DIAGEO

Diageo unveils ambitious Water Blueprint

Water stewardship strategy supports company's expansion in emerging markets Extends targets to broader supply chain for first time to reduce overall impact on water resources

London, 15 April 2015 - Cutting water use in half, replenishing water in water stressed areas and returning all waste water back to the environment safely are just some of the industry leading targets published today in the new water stewardship strategy from Diageo, a global leader in beverage alcohol.

The Water Blueprint outlines how Diageo will protect and manage its water resources globally as the business expands in emerging markets. With a third of production now located in water stressed areas, the strategy has been expanded to encompass the company's broader global supply chain which will enable better understanding and management of Diageo's total impact on water.

Ivan Menezes, Chief Executive of Diageo said of the new strategy, "As Diageo's footprint has expanded, particularly in emerging markets, I firmly believe that managing water responsibly will be core to supporting the future growth of our business. I am proud of our strong track record in improving our performance on managing water in our own operations, as well as our Water of Life programme which brings safe water and sanitation to millions of people.

"Looking to the future, we recognise that we have a responsibility to strengthen our commitment and enhance our programmes if we are to make an even more meaningful impact. Through our new Water Blueprint we will focus on our broader supply chain, drive greater innovation and adopt new ways of working with new partners. These steps forward will see us making a real difference to the environment, economy and communities in so many countries where we operate".

Diageo's new Water Blueprint is based on four core areas where the company will increase its efforts - in its sourcing of raw materials, in its own operations, within the communities in which it operates and through local and global advocacy for best practice in water stewardship. Targets include:

- Reduce water use through a 50% improvement in water use efficiency
- Return 100% of waste water from our operations to the environment safely
- Replenish water stressed areas with the equivalent amount of water used in our final products which have been made in water stressed areas, through projects such as reforestation, wetland recovery, and improved farming techniques
- Equipping suppliers with tools to protect water resources in water stressed areas
- Developing Water of Life community projects in water stressed areas where production sites are located
- Ensuring appropriate access to safe water, sanitation and hygiene for all employees in the premises under Diageo's control.

Water is a shared resource with complex interdependencies between different users and demand is growing at twice the rate of population increase. The updated strategy builds on the extensive work

Diageo has already carried out to improve water efficiency in the manufacture of its products, and more recently in its broader supply chain. Since 2008, six billion litres of water has been removed from the production of Diageo brands globally, translating to an improvement of over 20% in water efficiency, mostly in water stressed regions.

A central part of the Water Blueprint is Diageo's Water of Life programme which has been running since 2007, providing safe drinking water to people in Africa. Since its inception, the programme has completed over 200 projects in 18 countries, bringing clean drinking water to ten million people.

Commenting on the new Water Blueprint, Barbara Frost, CEO of WaterAid, said "We welcome Diageo's Water Blueprint and encourage all businesses, governments and civil society to play their part in solving the water and sanitation crisis by making a solid commitment to managing water sources responsibly. Since 2007 Diageo's Water of Life programme has provided safe, clean water for some of the world's poorest communities, and through their impactful water stewardship strategy Diageo will continue to help ensure that the world's most precious resource is protected."

The Water Blueprint is a critical supporting pillar of Diageo's 2020 Sustainability and Responsibility targets published in December 2014, with targets aligned to the emerging United Nations Sustainable Development goals. In addition to the numerical targets within the Water Blueprint, Diageo will also continue to contribute to leading work with other organisations on water stewardship. The company is already demonstrating leadership as a key supporter of the UN Global Compact's CEO Water Mandate and by driving the Beverage Industry Environmental Roundtable's work on water.

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For more information on Diageo's Water Blueprint please visit Diageo's Water Blueprint: Our Strategic Approach to Water Stewardship.

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Notes to editors

Water of Life case studies

In Northern Uganda, Diageo's Water of Life programme provided clean drinking water to 500 households in the Apac district, funded by a partnership between Ugandan Breweries Limited and the Lifeline Fund, a US based NGO. The partnership not only delivered clean, safe water but also a holistic health care programme for the villages which included training in hygiene and sanitation management, in addition to the creation of Village Health Committees.

In Tanzania, a Serengeti Breweries Water of Life programme provided safe, clean water for over 80,000 people in the Temeke district through the provision of a borehole system and automated solar water pump and storage tank, which can provide 4,000 litres of water a day.

About Diageo

Diageo is a global leader in beverage alcohol with an outstanding collection of brands across spirits, beer and wine categories. These brands include Johnnie Walker, Crown Royal, JɛB, Buchanan's and Windsor whiskies, Smirnoff, Cîroc and Ketel One vodkas, Captain Morgan, Baileys, Don Julio, Tanqueray and Guinness.

Diageo is a global company, and our products are sold in more than 180 countries around the world. The company is listed on both the London Stock Exchange (DGE) and the New York Stock Exchange (DEO). For more information about Diageo, our people, our brands, and performance, visit us at www.diageo.com. Visit Diageo's global responsible drinking resource, www.DRINKiQ.com, for information, initiatives, and ways to share best practice.

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