



## Dear Shareholder

On behalf of the Nomination Committee, I would like to present its report for the year ended 30 June 2020.

The Committee has ensured that there is a pipeline of strong candidates for potential nomination as Non-Executive Directors and reviewed succession planning and talent strategy for the Executive Committee. In order to further embed its long-standing commitment to diversity, the Committee also formalised the diversity principles applicable to the Board into a written Board Diversity Policy to promote a diverse and inclusive membership on the Board. This was approved and adopted by the Board in April 2020.

During the year, the Committee recommended that the Board appoint Melissa Bethell as Non-Executive Director, which recommendation was approved and took effect from 30 June 2020, and also recommended that the Board appoint Valérie Chapoulaud-Floquet and Sir John Manzoni as Non-Executive Directors, which recommendations were subsequently approved and will take effect from 1 January 2021 and 1 October 2020 respectively. These appointments had been preceded by a detailed market review and selection process carried out by the Committee with the assistance of Egon Zehnder, an independent consulting and recruitment agency which has no other connection with the company.

Melissa Bethell is the Managing Partner of Atairos Europe, an investment firm backed by Comcast NBC Universal, and spent over 18 years at Bain Capital, the global private equity firm, having previously worked at Goldman Sachs. Melissa is currently non-executive director on the boards of Tesco PLC and Exor, and has had considerable experience of other non-executive roles on other boards. Melissa brings her extensive expertise in international business strategy and investments to the company's Board. Valérie Chapoulaud-Floquet is the former CEO of Rémy Cointreau S.A., which she led from September 2014 to December 2019, prior to which she had worked for Louis Vuitton, LVMH Group since 2008 in a number of different roles. Valérie's extensive experience in consumer goods and premium drinks industries should serve Diageo well. Sir John Manzoni was Chief Executive of the Civil Service and Permanent Secretary to the UK Cabinet Office from 2014 to April 2020. He was previously President and Chief Executive Officer of Talisman Energy in Canada from 2007 to 2012 and had worked for BP from 1983 to 2007 in various roles. Sir John was also Non-Executive Director of SABMiller plc from 2004 to 2014. Sir John's commercial acumen and business knowledge, together with his more recent public service experience, will complement the Board. I look forward to welcoming both Valérie and Sir John to the Board in due course.

**Javier Ferrán**  
Chairman of the Nomination Committee

## Role of the Nomination Committee

The Nomination Committee is responsible for keeping under review the composition of the Board and succession to it, reviewing succession planning for key Executive Committee role succession, and succession planning and overall talent strategy for senior leadership positions, including in relation to ensuring and encouraging diversity in leadership positions. It makes recommendations to the Board concerning appointments to the Board. The recruitment process for Non-Executive Directors typically includes the development of a candidate profile and the engagement of a professional search agency (which has no other connection with the company) specialising in the recruitment of high-calibre non-executive directors. Reports on potential appointees are provided to the Committee, which, after careful consideration, makes a recommendation to the Board.

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

The formal role of the Nomination Committee is set out in its terms of reference which are available at <https://www.diageo.com/en/our-business/corporate-governance>.

## Composition of the Nomination Committee

The Nomination Committee comprises Javier Ferrán (Committee Chairman), Melissa Bethell, Susan Kilsby, Ho KwonPing, Nicola Mendelsohn and Alan Stewart.

## Induction, training and business engagement

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

Following the initial induction for Non-Executive Directors, a continuing understanding of the business is developed through appropriate business engagements. Visits to customers, engagements with employees, and brand events were arranged during the year, although these have been impacted in the second half of the year due to Covid-19 travel restrictions.

In addition, Executive Committee members and other senior executives are invited, as appropriate, to Board and strategy meetings to make presentations on their areas of responsibility. The company's policy is for all Directors to attend the AGM.

All Directors are also provided with the opportunity, and encouraged, to attend regular training to ensure they are kept up to date on relevant legal and governance developments or changes, best practice developments and changing commercial and other risks.

## Activities of the Nomination Committee

The principal activities of the Nomination Committee during the year were:

- the consideration of the talent pipeline for potential new appointments to the Board including potential new Non-Executive Directors
- the review of Board, committee and individual Director performance as part of the annual evaluation process
- a review of the Executive Committee membership and succession planning for it and for senior leadership positions
- preparation and adoption of a Board Diversity Policy
- appointment of a new Senior Independent Director.

## Diversity

Details of Board diversity and its diversity policy can be found on pages 68 and 72. Details of diversity for the Executive Committee can be found on page 70. As at 30 June 2020, the percentage of women on the Executive Committee and their direct reports is 38%.

## Evaluation

As part of the annual Board evaluation, all members of the Nomination Committee participated in an evaluation of the Committee. This concluded that the performance of the Committee continued to improve, with a strong pipeline of candidates resulting in excellent recent appointments to the Board and a continued focus on diversity and enhancements to the induction programme for new Directors. Further details of the evaluation can be found on pages 78 and 79.