

Our social and environmental performance

We have a comprehensive set of targets that help us drive, measure and report transparently on our progress. In 2015, we set a range of environmental and social targets for 2020. We have since set additional targets for positive drinking, renewable electricity and plastic packaging.

Proud of our progress, ambitious for the future

We believe our 2020 targets were among the most ambitious and stretching in our industry.

Building on the success of earlier targets, we were among the first companies to set our greenhouse gas (GHG) reduction targets in line with the principles of the Science Based Targets initiative and were an early adopter of absolute, rather than relative, GHG reduction targets.

As we close our 2020 targets this year, we are proud of the significant progress we have made – and are aware that we have more to do.

We have reduced our GHG emissions from direct operations by 509,000 metric tonnes since 2007, delivering our commitment to a 50% absolute reduction. We have also reduced emissions by 33.7% across our total value chain.

We have ensured that over 99.5% of our packaging is recyclable and achieved 45% recycled content in our packaging. In the last three months of this year, we achieved zero waste to landfill at all supply sites and offices.

We also sourced 79% of raw materials for our Africa business locally, narrowly missing our goal of 80%, having exceeded it in 2019. Our targets for supporting communities have helped to drive positive impacts for millions of people within and beyond our business, including, in 2020, supporting 250,000 people through our projects focused on clean water, sanitation and hygiene (WASH).

We delivered on our target for water replenishment in water-stressed areas and achieved a 46.0% improvement in water use efficiency. This represents significant progress, but Covid-19 affected us reaching our efficiency target of 50% due to delayed implementation of water recycling projects in Africa and lower packaged volumes in some markets.

Despite this significant progress, however, we have not achieved all our goals. As we reported last year, we have yet to achieve the full improvements we wanted in the quality of wastewater we discharge, for example, and we have found reducing the overall weight of our packaging by 15% more challenging than we expected. We provide full details of our performance on pages 34-35.

Taking forward what we have learnt

We have adapted our programmes over the years to improve their design as community needs, our business and the global context have changed.

In our communities work, a key improvement has been recognising that inclusion and gender equality should be built into every community programme, rather than treated as a separate objective.

We have also seen the importance of a holistic approach which draws on the strengths of the whole business and furthers the company's wider objectives. Our community WASH programmes, for example, have changed their impact by focusing on communities directly connected to our core business while supporting our successful drive to replenish water in water-stressed areas.

We have seen how important it is to have total alignment within the business and strong sponsorship from leaders, as well as effective execution. We have also learnt that early investment in infrastructure and a process of continuous improvement are key to success.

Finally, we have seen how we can increase our impact through long-term, strategic NGO partnerships with organisations like CARE International UK and WaterAid.

Committed to a decade of action

We are developing our strategy to address our most material issues and support the delivery of the UN Sustainable Development Goals (SDGs) over the critical decade to 2030. While the launch of our strategy and targets has been delayed by Covid-19 until later this fiscal year, we are clear on our direction of travel and our overall goals. We know we must be leaders in promoting positive drinking, and be global advocates for water stewardship and a low-carbon world. We must champion inclusion and diversity within and beyond our business, and make sure we contribute to building inclusive, thriving communities wherever we live, work, source and sell. We will go further in pioneering sustainability, including through encouraging regenerative agriculture and driving circular economy approaches.

Our strategy will continue to be based on the knowledge that our future success is intertwined with the success of those around us. In line with that thinking, in June 2020 we announced our 'Raising the Bar' programme – a \$100 million recovery fund to support pubs and bars as they welcome customers back following the Covid-19 pandemic.



See pages 28-29 for more information.

Developing our 2030 sustainability and responsibility strategy

A rigorous materiality assessment



Examination of external trends shaping our operating environment; alignment to UN SDGs in the critical decade ahead

Extensive engagement with internal and external stakeholders

Findings explored through:

- Regional multi-function internal stakeholder workshops in Bangalore, London, Nairobi, New York and Singapore
- A detailed workshop with full Diageo Executive Committee
- Engagement with Diageo Board

Our areas of focus for the next decade



Promote positive drinking

- Promoting moderation
- Ensuring responsible marketing and retailing of alcohol
- Preventing harmful use of alcohol



Champion inclusion and diversity

- Including and empowering women, minorities and other under-represented groups
- Fostering an inclusive and diverse culture



Pioneer grain-to-glass sustainability

- Mitigating or adapting to climate change
- Ensuring access to clean water, sanitation and hygiene
- Reducing or eliminating waste
- Protecting the natural ecosystems our business relies on and strengthening security of raw material supply chains
- Supporting good livelihoods and working conditions

Built on the foundations of doing business the right way from grain to glass through a strong commitment to human rights and good governance.

Performing against our social targets

Positive drinking (2025 targets, cumulative progress)

Educate 5 million young people, parents and teachers about the dangers of underage drinking

UN SDG alignment 3.5; 12.8; 17.16

1 million

Collect 50 million pledges never to drink and drive through #JoinThePact⁽ⁱ⁾

UN SDG alignment 3.6; 12.8; 17.16

25.3 million

Reach 200 million people with moderation messages from our brands

UN SDG alignment 3.5; 12.8; 17.16

229.2 million



See pages 24-25 for more information about our approach to pioneering positive drinking

Our 2020 target	KPI	Progress	Commentary
-----------------	-----	----------	------------

Inclusion and diversity

Build diversity, with 35%⁽ⁱⁱ⁾ of leadership positions held by women by 2020 (40% by 2025) and measures implemented to help female employees attain and develop in leadership roles.

UN SDG alignment 5.5; 8.1; 10.2; 10.4

% of leadership positions held by women.

39%

This year, 39% of leadership roles in our business were held by women, taking us beyond the target we set for 2020, and towards our next milestone of 40% by 2025. Each of our markets has an inclusion and diversity plan which includes a focus on developing a strong pipeline of female talent for all roles.

Our people

Increase employee engagement to 80%, becoming a top quartile performer on measures such as employee satisfaction, pride and loyalty.

Employee satisfaction, loyalty, advocacy and pride, measured through the Your Voice survey.

We did not conduct our Your Voice survey because of Covid-19. In its place we used a pulse survey tool to help us measure engagement, listen to employees' feedback and learn from their experience of working during the pandemic. The survey had a response rate of 74%, and 91% reported that they were 'proud to work at Diageo', with 86% confirming they would 'recommend Diageo as a great place to work'. While these results are not directly comparable year on year with our employee engagement index we are encouraged by this strong response.

Inclusive communities

Our community programmes enable those who live and work in our communities, particularly women, to have the skills and resources to build a better future for themselves. We will evaluate and report on the tangible impacts of our programmes.

Number of people reached through skills and empowerment programmes.

6,600

Our skills programmes have reached more than 146,000 people since 2008, with typically more than 70% gaining permanent jobs. We helped more than 6,600 people around the world this year. While the Covid-19 pandemic has meant we reached fewer people this year than planned, we have adapted our flagship Learning for Life programme to an online format, as described on page 28.

Number of people reached through community water, sanitation and hygiene (WASH) programmes.

250,000

We have supported WASH programmes in 11 countries this year, benefitting more than 250,000 people.

Number of women empowered by our programmes.

35,000

We have empowered over 35,000 women through our programmes, including those related to entrepreneurship and menstrual health, taking the total empowered since our programmes began to 435,000.

UN SDG alignment 1.2; 4.4; 5.5; 5.A; 6.1; 6.B; 8.1; 8.6; 10.2; 17.16

Sustainable supply chains

Deliver our responsible sourcing commitments with suppliers to improve labour standards and human rights in our supply chains.

UN SDG alignment 8.7; 8.8

% of potential high-risk supplier sites audited.

82%

This year, 1,261 of our supplier sites assessed as a potential risk completed a SEDEX self-assessment. Of these, 412 were assessed as a potential high risk, with 82% independently audited over the past three years. Of these audits, we commissioned 263, while 73 audits came through SEDEX or AIM-PROGRESS mutual recognition audits. 152 of these audits were conducted in the past year.

Source 80% of our agricultural raw materials locally in Africa by 2020.

UN SDG alignment 8.3; 12.3

% of agricultural raw materials sourced locally in Africa.

79%

We sourced 79% of agricultural raw materials locally within Africa for use by our African markets, compared with 82% last year. This percentage fell slightly as Covid-19 restrictions pushed us just below our target of 80%.

Establish partnerships with farmers to develop sustainable agricultural supplies of key raw materials.

UN SDG alignment 2.3; 2.4; 8.3; 12.2; 12.3

Number of smallholder farmers supported.

78,600

We support more than 78,600 farmers in Africa in a variety of ways, including training, access to seeds and fertilisers, micro-loans and financial resilience support.

(i) Building on what we have learnt from our drink driving interventions and feedback from our stakeholders, we are evolving our approach to focus on education programmes that promote changes in attitudes as a way to tackle drink driving. As a result, fiscal 2020 will be our final year for #JoinThePact, and we will no longer include it in our reporting.








(ii) We increased the 2020 target from 30% to 35% in 2017.



For our human rights and health and safety targets, see pages 36-37.

Performing against our environmental targets⁽ⁱ⁾

Our 2020 target	KPI	Performance	Progress	Commentary
Water stewardship				
Reduce water use through a 50% improvement in water use efficiency	% improvement in litres of water used per litre of packaged product	2.1% ^Δ 2020 46.0% Cumulative		<p>We are proud of the progress we have made on water stewardship and achieving a 46.0% improvement in water use efficiency, although we have fallen short of our 2020 target. This cumulative progress has been made through continuous improvement and innovation projects in our operations worldwide. This year, the impact of Covid-19 included a reduction in packaged volume (which is a denominator in our water efficiency calculation) and a delay to the commissioning of key water recycling and reuse facilities in East Africa and Nigeria. The benefits from these investments will be realised in future years.</p> <p>This year, 16,692m³ of water were used for agricultural purposes on land under our operational control. We report this separately from water used in our direct operations. The volume of water we recycled or reused in our own production was 541,300m³, representing 3.3% of total water withdrawals.</p>
UN SDG alignment 6.4				
Return 100% of wastewater from our operations to the environment safely	% reduction in wastewater polluting power measured in BOD ('000 tonnes)	6.8% ^Δ 2020 46.4% Cumulative		<p>As indicated in last year's report, we did not meet this target by the 2020 deadline but are encouraged by the progress we have made in the last 12 months. We continue to meet all regulatory requirements on wastewater at our sites and 90% of sites have achieved our 2020 target. We recognise the importance of returning water to the environment at an equal or better quality than the water we abstract and will continue to explore circular approaches to water use.</p>
UN SDG alignment 6.3; 6.6				
Replenish the amount of water used in our final product in water-stressed areas	% of water replenished in water-stressed areas (m ³)	39.5% 2020 116% Cumulative		<p>Significant progress this financial year has resulted in us replenishing 1,400,000m³ of water, meaning that we have exceeded our cumulative target: we have replenished 116% of the total water used in our final product in water-stressed sites, representing 21.5% of total water used in water-stressed sites.</p> <p>This remains vital work and an area of focus for 2030.</p>
UN SDG alignment 6.1; 6.2; 6.6; 6.8; 3.2; 15.1				
Equip our suppliers with tools to protect water resources in our most water-stressed locations	% of key suppliers engaged in water management practices	86% 2020		<p>We engaged 144 suppliers to disclose their water management practices through CDP's Supply Chain Water Programme, with an 86% response rate.</p>
UN SDG alignment 6.1; 6.A; 6.8; 15.1; 17.16				
Carbon				
Reduce absolute greenhouse gas emissions from direct operations by 50%	% reduction in absolute GHG (kt CO ₂ e)	8.7% ^Δ 2020 50.1% Cumulative		<p>We are proud to have achieved this stretching and important target, with an 8.7%^Δ decrease in GHG emissions this year. In addition to continuous improvement at our operations and switching to lower carbon fuel, we have purchased renewable energy attribute certificates to support our carbon strategy. Achieving this target is a significant milestone, and we will build on it as we continue to decarbonise our business.</p> <p>As a signatory to the RE100 global initiative committed to 100% renewable electricity, we aim to source 100% of our electricity from renewable sources by 2030. This year, 65.5% of electricity consumed was from renewable sources such as wind, hydro and solar (2019 – 45.4%), therefore exceeding our 2025 interim target of 50%. In the United Kingdom, 100% of our electricity came from renewable sources.</p> <p>We use the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol as a basis for reporting our emissions, and we include all facilities where we have operational control for the full financial year.</p> <p>Diageo's total direct and indirect carbon emissions (location/gross) this year were 710,986^Δ tonnes (2019 – 746,769 tonnes), comprising direct emissions (Scope 1) of 567,081 tonnes (2019 – 599,043 tonnes), and indirect (Scope 2) emissions of 143,905 tonnes (2019 – 147,726 tonnes). The intensity ratio for this year was 199^Δ grams per litre packaged (2019 – 185 grams per litre packaged).⁽ⁱⁱ⁾</p>
UN SDG alignment 7.2; 7.3; 12.6; 13.3				
Achieve a 30% reduction in absolute greenhouse gas emissions along the total supply chain	% reduction in absolute GHG (kt CO ₂ e)	5.5% 2020 33.7% Cumulative		<p>Our global effort across the total value chain to reduce GHG emissions has meant that we have achieved our 2020 target, with a 33.7% reduction in emissions in our total supply chain since the programme began. Our total supply chain carbon footprint this year was 2,922,538 tonnes, a 5.5% improvement on 2019.</p> <p>This year we received responses from 88% of the 229 suppliers we engaged through the CDP and 51% of these suppliers reported that they had emissions reduction targets. Reducing our supply chain footprint is a key element of our decarbonisation strategy and will continue to be a focus in the years ahead.</p>
UN SDG alignment 7.2; 7.3; 7.A; 12.6; 13.3; 17.16				
Ensure all our new refrigeration equipment in trade is HFC-free, with a reduction in associated greenhouse gas emissions from 2015	% of new equipment sourced HFC-free from 1 July 2015	100% 2020 99.5% Cumulative		<p>Eliminating HFCs plays a role in reducing our overall carbon footprint. 99.5% of the 53,000 fridges we have bought since July 2015 were HFC-free. Since 2017 100% of the fridges we have bought were HFC-free and this remains an ongoing policy.</p>
UN SDG alignment 12.6				

Our 2020 target	KPI	Performance	Progress	Commentary
Waste				
Achieve zero waste to landfill	% reduction in total waste to landfill (tonnes)	39.0% ^Δ 2020 98.2% Cumulative		In the last three months of this year, we achieved zero waste to landfill at all our supply and office sites, an important milestone in our ambition to be a zero-waste business ⁽ⁱ⁾ . Our progress has been driven by continuous improvement at our sites and by close collaboration with partners.
UN SDG alignment 12.5; 12.6				
Packaging				
Reduce total packaging by 15%, while increasing recycled content to 45% and making 100% of packaging recyclable	% of total packaging (by weight)	0.4% 2020 11.2% Cumulative		We have made good progress in some areas, but as we reported last year we have found this target challenging and it will remain in place beyond 2020.
	% of recycled content (by weight)	5.3% 2020 45.8% Cumulative		We have met our commitment to increase recycled content in our packaging, attaining 45.8% recycled content against a 45% target. Including returnable glass volumes drives the total recycled content of our packaging to 51.4%. We remain committed to reducing the impact of our packaging and will continue to work with suppliers and other partners to provide customers and consumers with formats that advance recycling and a circular economy approach.
	% of packaging recyclable (by weight)	0.8% 2020 99.5% Cumulative		Following another year of progress we have moved to within 0.5% of our target. It is not currently possible to replace the remaining non-recyclable components, but we will continue to explore alternatives for these residual materials in addition to ensuring all our packaging is widely recyclable.
Sustainably source all of our paper and board packaging to ensure zero net deforestation	% of sustainably sourced paper and board packaging	99% 2020		We define 'sustainably sourced' as Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified, or recycled fibre. This year, we engaged all of our 251 suppliers, with 98% responding. Collectively these suppliers have self-reported that 99% of the paper and board packaging they supply meets our sustainable sourcing criteria. Reduced demand due to Covid-19 limited our ability to meet the full 100%, which we were on track to reach.
UN SDG alignment 12.2; 12.6				
Our 2025 packaging (plastic) targets⁽ⁱⁱⁱ⁾				
Achieve 40% average recycled content in all plastic bottles (and 100% by 2030)	Tonnes (metric) of recycled content/ total tonnes of plastics used	2.5% 2020 2.5% Cumulative		In our second year of reporting against this target, we have delivered several opportunities to increase the use of recycled content in plastic (PET) bottles. In North America, for example, Seagram's 7 Crown American whiskey moved all its PET formats to 100% recycled plastic bottles from January 2020. The full impact of the Seagram's 7 project and other projects in the pipeline will advance us towards 40% recycled content by 2025 and 100% by 2030. While just 2% of our packaging is made from plastic (PET), we nonetheless consider this an important target.
UN SDG alignment 12.5; 12.6				
Ensure 100% of our plastics will be designed to be recyclable, reusable or compostable in countries where we operate	Tonnes (metric) plastics widely recyclable (or reusable/ compostable)/ total tonnes of plastic used	4.3% 2020 85.3% Cumulative		We continue to work on pack designs with our suppliers and other partners to remove non-recyclable plastics from our products and to promote better recycling infrastructure in selected markets. This year we eliminated approximately 500 tonnes of non-recyclable plastics.
UN SDG alignment 12.5; 12.6				

(i) Baseline year is 2007 except for packaging which is 2009 and water replenishment which is 2015.

(ii) Please refer to our reporting methodologies for more information on how data has been compiled, including standards and assumptions used.

(iii) These targets were introduced in 2018.

Δ Within PwC's limited assurance; see page 184 for further details.