

OUR ESG REPORTING APPROACH

# Our ESG reporting approach

Reporting transparently on the ESG issues that affect our business, and that our business creates, plays a vital role in delivering our strategy. It helps us to manage ESG risks, take opportunities and promote sustainable development everywhere we live, work, source and sell.

Our ESG reporting suite aims to provide comprehensive and comparable disclosures for a broad range of stakeholders. As well as publishing our integrated Annual Report and ESG Reporting Index each year, we also submit non-financial information to benchmarking and index organisations, including those listed on the Awards and ranking page of our website.

The non-financial reporting space is evolving quickly. We are committed to continually evaluating and improving our approach and to actively tracking emerging ESG regulation, frameworks and good practice. Since launching our ‘Spirit of Progress’ ESG action plan, we have set out to help create a more inclusive and sustainable world, creating a positive impact in our company, and for our society.

## How we report to our stakeholders – our reporting suite



**Annual Report** Where we present our most material disclosures and describe how our strategy delivers value for our business and other stakeholders. The performance of non-financial KPIs are integrated into the relevant focus area sections. The document also includes detailed non-financial reporting boundaries and methodologies.



**Diageo.com** Where, through the ‘Spirit of Progress’ section, we give more details of our approach and performance, with examples of our strategy in action.



**ESG Reporting Index** Where we provide additional disclosures in line with the GRI (Global Reporting Initiative) Standards, UNGC advanced reporting criteria index and our response to the Sustainability Accounting Standards Board (SASB).

Who are our stakeholders? Everyone who is affected by our business, and everyone who affects it, is a stakeholder. A detailed description of our stakeholder engagement process is on pages 100-105 of this Annual Report.

This non-financial and sustainability information statement provided on pages 75-76 provides an overview of topics and related reporting references in our external reporting as required by sections 414CA and 414CB of the Companies Act 2006.

## Non-financial and sustainability information statement

Reporting requirement as per Companies Act 2006 414CA and 414CB	Focus area	Read more in Diageo's reports	Relevant policies, standards or documents	Page reference
<b>Environmental matters</b>				
1(a) environmental matters (including the impact of the company's business on the environment)	<b>'Spirit of Progress'</b>		<ul style="list-style-type: none"> <li>Global Environment Policy<sup>(1)</sup></li> <li>Sustainable Agriculture Guidelines<sup>(1)</sup></li> <li>Sustainable Packaging Commitments<sup>(1)</sup></li> <li>Partnering with Suppliers Standard<sup>(1)</sup></li> <li>Deforestation Guidelines<sup>(4)</sup></li> <li>Water Stewardship Strategy<sup>(4)</sup></li> <li>Net Zero Carbon Strategy<sup>(4)</sup></li> <li>Reinventing Packaging Strategy<sup>(4)</sup></li> <li>Diageo Water Collective Action Implementation Guide<sup>(4)</sup></li> </ul>	p.48-50
	<b>Pioneer grain-to-glass sustainability</b>			p.61-73
<b>Our people</b>				
1(b) the company's employees	<b>Our people and culture</b>	<ul style="list-style-type: none"> <li>Talent and diverse workforce</li> <li>Culture</li> <li>Gender and ethnic diversity</li> <li>Inclusive hospitality industry and communities</li> </ul>	<ul style="list-style-type: none"> <li>Code of Business Conduct<sup>(2)</sup></li> <li>Great Britain / Scotland and Republic of Ireland Gender Pay Gap Report 2023<sup>(4)</sup></li> <li>Global Human Rights Policy<sup>(1)</sup></li> <li>Directors' Remuneration Policy<sup>(4)</sup></li> </ul>	p.55-56
	<b>Champion inclusion and diversity</b>	<ul style="list-style-type: none"> <li>Progressive marketing</li> <li>Diverse suppliers</li> </ul>		
	<b>Health and safety</b>	<ul style="list-style-type: none"> <li>Embedding culture of health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Global Health, Safety and Wellbeing Policy<sup>(1)</sup></li> </ul>	p.57-58
1(c) social matters	<b>'Spirit of Progress'</b>			p.48-50
	<b>Promote positive drinking</b>	<ul style="list-style-type: none"> <li>Tackling underage drinking</li> <li>Changing attitude to drink driving</li> <li>Make moderation aspirational</li> <li>Marketing in a responsible way</li> </ul>	<ul style="list-style-type: none"> <li>Global Marketing and Digital Marketing Policy<sup>(1)</sup></li> <li>Global Employee Alcohol Policy<sup>(1)</sup></li> </ul>	p.51-52
<b>Human rights</b>				
1(d) respect for human rights	<b>Human rights</b>	<ul style="list-style-type: none"> <li>Standing up for human rights</li> </ul>	<ul style="list-style-type: none"> <li>Global Human Rights Policy<sup>(1)</sup></li> <li>Modern Slavery Statement<sup>(3)</sup></li> <li>Global Brand Promoter Standard<sup>(1)</sup></li> <li>Privacy Policy<sup>(1)</sup></li> </ul>	p.53-54
<b>Anti-bribery and corruption</b>				
1(e) anti-corruption and anti-bribery matters	<b>Doing business the right way</b>		<ul style="list-style-type: none"> <li>Code of Business Conduct<sup>(1)</sup></li> <li>Privacy Policy<sup>(1)</sup></li> <li>Global Tax Policy<sup>(1)</sup></li> <li>Global Information Management and Security Policy<sup>(4)</sup></li> </ul>	p.53-54
<b>Business model</b>				
2(a) a brief description of the company's business model	<b>Diageo's business model</b>	<ul style="list-style-type: none"> <li>Strategic Report</li> <li>Business integrity</li> <li>Assessing risk</li> <li>Engaging stakeholders</li> </ul>		p.12-23

OUR ESG REPORTING APPROACH *continued*

Reporting requirement as per Companies Act 2006 414CA and 414CB	Focus area	Read more in Diageo's reports	Relevant policies, standards or documents	Page reference
<b>Risk management</b>				
2(d) a description of the principal risks relating to the matters mentioned in subsection	<b>Our principal risks and risk management</b>	<ul style="list-style-type: none"> <li>Effective risk management</li> <li>Principal risks</li> </ul>	<ul style="list-style-type: none"> <li>Global Quality Policy<sup>(1)</sup></li> <li>Business Continuity Management Standard<sup>(4)</sup></li> <li>Risk Management Standard<sup>(4)</sup></li> </ul>	p.77-85
	<b>Viability statement</b>	<ul style="list-style-type: none"> <li>Viability statement</li> </ul>		p.86
<b>Non-financial performance</b>				
2(e) a description of the non-financial key performance indicators relevant to the company's business	<b>Our performance: monitoring performance and progress</b>	<ul style="list-style-type: none"> <li>Our performance</li> <li>'Spirit of Progress'</li> </ul>		p.26-27
<b>Climate-related financial disclosures as required by sections 414CA and 414CB of the Companies Act 2006</b>				
(a) description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities;		<ul style="list-style-type: none"> <li>Identifying climate risks and opportunities</li> <li>Governance</li> </ul>		p.61
(b) a description of how the company identifies, assesses, and manages climate-related risks and opportunities;		<ul style="list-style-type: none"> <li>Identifying climate risks and opportunities</li> </ul>		p.62-67
(c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process;		<ul style="list-style-type: none"> <li>Our principal risk and risk management</li> <li>Identifying climate risks and opportunities</li> </ul>		p.78-85 p.62-67
(d) a description of— (i) the principal climate-related risks and opportunities arising in connection with the company's operations, and		<ul style="list-style-type: none"> <li>Our principal risk and risk management</li> <li>Identifying climate risks and opportunities</li> </ul>		p.78-85 p.62-67
(d) a description of—(ii) the time periods by reference to which those risks and opportunities are assessed;	<b>Pioneer grain-to-glass sustainability</b>	<ul style="list-style-type: none"> <li>Identifying climate risks and opportunities</li> <li>Quantitative impact of transitions risks and opportunities</li> <li>Our pathway to net zero</li> </ul>	See above under Environmental matters	p.62-67
(e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy;		<ul style="list-style-type: none"> <li>Identifying climate risks and opportunities</li> <li>Identifying and assessing our transitions risks and opportunities</li> </ul>		p.62-67
(f) an analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios;		<ul style="list-style-type: none"> <li>Climate change resilience</li> <li>Viability statement</li> <li>Scenario analysis of physical risks</li> </ul>		p.61-67 and p.86
(g) a description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and		<ul style="list-style-type: none"> <li>Our strategy for grain-to-glass sustainability</li> </ul>		p.67-72
(h) a description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based		<ul style="list-style-type: none"> <li>Our strategy for grain-to-glass sustainability</li> </ul>		p.67-72

(1) <https://www.diageo.com/en/our-business/corporate-governance/code-of-business-conduct/policies-and-standards>

(2) <https://www.diageo.com/en/our-business/corporate-governance/code-of-business-conduct>

(3) <https://www.diageo.com/en/esg/doing-business-the-right-way/modern-slavery-statement>

(4) Externally published documents on different subsites



# DIAGEO

*Celebrating life,  
every day,  
everywhere*

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