

DIAGEO

**Business**  
*Integrity*

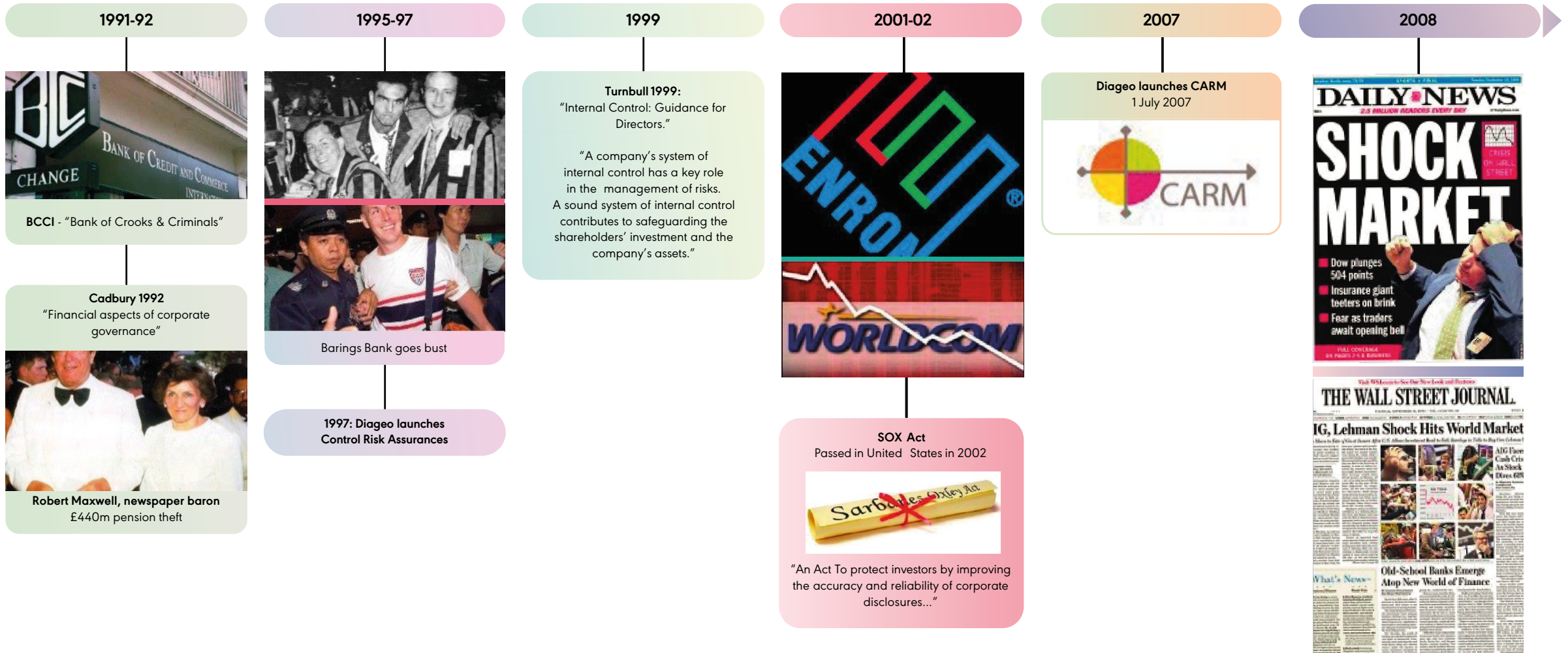
Induction Pack

# Business Integrity *Performance Ambition*

<i>WHY</i>	<p><b>PURPOSE</b> Celebrating life, Every Day, Everywhere</p>		
<i>WHAT</i>	<p><b>AMBITION</b> To create the best performing, most trusted and respected consumer products company in the world</p> <p><b>WHERE WE WILL WIN</b></p> <ul style="list-style-type: none"> <li>• Reserve: create market leadership</li> <li>• Premium Core: build vibrant brands</li> <li>• Mainstream Spirits: win in attractive segments</li> <li>• Low &amp; No Alcohol: shape and lead the category</li> <li>• Engaged People: high performance teams; continuous learning; most inclusive culture</li> </ul>	<p><b>OUTCOMES we will achieve</b></p> <ul style="list-style-type: none"> <li>• Efficient Growth: consistently grow NSV mid-single digit, expand operating margin, deliver strong cash</li> <li>• Consistent Value Creation: top-tier TSR vs peer group; improving ROIC</li> <li>• Credibility &amp; Trust: trusted by all stakeholders for doing business the right way, from grain to glass</li> </ul>	
<i>HOW</i>	<p><b>OUR MUST DOS</b></p> <p><b>1. Sustain Quality Growth:</b> Grow volume, price and mix; build brand equity; innovate sustainably; grow next generation brands; execute the best route to consumer; and enable a positive policy environment</p> <p><b>2. Embed Everyday Efficiency:</b> Inject simplicity and speed; lead with data, analytics and automation; focus our resources on delighting consumers and customers; and drive top-tier cash performance consistently</p> <p><b>3. Invest Smartly:</b> Invest to grow and develop our people; spend more on A&amp;P more efficiently; build capabilities in tech, data and e-commerce; support growth with the right capex and maturing stocks; and acquire attractive new brands</p> <p><b>4. Promote Positive Drinking:</b> Change the way the world drinks for the better; lead the industry in reducing underage drinking, drink driving and heavy drinking; empower our people and brands to advocate for moderation</p> <p><b>5. Champion Inclusion and Diversity:</b> Create the most inclusive and diverse culture that ensures all our people thrive; shape market-leading policies and practices</p> <p><b>6. Pioneer Grain-to-Glass Sustainability:</b> Preserve the natural resources on which our long-term success depends; positively impact the communities in which we live, work, source and sell</p>		
<i>OUR LEADERSHIP STANDARD</i>	<ul style="list-style-type: none"> <li>• Win through execution</li> <li>• Inspire through purpose</li> </ul>	<ul style="list-style-type: none"> <li>• Shape the future</li> <li>• Invest in talent</li> </ul>	
<i>OUR VALUES</i>	<ul style="list-style-type: none"> <li>• Passionate about customers &amp; consumers</li> <li>• Be Better</li> </ul>	<ul style="list-style-type: none"> <li>• Proud of what we do</li> <li>• Valuing each other</li> </ul>	<ul style="list-style-type: none"> <li>• Freedom to succeed</li> </ul>

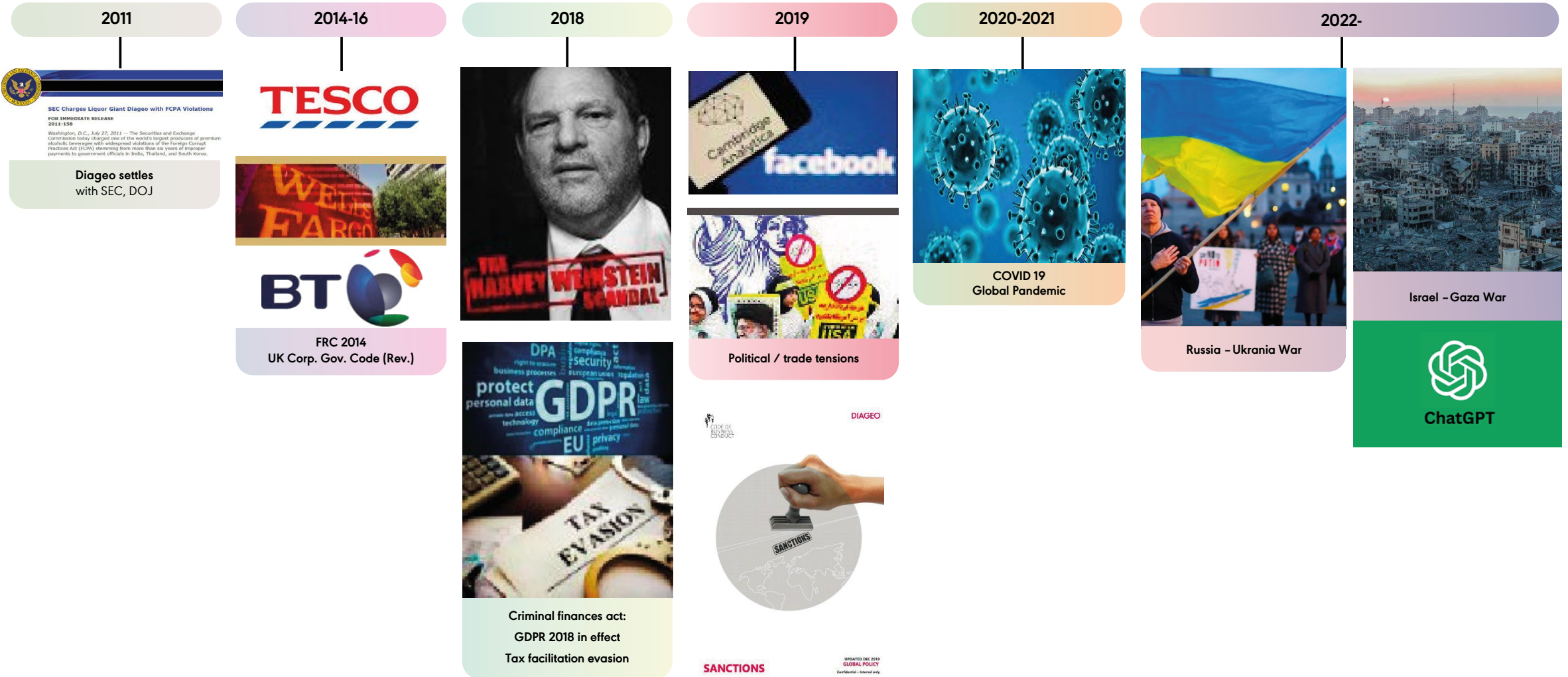
# Business Integrity Structure - Risk Controls & Compliance Journey

Diageo started its journey in 1997 when it launched a risk and assurance team in response to external scandals, including launching its first code of conduct.

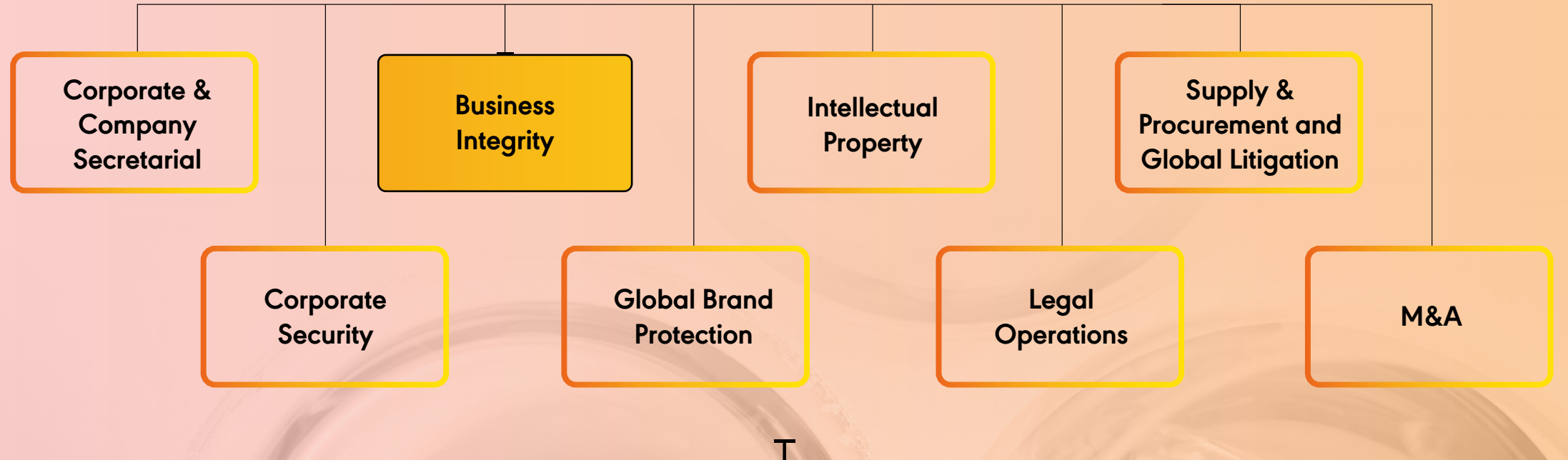


# Business Integrity Structure - Risk Controls & Compliance Journey

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## What Global Legal Function do?



BI roles communicate closely with Legal counsel in the local markets/functions. (\*)

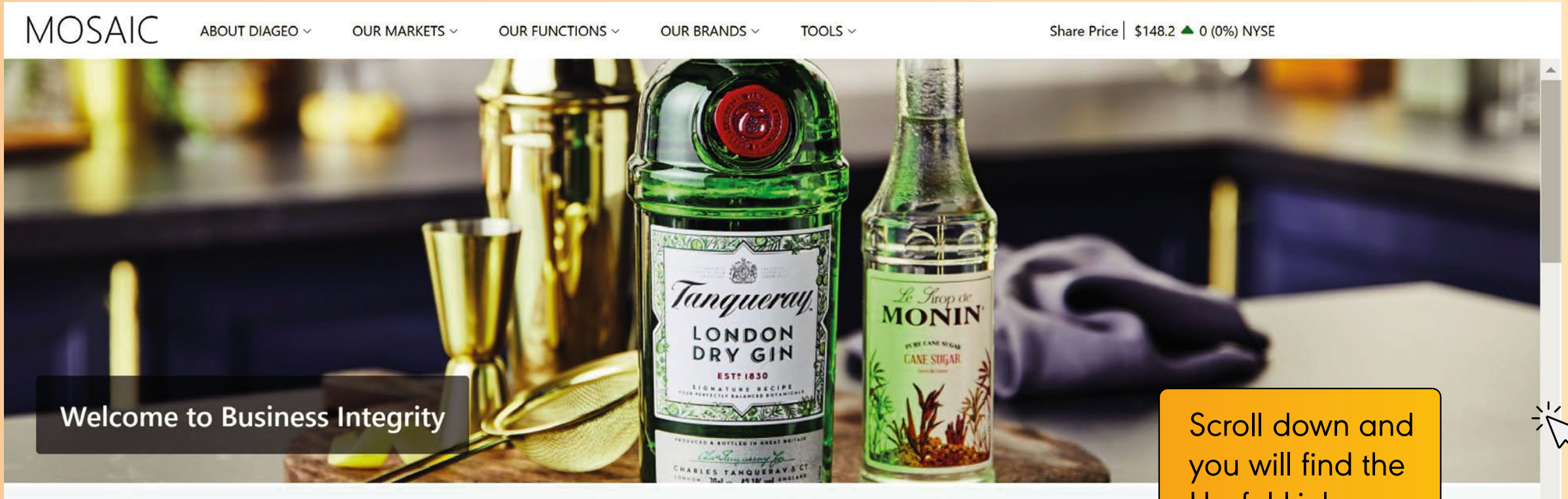
**\*Depending on the Market/Function structure, BI may report to Finance, Legal, or directly to GM.**

**Business Integrity** *Global Business Integrity team*

## Where can we find the latest information?

Refer to Business Integrity Mosaic page.

Please refer the links in the “Quick Links & Contacts” in the end of the slide decks.



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### Useful Links

Our Code of Business...

Global Policy Portal

Global Policy Finder

SpeakUp

Global Business Integrity...

Managing with integrity

Annual Certification o..



Business Integrity Officer and...

Business Integrity Team

North America

Europe

Asia Pacific

Africa

Global Function Team

Latin America

## Business Integrity Function's Ambition & Purpose

In order for Diageo to be one of the best performing, most trusted and respected consumer products companies in the world, together we must *Lead, Enable, Accelerate* and *Protect* our business.



*Lead:* use the breadth of your skill and insight, and the strength of your character and authentic voice to drive our business forward: evidencing passion and purpose along the way. We seek to lead from the front.



*Enable:* listen, work smart, think forward and keep an eye on the horizon so that we can make the best decisions for the long-term health of our business.



*Accelerate:* be proactive, understand and simplify complexities, deliver commercial solutions and enable Diageo to execute quickly. We must be disciplined in our priorities.



*Protect:* make intelligent judgements on risk to drive our business and protect our reputation, to manage costs effectively, and to help cultivate a culture of responsibility, accountability and resilience within Diageo.





DIAGEO

**Compliance**  
*Culture*

## Our Expectations

Our Code



## Our Refresh Code

**A resource to support you in translating our values into actions and guide your daily activities.**

It is everyone's responsibility to understand what business integrity means in their roles because we all have a part to play in building credibility and trust with all stakeholders by doing our jobs in the right way. Our conduct will bring about a success we can all be proud of; by being proud of what we do, and how we do it. Each of us needs to take time to read and understand the Code.

PERFORMANCE  
AMBITION

### Our Global Policies & Standards

Our 16 global policies reflect Diageo's values and detail our commitment to the way we perform our business activities. They have global application and will be relevant to the majority of employees.

Our global standards detail the standards which must be adopted in relation to certain specialist activities. They have global application but are likely only to be relevant for individuals in particular roles that involve responsibilities in the specific areas they address.



### Our Performance Promise

Our performance ambition is to create the best performing, most trusted and respected consumer products company in the world.

To be trusted by all stakeholders for doing business the right way, from grain to glass.

[Click here for more information](#)

Being *proud* of what we do, and *how* we do it



*'Doing the right thing'* underpins our ambition to be the best performing, *most trusted* and respected consumer products' company in the world. *Always doing the right thing* builds our reputation as a company that is trusted by our stakeholders.

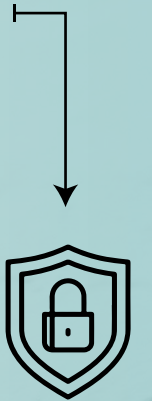
## Business Integrity

### Being *proud* of what we do, and *how* we do it

We are trusted to always act in accordance with our *values*, our *Code*, and in the *spirit and letter of the law* in every country in which we operate. As a result, we are welcomed as a business partner by NGOs and governments around the world, and consumers are proud to be seen with our products in their hands.



Our Business Integrity and Controls Frameworks help enhance and protect all aspects of our business and gives us a competitive advantage.



Every one of us has a role to play in building our reputation, by consistently living our values and operating within these frameworks in our everyday activities.



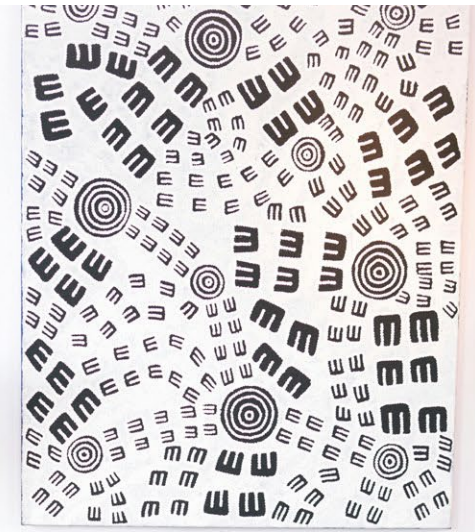
DIAGEO

**Speak Up**  
*Process*

## What is Speak Up?

SpeakUp is a confidential service for you (the reporter) to raise concerns about our business conduct, compliance and ethics matters, or to report a suspected breach of legal, accounting or regulatory requirements, our Code, policies or standards.

Speak Up complements, but not replaces the reporting of issues and concerns to your Line Manager, Legal, Human Resources (HR) or Business Integrity Lead.



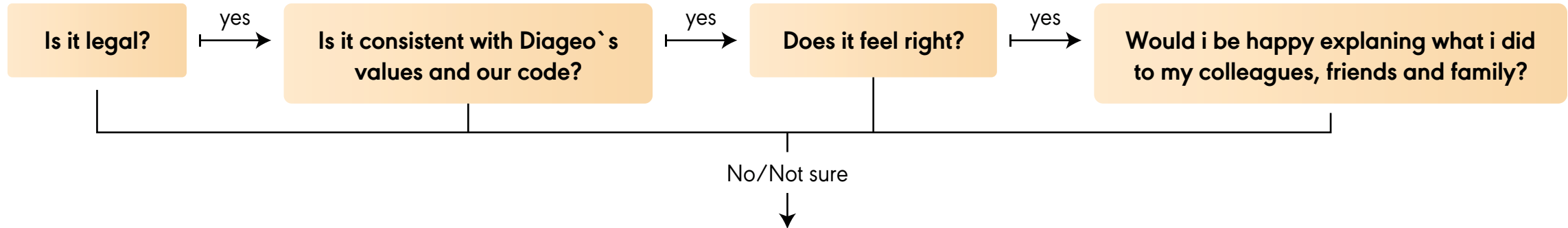
## What is Speak Up?

*We can all do the right thing, every time*

We are trusted to make the right decisions by applying common sense and judgement, while acting according to Diageo`s values and purpose.

If you do not the guidance you seek in our Code, policies or standards, you should ask a simple question:

**Is my action in line with Diageo`s purpose and values?**



**Stop! Seek advice and guidance**

If the answer to any of these questions is 'no' or 'not sure' then don`t proceed.

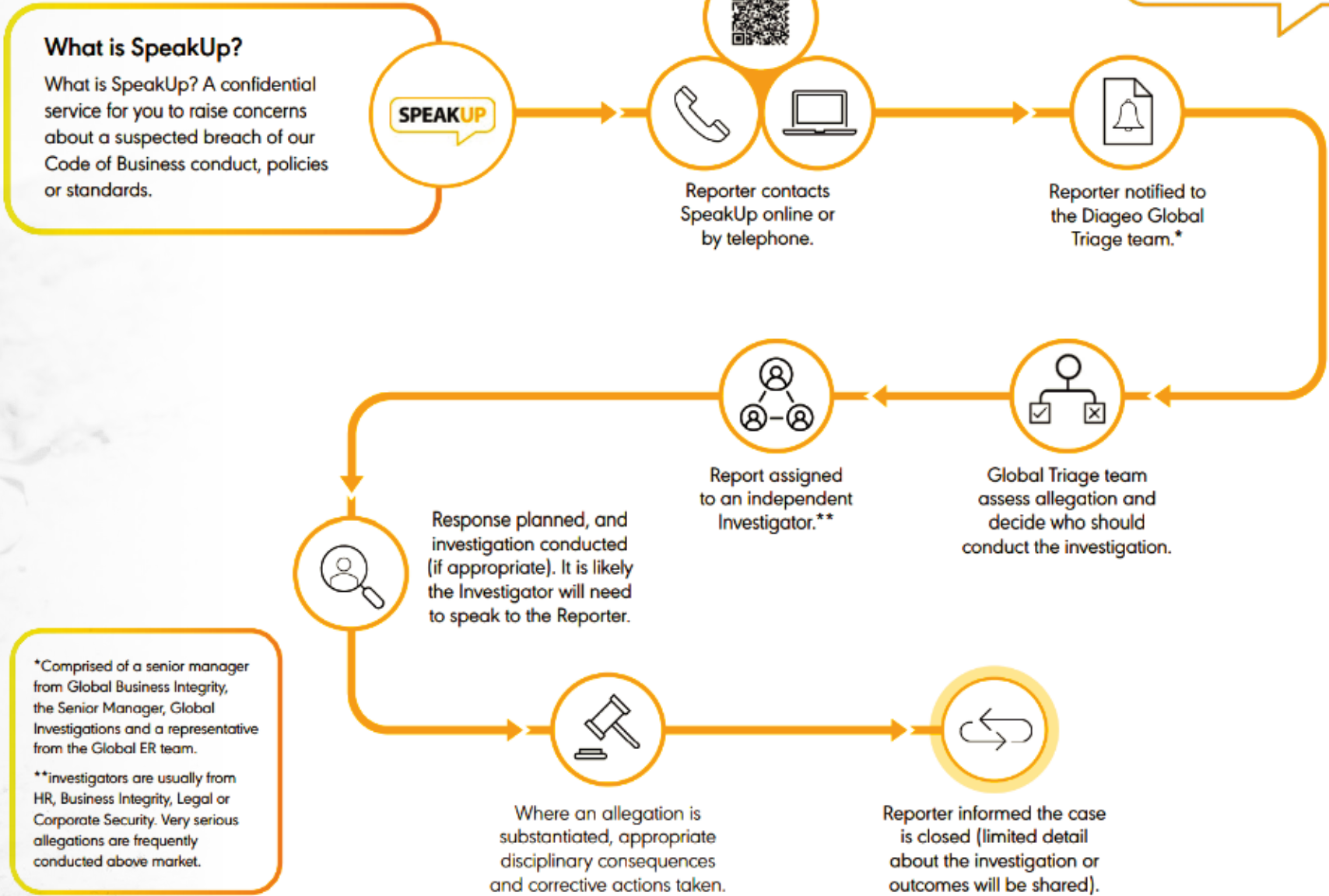
Itis allows bother to ask a question, than to guess an answer.

Guidance on who to speak to for help or advice, and how to raise a concern, can be found on p45 (inside back cover)

# Business Integrity *Speak Up*

## How does it work?

**SPEAKUP**



\*Comprised of a senior manager from Global Business Integrity, the Senior Manager, Global Investigations and a representative from the Global ER team.

\*\*investigators are usually from HR, Business Integrity, Legal or Corporate Security. Very serious allegations are frequently conducted above market.



## **Principle of Good Faith**

The concept of good faith means carrying out an action in accordance with the moral and ethical demands that govern the regulatory system of a community. That is, a person's actions are in line with what society considers an honest, ethical and loyal act.

Establishes the duty to act in accordance with these moral demands when exercising a right or fulfilling a duty.

### **Examples of Good Faith**

- Full Knowledge (own and/or witness).
- Evidence, documentation, supports, facts and data
- Comparison, confrontation and validation

### **Examples of Bad Faith**

- Discredit, defamation, rumors, gossip.
- Omit information, misrepresent, manipulate.





# Confidentiality

- Personal mobile devices must be enrolled in Diageo's Mobile Device Management (MDM) solution before accessing Diageo applications. Only Zoom and the Outlook Web App are permitted on unmanaged devices.

- Employees are prohibited from using Diageo's systems to access, store or distribute material that relates to, or may relate to fraud, bullying, harassment, profanity, obscenity, offensive, intimidating, false or demanding, unlawful and anything that breaches the **Code of Business Conduct**.
- Diageo's Information Systems and computer devices must not be used for personal benefit such as gambling, political activity, unsolicited advertising, unauthorised fund raising, or for the solicitation or performance of any activity that is prohibited by applicable law.
- Where Diageo has evidence of misuse of Diageo's systems, information and/or devices it may investigate such matters in accordance with the **Breach Management Global Standard**.

Where not prohibited by local law, Diageo reserves the right to retrieve the contents of e-mail, any instant or text messages (including those transmitted via free and/or Diageo approved tools) or check Zoom phone and Zoom soft phone (including the call duration, call recipient data and the location of the recipient) or internet usage (including pages visited and searches made) as reasonably necessary in the interests of the business, including for the following purpose (this list is not exhaustive):

- To monitor whether the use of e-mail, text, instant message system or the internet is legitimate and in accordance with Diageo policies.
- To find lost messages or to retrieve messages lost due to computer failure.
- To assist in the investigation of alleged wrongdoing.
- To comply with any legal obligation.

Anyone involved in an investigation (including the reporter and any individuals interviewed as part of the investigation process) should have an expectation of confidentiality - your name will only be made available on a strictly "need to know" basis.

If you are interviewed during an investigation, you are required **to maintain confidentiality and not share with anyone any of the contents or the existence of your interview**, or any details regarding your involvement in the investigation at all.

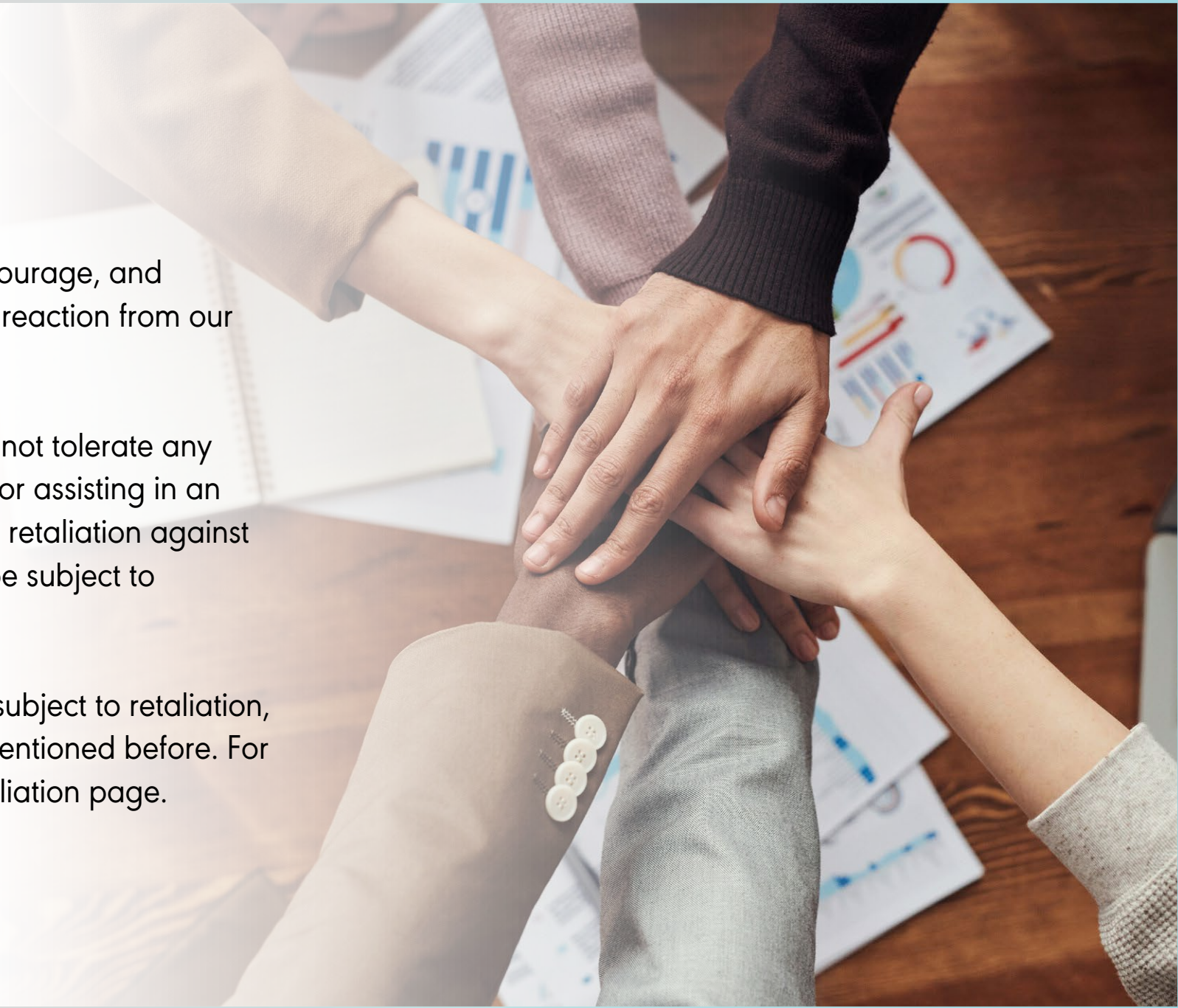
Failure to maintain confidentiality may be considered a breach of our Code.

## **Zero Tolerance towards retaliation**

Raising a concern or speaking up can take courage, and sometime what holds us back is a fear of the reaction from our colleagues and managers.

However, please be assured that Diageo will not tolerate any reprisal against anyone reporting a problem or assisting in an investigation. Anyone found to be involved in retaliation against an individual who has raised a concern will be subject to disciplinary action.

If you believe you have witnessed or are the subject to retaliation, you should report this via any of the routes mentioned before. For further advice please see the Preventing Retaliation page.



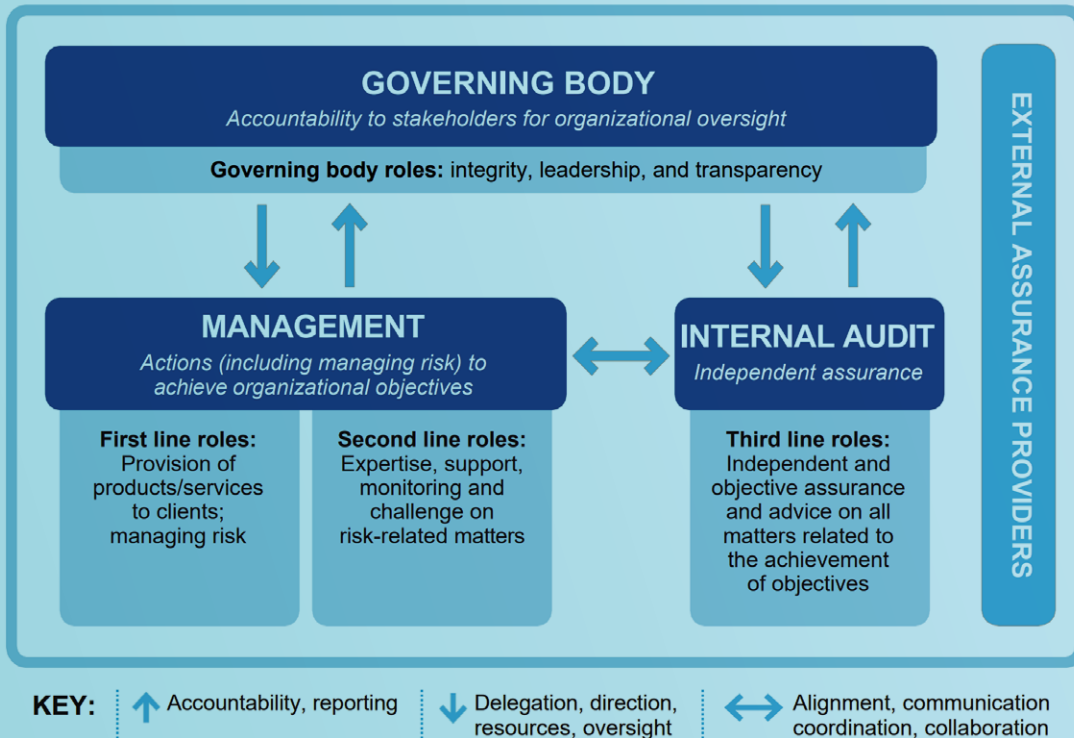


DIAGEO

# Integrated, Holistic *Governance*

We have a connected, iterative risk management approach to deliver holistic governance with agility and deliver our commercial ambitions and Society 2030 goals in a rapidly changing environment.

## The IIA's Three Lines Model



BI leads may play a role in both first line and second line of defence depending on whether we own the control execution vs. providing the oversight.



### First Line roles:

Typically thought of as commercial in nature but depending on the market can also include Global Business Operations (GBO) or back office in market functions.



### Second Line roles:

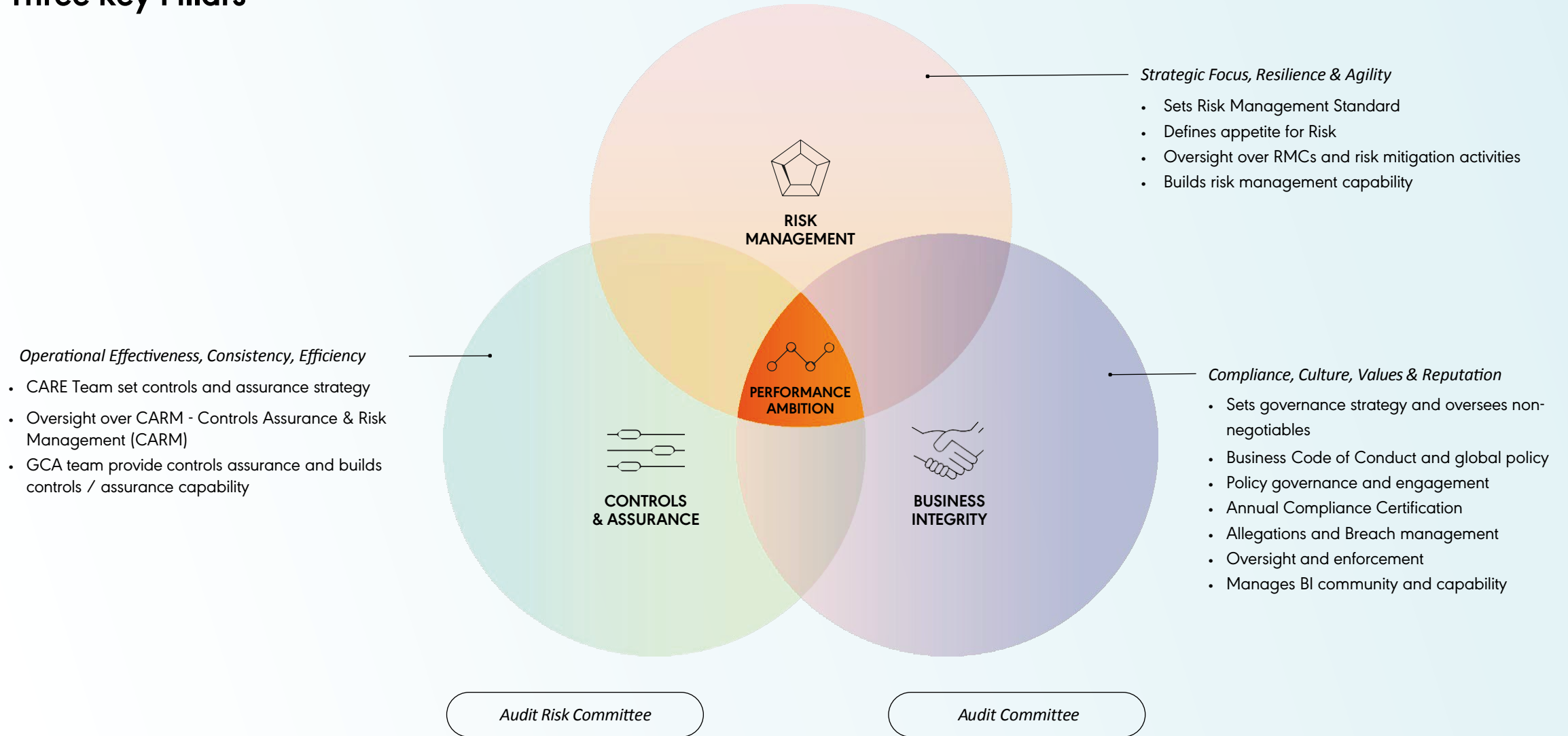
Typically thought of as CARE, Global Functions but can also include in market back off functions (HR, Legal, Finance) and can extend to GBO.



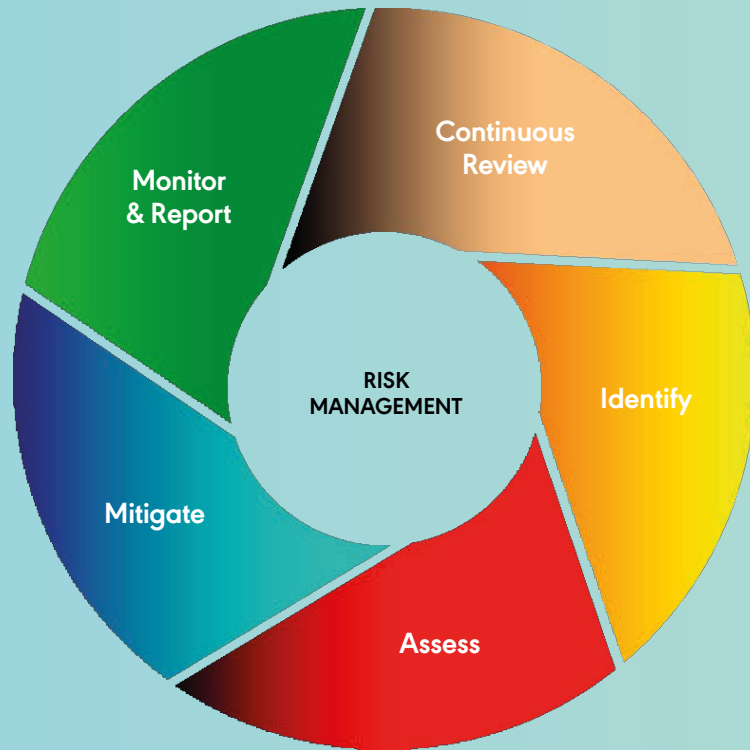
### Third Line Roles:

Global Audit & Risk, Audit Committee, External Consultants & Auditors.

## Three key Pillars



## Business Integrity *Diageo's Risk Management* Standard



Well managed risk-taking lies at the heart of our Performance Ambition. Effective risk management drives better commercial decisions, protects our assets and supports a growing, resilient and sustainable business.

### Our Risk Management Standard focuses on:



End to end risk management-identifying risk causes, the risk event and the consequences by facilitating fruitful discussions in RMCs



Providing a practical guide to our RM methodology, with deep dives in each step based on the refreshed Risk Management Standard



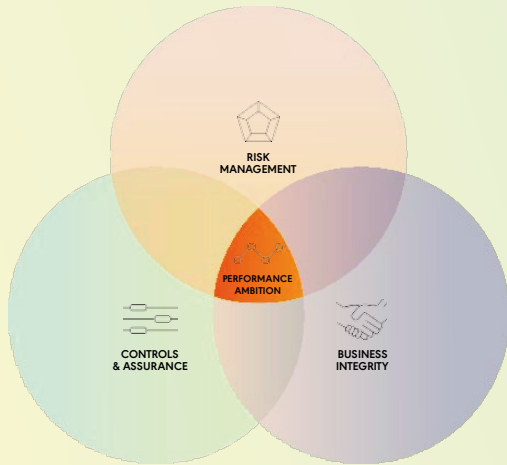
A formal "bottom-up" risk exercise should be performed each year by the Group RM function. To facilitate this all market and functions are required to submit their Q1 risk footprint [\[Risk footprints\]](#). This ensures risks are escalated up through ARC and the Board and reflected in the group's principal risks.



Finding a balance between potential benefit and associated risk.

[Click here for more information](#)

## Risk - Managing a Broad Spectrum of Risk



**01** *Strategic*

**02** *Operational & Financial*

**03** *External*

**04** *Regulatory & Reputational*



## CARM Programme

CARM is Diageo's internal control program, where we assess, test and report on the effectiveness of our internal controls, using a risk-based approach in our markets and functions. The BI Lead oversees the CARM cycle supported by the GCA team and performs the Audit and Risk Committee (ARC) submission via **RSA Archer\* at the fiscal year-end, signed off by the Market GM.** 

### Why is it important?

Diageo is a public company dual listed on the NY Stock & London exchanges. We are required to comply with Sarbanes Oxley (SOX) legislation. Per SOX, it is management's responsibility to establish and maintain an adequate internal control structure as well as certify on its effectiveness.

### Is CARM only focused on financial reporting risk?

No - CARM considers risk and control holistically. It has never been limited to financial reporting controls, and brings in other aspects of risk, ranging from financial to operational to reputational risk.



Regulatory compliance is also managed through Environmental, Health & Safety, and Quality teams at Supply sites.

### Who is involved? / What is the Business Integrity team's role?

2nd Line of defense - Business Integrity lead manages the local program of assurance and report to local management and Group. For the SOX testing and reporting, the BI Lead provides facilitation support to PwC in their design walkthroughs and effectiveness tests, especially in to act as a gate keeper between the 1st line of defense (control operators and the external auditors).

### How does CARM approach risks?

CARM uses a fully risk-based approach. Only a small number of controls ("SOX key controls") are mandated for testing. The tier risk scoping structure directs assurance requirements for all markets and functions based on criteria.

 For more information on the CARM cycle, roles and responsibilities, please see the F24 CARM Instructions **short version** (intended for control operators and management & **long version** (intended for testers & the GCA) For the GCA Stakeholder Map, please **see page 9 of the RfD deck.** 

Please note that both links may be subject to change in F25.

## CARM Programme

The CARE team will act as a centre of excellence for Controls, Assurance and Risk. They will drive more focus on the largest risks facing our business and align assurance assessments with regular controls testing.

Global Audit (third line of defence) will focus on global processes and risks moving away from the previous auditing of individual business units or functions.

To enable a successful onboarding, the following must be understood:

**Status of action items from previous audits**

**Status of upcoming audits**

**Clarity on the role of preparing for an audit and the support during an audit**

It is recommended BI have active involvement in an audit to ensure the planning and scope is targeted towards high-risk areas. To ensure auditors have the full support from the business, in particular where there may be potential findings. If an audit issue is identified, BI to actively manage the closure of all action plans using Archer.

It is recommended to have a regular meeting between BI and GAR to ensure lines of communication are open to learn about issues and good practices from recent audits performed. GAR can contribute to RMC discussions by providing updates on recent audits or emerging risk areas.



Independence • Insights • Innovation

# DIAGEO

CONTROLS, ASSURANCE & RISK  
EXCELLENCE

DIAGEO

**Business**  
*Integrity*

Induction Pack