

DIAGEO



Partnering *with Suppliers*

Our code
for suppliers

Partners *in ambition*

Diageo is a global leader in alcoholic beverages *with an outstanding collection of spirit and beer brands that are enjoyed around the world.* Our ambition is to be one of the *best performing, most trusted and respected consumer products companies in the world* - and our partnership with our suppliers plays a crucial role in helping us achieve this.

We partner with suppliers, in over 100 countries, who work with us and support our mutual commitment to creating the highest quality products in a sustainable and ethical way. Harnessing the strengths and expertise of our partners, alongside innovating together, will support us in delivering against Diageo's performance ambitions. We will foster supplier partnerships and, where appropriate, consortiums with other like-minded organisations, to drive change across our businesses that will address today's social and environmental global challenges.

This document lays out the framework and expectations that we use on a day-to-day basis to ensure we do business the right way from grain to glass. We set high standards and require our supplier partners to deliver against these, adopt them in their own organisations and through their work with us.

Each stage of our supply chain, from farming and manufacturing through to distribution, and marketing, has impacts on the environment, local communities and our many other stakeholders.

We are committed to partnerships that generate value and long-term, sustainable growth for Diageo and our suppliers

We deeply value our ways of working with our suppliers and *look forward to continuing to grow these partnerships to deliver success for our businesses through collaboration.*

We want to create a positive impact on our company, within our communities and for society. 'Society 2030: Spirit of Progress' is our 10-year ESG action plan to help create a more inclusive and sustainable world.

Our strategic priorities are to promote positive drinking, champion inclusion and diversity and pioneer grain-to-glass sustainability. Doing business the right way underpins everything we do.

To lead our business through the next decade, we have set ourselves 25 goals which are aligned to the United Nations' Sustainable Development Goals.

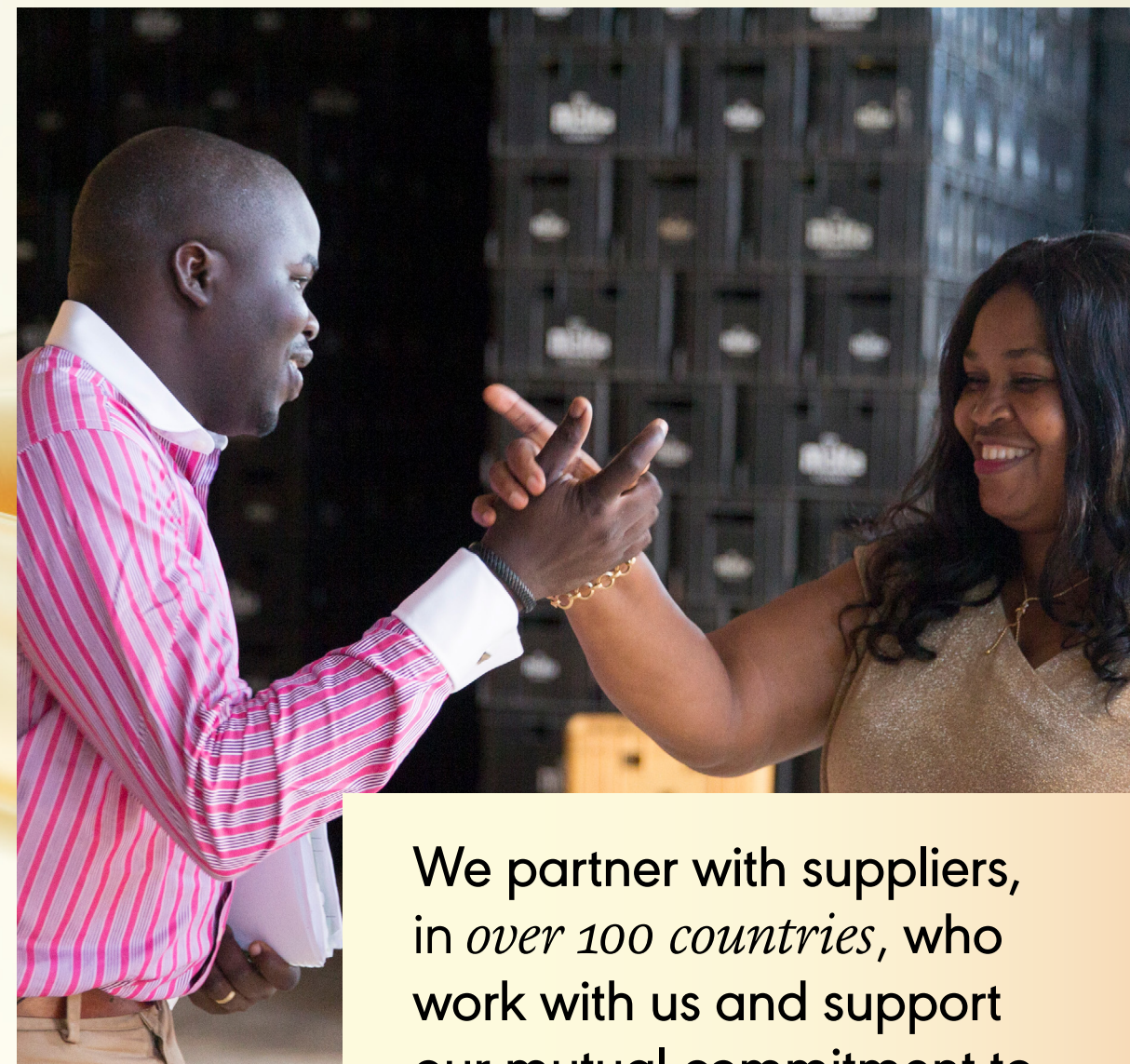
We expect our suppliers to partner with us to promote these priorities throughout their own supply chains and anyone they interact with while doing business for Diageo. Only by working together will be able to deliver systematic change.

We have a strong track record of setting and delivering against ambitious targets to deliver growth. We want the power of our ambitions to have a mobilising effect on our partners and a catalyst for innovation and growth, enabling our businesses to thrive.



EWAN ANDREW

President Global Supply and Procurement and Chief Sustainability Officer



We partner with suppliers, in *over 100 countries*, who work with us and support our mutual commitment to creating *top quality products* in a *sustainable and ethical way*

Doing business the right way *from grain to glass*

Business integrity and ethical standards

We expect our suppliers to adopt *clear commitments on ethical business* in line with our *Code of Business Conduct*¹, and we have minimum standards in the following areas:

Environmental regulations

We expect our suppliers to manage their environmental impact responsibly in line with applicable laws and regulations and in the spirit of our 2030 goals.

Environmental policy

We expect our suppliers to have a clear and publicly available environmental policy statement that addresses the key impacts from their operations and commits to improvement.

Laws, regulations and trade controls

We expect our suppliers to comply with both the letter and the spirit of applicable laws and regulations. Our suppliers must comply with trade sanctions and restrictions issued by recognised authorities, including the United Nations, the European Union and the United States, which are designed to prevent or limit trading with certain countries or their nationals.

Bribery and corruption

Our suppliers must have a zero-tolerance approach to bribery and corruption in any form, everywhere they operate. Suppliers should never offer or accept anything of value where there is an intention of improperly influencing a business decision, or where the person may not be permitted by laws. We expect all suppliers to comply with applicable laws, regulations and industry standards.

Tax evasion

Our suppliers must take a zero-tolerance approach to the criminal evasion of all taxes wherever they operate, and to the knowing facilitation of another's tax evasion. As a minimum, we expect our suppliers to have reasonable and proportionate procedures in place to prevent the criminal facilitation of tax evasion by their employees or by those they transact with in connection with Diageo's business, and to also immediately report any concerns.

Conflicts of interest

Conflicts of interest can arise when an employee's personal, family, financial, political or other interests interfere or conflict with their loyalty to their employer, or their ability to make the right decisions on behalf of their employer. Our suppliers should not cause any conflicts of interest for Diageo employees, and should avoid situations where a conflict of interest may occur. We expect suppliers to disclose in full any potential conflicts of interest they may have as soon as they have been identified, so that they can be properly considered and the right action taken.

Report immediately concerns in any regard to their *Diageo contact*, or confidentially through *Diageo's SpeakUp service*².

¹ <http://www.diageo.com/en-row/csr/Pages/our-code-policies-and-standards.aspx>
² <http://www.diageospeakup.com>

Gifts and entertainment

Giving and receiving gifts and entertainment has a role to play in building external business relationships and generating goodwill. However, gifts and entertainment should never create a feeling of obligation or the impression of an obligation because this could be perceived as a bribe.

We expect our suppliers to respect that Diageo employees must not provide or accept excessive or inappropriate entertainment and may only offer or accept non-cash gifts of modest value occasionally. We expect suppliers to ensure they have appropriate controls in place so that gifts, sponsorship or entertainment of government officials are not bribes or perceived as such.

Competition and anti-trust

We expect our suppliers to comply with competition and anti-trust laws which apply to their business and to ours.

Marketing and innovation

Our brands must be advertised and marketed responsibly. Suppliers which are engaged in marketing and promotional activities on Diageo's behalf, such as advertising and digital agencies, must know, understand and apply our *Diageo Marketing Code*³ (DMC) and our *Digital Code*. Suppliers and business partners who employ individuals to promote our brands, provide samples, and serve and sell drinks must also comply with the principles and guidelines set out in our *Brand Promoter Standard*.

Business records and confidential information

We expect suppliers to keep accurate and up-to-date records of matters related to their business with Diageo, and to demonstrate compliance with applicable laws and regulations.

We expect our suppliers to ensure appropriate technical and organisational security measures to safeguard Diageo confidential and personal information, and to meet the requirements of applicable data privacy laws and regulations to ensure there is no disclosure of our confidential information to third parties without our prior authorisation.

We also expect them to inform Diageo immediately in the event of a potential or actual data breach, or if our information is released to any third party without authorisation.

³ https://media.diageocms.com/diageo-corporate-media/media/vrdereoi/marketing_code.pdf



We expect suppliers to disclose
potential conflicts of interest

A positive contribution to human rights and society



Human rights

We want to make a positive contribution to human rights and society.

We are committed to *promoting and respecting human rights throughout our supply chain* and expect the same from our suppliers.

We are committed to acting in accordance with the UN Guiding Principles on Business and Human Rights⁴ and the international standards set out by the eight core International Labour Organisation⁵ (ILO) conventions and recommendations. We expect our suppliers to act in accordance with these principles and commitments, and we have minimum standards in the following areas:

Child labour

We expect our suppliers to adhere to applicable laws and regulations concerning minimum working age, and strictly to prohibit the employment of young persons below the age of 15 (subject to exceptions permitted by national law or the ILO); and to protect and promote the special interests of employees under 18 by allowing them access to education, limiting employment during typical resting hours, and ensuring no exposure to working conditions that are likely to jeopardise their health and safety or morals.

Children and young workers is a key element of the Sedex Members Ethical Trade Audit (SMETA) methodology and age verification takes place through the review of documents including policies and procedures in place to manage child labour. Another key method to prevent child labour through the audit is the focus put on ensuring hiring practices are including thorough checks on the ages of applicants and how this is able to be verified.



Suppliers must adhere to applicable laws concerning minimum working age

⁴ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
⁵ <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang-en/index.htm>

Forced labour

We expect our suppliers to recruit workers only through ethical and legal means, and to strictly prohibit the use of forced labour, whether in the form of slave labour, indentured labour, bonded labour, coercion of any employee through any means, or any other forms including debt bondage and any financial burdens on workers by withholding wages or paying expenses such as recruitment fees.

Workers must not be restricted with their movement, from retention of identification documents or bank payment cards. Similarly, workers should not be forced to use company provided accommodation.

All employees must be provided with a written employment contract, that is freely agreed and provides the basic terms of their employment (e.g., wages, hours, rights, responsibilities, etc.) in a language that is understood by the employees.

Suppliers should also ensure that workers are free to refuse their contract; cancel and change their employment; and where appropriate, return home travel at the end of their employment contract should be provided.

Discrimination

We expect our suppliers to treat employees fairly and not discriminate (in any aspect of employment or hiring process) on factors such as race, gender, colour, caste, religion, ethnicity, sexual orientation, disability, age, marital status, health, pregnancy, union membership, political affiliation, or national origin.

Abuse and harassment of labour

We expect our suppliers strictly to prohibit any kind of harassment, intimidation, bullying or abuse of any employee, including through the threat of physical punishment or disciplinary action, or physically, sexually, racially, psychologically, or verbally.

Wages and benefits

We expect our suppliers to ensure employees are paid a fair wage, according to at least the legal minimum standards or appropriate industry standards, whichever is higher. Wages are to be paid on time and employees must receive a pay statement that reflects all legally mandated benefits and any deductions applicable in accordance with local law and/or contractual arrangements wherever applicable. Temporary labour arrangements must not be used to avoid obligations to workers under labour or social security laws and regulations arising from the regular employment relationship.

Working hours

We expect our suppliers to ensure employees do not work excessive hours, in accordance with national laws, collective agreements and the provisions of the relevant ILO standards on working time. In the absence of applicable laws or collective agreements, normal working hours shall not on a regular basis exceed a maximum of 48 hours per working week, or 60 hours per working week including overtime, and employees shall be allowed at least one day of rest in every seven-day period. Suppliers to also ensure that compulsory overtime is strictly prohibited.

Normal working hours, including overtime, must adhere to local legal limits



Employees must be able to access a trusted and confidential grievance mechanism

Women's rights

We expect our suppliers to protect the rights of women and the different dimensions of inequality often faced. Suppliers are expected to eliminate any discrimination against women through providing equal pay for equal work and that there are equal opportunities offered. This also includes the elimination of any health & safety issues prevalent to women workers and producers.

Land rights

We expect our suppliers to make commitments for respecting the land rights of communities including indigenous peoples, land ownership and natural resources with specific consideration to water. Suppliers are required to have a process for identifying legitimate tenure rights holders when acquiring (or restricting) the use of land, particular attention should be given to vulnerable and marginalised tenure rights holders; we expect all our suppliers to adhere to the practice of free and prior informed consent (FPIC) when using, leasing, and purchasing land.

Access to remedy

We expect our suppliers to provide a right to remedy for their employees and for their local communities through an accessible, trusted, confidential and fair grievance process with the right level of governance so any issues raised can be addressed in a timely manner. This process should be communicated to all employees and representatives.

Freedom of association and collective bargaining

We expect our suppliers to allow employees the freedom of association and collective bargaining in accordance with applicable laws and regulations.

This includes the right to join a trade union (or equivalent worker body) and suppliers are providing workers' representatives with the appropriate facilities to assist with developing collective bargaining agreements. Suppliers must prohibit any intimidation, harassment or violence against any union members and representatives.

In countries where the right to freedom of association is restricted by law, we support the development of alternative means to facilitate the representation of employees' interests.

Health and safety

In becoming one of the best performing, most trusted and respected consumer products companies in the world, Diageo is committed to ensuring the health, safety and wellbeing of all employees, contractors, suppliers. Diageo firmly believes "everyone" has a proactive part to play in order to create a world class health and safety culture where everyone is safer together, when working on site, at home or on the road.

Our aim is to create a proactive safety and wellbeing culture and working environment in which all occupational injuries and illness are foreseeable and preventable. We expect all of our suppliers to act in a manner that demonstrates their personal and collective commitment to this aim. For our suppliers, we have minimum standards in the following areas:

Laws and regulations and Diageo standards and procedures

We expect our suppliers to meet applicable local and national health and safety laws and regulations, including those related to the design, construction and maintenance of facilities for employees and contract workers. We expect suppliers to comply with our Global Health, Safety and Wellbeing Policy and Global Standards as well as adhering to, where applicable, Diageo's Life Saving Rules which define the core expectations and behaviors to adopt to ensure a world class health and safety culture and working environment

Health and safety policy and management system

We expect our suppliers to; have a clear, publicly-available health and safety policy statement in place, a suitable and sufficient documented management system which is appropriate, and be committed to developing and applying such appropriate health and safety management systems and responses as may be required to protect against emerging health and sanitation concerns (including clear assignment of management responsibility for health and safety); and to monitor and report corrective actions against incidents (accidents, near misses, etc.).

SAFER TOGETHER

when working



every day, everywhere

Safe & healthy working environment

We expect our suppliers to maintain and promote a safe and healthy working environment which leverage flexible working policies and processes that help nurture a sustainable work life balance as well as support the long-term health, wellbeing and resiliency of their employees. This includes providing, as a minimum, access to adequate potable drinking water (complying with World Health Organisation and national standards and representative of headcount), safely managed sanitation services and transportation services (wherever it is provided by the supplier), hygiene facilities with running water and soap, ventilation, adequate lighting and temperature, personal protective equipment, and health and safety training to mitigate known hazards or potential risks. These expectations extend to all working environments, whether workers are in agricultural settings, factories, offices, commercial on/off trade outlets or at home.

Living conditions are safe, clean and habitable

Where suppliers are providing accommodation to their workers, they should ensure living conditions are safe, clean, hygienic and habitable, and consideration is given to their physical and mental health and well-being.



We ask our suppliers to *promote Wellbeing specific training on areas like mental health*

Health and safety capability and competence

We expect our suppliers to train their people to required health and safety competence levels to enable them to conduct their work-related tasks and activities in a safe, healthy and responsible manner. This should also include wellbeing specific training on areas like mental health.

We expect our suppliers to comply with local and national health and safety laws and regulations

Emergency preparedness

We expect our suppliers to maintain adequate fire and emergency preparedness procedures, including evacuation procedures, emergency drills, appropriate first-aid supplies, fire safety equipment and exit facilities, and to have suitably trained and competent emergency personnel.

Risk assessment and management of change

We expect our suppliers to conduct routine and dynamic risk assessments to effectively mitigate existing and emerging risks. Our suppliers should have a robust management of change

process and system in place to ensure any emerging or anticipated health and safety related changes in their sector are effectively managed, assessed and suitable controls measures implemented to safeguard their people, processes and organisation.

Continuous improvement and use of technology

We expect suppliers to commit to making continuous improvements to their health and safety standards and culture through leveraging best available safety technologies, systems and data insights in order to predict and prevent accidents and injuries, we expect suppliers to effectively engage workers in the determination of such work practices and create a best practise working environment. Similarly, we encourage the adoption of externally recognised health and safety management systems (e.g., ISO45001) that can be externally verified and certified.

Raising concerns

We expect our suppliers to have appropriate incident and health and safety hazard reporting processes and systems in place so employees and contract workers can easily raise and discuss their concerns, report any work-related accident or near miss and enable root causes to be determined and effective prevention controls to be implemented.

Health and safety



Demonstrating ongoing compliance and performance

Diageo through close working partnerships with suppliers shall monitor their ongoing health and safety performance and progress through service level agreement (SLA) health and safety key performance indicator scorecard metrics.

Diageo is entitled to request information from our suppliers in order to confirm their compliance with these standards.

We will verify alignment to the requirements set out within this document through the use of this supplied information, as well as online self-assessment questionnaires, and, where we deem there to be high risk of non-compliance, we will require a supplier to provide evidence of compliance through an independent, third-party audit, such as a SMETA 4-Pillar audit. We reserve the right to undertake unannounced audits where we determine it is necessary.

If remediation is required, the supplier is expected to inform Diageo and to agree and implement a time-bound corrective action plan to effectively and promptly resolve the failure to Diageo's satisfaction. Any ongoing failure to demonstrate compliance may result in escalations and ultimately, where a supplier does not demonstrate a willingness to address unacceptable risks, this shall be deemed to be non-compliance with this Partnering with Suppliers code and may jeopardise the continuation of the supplier's commercial relationship with Diageo.

Raising a concern

We believe knowing about potential breaches early means we can deal with them quickly and appropriately. We take every report seriously and we will not tolerate any reprisal by a Diageo employee against a supplier who has reported a concern in good faith or assisted us with an investigation.

We expect our suppliers to raise any concerns about our business conduct, or a potential breach of this Standard or our Code of Business Conduct, directly with their contact in Diageo. If a supplier prefers, a concern can also be raised through our SpeakUp service. SpeakUp is a confidential service for employees and third parties (including our suppliers) that is managed by an external company, independent of Diageo, with trained staff able to deal with calls in local languages. SpeakUp is available via telephone, email or internet, 24 hours a day, 7 days a week.

Contact details for SpeakUp are as follows:

✉ Email: diageospeakup@expolink.co.uk

🌐 Internet: www.diageospeakup.com



Society 2030: Spirit Of Progress

We have a responsibility to ensure that our people, our suppliers, the communities around our operations, our customers and consumers and society at large all thrive as a result of our business.

Society 2030: Spirit of Progress is Diageo's 10-year action plan to help create a more inclusive and sustainable world. Building on the legacy of our founders to create a positive impact in our company, with our communities and for society, it is how we will continue to celebrate life, every day, everywhere.

To lead our business through the next decade, we have set ourselves 25 goals which are aligned to the United Nations' Sustainable Development Goals.

There are three areas that we hold our suppliers to account on, and these are:

- promoting positive drinking
- championing inclusion and diversity
- pioneering grain to glass sustainability.

We have a responsibility to ensure that our people, suppliers, communities, operations, customers, consumers, and society at large, all thrive, as a result of our business.

"We have a track record of setting ambitious targets and our Society 2030: Spirit of Progress plan is no different. The power of the ambition has a mobilising effect on our people and is a catalyst for innovation."

- EWAN ANDREW

President, Global Supply
Chain and Procurement and
Chief Sustainability Officer





Promoting positive drinking

We want to change the way the world drinks for the better by celebrating moderation and continuing to address alcohol-related harm, expanding our programmes that tackle underage drinking, drink-driving and binge drinking.

We expect our suppliers to:

- to raise awareness of responsible drinking with their employees and throughout their supply chain by sharing our assets and experience in this area.
- encourage participation in our positive drinking programmes such as DRINKiQ and our anti-drink driving programmes.

Our brands are made to be enjoyed responsibly. That's why we commit to reaching one billion people with a dedicated message of moderation from our brands by 2030 and to educate people on the risks of alcohol related harm through our global DRINKiQ platform.

Our DRINKiQ programme aims to raise the 'collective drink IQ' by increasing public awareness of the effects of alcohol and supporting responsible drinking.

No amount of underage drinking is safe, which is why by 2030 we will educate over 10 million people on the dangers of drinking underage through SMASHED, our award-winning alcohol education programme.

We care passionately about reducing alcohol-related harm and commit to changing the attitudes towards drink driving of five million drivers in partnership with UNITAR, supporting the second UN Decade of Action for Road Safety.

DRINKiQ.com

DRINKiQ is a global resource to help people make responsible choices about drinking – or not drinking. Our website, DRINKiQ.com, is available in 16 languages and 35 country sites and is a dedicated responsible drinking website that gives information on alcohol and its impact on the body, along with a range of resources to encourage moderate consumption.

We've developed specific modules for women, drivers and bartenders.

We measure and evaluate the impact of our courses to ensure that they raise awareness of key facts about drinking and that participants are confident about sharing this knowledge with colleagues and friends.

For further information

Visit www.drinkiq.com or contact us at CSR@Diageo.com or via your Procurement contact to enquire about DRINKiQ training for suppliers.



Champion inclusion and diversity

We believe the most inclusive and diverse culture makes for a better business and a better world, so; we will champion inclusion and diversity across our business, with our partners and communities, to celebrate diversity and help shape a tolerant society.

We expect our suppliers to:

- continually strive to have a diverse workforce that matches our consumer base
- measure and record the amount of spend going to diverse suppliers within their supply chain
- promote and partner with Diageo to ensure new and growing opportunities for diverse businesses across the globe.



Diverse suppliers

We are also committed to shaping broader societal change by promoting equality and an inclusive culture through our brands, in our industry, across our value chain, and in the communities where we live, work, source and sell. We view diversity in the broadest possible sense, including gender, ethnicity, ability, age, sexual orientation, social class, education, experience, ways of thinking and more. Diversity of thought and experience fuels growth and innovation and ensures we reflect the consumers who enjoy our brands.

A diverse supplier is defined as a company that is at least 51% owned and operated by one or more individuals belonging to any traditionally underrepresented minority group: women, people with disabilities, LGBTQIA+, ethnic minorities or any other underrepresented group.

We are also committed to shaping broader societal change by promoting equality and an inclusive culture



We recognise that diverse suppliers can often deliver greater agility, as well as access to fresh ideas, experiences and better cost structures that can result in accelerated product and process innovations. This mindset is one that we actively encourage at Diageo – both with our own employees and the partners and suppliers with whom we work.

We have set an ambitious goal to increase the share of our global spend with diverse owned and disadvantaged businesses to 10% by 2025, and 15% by 2030.

We are also committed to supporting our supplier's embedding inclusion and diversity throughout their own value chains. We encourage our suppliers to activate inclusion and diversity programmes within their leadership teams and employees, employees, as well as embedding their own supplier diversity programme within their supply chains.



Pioneer grain to glass sustainability

We are committed to preserving the natural resources on which we all depend. Working in partnership to tackle climate change, water stress and biodiversity loss, and helping to create a more sustainable world.

Diageo is a member of the CDP Supply Chain Climate Change and Water Security programmes, through which we engage our key suppliers on measuring and managing their carbon emissions and water-related impacts. We expect our key suppliers and third-party operations to support us by participating in these programmes and demonstrate their commitment to decarbonisation by signing up to the Science Based Targets Initiative (SBTi).

Preserve water for life

We expect our suppliers to:

- sign up to SBTi's and partner with us on a decarbonisation roadmap
- take part in CDP if invited to do so
- if operating in Water-Stressed Regions, either via their direct operations, in their sourcing of raw materials, shall maintain an active and up to date Water Management Plan for each region including a water target, driving continuous improvement on a year-on-year basis
- shall provide access to safe drinking water, adequate sanitation and hygiene awareness in the workplace.

**We are committed to preserving
*the natural resources on which
we all depend for the better***



Accelerate a low carbon world

We expect our suppliers to:

- support cross sector and in-sector collaboration to accelerate and scale progress in line with SBTi requirements
- measure, manage and report the energy and carbon emissions associated with their operations
- have zero waste to landfill
- comply with our Sustainable Packaging commitments: becoming-sustainable-by-design-reinventing-packaging and invest in research and development to drive Innovation to drive adaptation. Accelerate system wide change to deliver a more sustainable solution
- measure, manage and report the content of packaging that is making up the product going into our supply chain
- increase recycled, improving the percentage year on year
- innovate to reduce the weight of the good(s) provided year on year
- increase recyclability of the good(s) year on year
- support us in bringing innovative ideas and solutions that will help us reach our 2030 goals.

Restoring resources

We expect suppliers to:

- take proactive steps to improve on-farm sustainability by implementing sustainable practices across its supplier base and increase the percentage of third-party verified, sustainably sourced volumes of raw materials
- work with Diageo to improve its understanding of its impact and dependencies on nature, and where appropriate implement approaches to mitigate risk and improve nature-related outcome
- ensure agricultural supply chains are economically, socially and environmentally sustainable and reinforcing our commitment to ensure Human Rights and working conditions throughout our value chain
- work continuously towards more sustainable agricultural practices by treating farmers and workers fairly, reducing negative environmental impacts, protecting natural capital and supporting wider economic benefits for farming communities
- increase the transparency of their supply chains and improve the traceability of their raw materials
- comply with the Diageo deforestation policy: [deforestation guidance 2022](#).

Across our 2030 targets our continued long-term success depends on the people and planet around us. We recognise that poverty, inequality, climate change, water stress, biodiversity loss and other challenges threaten the environment and the prosperity of communities.

We will develop and grow innovative partnerships through our **Diageo Sustainable Solutions** programme, and scale these through bold collaboration with customers, suppliers, NGOs, research institutions, entrepreneurs and governments to help create a truly circular economy.

We want to partner with our suppliers and ensure our value chain invests in change for good.

**We will develop
and grow
innovative
partnerships
through our
*Diageo
Sustainable
Solutions
programme***



Further information and support

For further information please visit our website www.diageo.com to access copies of our Code of Business Conduct, Partnering with Suppliers, policies and our annual Sustainability and Responsibility reporting.

If you have any queries on the content of this Standard, or to get support from Diageo to help build your capabilities in relation to any of the areas detailed in this Standard, please speak with your Diageo contact.