

Sustainability & Responsibility Strategy

Diageo's purpose is 'celebrating life, every day, everywhere'. If we are truly to celebrate everything we do, the principles of sustainability and responsibility must run through every aspect of our business and help support sustainable growth that we can be proud of.

Our strategy framework

To reflect the evolution of our approach, we have changed the name of our strategy to 'Sustainability and Responsibility'. 'Sustainability' reflects how we are increasingly taking into account our wider economic, social and environmental impacts throughout the value chain, and how our non-financial performance supports the long-term success of the company. 'Responsibility' reflects our particular role as a beverage alcohol company in promoting responsible drinking.

We refreshed this strategy partly in response to a changing marketplace – whether changes in approach to alcohol regulation; resource scarcity such as water affecting nine of our production sites, parts of our supply chain and local communities; economic development challenges as our business increasingly grows in emerging markets; and climate change impacts addressed at the Cancun Communiqué.

The strategy includes six key impacts across four key channels in our value chain: our suppliers, our operations, our consumers and our customers. Note that this year we have separated water as its own area of focus to reflect the material impact we believe water scarcity can have on our business as well as our local communities, particularly in water-stressed regions.

While all our impacts are important, they are not all equally relevant to each aspect of the value chain, and we manage this accordingly. You can see a breakdown of our programmes in the table below, as well as which programmes are particularly relevant to each channel.

Ultimately, our approach to what to focus must include the needs and concerns of our business partners and other key stakeholders. Currently we are formalising our stakeholder engagement system to help us ensure we adequately address concerns from around the world. See our approach to [engaging stakeholders](#).

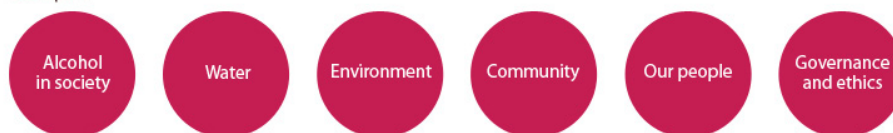
Our purpose

Celebrating life,
every day,
everywhere

Our value chain



Our impacts



Our value chain

For Diageo, the value chain starts with our supply chain and goes through every aspect of our operations and the way we do business through to the way our products are sold and consumed.

- **Our suppliers:** at the procurement end, we primarily look at the standards and practices that our principal suppliers are using – such as the agricultural community that produces our main raw materials as well as those producing the other materials and energy we purchase.
- **Our operations:** in operational terms we examine the impacts of every aspect of how our products are produced, from innovation and branding through to production in our distilleries, wineries and breweries, and beyond that to bottling, packaging and distribution.
- **Our customers:** following this stage, our value chain includes how we sell our products to our customers – such as global retailers, convenience stores, bars, restaurants and in some cases, governments – and how they in turn sell our products to shoppers and consumers.
- **Our consumers:** finally we look at drinking patterns among our consumers themselves and increasingly how they dispose of our products.

The social, economic and environmental impacts that our business and brands have at every stage of this chain vary. Below, you can see which areas of our Sustainability & Responsibility Strategy are most relevant to which areas of our value chain.

Key Impacts Across Our Value Chain

Our impacts	Our suppliers	Diageo PLC – our people & operations	Our customers	Our consumers
Alcohol in society				
Responsible marketing and consumer information		●	●	●
Programmes to address alcohol misuse		●	●	●
Stakeholder dialogue and alcohol policy		●	●	
Water				
Water efficiency	●	●		
Water quality	●	●		
Local water access		●		
Collective action and advocacy		●	●	●
Environment				
Carbon reduction	●	●	●	
Waste elimination	●	●	●	●
Sustainable packaging	●	●	●	
Sustainable agriculture	●	●	●	
Other	●	●		
Community				
Economic impact (local hiring, sourcing, partnerships, etc)	●	●	●	
Community investment (capacity building, social entrepreneurship, disaster relief, etc)		●	●	
Brand-led investment		●	●	●
People				
Safety		●		
Health and wellbeing		●		
Diversity and inclusion		●		
Developing talent		●		
Reward and recognition		●		
Other		●		
Governance and ethics				
Code of Business Conduct and other policies	●	●	●	●
Partnering with suppliers	●	●		

Materiality

We based our global strategy on an analysis of what Diageo believes to be material, incorporating findings from our own trend analysis, internal engagement about the needs of the business, and informal external engagement processes. Issues that surfaced from this analysis were prioritised against a set of weighted indicators representing the risk and opportunity for the company, and our understanding of stakeholder need or concern. We are currently in the process of formalising the stakeholder engagement aspect of our materiality analysis.