a site with distillation and packaging processes allocated to distillation only considers the distilled production and excludes the packaged production in the calculations).</p> <p>We measure water withdrawal (use), litres of pure alcohol and litres of packaged product by site and aggregate them at the production type level.</p> |
| Limitation | In limited cases (e.g. failure or malfunction of water meters), estimates are used for water withdrawals. |

NON-FINANCIAL REPORTING BOUNDARIES AND METHODOLOGIES *continued*

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| Target | Reduce water use in our operations with a 40% improvement in water use efficiency in water-stressed areas and a 30% improvement across the company |
| Performance measure | <ul style="list-style-type: none"> Water use efficiency per litre of product packaged (Litres/Litre) - across the company Water use efficiency per litre of product packaged (Litres/Litre) - water-stressed areas |
| Additional performance measure | <p>Percentage improvement in litres of water used per litre of product - packaged from the prior year and from the baseline.</p> <p>Note: This metric is used in Long Term Incentive Plans for those awarded prior to fiscal 24.</p> |
| Definition | <p>We prepare and report water withdrawal (use) using internally developed reporting methodologies based on the GRI Standards.</p> <p>Water withdrawal includes water obtained from ground water, surface water, mains supply and water delivered to the site by tanker, less any clean water provided back to local communities directly from a site. Uncontaminated water abstracted and returned to the same source under local consent, water abstracted from the sea and rainwater collection, are excluded from reported water withdrawal data.</p> <p>For water-stressed only: We classify a site as in water-stressed areas if the site is in a location which meets the definition of 'water-stressed' which is identified through a combination of sources, including the World Resources Institute (WRI) Aqueduct tool, UN definitions, internal water risk survey information and external reviews by independent hydrologists.</p> <p>An assessment to identify our sites located in water-stressed areas is completed approximately every two years. We include any new-build or acquired sites and exclude any sites divested. All sites identified as water-stressed up until the 2025 water risk assessment will be included in the scope of our current 2030 water efficiency commitment for water-stressed areas.</p> <p>Newly classified water-stressed sites are retrospectively applied to the fiscal 20 baseline, including the water use and packaged volumes. Similarly, sites reclassified as no longer water-stressed are removed from the fiscal 20 baseline. This approach ensures consistency in tracking performance, versus the more stretching target of 40% improvement for water stressed sites.</p> |
| Scope exception | The volume of water used on land under our operational control in Mexico and Türkiye is reported separately from water used in our direct operations and not included in our water efficiency calculations. |
| Data preparation and measurement | Water withdrawal (use) is measured primarily from meter readings and invoices. In limited cases, estimates are used. Water efficiency per litre of packaged product is calculated by dividing total water withdrawal by the total packaged volume. We use litres of packaged product as the measure for comparison, because this indicates how much water has been used relative to the amount of finished product that has been packaged. We measure litres of packaged product by site and aggregate them at group level. |
| Limitation | In limited cases (e.g. failure or malfunction of water meters), estimates are used for water withdrawals. |

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| Target | Replenish more water than we use for our operations for all of our sites in water-stressed areas by 2026 |
| Performance measures | <p>Annual volumetric replenishment capacity of projects developed (m³)</p> <p>Cumulative volumetric replenishment capacity of projects developed from fiscal 16 to fiscal 24</p> |
| Definition | <p>Our ambition is to replenish more water than we use in sites at our defined water-stressed areas, based on 2026 projected production volume.</p> <p>Our definition of replenishment (or volumetric water benefit) is aligned with the World Resources Institute's (WRI) definition. Replenishment activities beneficially modify the hydrology and address shared water challenges and improve water stewardship outcomes.</p> <p>We classify areas as water-stressed if our site is in a location which meets the definition of 'water-stressed' through a combination of sources, including the World Resources Institute (WRI) Aqueduct tool (at the Minor Basin level), UN definitions, internal water risk survey information and external reviews by independent hydrologists.</p> <p>An assessment to identify our sites located in water-stressed areas is completed approximately every two years. We include any new-build or acquired sites and exclude any sites divested.</p> <p>Newly classified water-stressed sites are subsequently included in our ambition. Similarly, sites reclassified as no longer water-stressed are removed from the ambition. This approach ensures consistency in tracking performance versus our projected volumes for water-stressed sites which we expect will be in production in fiscal 26.</p> <p>To be considered within the annual volumetric replenishment capacity, replenishment projects need to be in a relevant water-stressed area (e.g. a site's water basin and/or water-stressed water basins from which we source local raw materials).</p> |
| Scope exception | As the target date for the water replenishment programme is fiscal 26, any newly identified sites in water-stressed areas in our fiscal 25 water risk assessment will be out of scope for the replenishment programme. Any site located in a water-stressed area using under 1000 m ³ of water is considered de minimis and out of scope. |
| Reporting period | The complexity of gathering data from different project partners means there is a lag in reporting information our projects. Each financial year we include data from 1 June to 31 May. The baseline year is fiscal 16. |
| Data preparation and measurement | <p>The methodology for calculating the volume of water replenished is based on the WRI's 'Volumetric Water Benefit Accounting: A Method For Implementing and Valuing Water Stewardship Activities (2019)', which informs the Diageo Water Replenishment Programme Technical Protocol 2021. Replenishment capacity created by replenishment projects is calculated using Diageo's Water Replenishment Programme Technical Protocol 2021. The Diageo Water Replenishment Implementation Guide 2022 provides instructions for markets on how to implement the Technical Protocol. The Water Replenishment Implementation Guide and Technical Protocol are reviewed on an as-needed basis.</p> <p>Implementation partners are appointed in our water-stressed areas based on their expertise in particular project types which based on the risk assessments and consultations with local communities, NGOs and authorities, we believe will deliver the most impact. These implementation partners are responsible for project delivery.</p> <p>Data required to calculate the indicative volume of water replenished is collected by the project's implementation partner. An estimate of volumes is made at the inception of the project, and then validated when the project becomes operational. This data is then validated by an external validator and confirmed by the Diageo Head of Environment. All current year validated replenished volumes are summed together across all projects, which is the annual replenishment volumetric capacity added in the year.</p> <p>The current year annual replenishment volumetric figure (in m³) is then added to previous volumetric figures, net of any volumes which represent over delivery at any of our water stressed sites to arrive at a cumulative replenishment volumetric total since 2020. This amount is compared to projected fiscal 26 water usage. The estimated site water usage for fiscal 26 is restated every year to reflect latest estimates and previous fiscal actuals.</p> <p>When projects are delivered by a third party and partially funded by Diageo, to avoid double counting, we only claim the proportion of volumetric capacity attributable to Diageo.</p> |
| Limitation | <p>Our cumulative replenishment figure includes historic projects where natural changes in the amount of water replenished can occur over time.</p> <p>We reassess these projects using a risk-based approach, testing that the projects continue to deliver the replenishment capacity which was validated at the commissioning phase. Where there are significant changes (greater than 5%) of original replenishment capacity, this is updated in the current year cumulative figure.</p> |

NON-FINANCIAL REPORTING BOUNDARIES AND METHODOLOGIES *continued*

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| Target | Engage in collective action in all of our priority water basins to improve water accessibility, availability and quality and contribute to a net positive water impact |
| Performance measure | Percentage of priority water basins with collective action participation |
| Definition | <p>We identify priority water basins by using a Diageo criticality assessment (based on expert judgement and water consumption volumes) and by those facing high water risk, according to the WRI Aqueduct tool. We select these basins, where Diageo sites are located, as we believe they would benefit most from Diageo participating in collective action to address shared water challenges.</p> <p>Water collective action incorporates multi-stakeholder water stewardship initiatives and/or projects that include partnership with government entities, local communities, NGOs, civil society organisations and other stakeholders in the basin.</p> <p>The way we engage in collective action is dependent on what is required from the different initiatives that we are involved in. Our main role is usually the contribution of funds and strategic input but we also play additional roles to deliver effective collective action. The roles include, but are not limited to, financing projects, convening stakeholders to join existing or to start new initiatives, basin and project modelling, project implementation, catchment monitoring and evaluation, policy and regulatory engagement, water advocacy, institutional capacity building and/or training. We also contribute to the global development of guidance and models for best practice, multi-stakeholder collective action.</p> |
| Scope exception | This metric only includes our priority water basins as defined above. Where collective action activity is deemed to be minimal, we do not count this activity as collective action engagement in that priority water basin. |
| Data preparation and measurement | Evidence of collective action participation in priority water basins is collected at the country level and reviewed by the Diageo global metric owner. |
| Limitation | Judgment is applied when determining what is considered to be greater than minimal collective action engagement. The action we engage in are multi-stakeholder and multi-year; impact is measured over time. We reflect on the collective impact, and our individual contributions in making the judgment that our engagements were greater than a minimal threshold. |

Accelerating to a *low-carbon world*

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| Target | Become net zero carbon in our direct operations (Scope 1 and 2) |
| Performance measures | <ul style="list-style-type: none"> Percentage change in absolute greenhouse gas emissions (direct and indirect greenhouse gas emissions by weight (market/net based)) from the prior year and the fiscal 2020 year baseline Direct greenhouse gas emissions by weight (market/net based) (1,000 tonnes CO₂e) Indirect greenhouse gas emissions by weight (market/net based) (1,000 tonnes CO₂e) Total direct and indirect greenhouse gas emissions by weight (market/net based) (1,000 tonnes CO₂e) Market based (net) intensity ratio of GHG emissions (grams CO₂e per litre of packaged product) Direct greenhouse gas emissions by weight (location/gross based) (1,000 tonnes CO₂e) Indirect greenhouse gas emissions by weight (location/gross based) (1,000 tonnes CO₂e) Total direct and indirect greenhouse gas emissions by weight (location/gross based) (1,000 tonnes CO₂e) Location based (gross intensity) ratio of GHG emissions (grams CO₂e per litre of packaged product) |
| Definition | Scope 1 and 2 greenhouse gas emissions are presented as the absolute greenhouse gas emissions (Direct – Scope 1 emissions from on-site energy consumption of fuel sources and Indirect – Scope 2 emissions from purchased electricity and heat) in 1,000 tonnes CO ₂ e using market-based and location-based reporting methodologies. Market-based and location-based greenhouse gas emission intensity ratio is calculated as grammes per CO ₂ e per litre, using direct operations packaged product volume in litres. |
| Scope exception | <p>We exclude minor quantities of Scope 1 greenhouse gas emissions up to 0.5% of a site’s emissions, to a maximum of 50 tonnes CO₂e per emission source, as well as the greenhouse gas emissions associated with biogas flaring, since they are determined to be immaterial to our overall impacts.</p> <p>Biological/biogenic CO₂ emissions from the combustion of bioenergy and from direct operations processes such as fermentation to create alcohol, are outside of scope and are reported separately. However, bioenergy CO₂e emissions associated with methane and nitrous oxides that are not absorbed in bioenergy feedstock growth, are included in Scope 1 emissions.</p> <p>We do not include carbon offsets or credits in the Scope 1 and 2 GHG emissions market-based or location-based approach.</p> |

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| Data preparation and measurement | <p>We calculate CO₂e emissions data based on direct measurement of energy use (meter readings/invoices) for the majority of sites.</p> <p>Market-based and location-based emissions We externally report Scope 1 and 2 greenhouse gas emissions using metric tonnes of CO₂e to compare the emissions from the seven main greenhouse gases based on their global warming potential. We base our CO₂e reduction targets and reporting protocols (since 2007) on market-based emissions. We also calculate our emissions using the location-based approach, where direct operations greenhouse gas emissions are reported without the benefit of indirectly supplied renewable energy.</p> <p>Direct (Scope 1) emissions We report fuel consumption by fuel type at site level using the environmental management system. Using calorific values, the fuel is then converted to energy consumption, in kilowatt hours (kWh), by fuel type and is multiplied by the relevant CO₂e emission factor to derive total CO₂e emissions. Scope 1 emission factors for fuels are typically average fuel CO₂e emissions factors and calorific values (the latest available at the end of the period) from the UK Government Department for Energy Security and Net Zero (DESNZ). For market-based emissions calculations, we apply product-specific factors where available. Energy attribute certificates (EACs), derived from our distillery by-product feedstock and processed by a third party to generate biomethane, form a component of our decarbonisation, together with purchased renewable gas EACs (i.e. from certificate-backed biomethane supplied indirectly through the natural gas grid). For location-based emissions calculations, we apply product-specific factors, where available, but the specific emission factors associated with EACs are not used (i.e. indirectly supplied renewable gas through grid is reported using standard, natural gas grid emission factors).</p> <p>Indirect (Scope 2) emissions We report greenhouse gas emissions from electricity (Scope 2) as market-based emissions and as location-based emissions in line with the WRI/WBCSD GHG Protocol Scope 2 guidance 2015. For market-based emissions, electricity consumption recorded on our environmental management system is multiplied by emissions factors specified in EACs, contracts, power purchase agreements and supplier utility emissions, as detailed in the GHG Protocol’s Scope 2 guidance. We use GHG Protocol Scope 2 to ensure EACs and associated financial instruments meet the required standards. GHG emission factors relating to indirect, Scope 2 emissions are updated with latest available by end of the period. For location-based emissions, grid imported electricity consumption recorded on our environmental management system is multiplied by regional or sub-national emission factors (where available) to calculate Scope 2 location-based GHG emissions. These include, for example, The Commission for Regulation of Utilities (CRU) (Ireland), DESNZ (United Kingdom), the National Inventory Report (Canada), US eGRID (United States) and the Indian power sector report (India). In all other cases, country or sub-regional factors are provided by the International Energy Agency (IEA). Location-based emission factors are reviewed annually and updated with latest available at the end of the period.</p> <p>Fugitive and owned agricultural [Scope 1] emissions We calculate fugitive emissions based on the amount of emitted ozone-depleting substances and fluorinated gases, multiplied by the relevant emission factor to represent the global warming potential in tonnes of CO₂e. Annually, each site reports the quantity (mass) of each material/gas emitted based on any added/topped-up amount, reported via the environmental management system. The mass of each emitted ozone-depleting substance and fluorinated gas is multiplied by the relevant emission factor and then added together to report the equivalent GHG emissions in tonnes of CO₂e.</p> <p>We calculate agricultural emissions from direct operations owned and operated by Diageo based on fertiliser use. The annual quantity (mass) of inorganic fertiliser is multiplied by the percentage of nitrogen content and by the relevant GHG emission and conversion factors (e.g. nitrogen to nitrous oxide, nitrous oxide GHG emission factor) to determine the equivalent tonnes CO₂e emissions.</p> <p>Scope 1 and Scope 2 data aggregation For market-based: Total direct and indirect greenhouse gas emissions by weight (market/net based) (1,000 tonnes CO₂e) is the aggregation of Scope 1 and 2 GHG emissions with fugitive and owned agriculture emissions to calculate total direct operations market-based emissions. The percentage reduction in absolute greenhouse gas emissions (direct and indirect greenhouse gas emissions by weight (market/net based)) from the prior year is a percentage change calculation with reference to the corresponding prior year figure.</p> <p>Our net zero emissions target for 2030 remains consistent with earlier reporting protocols and is based on market-based emissions.</p> <p>For location-based: We aggregate location-based Scope 1 and 2 GHG emissions with fugitive and owned agriculture emissions (as detailed in the market-based approach above) to calculate direct operations total location-based emissions.</p> <p>GHG emission intensity ratios Total, aggregated direct operations market-based and location-based emissions (as detailed above) are divided, respectively, by the volume of direct operations packaged product reported in the same period. The market-based and location-based emissions are converted to grammes of CO₂e and the volume of packaged product is reported in litres to generate relevant GHG emission intensity ratios in g CO₂e/litre packaged.</p> |
| Limitation | Where invoices or site meter readings are not available, for example, due to timing differences or metering issues, we estimate consumption. |

NON-FINANCIAL REPORTING BOUNDARIES AND METHODOLOGIES *continued*

| Target | Reduce our value chain (Scope 3) carbon emissions by 50% |
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| Performance measure | Percentage change in absolute greenhouse gas emissions (ktCO ₂ e) from the prior year |
| Definition | <p>Scope 3 emissions are indirect greenhouse gas (GHG) emissions generated by activities upstream or downstream of our operations that are not accounted for as Scope 1 and 2 GHG emissions.</p> <p>Scope 3 greenhouse gas emissions are assessed for relevance across 15 value chain categories and sub-categories and for Diageo, these are deemed relevant:</p> <ul style="list-style-type: none"> • Category 1: Purchased raw materials, packaging and third party manufacturers. • Category 2: Capital goods. • Category 3: Fuels and energy-related activities. • Category 4: Upstream and downstream logistics and distribution. • Category 5: Waste generated in operations. • Category 6: Business travel. • Category 7: Employee commuting, including the emissions associated with leased and a limited number of Diageo owned vehicles not accounted for in Scope 1 and Scope 2 GHG emissions. • Category 11: Use of products sold. • Category 12: End of life of products sold. <p>We do not include carbon offsets or credits in Scope 3 GHG emissions.</p> |
| Scope exception | Any categories of Scope 3 emissions not listed in the definition above are out of scope for reporting. These are either excluded on the basis of materiality or a lack of reliable data. |
| Reporting period | All Scope 3 data is included for the current fiscal, with the exception of transportation and distribution (category 4). We have moved the reporting period from a one-year lag to now including data from June - May. |

| Target | Reduce our value chain (Scope 3) carbon emissions by 50% |
|---|---|
| Data preparation and measurement | <p>We externally report Scope 3 GHG emissions using metric tonnes of CO₂e to compare the emissions from the four greenhouse gases - carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFCs) - included in our calculations, based on their global warming potential.</p> <p>Diageo uses a combination of consumption and spend based activity data to determine Scope 3 GHG emissions for all categories deemed relevant. The Diageo GHG Emission Factors Master Database contains the specific emission factor used and the associated source file.</p> <p>This activity data is multiplied by relevant emission factors sourced from industry-average databases, unless there are supplier specific factors. Where relevant, the supplier specific factors are preferred over industry-average database factors. Emission factors are updated annually based on updates to the industry-average databases and with published emission factors from suppliers.</p> <p>Inflation and Exchange Rate Adjustment</p> <p>For all spend-based calculations in the Scope 3 inventory, the emission factors used are based on 2019/2020 US dollars. In alignment with the GHG Protocol Scope 3 Calculation Guidance (Section 1, page 33), spend values are adjusted to reflect the differences in market values between the year of the spend based factors (2019) and the current period using country-specific inflation and exchange rates so the emission factor can be appropriately applied. The spend values are deflated by multiplying the current year spend by a ratio of the consumer price indices (CPI) of 2019/20 and the current year. The CPI values are obtained from S&P Global per country that Diageo has operations in, and it was assumed that all spend per site was acquired in, and thus subject to inflation of, the country of the site. The exchange rates are obtained with guidance from Diageo's internal accounting department.</p> <p>Diageo use two calculation methods:</p> <p>1) The average data method:</p> <p>The average data as described in the GHG Protocol Scope 3 Calculation Guidance are used to calculate these emissions. The quantity of relevant goods or services purchased in the reporting year is multiplied by the secondary (e.g. industrial average) emission factors (e.g. average emissions per unit good or service). Cradle-to-Tiers 1 supplier emission factors of the purchased goods or services per unit of mass are used (e.g. kg CO₂e /kg).</p> <p>The average data method is represented by the following equation:</p> $\text{CO}_2\text{e emissions for purchased goods or services} = \sum(\text{mass of purchased good or service (kg)} \times \text{emission factor of purchased good or service per unit of mass (kg CO}_2\text{e/kg)})$ <p>This method is applied for the following scope 3 categories:</p> <ul style="list-style-type: none"> • Category 1: Purchased goods and services. • Category 3: Fuel and energy-related activities. • Category 4: Upstream transportation and distribution. • Category 5: Waste generated in operations. • Category 6: Business travel. • Category 7: Upstream leased assets. • Category 11: Use of sold products. • Category 12: End of life treatment of sold products. <p>2) The spend-based data method:</p> <p>The spend-based data method is used to calculate these emissions. The spend on relevant capital goods purchased in the reporting year is multiplied by the spend-based emission factor (e.g. average emissions per unit spent).</p> <p>The calculation method is represented by the following equation:</p> $\text{CO}_2\text{e emissions for capital goods} = \sum(\text{spend on capital goods (USD)} \times \text{emission factor of purchased capital good per economic value (kg CO}_2\text{e/USD)})$ <p>This method is applied for the following scope 3 categories:</p> <ul style="list-style-type: none"> • Category 2: Capital Purchase goods and services. <p>For the transportation and distribution (category 4) calculation, we have updated the GHG factors to the latest Global Logistics Emissions Council (GLEC) factors.</p> <p>The latest Global Warming Potential (GWP - 2021 IPCC report) are used in Diageo's GHG calculation and the Biogenic GHG emissions are not included.</p> |
| Limitations | Due to inherent limitations related to measurement uncertainty and/or the availability of actual activity data, we utilise Diageo and/or industry average activity data for certain purchased goods or services. Due to limited primary greenhouse gas factors from suppliers, secondary greenhouse gas factor sources are used, such as industry recognised emission factors and others. As such, Scope 3 greenhouse gas emissions reporting is inherently limited and processes to refine data calculations are constantly under review. |

NON-FINANCIAL REPORTING BOUNDARIES AND METHODOLOGIES *continued*

| Target | Use 100% renewable energy across all our direct operations |
|---|--|
| Performance measure | <ul style="list-style-type: none"> Change in percentage of renewable energy across our direct operations from the prior year Total direct (renewable and non-renewable) energy consumption (TJ) Direct energy efficiency (MJ/litre packaged) Indirect energy efficiency (MJ/litre packaged) Total direct and indirect energy efficiency (MJ/litre packaged) |
| Definition | <p>We report total energy use and renewable energy use in megawatt hours (MWh) and/or terajoules (TJ). Total energy and renewable energy use are determined from direct and indirect energy consumption; energy generated on our sites and purchased energy. We determine direct energy (renewable/non-renewable) from the quantity of different fuel types (in metric tonnes, litres) of renewable and non-renewable fuels and by applying the relevant calorific value (either from DESNZ or the supplier). We measure indirect energy (renewable/non-renewable) in MWh and/or TJ from energy utilities or suppliers and/or by applying the relevant EACs.</p> <p>We include directly connected renewable energy generated on or near our sites, where all energy is used on site and no EACs are created (e.g. roof-mounted solar panels with all generated renewable electricity used on site).</p> |
| Scope exception | We exclude minor energy sources that account for less than 0.5% of a site's overall Scope 1 and 2 emissions, up to a maximum of 50 t CO ₂ e of individual emission source. They are considered immaterial to our overall impact. |
| Data preparation and measurement | <p>We report total energy and renewable energy in MWh and/or TJ. We calculate direct and indirect energy data based on the direct measurement of energy use (meter readings/invoices for volumes of fuel supplied).</p> <p>We report fuel consumption by fuel type at site level using the environmental management system. Using calorific values, the fuel is then converted to energy consumption, in kWh, by fuel type and classified as either renewable or non-renewable based on fuel type or source. EACs, derived from our distillery by-product feedstock and processed by a third-party to generate biogas, together with purchased renewable gas EACs, are applied to relevant natural gas supplied to sites via a common carrier pipeline/network.</p> <p>All indirect energy generated and used on site, along with purchased indirect energy supplied through the grid is classified as renewable by the allocation of EACs, contracts, power purchase agreements and supplier-specific utility factors, where relevant.</p> <p>To calculate the percentage of renewable energy use, we divide total renewable energy (direct and indirect energy supplies (in MWh)) by total energy use, comprising all reported energy sources (MWh).</p> <p>Direct energy efficiency (MJ/L); indirect energy efficiency (MJ/L) and total energy efficiency (MJ/L) are determined from total direct energy (MJ), total indirect energy (MJ) and total energy (MJ) and divided by the volume of packaged product (litres).</p> |
| Limitation | Energy data is calculated based on direct measurement of energy use (meter readings/invoices) for the majority of sites. Where invoices are not available, for example, due to timing differences, consumption is estimated. |

| Target | Continue our work to increase recycled content in our packaging (increasing the percentage of recycled content in our packaging to 60%) |
|----------------------------|--|
| Performance measure | Change in percentage of recycled content (by weight) |
| Definition | We determine recycled content by establishing the percentage weight of non-virgin materials used to generate the packaging components. |
| Scope exception | – |
| Data preparation | We collate packaging material volume data for the total volume of packaging purchased. We collect recycled content data through quarterly supplier questionnaires and then consolidate and internally verify it. |
| Limitation | Reporting relies on suppliers' technical information, timely completion of quarterly questionnaires and supporting supplementary information. |

| Target | Continue our work to reduce total packaging (delivering a 10% reduction in packaging weight) |
|----------------------------|--|
| Performance measure | Percentage reduction of total packaging (by weight) |
| Definition | We determine changes to packaging weight by quantifying the weight reduction in grammes multiplied by the number of product codes (SKUs) affected, on an annualised basis. |
| Scope exception | – |
| Data preparation | We collate packaging material volume data for total volume of packaging purchased and weight. We verify weight data through quarterly supplier questionnaires. |
| Limitation | Reporting relies on suppliers' technical information, timely completion of quarterly questionnaires and supporting supplementary information. |

| Target | Develop regenerative agriculture programmes in five key sourcing landscapes |
|----------------------------|--|
| Performance measure | Number of regenerative agriculture programmes |
| Definition | <p>We define our key sourcing landscapes as locations from which we source our most material crops, in terms of product dependency (e.g. agave for tequila), volumes sourced and contribution to our Scope 3 GHG footprint. The programmes include:</p> <ul style="list-style-type: none"> On-the-ground programmes with farmers to test and integrate regenerative and low-carbon practices in crop production systems On-farm measurements and data collection protocols to track improvements in soil health, soil carbon, biodiversity, water stewardship and farm profitability Collaborative programmes with our suppliers, other commodity off-takers, expert agronomists, technology providers, NGOs or specialist organisations <p>Our regenerative agriculture programmes currently expand across three crop systems and three geographies including barley in Ireland for our beer category (Guinness), wheat and barley for our scotch and grain neutral spirit categories in the United Kingdom and agave for our tequila category in Mexico. We are also building partnerships across additional agricultural sourcing hubs to advocate for regenerative landscape transitions including Telangana state in India for broken rice, Kentucky and Tennessee in the United States for corn and rye and Kenya, Ghana and Nigeria across sorghum smallholder value chains.</p> |
| Scope exception | Where programme activity is in early stages of deployment in a particular sourcing area, we do not include this sourcing area as covered by a regenerative agriculture programme. |
| Data preparation | Data is consolidated for each pilot programme. Tracking and reporting on improvements against key outcomes is managed centrally. |
| Limitation | Judgement is applied when determining what is considered to be greater than minimal programme activity. The investments we make could be through a consortium, and include other stakeholders. Impact is typically measured over time. Our approach is to assess the impact of our individual contributions in relation to the overall investment impact in determining whether our contributions were greater than a minimal level of programme activity. |



DIAGEO

*Celebrating life,
every day,
everywhere*

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