DIAGEO

Capital Markets Event 2023

Iconic brands delivering quality growth for the future

Debra Crew
Chief Executive Officer

15th November 2023

WELCOME

Welcome to our *Capital Markets Event* 2023

Debra Crew
Chief Executive Officer

DIAGEO 2 | *Capital Markets Event 2023*

Good morning everyone and thank you for joining our 2023 Capital Markets Event, which we last did 2 years ago. I’m Debra Crew, Diageo’s Chief Executive Officer.

But first, here are our regulatory statements.

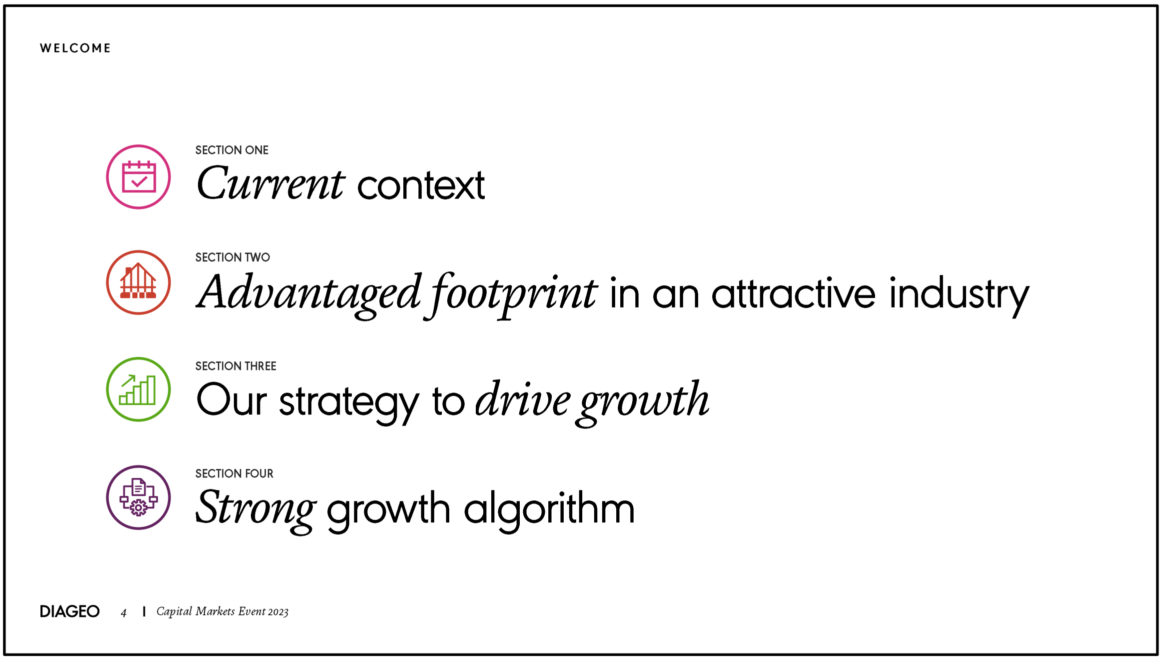
Cautionary statements concerning forward-looking statements and non-GAAP financial measures

The following presentation contains 'forward-looking' statements. These statements can be identified by the fact that they do not relate only to historical or current facts and may generally, but not always, be identified by the use of words such as "will", "anticipates", "should", "could", "would", "targets", "aims", "may", "expects", "intends" or similar expressions or statements. In this presentation, such statements include those that express forecasts, expectations, plans, outlook, objectives and projections with respect to future matters, including information related to Diageo's fiscal 24 outlook, Diageo's medium-term guidance, Diageo's supply chain agility programme, future productivity savings, future Total Beverage Alcohol market share ambitions and any other statements relating to Diageo's performance for the year ending 30 June 2024 or thereafter.

Forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside Diageo's control, which include, but are not limited to: (i) economic, political, social or other developments in countries and markets in which Diageo operates, including macroeconomic events that may affect Diageo's customers, suppliers and/or financial counterparties; (ii) the effects of climate change, or legal, regulatory or market measures intended to address climate change; (iii) changes in consumer preferences and tastes, including as a result of disruptive market forces, changes in demographics and evolving social trends (including any shifts in consumer tastes towards at-home occasions, premiumisation, small-batch craft alcohol, or lower or no alcohol products and/or developments in e-commerce); (iv) changes in the domestic and international tax environment that could lead to uncertainty around the application of existing and new tax laws and unexpected tax exposures; (v) changes in the cost of production, including as a result of increases in the cost of commodities, labour and/or energy due to inflation and/or supply chain disruptions; (vi) any litigation or other similar proceedings (including with tax, customs, competition, environmental, anti-corruption or other regulatory authorities); (vii) legal and regulatory developments, including changes in regulations relating to environmental issues and/or e-commerce; (viii) the consequences of any failure of internal controls; (ix) the consequences of any failure by Diageo or its associates to comply with anti-corruption, sanctions, trade restrictions or similar laws and regulations, or any failure of Diageo's related internal policies and procedures to comply with applicable law or regulation; (x) Diageo's ability to make sufficient progress against or achieve its ESG ambitions; (xi) cyber-attacks and IT threats or any other disruptions to core business operations; (xii) contamination, counterfeiting or other circumstances which could harm the level of customer support for Diageo's brands and adversely impact its sales; (xiii) Diageo's ability to maintain its brand image and corporate reputation or to adapt to a changing media environment; (xiv) fluctuations in exchange rates and/or interest rates; (xv) Diageo's ability to derive the expected benefits from its business strategies, including Diageo's investments in e-commerce and its luxury portfolio; (xvi) increased competitive product and pricing pressures, including as a result of introductions of new products or categories that are competitive with Diageo's products and consolidations by competitors and retailers; (xvii) increased costs for, or shortages of, talent, as well as labour strikes or disputes; (xviii) movements in the value of the assets and liabilities related to Diageo's pension plans; (xix) Diageo's ability to renew supply, distribution, manufacturing or licence agreements (or related rights) and licences on favourable terms, or at all, when they expire; or (xx) any failure by Diageo to protect its intellectual property rights.

All oral and written forward-looking statements made on or after the date of this presentation and attributable to Diageo are expressly qualified in their entirety by the above cautionary factors and by the factors set out under "Our principal risks and risk management" in Diageo's Annual Report and under "Risk Factors" in Diageo's Annual Report on Form 20-F for the year ended 30 June 2023 filed with the US Securities and Exchange Commission. Any forward-looking statements made by or on behalf of Diageo speak only as of the date they are made. Diageo does not undertake to update forward-looking statements to reflect any changes in Diageo's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

This presentation includes financial measures which are not presented in Diageo's financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the UK and are considered "non-GAAP financial measures" under US Securities and Exchange Commission rules. Please refer to the section "Definitions and reconciliation of non-GAAP measures to GAAP measures" set out at the end of this presentation.



Here is our plan for today.

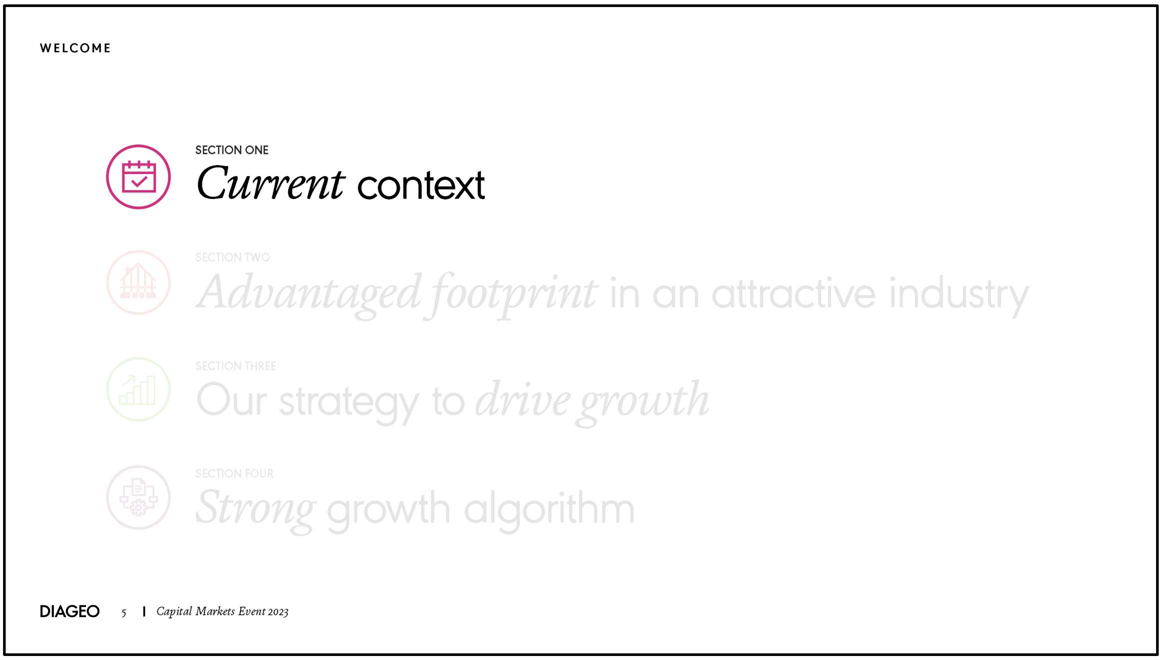
First, I will kick things off by discussing the current business environment for the industry and Diageo, highlighting positive trends while also recognising the challenges that remain. I will also give a bit more colour on the RNS shared last Friday.

Then, I will be recapping the foundational facts about this very attractive industry and Diageo's strong position within it. We are confident that our advantaged portfolio and footprint provide us an industry-leading sustainable growth opportunity.

We will then move on to the four key strategies which leverage our competitive advantages and will help us capture this growth. Members of my Executive management team will join me to bring this to life with examples from around the world. They will showcase how we will use cutting-edge consumer insight and move with speed & agility to:

- Continue to drive growth in our largest categories with our amazing brands
- Unleash the power of the portfolio to expand our footprint across the world
- Innovate to recruit into new occasions, winning with more consumers; and
- Go from strong to stronger by raising the bar on execution

After lunch, we will get into our guidance for the future and we will close after you hear from our CFO Lavanya who will discuss how our growth algorithm is set up to continue delivering consistent results in a volatile world.



Let me start by talking about how the current environment is evolving, internally and externally…

CURRENT CONTEXT

Current business environment

- TBA & Spirits growth
- Consumer sentiment

- Geopolitical and cost volatility
- Retailer caution

As you are all aware, the external environment continues to be dynamic and volatile.

Let me start with the positives.

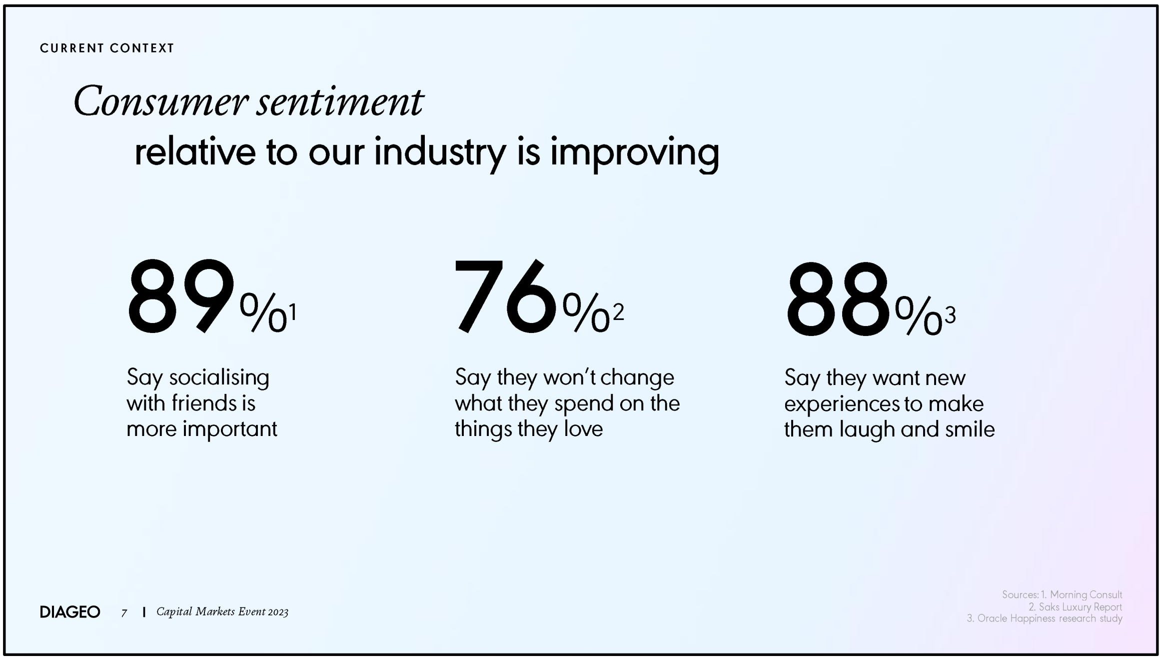
TBA continues to grow, and Spirits continues to grow faster than that.

While consumers show a combination of concern around cost of living and recession, they are also expressing signs of optimism with regards to our industry.

On the other hand, geopolitical volatility is worsening. In addition to the war in Ukraine which has disrupted the market for over a year now, we also have rising geopolitical tensions in the Middle East impacting several markets.

This is all leading to increased volatility in commodities – an example is the price of oil which, having dropped to around $70 in the spring, is now back at nearly $80.

And we are seeing retailers face a variety of pressure points which I will cover in further detail in a moment.



But first, let's dive a little deeper into consumer sentiment. We have a proprietary tracker where we monitor consumer sentiment in our industry on a quarterly basis, and it shows that consumer confidence is actively improving. Their desire to increase spending in alcohol and premium alcohol has gone up by over 12 percentage points from a low point reached in February 2022.

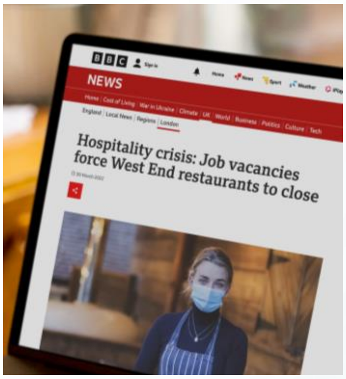
We also see other positive signs for the future. 89% of consumers say socialising with friends is more important; 76% won't change what they spend on things that they love; and 88% want new experiences to make them laugh and smile.

As for the upcoming holidays, our US tracking is showing positive momentum in planned holiday spending relative to last year. This includes holiday spending overall, spending on name-brand alcohol, trips to the on-premise, and holiday gatherings. For the on premise, there is an overall 10% planned net improvement versus last year.

These indicators give us the confidence that our brand investments can continue to yield positive results as we move through this volatile environment.

CURRENT CONTEXT

Retailers remain cautious in a *challenging* environment

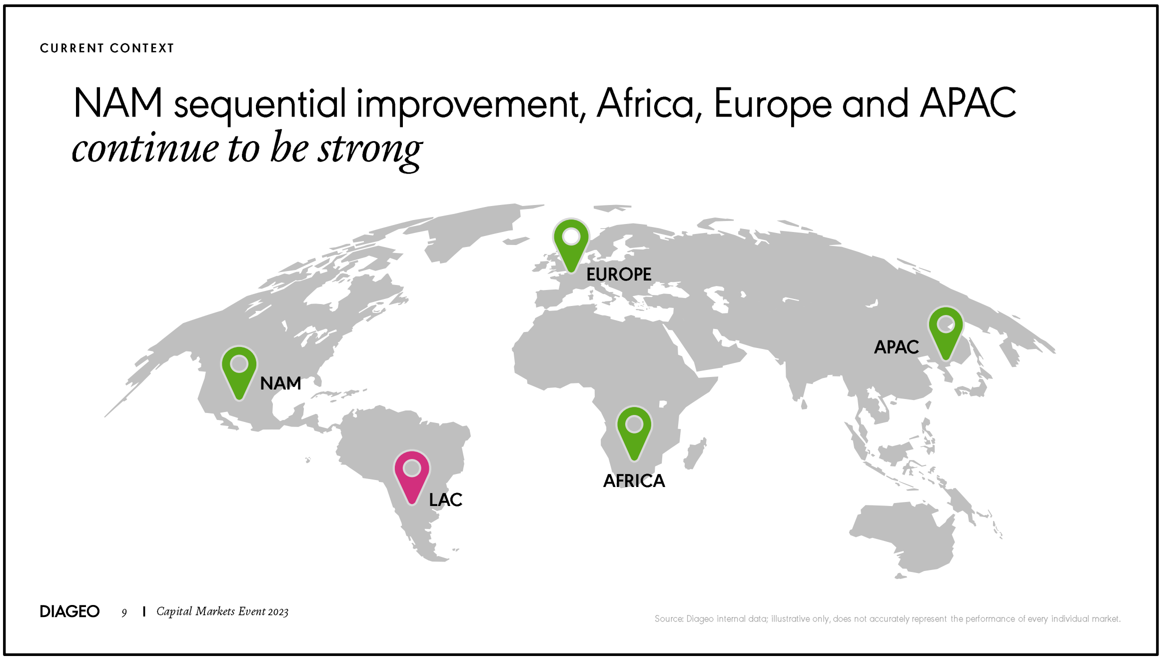


Source: Diageo

While consumers are regaining confidence, our customers remain cautious. A persistently tight labour market means the off and especially the on trade are still dealing with staff shortages that affect their ability to successfully activate our category.

At the same time, high interest rates have added pressure to retailers, and we have seen groups cut back on investments and inventories. This pressure is worldwide and particularly acute in regions such as LAC where the impact of US interest rates is most immediately felt.

We are navigating these challenges and the consumer opportunity through a combination of innovation and agility.



Now, looking at our business in the short term.
As we shared on Friday, we are seeing slower than expected growth, and we are no longer expecting fiscal 24 H1 to be stronger than fiscal 23 H2. This is due to a materially weaker performance in LAC which makes up nearly 11% of Diageo's' net sales value.
Importantly, we have momentum continuing in four out of five regions, including seeing sequential improvement in our largest region of North America.

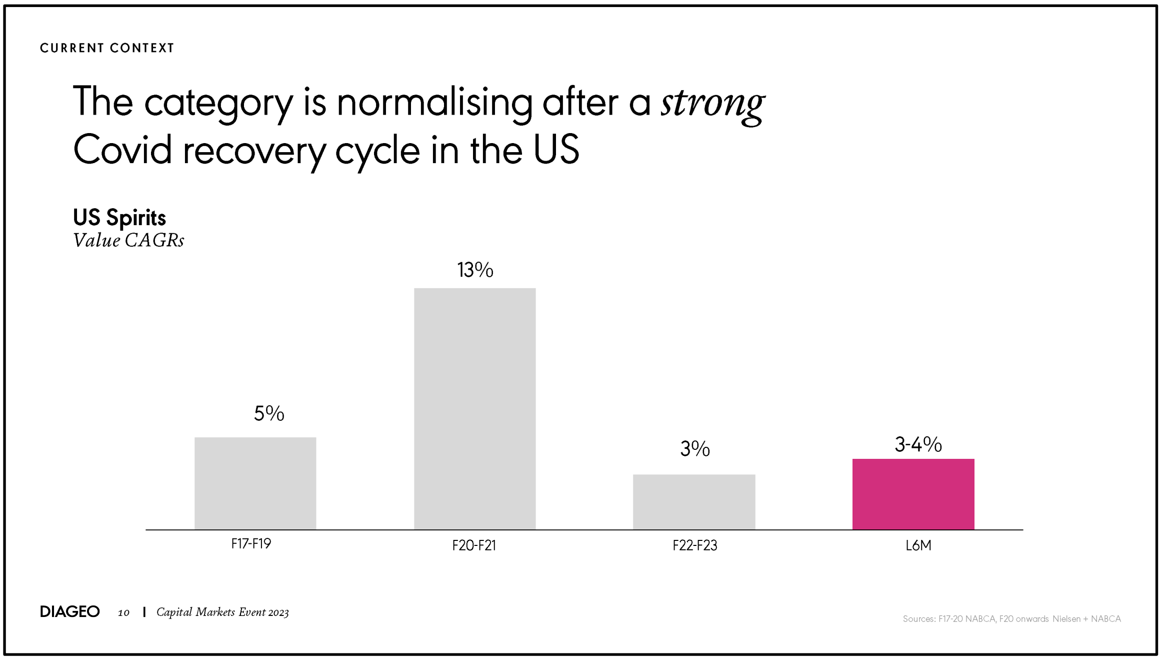
I will come back and talk about LAC but let's start with what we are seeing in the other 90% of our portfolio.

Starting in the East, we are seeing strong momentum in APAC despite the slower recovery in China. While our Baiju business is proving to be more resilient, we are seeing less momentum than we expected on the international spirits business – which is true also for the industry in general.

In Europe, we still see momentum although slower than in the second half of fiscal 23. With geopolitical tensions escalating, trading has unfortunately stopped in key geographies in the Middle East where we hold leading positions in Spirits.

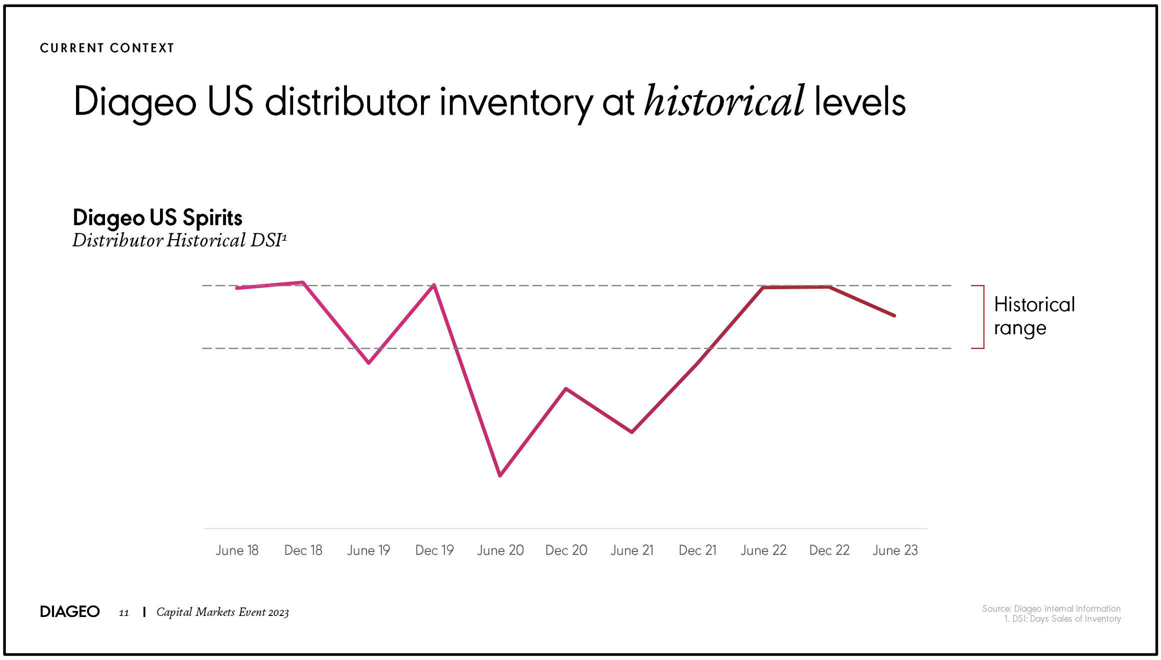
In Africa, we do expect to see improvement in the rate of net sales growth in the first half of fiscal 24 compared to the second half of fiscal 23.

And finally, in North America, we also expect sequential improvement in organic net sales growth in the first half of fiscal 24 compared to the second half of fiscal 23.



Diving a little deeper into the US.
The category, which grew between 4-6% historically, peaked at double-digit growth in the Covid super-cycle and dropped back for a time in between as we lapped re-openings and a return to pre-Covid activities. Now, the spirits industry growth is nearly mid-single-digit.

While we are not yet back to winning share in TBA, trends have stabilised, and we are taking bold steps to change the trajectory. You will hear more from Sally and Claudia later today.



Given the interest in this topic, I will once again address wholesaler inventory levels in the US. In summary, at the end of fiscal 23 I was comfortable with our US distributor inventory levels.

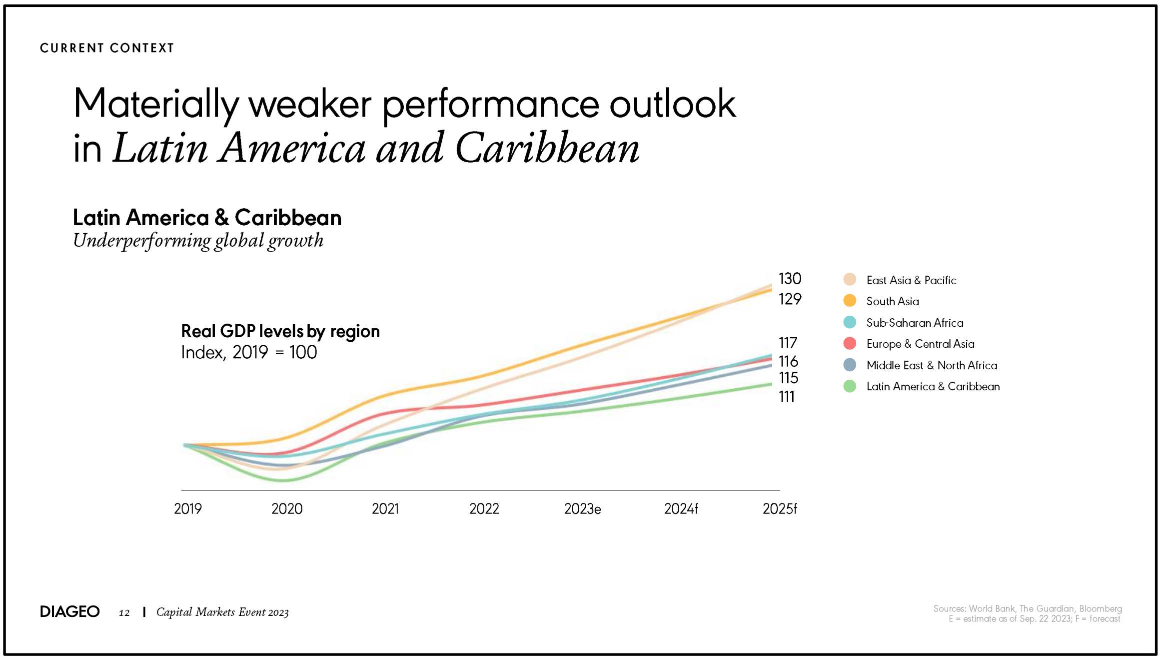
If you recollect, elevated demand during the pandemic drove inventory to severely low levels. This was particularly true on our most popular brands such as Crown Royal and Bulleit.

We leveraged our supply chain capabilities through fiscal 21 and fiscal 22 to get product to distributors and back on retailers' shelves as quickly as possible.

At the same time, we saw distributors increase inventories of our imported products in response to the shipping and logistical challenges in fiscal 22.

And in fiscal 23, distributor inventory levels were in line with pre-Covid historical levels. As we have moved into F24, nothing has changed.

We remain a sell out culture, focused on running the business the right way.



Now let's discuss the current situation in LAC.

This business grew 20% in the first half of last year —versus a 15% four year CAGR— so to begin with we are lapping a high comp.

But the following three things have also happened…

1) If you recall…During our results at the end of the last fiscal, we said that we ended the year with higher inventory levels in Latin America, specifically in Brazil. We also talked about the weaker consumer environment…during the World Cup and after…that led to that build up. Going into this fiscal, the team expected to have worked through this by the end of the first quarter.

2) Unfortunately, macro economic pressures have persisted resulting in lower consumption than expected and consumer down trading. For perspective, currently in tracked channels, Spirits is down around 5% FYTD in Latin America. We ARE gaining share in most markets, the main exception being Mexico. But regardless…this has slowed down the region's ability to work through channel inventory to manage to appropriate levels for the current environment in the marketplace.

3) Finally, unlike in developed markets like Europe and NAM, there is more limited point of sale data available…so while we have good visibility in inventory levels through our distributors, we have less visibility to inventory at the wholesalers and retailers that they sell to. We have taken multiple rounds of pricing through fiscal 22 and 23 and in an environment of benign interest rates these channels also may have purchased ahead of anticipated consumption.

We do have a very experienced team in LAC and they would normally be able to recognize when this is happening (and prevent it). But in an environment of extreme volatility through the Covid super-cycle, in some places like Mexico, it was hard to see through what part of this was true consumption growth, versus inventory increases in these opaque layers.

This also makes it difficult to predict precisely how quick we can move through this disruption. Upcoming holiday season is an important consumption time period—and the team has robust retail activity scheduled. For perspective, historically, LAC has sold 63% of its annual scotch sales in H1 with the majority of depletions happening in October, November and December.

We absolutely recognize the magnitude of this, and are putting together the right action steps to manage it. I will come back to you during interim results in January 2024 to give you more information and status on actions being taken.

But this is an isolated issue. We have been and remain a sellout culture.

Also remember - our LAC region in F23 was around 60% bigger on a constant basis than four years ago—and continues to be margin accretive to the group.

Most importantly the rest of our regions, which is 90% of our portfolio, are on their expected trajectories.

As we said on our call last week, we still expect to see growth and gradual improvement through fiscal 24.

While there are many green shoots, we also continue to experience headwinds and the operating environment is likely to remain challenging.

These are, however, short term challenges and we run this business for the long term. We will continue to invest in our brands as I am confident in the resilience and growth potential of our business which I believe will generate sustainable value for you, our shareholders.

Let’s move onto why I have confidence in the long-term growth trajectory of the business.

FOUNDATIONS FOR GROWTH

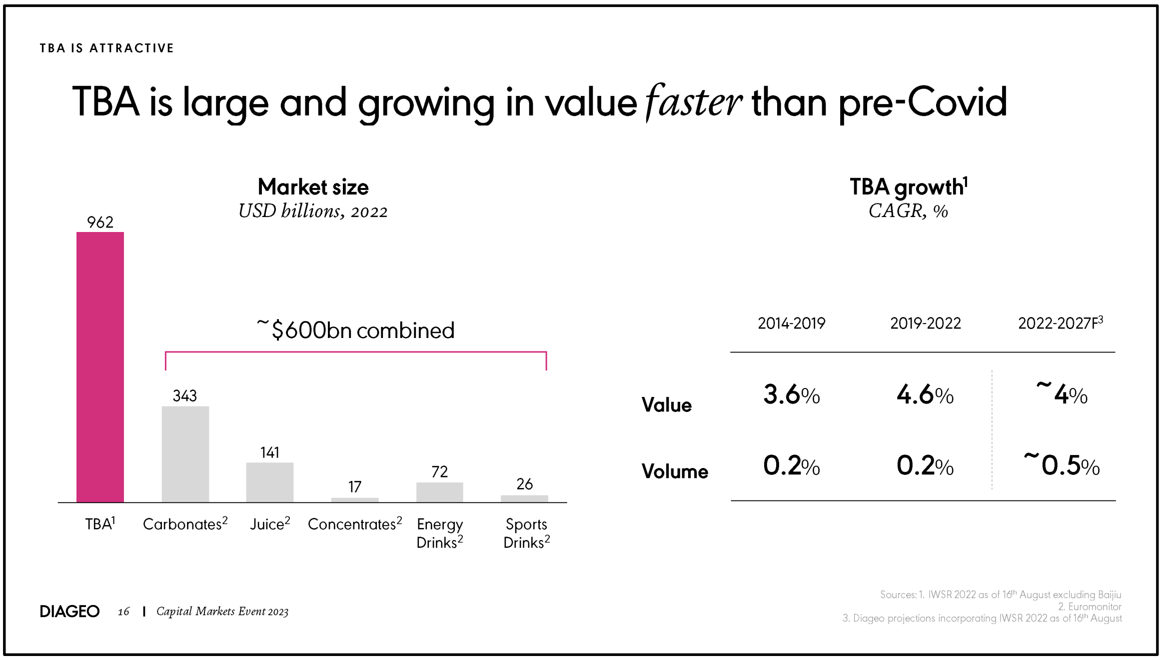
Our *reasons to believe* in sustained growth

Source: IWSR 2022 as of 16th August

Let’s start with the industry we play in.

TBA is a large category and it is growing. Two, international spirits is growing faster than TBA driven by favorable consumer trends. And three, Diageo is well positioned to win as we have a great strength of brands, footprint, capabilities and talent.

I will cover each of these in some more detail.



TBA is almost USD 1 trillion, substantially bigger than non-alcoholic categories combined.

TBA has grown for over a decade, with strong value and reliable volume growth. These trends are expected to continue into the future.

TBA IS ATTRACTIVE

TBA will *continue to grow,* driven by population growth...

Sources: IMF, World Bank Group, World Economic Forum, Bain Estimates
1. LPA+ means persons equal to or above legal purchasing age for alcohol according to the legislation of each country
2. Current figures for India and Latin America

Strong consumer demographics underpin the growth in the total beverage alcohol market.

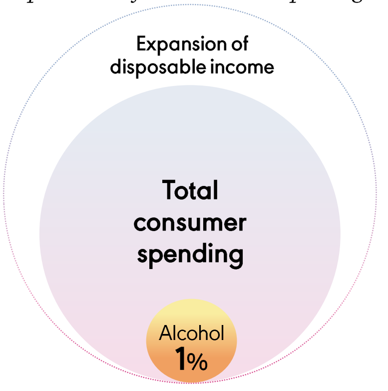
We expect 600 million new legal purchase-age or LPA consumers to enter the market by 2030.

India is expected to account for a quarter of LPA growth.

The expanding middle class around the world should further contribute to industry growth.

...as will disposable income and *share of wallet* headroom

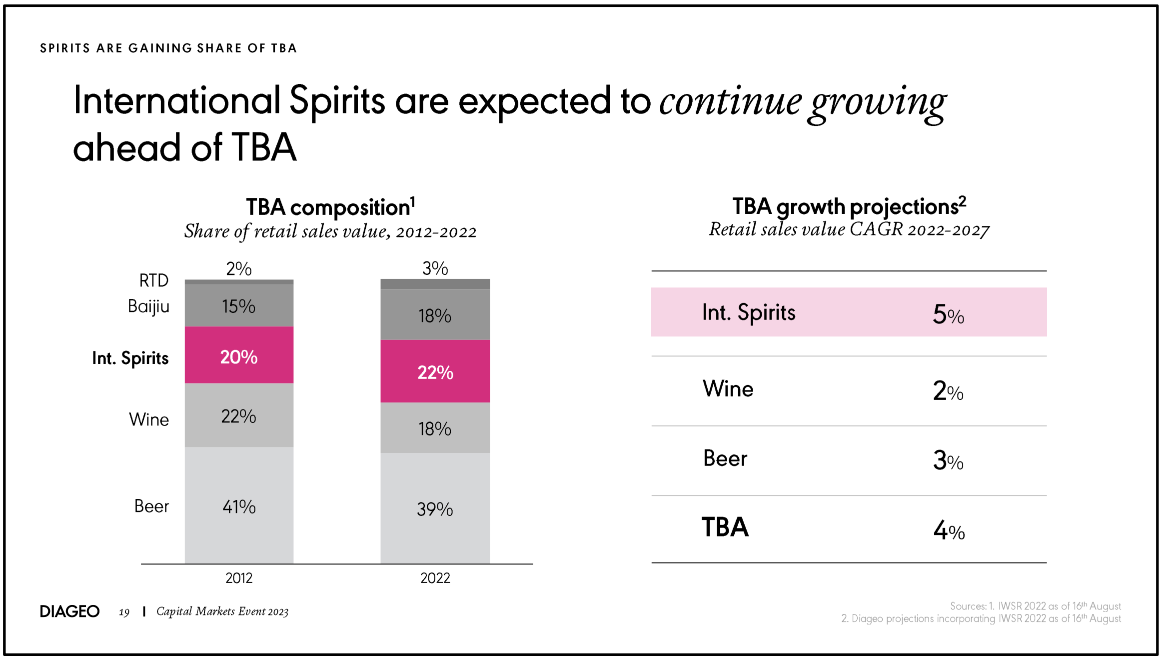
Alcoholic beverages share of wallet[1]
Spend as % of total consumer spending



Source: Oxford Economics
1. Not in scale. Weighted average of US, UK, China, Brazil, Germany, India and South Africa. Different data periods for each country as per availability, ranging from 2019 to 2023 depending on the market

Moreover, alcoholic beverages are a small fraction of consumer spending.

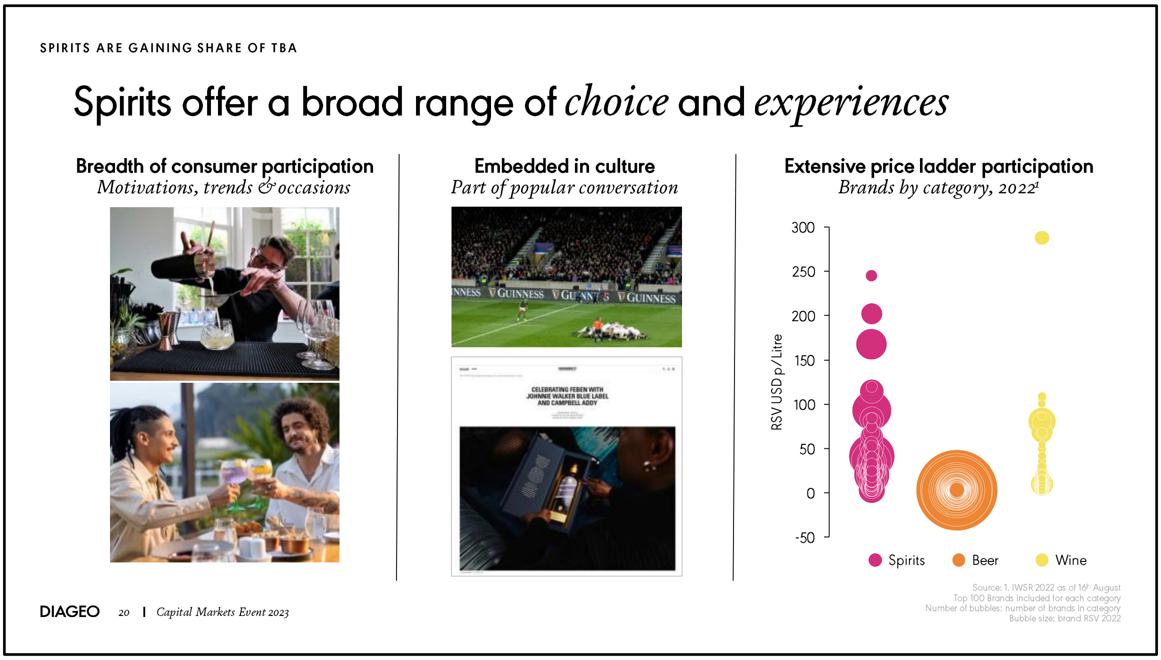
And there is clearly room for this to grow as disposable incomes grow. We believe the low level of spend on our category is also a key driver of the resilience of the category which I will cover in a few minutes.



Moving on to International Spirits. This has been growing ahead of TBA, effectively recruiting and gaining share from beer and wine occasions.

Over the past 5 years, International Spirits have grown value at a 6% CAGR, 1.4 times faster than TBA, contributing to roughly a third of TBA value growth.

Looking ahead, we expect International Spirits to grow at 5% CAGR in retail sales value or RSV, ahead of TBA at 4% per year.



Why is Spirits gaining share from beer and wine?

Because Spirits is a particularly attractive category that offers consumers a breadth of participation choices.

From casual gatherings over food at home to high-tempo celebrations and convenient formats, Spirits play in a wide range of occasions.

As many of you saw on our culture wall last night, Spirits play in many occasions in popular culture. This shows up through inclusion in popular movies and songs to sports sponsorships and creative artist collaborations.

Finally, it has a much wider price ladder than categories such as beer or wine.

Spirits can appeal to several consumer segments and accommodate shifts in repertoires in different price tiers, depending on occasion or motivation.

This supports consistent, resilient growth regardless of the economic environment and consumer behavioural shifts.

SPIRITS ARE GAINING SHARE OF TBA

A category at *the heart* of consumer trends

Premiumisation	Wellness	Convenience
		
Premium and above Spirits have grown from **25% to 34%** share of RSV since 2012	Non-alcoholic Spirits sales grew **13x** since 2017	RTDs have been **premiumising**

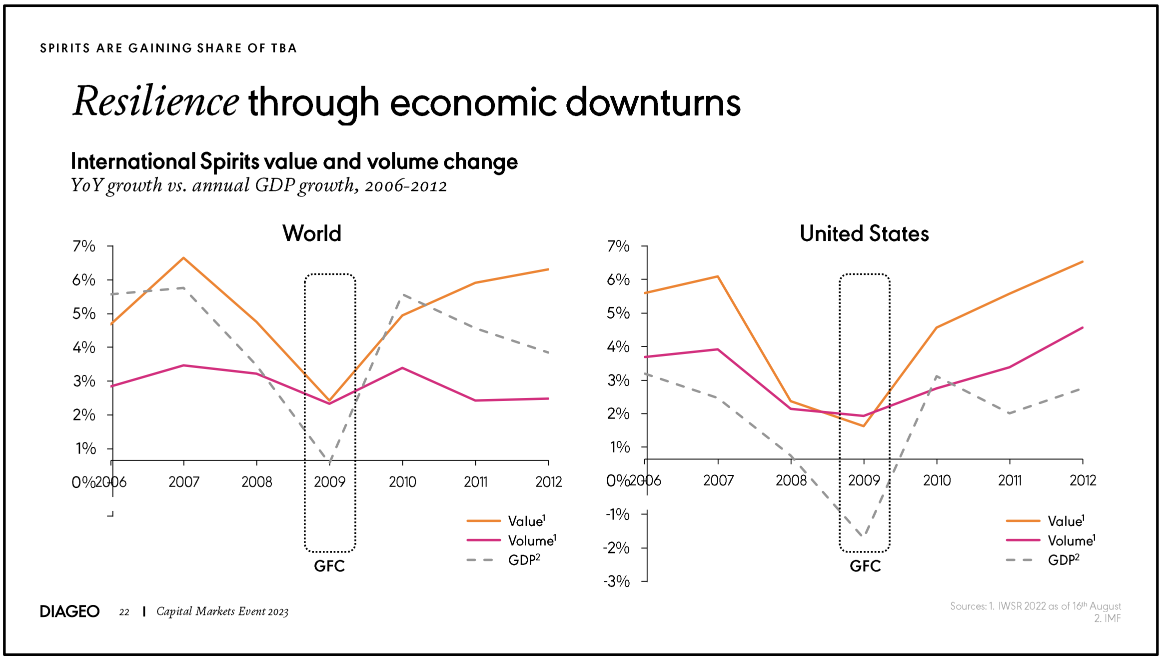
Source: IWSR 2022 as of 16th August
1. Faster than Int. Spirits, excluding Baijiu

Spirits is also a dynamic category because it capitalises on macro-consumer trends.

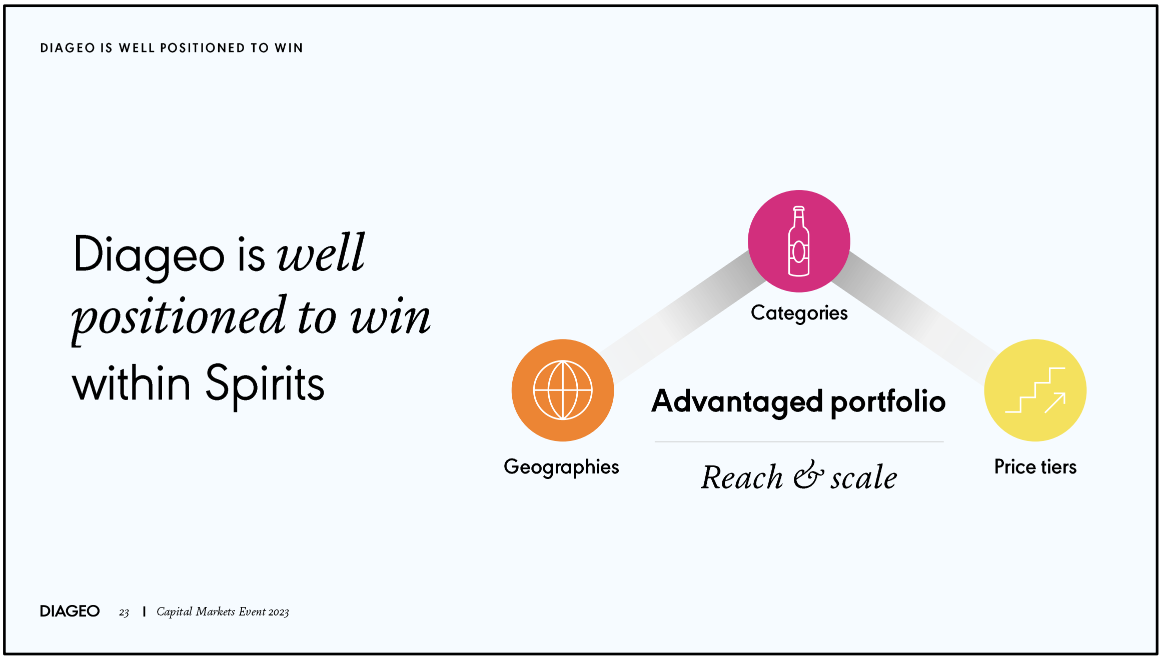
Take premiumisation for example. Consumers are clearly choosing to drink better, not more. In the last 10 years, Premium and above Spirits grew from 25% of category value to almost 35%. Super premium plus spirits have grown in value more than 2x faster than other price tiers in the category. This price tier gained almost 700 basis points of share of International Spirits RSV since 2012.

A second key consumer trend is wellness and as consumers prioritise this, they look for moderation, lower calorie alternatives and more natural ingredients. This has fueled the growth of spirits in many areas. The fact that Tequila is Keto diet friendly is one example and the growth of non-alc spirits is another example. Non-alcohol spirits products while still small have grown sales 13 times since 2017.

Convenience is already a significant part of many CPG categories, including TBA. Ready-to-drink has been the fastest-growing segment of TBA for several years. Increasingly, consumers have begun trading up from beer and malt-based convenience into higher priced Spirit-based products as well as directly recruiting new LPA+ drinkers.



And importantly, International Spirits is a very resilient category. This was proven out during the biggest economic downturn of the last 20 years – the global financial crisis in 2008-2009. During this time, the category grew despite GDP contraction. In the US for example, Spirits were 3.5x less impacted than TBA despite the increased unemployment across all income groups during this time period.



As we look at Diageo, within the most vibrant parts of TBA, we have an advantaged portfolio that has the broadest range of regions, categories and price tiers.

ADVANTAGED FOOTPRINT: CATEGORIES

We have built *leading positions* across some of the largest Spirits categories

DIAGEO

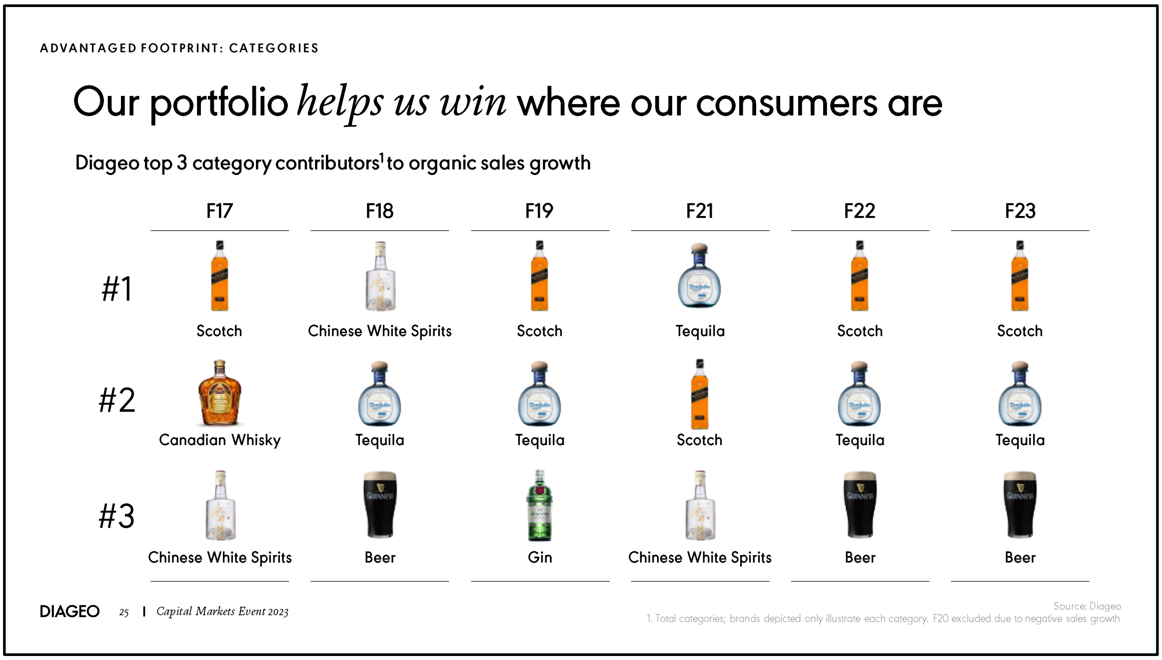
#1
in Int. Spirits

1.4x
share of nearest competitor

	Total Whisk(e)y	Scotch	Other Int'l Whisk(e)y	Vodka	Rum	Tequila	Gin
Diageo brand owner ranking RSV, 2022	#1	#1	#3	#1	#1	#1	#1

Source: IWSR 2022 as of 16th August

Starting with our brand portfolio. We lead many of the largest International Spirits categories, and are #1 in International Spirits in RSV globally, 1.4x bigger than our nearest Spirits competitor. We are bigger than 4 of our top 10 competitors combined.



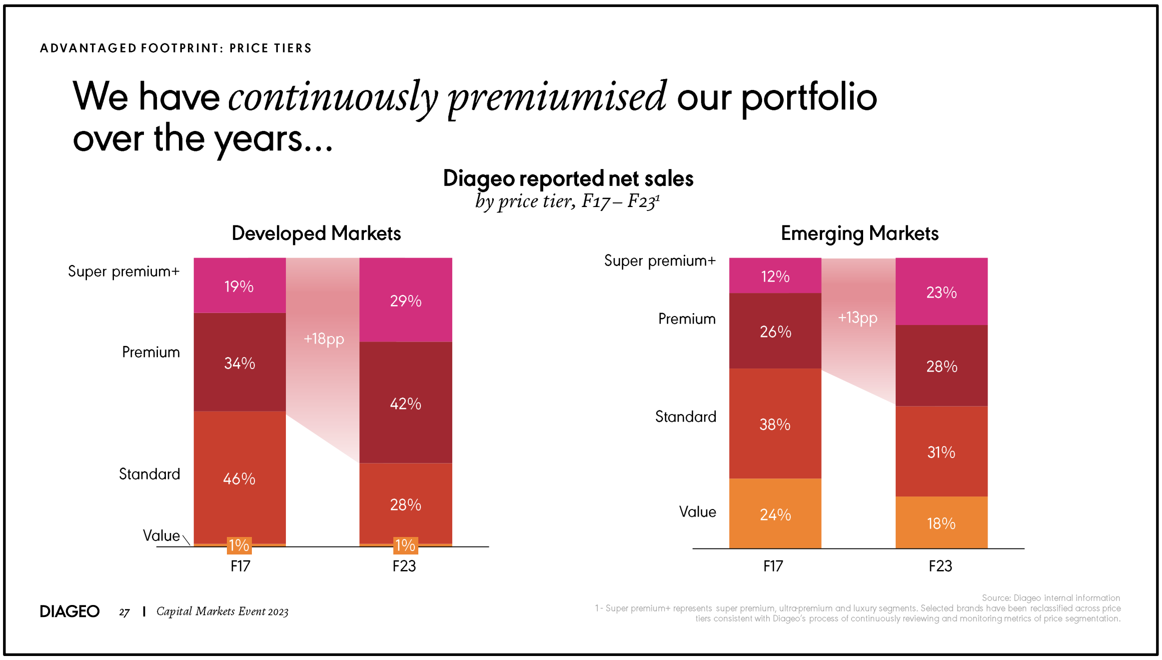
Scotch and tequila have been the biggest drivers of our growth, but we have an extensive, high-quality portfolio that allows us to win where ever the consumer goes: Shui Jing Fang was a significant source of growth when Baijiu went through its huge premiumisation wave; Tanqueray spearheaded the gin boom; and Guinness continues to thrive in the fastest growing segment of beer.

With such a broad portfolio I have the confidence that we can pivot quickly to changing consumer trends wherever they occur.

That being said, while we are custodians of incredible, traditional brands, we are not standing still. We are also active portfolio managers.

Since F17 we made 16 acquisitions, all in the premium and above price tiers.

Our Casamigos acquisition put us at the forefront of the tequila explosion in North America. Since then, we have acquired other amazing fast-growing brands such as Aviation Gin, 21 Seeds flavoured tequila, Balcones American Single Malt, the premium rum Don Papa and Mr. Black Cold Brew Coffee liqueur.



Active portfolio management along with innovation and brand investment has enabled the continued premiumisation of our business. In developed markets, Premium and above products gained 18 percentage points of share of net sales value since F17. They now account for over 70% of our NSV. In emerging markets, Premium and above gained 13 percentage points of share of our NSV.

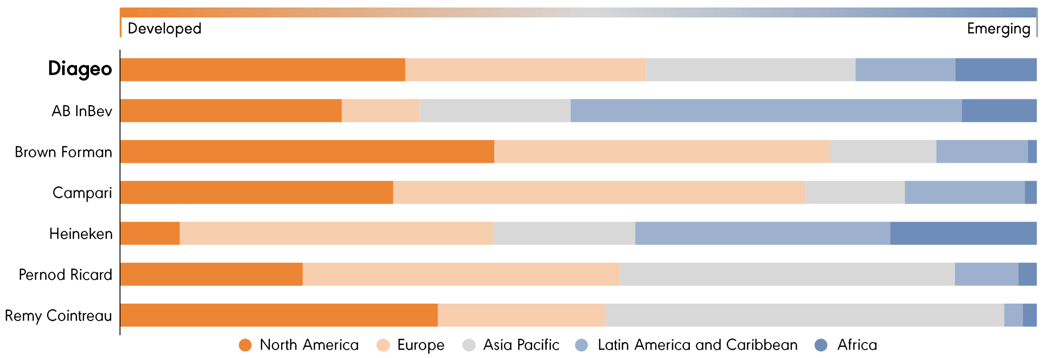
That said, our business is balanced across price tiers. Scotch and Tequila skew premium, but 45% of our sales outside these categories are in the Standard and Value price tiers.

Even within scotch, our brands and variants cover a wider range of price points. This is important as it gives us optionality through volatility. If we take Johnnie Walker as an example: in the global financial crisis, Johnnie Walker Red volume was 50% less affected than the total Johnnie Walker volume and allowed us to retain downtrading consumers within the franchise.

ADVANTAGED FOOTPRINT: GEOGRAPHIES

Diageo has the *most balanced* geographical footprint amongst top TBA players

Region share of RSV, 2022

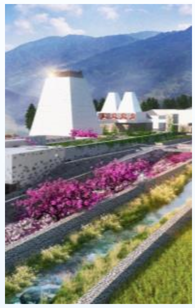


Source: IWSR 2022 as of 16th August
Global Travel excluded from analysis

Our portfolio is well balanced not only across price tiers and categories but also across geographies. This supports the delivery of long term consistent, reliable growth regardless of the short-term economic volatility we can experience.

ADVANTAGED FOOTPRINT: GEOGRAPHIES

We are *strengthening our exposure* to large & fast-growing markets



China
Expansion of our Baijiu assets, building our Malts distillery

India
Portfolio management and investment in premium portfolio

United States
Increased A&P and expanded capacity

This is an advantage we must continuously nurture, including investments to improve our exposure to some of the world's largest and fastest growing consumer markets.

In China, we are proud of our participation in Baijiu through Shui Jing Fang, putting us in a unique position amongst global Spirits players operating in the market. We are investing in expanding supply of Baijiu and it was fabulous to see the construction in progress when I visited Chengdu a few months ago. I am equally excited that our Chinese Malt distillery will be operational by the end of this calendar year. Located in Yunnan, it will be carbon neutral and positions us to win in an emerging category with incredible potential in China.

In India, we reshaped our participation in mainstream Whisky by divesting and franchising out a significant portion of the portfolio to focus on where the growth is at – in the premium tiers. Last year, India had the highest growth of super premium plus International Spirits (excluding Global Travel). Indian consumers' repertoires are growing with the desire to drink less but better. We are investing in and growing our presence at the top end of the price ladder both in Whisky and other categories such as Tequila.

In the US, we continue to invest in brand building and have expanded capacity for growth. Since fiscal 17 we have almost doubled our absolute A&P investment in the US, taking our reinvestment rate from 15% to 20%. This has supported the 9% CAGR we have delivered on this business over the past four years. We are also investing in capacity expansion to support future growth including key brands such as Bulleit and Crown Royal.

In summary, we have an advantaged portfolio which we are continuing to strengthen giving us the confidence that we can grow our business ahead of the market.

WELCOME

SECTION ONE
Current context

SECTION TWO
Advantaged footprint in an attractive industry

SECTION THREE
Our strategy to *drive growth*

SECTION FOUR
Strong growth algorithm

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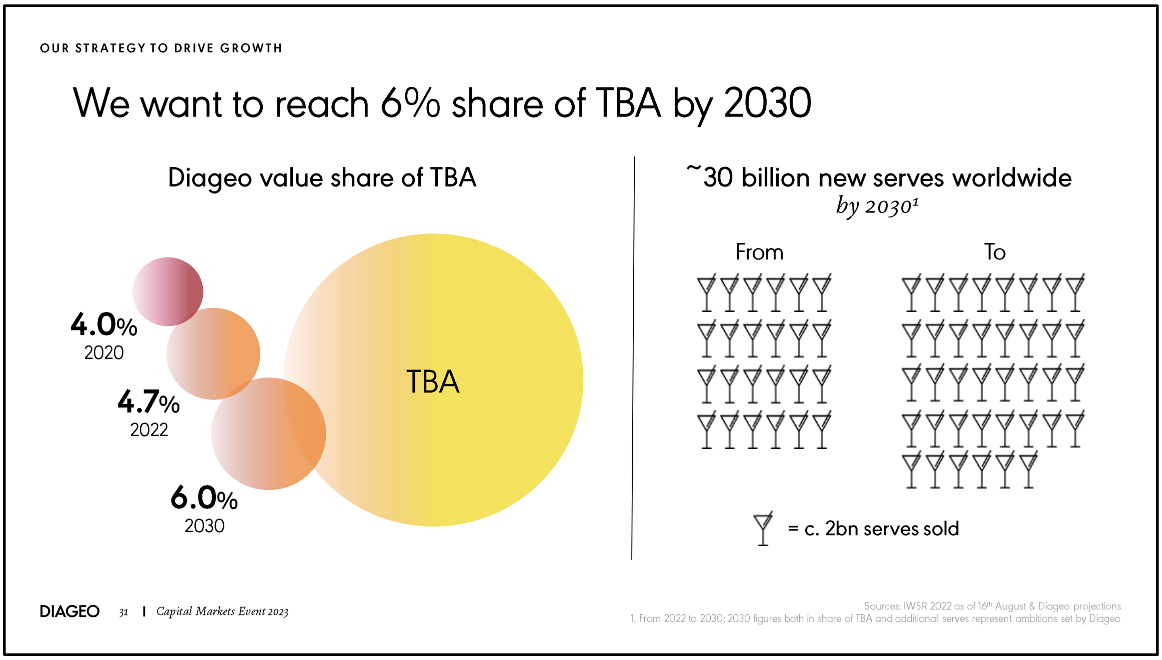
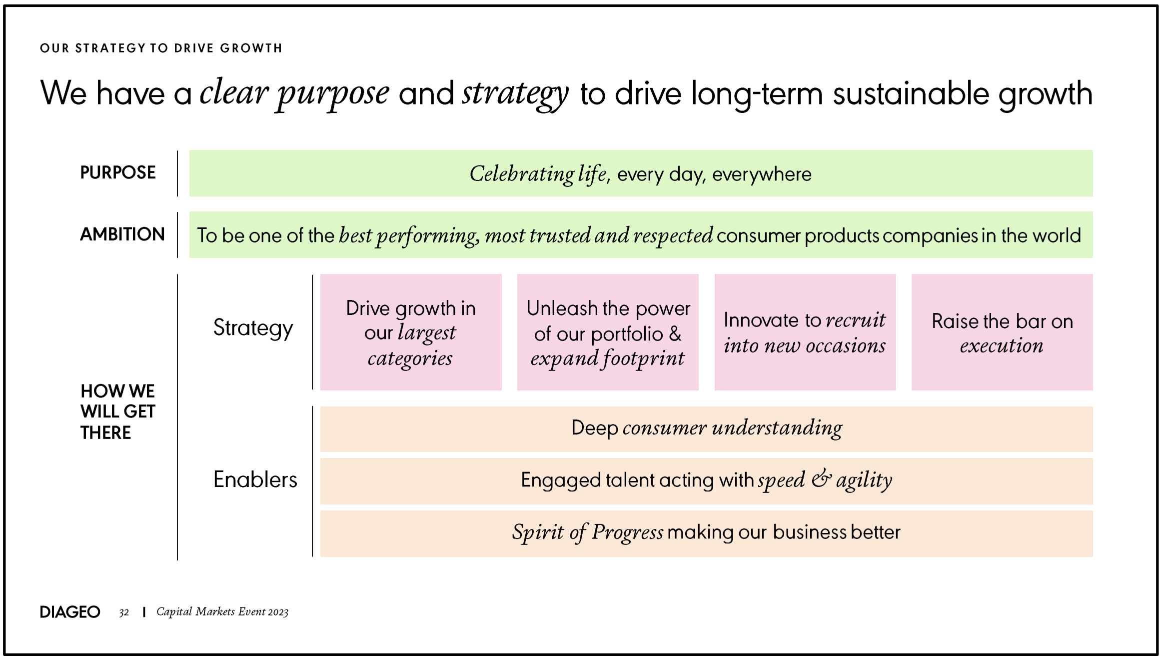
Let’s now move to our strategy to continue to drive growth in this dynamic category.



Let's start with where we want to go. In 2022 we reached 4.7% value share of TBA. While we are proud of this milestone, we want to go further, adding almost 30 billion new serves globally to reach 6% share of TBA by 2030. This is a vision we have shared before and despite short term volatility and formidable competition, we remain confident about.



Our ambition and purpose have not changed either. At Diageo we are about celebrating life, every day, everywhere. We want to be one of the best performing, most trusted and respected consumer products companies in the world.

We have laid out the four key growth strategies which I want us to focus on in order to deliver against this exciting ambition.

I will give you a brief overview of the main strategic areas and then my colleagues will explore them further after the break, bringing them to life with a few examples and case studies from around the world.

The first is that we need to continue to drive growth in our largest categories. Our biggest categories are large and growing. As I discussed a few minutes ago, we are the number one company globally by RSV in scotch, tequila, vodka, rum, Canadian whisky and Liqueurs. In scotch globally, we sell a bottle of Johnnie Walker every 7 seconds, and we have grown the business at an 8% CAGR over the last four years. And as I have reviewed with you, we believe there is still huge headroom for growth. Growing these categories gives us scale and resilience. And this scale allows us to go after even more opportunities.

The second strategy is to unleash the power of the portfolio and expand our global footprint. We have sales in nearly 180 countries and as I described earlier, an incredible portfolio, one which is unrivalled in both the heritage of our brands and the consumers that they reach. And yet, our big brands are not present in many important markets. We have an opportunity to expand our key brands so that more consumers around the world can enjoy them. We also have an opportunity to take what is working in a market and reapply it with speed into other markets. This includes some of our most exciting innovations.

Third, we also want to use our superior innovation capabilities to tap into new consumer occasions and recruit into our categories and brands. This is a core strength of Diageo and has been a big driver of growth for us in the past. I'm excited about the pipeline and the scale of what I know is coming in emerging occasions for us like 'nonalcohol'.

Lastly, we will continue to raise the bar on execution, winning with consumers and customers. We are known for our scale and the quality of our execution in many areas yet I believe we can do more. I want excellence in every consumer touch point and also in our end-to-end operations. We have driven an annual average of $500 million of productivity in the past several years which we have stepped up in fiscal 23 which we reinvested in the business. I know we have the opportunity to step change this further. Lavanya will cover this in more detail later in the day.

We will also highlight one of our strongest markets, NAM, and how they continue to raise the bar on execution.

These growth drivers are all supported by critical enablers. It requires deep consumer understanding, engaged talent and embedding our Spirit of Progress plan into everything we do.

SPIRIT OF PROGRESS

Our ‘Society 2030: Spirit of Progress’ plan gives us a triple win of benefitting our *communities*, our *customers* and our *performance*

Positive drinking

Inclusion & Diversity

Sustainability

Let’s start with our Society 2030, Spirit of Progress plan. We run our business with the long term in mind. It is our licence to operate. It creates a diverse and productive culture for us to thrive. It is the right thing to do in our communities and for the planet where we lay down maturing stock for more than a decade.

The Spirit of Progress plan which we laid out in 2020 when we completed the previous ten-year plan is a key enabler for us to continue to deliver long-term sustainable growth.

I passionately believe that building a resilient business means delivering our ESG plan. To be clear – Spirit of Progress isn’t a ‘nice to do’… it truly makes Diageo a better business.

And it is embedded in everything we do.

But we also know, it’s about being smart and efficient as well, so we look for what we call ‘triple wins’. So, what do I mean by that?

I mean that we will do the right thing that benefits our communities, benefits our customers and consumers, and will also benefit Diageo’s bottom line. If you look across our three main areas of ESG: positive drinking, I&D and sustainability you will see this triple win strategy in action.

To bring this to life, I will play a quick video that demonstrates how Society 2030, Spirit of Progress plan impacts our business.

OUR TALENT AND CULTURE

Engaged talent acting with *speed & agility*

Highly competitive employer brand

4,977 new employees started at Diageo

5,092 employees began career opportunities internally

Committed & engaged workforce

83% employees see a clear link between their goals and Diageo's priorities

+80 Net Promoter Score for employees recommending Diageo's brands

Diverse leadership and talent

44% of our leadership cohort are female

43% are ethnically diverse

Extensive employee development

526,500 hours of employee learning

11,538 digital learning courses taken

Source: Diageo
All figures are fiscal 23

A further enabler for us is our engaged workforce. We have over 30,000 talented individuals, working with a clear purpose and with speed & agility to deliver our performance.

We have a highly competitive employer brand that helps us to attract, grow and retain the best talent in a fiercely competitive talent marketplace.

- In F23, we attracted 4,977 new employees to work at Diageo and we saw a year-on-year increase of 22% in applications to join the company.
- Additionally, 5,092 of our employees took on new career opportunities within Diageo in Fiscal 23, that's 14 people making career moves per day!

We know from our annual survey that our employees take ownership and have immense pride for Diageo's brands and performance.

- The Net Promoter Score for employees recommending Diageo's products was +80. For context, an index score of +10 to +30 is considered great; and anything +30 is considered excellent.

We have a strong and diverse bench of leadership talent.

- On diversity, as at end F23, 44% of our leadership cohort are female (increase of +5ppt vs YE F20) and 43% are ethnically diverse.
- In our Board, 70% are women and 40% are ethnically diverse.
- Finally, we are committed to developing the skills and capabilities of our people in line with our future growth opportunities.
- Employees undertook 526,500 hours of learning and 11,538 Digital learning in F23.

But don't just take my word for it, let's hear directly from some of our employees from around the world.

Lastly, I would like to talk about two new key tools which we are adding to our suite of tools that we have talked to you about in the past. These tools are enabling us to deliver our ambition.
The fact is that we have an opportunity to grow in almost every category in almost every market. And as you will appreciate, we cannot do everything all at once.
These two proprietary tools are helping us focus and prioritise our investments towards our biggest growth opportunities with the highest opportunity for return.

The first is the 'Consumer Choice Framework', a methodology that allows us to transcend category thinking and use an occasion-led lens to understand consumer motivations, trends and opportunities. This tool enables us to direct investments in our portfolio, keep our brands relevant to changing consumer tastes and capture the growth cycles of categories within TBA at speed.

The second tool is the 'Market Growth Framework', which establishes clear roles for each of our markets based on external and internal factors. And these roles help us define growth priorities, KPIs and where our investments should be directed. Ultimately, it helps us to remain agile, act fast and effectively channel the full power of our scale where it matters in this volatile world.

Thank you for your attention. I will now open the floor to Q&A, this will be the first of four opportunities that you will have today.
Following this, you will then hear from some of my Executive Leadership Team members, who will share some compelling examples of how we are executing against the strategic growth drivers that I mentioned moments ago.

DIAGEO

Q&A

Capital Markets Event 2023