

DIAGEO

Gender pay
gap report
2021



Foreword

At Diageo, our ambition is to be one of the most *trusted and respected* consumer products companies *in the world*.

We set ourselves ambitious goals that are inspired by our purpose to celebrate life. This means championing inclusion and diversity across our business: from the way we attract, develop, retain and recruit the very best diverse talent, to the way we source services and progressively portray diversity through our brands. Across every area of our business, we challenge preconceptions and work hard to cultivate a more inclusive, equitable and diverse community. Not just because it's the right thing to do, but because it gives us competitive advantage.



Louise Prashad
Chief HR Officer



Ivan Menezes
Chief Executive

Closing any gender pay gap is a key area of consideration in building an inclusive business and culture. In this report, we provide gender pay gap information for our businesses in Great Britain and Scotland. We identify the causes of the pay gap and outline our ongoing plans for closing this gap. These plans include removing barriers, challenging stereotypes and creating opportunities, particularly for women, in respect of roles that are more likely to be filled by men.

We continue to foster inclusion and diversity through progressive policies and initiatives that actively encourage gender parity and contribute to closing the pay gap in the longer term. These include recruitment practices, diversity training and programmes that encourage women to consider careers in science, technology, engineering and manufacturing (STEM).

Fast facts 2021²

1st place

FTSE 100 company for representation of women at board, executive and leadership level in the Hampton-Alexander Review 2020

6/10

of our board directors are women

38%

of our Executive Committee are women³

42%^Δ

of our global senior leadership positions are held by women⁴

63%

of apprentices hired by Diageo Great Britain were female

4,176

employees across our businesses in Great Britain and Scotland

In 2021, our fifth year of reporting, we have continued to improve the median gender pay gap across the two businesses covered by the regulations, Diageo Great Britain and Diageo Scotland. Since 2017, our combined median gender pay gap across these businesses has narrowed from 8.6% to 1.3%. In our Diageo Great Britain business, this year, the gap has again widened in favour of women, and in our Diageo Scotland business it has narrowed. We are proud of the progress we are making, but we know there is more to do.

We're delighted that, following the introduction of our ambitious family leave policy in 2019, the average number of days taken by men for family leave continued to increase this year across both the Diageo Great Britain and Diageo Scotland businesses.

Championing inclusion and diversity is one of our strategic priorities and we want to leverage the broadest range of backgrounds and skills to create a fully inclusive, high-performing culture. The percentage of female leaders globally is now 42%,^Δ up from 39% last year, and as part of our 'Society 2030: Spirit of Progress' global action plan, our ambition is for 50% of leadership roles to be held by women by 2030.¹

We recognise that gender parity is just one measure of an inclusive workplace. Since 2020, driving diversity in our leadership has been linked to our Long-Term Incentive Plan (LTIP) awards, meaning that every senior leader is incentivised to make progress on this agenda. We are one of the first companies to create such a clear link and direct accountability for diversity commitments to ensure we are creating a culture in which every individual can thrive.

Δ Within PricewaterhouseCoopers LLP's (PwC) independent limited assurance scope. For further detail and the reporting methodologies, see our ESG Reporting Index 2021

1. Statements on representation are an ambition for Diageo and should not be considered a target

2. Data points as at 5 April 2021

3, 4. As at 30 June 2021

Measuring the pay gap

The gender pay gap shows the difference in average pay between women and men. Positive measures (percentages with a '+') indicate the extent to which women earn, on average, less per hour than men. Negative measures (percentages with a '-') indicate the extent to which women earn, on average, more per hour than men. The gender pay gap does not measure equal pay, which relates to what women and men are paid for the same or similar jobs or work of equal value.

Calculating our numbers

Under the UK Government's Gender Pay Gap Information Regulations, all legal entities in Great Britain with more than 250 employees are required to report their gender pay gap.

Diageo employs approximately 4,176 people across the two legal entities in Great Britain covered by the regulations: Diageo Great Britain (1,194) and Diageo Scotland (2,982).

Diageo Great Britain employs those involved in support and global functions, the distribution, marketing, import and sale of beer and spirits, as well as the packaging of beer at our Runcorn manufacturing plant. Diageo Scotland is primarily a manufacturing business and employs those involved in the distillation, warehousing, maturation and bottling of Scotch whisky and other spirits.

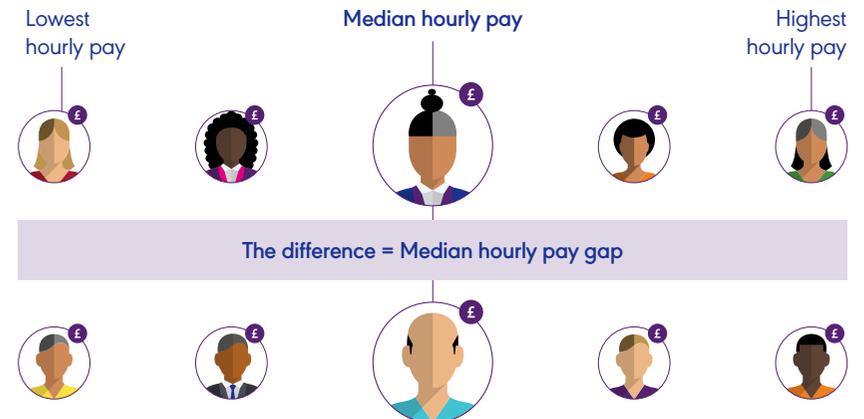
We also provide combined gender pay data for all employees across Great Britain and Scotland, which includes employees in legal entities with fewer than 250 employees. In 2021, the number of employees included in our combined data is 4,229.

Our figures exclude our employees in Northern Ireland, as Northern Ireland is not covered by the reporting regulations.

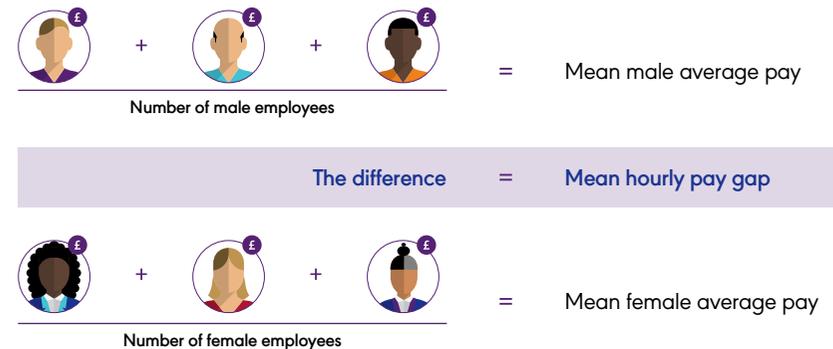
In this report we disclose the median and mean (average) pay gaps between men and women's hourly pay and bonuses.

Calculating the difference

How we calculate the median difference



How we calculate the mean difference



Understanding our pay gap

Diageo Great Britain and Diageo Scotland combined
(Includes all employees across all of Diageo’s legal entities in Great Britain)

In 2021 we continued to see positive movement in our combined hourly median pay gap, reaching 1.3%. This is an improvement of approximately 85% since we started reporting in 2017, as we continue to evaluate and improve how we approach hiring and promoting employees, and how we manage retention across our businesses in Great Britain and Scotland.

Our combined median pay gap is primarily influenced by our manufacturing operation in Diageo Scotland and our Runcorn packaging operation in Diageo Great Britain. These are manufacturing businesses that have predominantly male workforces, in line with the manufacturing sector. Shift patterns and unsocial hours, primarily taken on by male employees, further impact the gap in these businesses. While our combined median gender pay gap has improved year on year and is significantly below the current Office for National Statistics figure of 15.4%² for businesses in the United Kingdom, we recognise we have more work to do to close the gap.

The median combined bonus pay gap widened to 11.8% in 2021. This was the result of a significant reduction in the number of employees across Diageo Great Britain and Diageo Scotland who received an annual bonus due to the impact of Covid-19 on global business performance.³ As such, our median combined bonus pay gap was primarily driven by the distribution of employees who participate in our long-term incentive plan (LTIP) and all-employee share plans. In the period in which shares were awarded under these plans, there was a higher proportion of men than women in roles that were eligible to participate. This led to a greater proportion of men being eligible to, and choosing to, sell vested share awards in the period covered by this report. In Diageo Great Britain in particular, more men also took the opportunity to sell vested LTIP awards during this period.

1. Significant decrease in the number of employees receiving a bonus due to business performance leading to limited bonus payments
2. Office for National Statistics, 26 October 2021: ‘Gender pay gap in the UK: 2021’
3. See Diageo Annual Report 2021, Directors’ remuneration report

Median hourly pay gap

+1.3%
2020: +2.8%

Median bonus pay gap

+11.8%
2020: -0.4%

% receiving a bonus payment¹



25.2%
2020: 53.5%

% of total employees



64%

Mean hourly pay gap

-12.4%
2020: -6.6%

Mean bonus pay gap

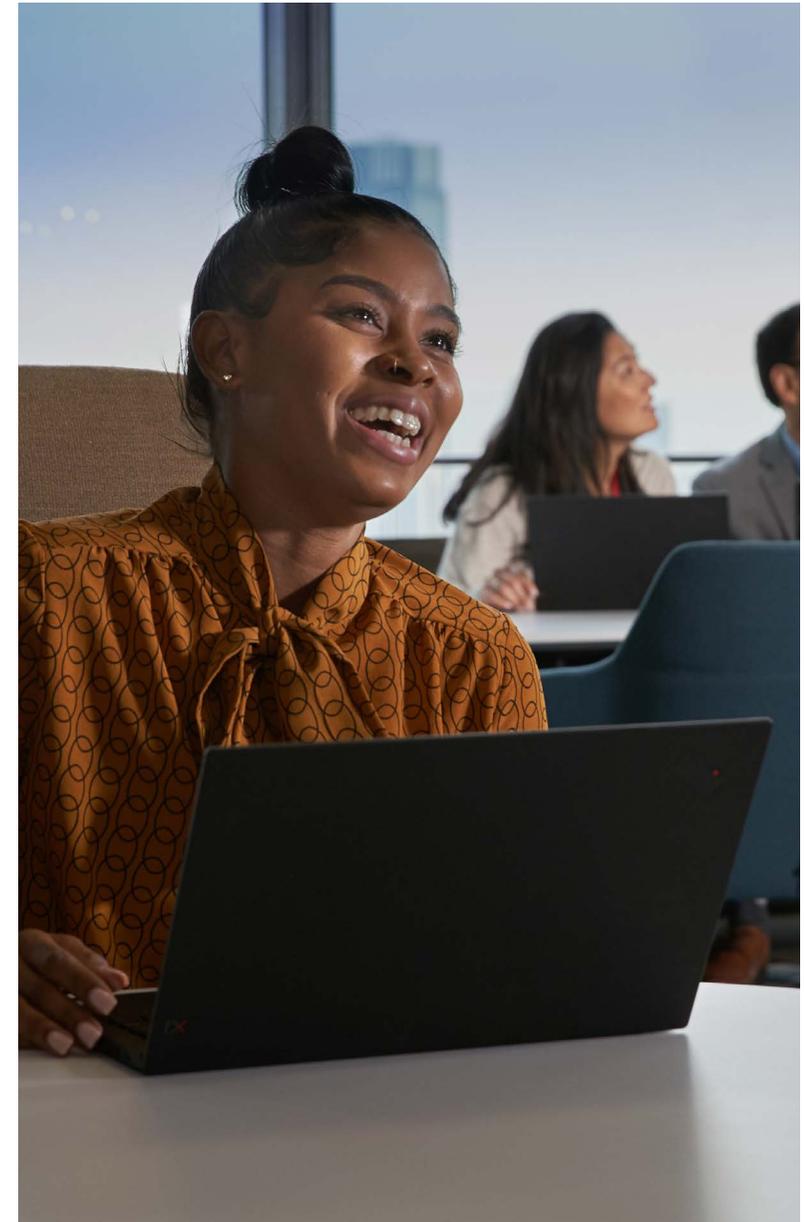
-101.0%
2020: +6.0%



20.1%
2020: 75.0%



36%



Understanding our pay gap continued

Diageo Great Britain

There are 1,194 employees in our Diageo Great Britain business. Most are based at our headquarters and work in global functions such as sales, finance, procurement and corporate relations. We also have a packaging operation at Runcorn, where roles are more typical of a manufacturing operation.

The higher median hourly rate for women continues to be driven by greater female representation in office-based roles. These roles are typically higher paid than more junior roles in field sales and manufacturing, which continue to be filled predominantly by men. We continue to evaluate and improve recruitment practices to ensure we are attracting broader and more diverse candidate pools in Diageo Great Britain.

The median bonus pay gap widened significantly in favour of men this year. In a period in which global business performance during Covid-19 impacted the payment of annual bonuses, the gap was primarily driven by a greater proportion of men being eligible to, and choosing to, sell vested share awards and LTIP awards in the period covered by this report.

Median hourly pay gap

-23.3%

2020: -20.5%

Mean hourly pay gap

-8.5%

2020: -5.2%

% receiving a bonus payment



42.6%

2020: 80.1%



29.2%

2020: 84.6%

Median bonus pay gap

+25.8%

2020: -24.5%

Mean bonus pay gap

-16.4%

2020: +26.0%

% of total employees



53.5%



46.5%

Diageo Scotland

There are 2,982 employees in Diageo Scotland, which operates a number of distilling and packaging sites along with warehousing operations, our cooperage and coppersmith workshop.

In 2021 the median hourly pay gap narrowed as a result of increased female representation in both senior and junior roles. However, the gap continues to be significantly impacted by men holding a majority of the roles eligible for shift allowances during more unsocial hours. While more women have taken up shift working opportunities over the last few years, we recognise that progress is gradual, and we are working hard to improve the balance of men and women in roles across our Diageo Scotland business.

The median bonus pay gap has improved again this year. This is a result of an increase in the number of women in more senior roles which include participation in our long-term incentive plan. As in Diageo Great Britain, global business performance during Covid-19 significantly impacted the payment of annual bonuses, meaning the gap was primarily driven by a greater proportion of men being eligible to, and choosing to, sell vested share awards and LTIP awards in the period covered by this report.

Median hourly pay gap

+15.0%

2020: +16.8%

Mean hourly pay gap

+6.7%

2020: +8.5%

% receiving a bonus payment



19.5%

2020: 44.4%



14.3%

2020: 68.7%

Median bonus pay gap

+12.9%

2020: +20.6%

Mean bonus pay gap

-5.2%

2020: +12.1%

% of total employees



67.9%



32.1%

Closing the gap

While we have made progress over the last few years, we continue to work towards closing our gender pay gap through initiatives that will, over time, make Diageo an even more inclusive and diverse business.

Early career initiatives

We have long recognised that creating a pipeline of future female leaders for our business is key to encouraging change in the historical prevalence of males in science, technology, engineering and manufacturing (STEM) roles. Through our five-year partnership with Heriot-Watt University in Edinburgh, four female students are already enrolled in the Diageo Scholarship – two studying brewing and distilling, and two studying engineering – with Diageo supporting a further two engineering scholars this year. All students on the Diageo Scholarship are offered internship opportunities with Diageo over the course of their degrees, including a summer placement.

In addition, our three-year Supply Chain and Procurement Graduate Programme helps us to attract graduates to STEM careers. During the programme, graduates gain a detailed understanding of Diageo's supply organisation through placements within different functions and have the opportunity to specialise in different

areas, while gaining leadership skills. On completion of the programme, graduates are expected to be ready to take on more senior roles to further develop their skills, with a view to working towards leadership roles in the future. This year, 88% of employees hired onto the graduate programme were female and joined Diageo across various areas of the manufacturing business, including technical, planning and logistics, and global engineering.

Our apprenticeship programme is a key part of our early career initiatives, and through it we aim to offer apprentices an environment in which they will be challenged while building key capabilities for a future career. This year, the majority of our apprentices hired in Scotland were women who now work across various disciplines including mechanical and electrical engineering, spirits operations, planning and compliance. In addition, we continue to offer work placements through the Foundation Apprenticeship programme. This year, due to Covid-19, we created a virtual project for students to participate

in as part of their Foundation Apprenticeship qualification – equivalent to a Scottish Higher. The programme is a key part of the Scottish Government's work addressing youth unemployment and offers work experience in a local business to students in senior secondary education. As well as supporting students in the local area, working with local government and Skills Development Scotland on the Foundation Apprenticeship programme allows us to build a pipeline for our own apprenticeship programme.

Recruitment

Attracting more women to manufacturing roles in our Diageo Scotland and Diageo Great Britain businesses continues to be one of our biggest challenges. The use of gender decoding applications over the past two years has been key to ensuring we do not default to language that could be considered gender specific in our job advertisements. This year, we made a significant investment in an industry-leading gender decoding tool to ensure that we are continuing to eliminate possible bias in our

postings, and to begin to improve our ability to track the impact of these changes on attracting broader and more diverse candidates.

In recent years we identified that better connections to our local communities would also support wider candidate pools. We have continued to make progress this year by working with councils and local communities on diversity initiatives and workshops that we hope will support recruitment in those areas, particularly in Edinburgh and around our Runcorn site.

While Covid-19 meant we couldn't attend university and college fairs as usual, we continued to connect with potential apprentices and graduates virtually by hosting information sessions for students at universities and colleges in Scotland. These sessions focussed on the various entry-level roles available at Diageo, including apprenticeships, graduate programmes and internships, as well as the potential for career progression in the company.

Case study

Being *inspired & inspiring* others: STEM careers at Diageo



Jillian Fisher

In a career filled with highlights, one in particular stands out to Jillian Fisher. “Contributing to Diageo’s ‘Society 2030: Spirit of Progress’ sustainability goals will forever stay with me. They’re not only making an impact within Diageo, but in wider society as well.” Jillian, our Beer and Baileys Sustainability Lead within Diageo’s Global Sustainability team, aligns manufacturing and brand team plans to support Diageo’s global sustainability ambitions. “My role is to be the sustainability ‘conscience’ and ‘change agent’ within my area to drive progress in the right direction from grain to glass.”

Jillian’s current role is the culmination of a diverse career in Diageo – one that began with an early passion for biology and environmental science and a technical apprenticeship with Diageo straight out of school. While the opportunity to qualify as a lab technician and study for a Higher National Diploma as part of the apprenticeship was a clear draw, it was also the career potential that Jillian remembers well. “Although I was only sixteen, I was very passionate about apprenticeships in local areas. I could see the impact that it had on me and could potentially have on other people – that was really important.”

The apprenticeship allowed Jillian to identify the scientific area in which she had the most interest. “Our business is built on microbiology and yeast. I decided that I needed to get qualifications in this

and make this my own role.” Diageo sponsored a part-time degree in microbiology and biotechnology at Edinburgh Napier University, allowing Jillian to continue to work on a major raw materials innovation project while she studied. “It was honestly one of the best times of my life. It was tough, but it was worth it. The process started on a tiny scotch still in the lab and we ended up producing hundreds of thousands of litres at a Speyside Distillery. The responsibility was challenging, but it was so rewarding.”

Jillian’s career since has spanned everything from creating new liquids from raw materials and analysing the unique scientific fingerprints of Diageo brands, to working with environmental start-ups to identify innovative technologies that reduce water consumption and maximise the efficient use of natural resources in whisky production.

Throughout all of these projects, her dedication to increasing awareness of STEM careers has been a constant, not least her leading role in developing a ‘Potion Masterclass’ as part of a STEM education programme with local schools that was shortlisted for a Scottish Education Award. “One of the pupils wrote to me to say that she used the knowledge she gained in the activity to be accepted into the Scientific Society Club in her school, and now wants to become a scientist. That was the most rewarding piece out of it all. That’s the outcome we’re looking for.”

Closing the gap continued

Beyond gender

At Diageo we embrace diversity in the broadest possible sense, including gender, ethnicity, ability, age, sexual orientation, social class, education, experience, ways of thinking and more. Ambition and action are required to shape a successful and more diverse business for the long term, which is why we've set bold goals as part of our 'Society 2030: Spirit of Progress' action plan. We have set new goals to ensure 50% of all leadership roles are held by women by 2030¹ and we want to increase representation of leaders from ethnically diverse backgrounds to 45% by 2030.² This year we developed a progressive Ethnic Diversity Framework to support this ambition, and our leaders were named in the Empower Ethnic Minority Role Model lists, a recognition of those who are driving the charge for inclusive and diverse businesses.

Managers have a unique opportunity to drive inclusive recruitment and hire talented, diverse people for Diageo. Launched in March 2021, the Hiring Manager Guide examines potential racial bias across each step of the recruitment process and highlights specific recruitment scenarios in which bias might occur. Hiring managers hear directly from Diageo employees about their experience of the recruitment process and cover topics such as 'Creating an Inclusive Candidate Experience' and 'Eliminating Bias'. The Guide

also includes tips on how to avoid common mistakes and advice on how to write inclusive job descriptions. It forms part of the Confronting Racial Bias training launched in November 2020, which is mandatory for all employees. This training has been met with a positive response, with feedback calling it "eye-opening and practical" and training that "inspires thinking and change".

As well as improving our internal practices, we continue to work with others to drive change. Last year we joined the 'Change The Race Ratio' campaign to champion ethnic diversity in business in Great Britain, and we are members of the World Federation of Advertisers' Diversity & Inclusion Taskforce, as well as Open for Business, a coalition of companies that advocates LGBTQ+ rights around the world. We have been a founding member of the United Nations' Unstereotype Alliance since its launch in 2017, working to portray equality and diversity in our work and collaborating with peers across industries to combat harmful stereotypes in advertising. Over the last year we trained almost 2,000 marketers and agencies around the world in our four-part Progressive Portrayal programme, which breaks stereotypes in advertising in the areas of gender, race, sexuality and age, and covers representation, perspective, and characterisation.

We also continue to build employee-led advocacy through active employee resource groups (ERGs). These groups start thought-provoking conversations on a range of important and challenging topics and offer leaders the opportunity to understand the barriers and concerns of diverse communities both within and outside the organisation. This allows us to develop progressive approaches to breaking down barriers and introduce initiatives to create a sense of belonging and opportunity for all. Diageo's ERGs are global and span diverse interests, such as our Race, Ethnicity and Cultural Heritage (REACH) ERG, whose members work to celebrate the contributions of ethnically diverse employees. The members of our We Are All Able ERG contribute to building a more inclusive organisation by driving understanding of disability through education and training. Our ERGs organise Diageo's annual 'INC Week', a dedicated week of virtual panels, discussions and webinars across a wide range of topics that encourage Diageo employees to champion inclusion, celebrate diversity, have open conversations, and step out of their comfort zone.

Our ERGs also help shape progressive policies and practices, such as our global Menopause Awareness Guidelines, 'Thriving Through Menopause'. Launched in March 2021 with input from Diageo's Spirited Women Network, the guidelines aim to raise awareness and understanding of menopause. They also offer practical guidance on the resources available to employees and line managers who may be experiencing menopause or wish to support someone who is. In partnership with Diageo's Rainbow Network ERG, in October 2020 we also launched Gender Identity and Expression Guidelines to ensure fair treatment and support for our employees with diverse gender identities.

Over the past year, it has become even more important to embed more flexible ways of working, so our people can own how they deliver their best work. The 'Diageo Flex Philosophy' and our continued partnership with flexible working consultancy, Timewise, allow us to further support and promote flexible working for both men and women, and to continue to drive change within Diageo.



Diageo people have been recognised for their efforts to champion the LGBTQ+ community in business. [Learn more.](#)

1, 2. Statements on representation are an ambition for Diageo and should not be considered a target

Case study

Thriving through menopause: Diageo's Menopause Awareness Guidelines



Julie-Ann Rooney

"I suddenly felt like I couldn't do my job anymore," says Julie-Ann Rooney of when she started experiencing menopause symptoms. "I'd always felt very capable, very confident, very strong - and suddenly I became a wreck." Julie-Ann is a Performance Improvement Lead at Diageo's Shieldhall manufacturing site in Scotland, where she coaches teams in manufacturing excellence. "It's almost like the menopause strips away your personality - which is hard and really affects your relationships. And when your relationships at work are affected, your mood and your self-worth is affected."

Introduced in March 2021, Diageo's global Menopause Awareness Guidelines aim to raise awareness and understanding of what can, often, be a taboo subject. Around 30% to 60% of women¹ will experience physical and or psychological symptoms associated with menopause, and while symptoms differ from person to person, Julie-Ann's experience is one that is common in the workplace.

"I felt more comfortable when the guidelines came out," explains Julie-Ann, who also sought support from her doctor. "If someone asks whether I'm OK, or notices that I look a bit tired, I can say I'm going through the menopause and

I'm just exhausted today - and it's OK to say that." The guidelines also provided Julie-Ann with an opportunity to share her experience with colleagues. "Because they'd seen my story, they felt comfortable speaking to me, and we were suddenly sharing stories. I saw that the guidelines were my tool to help support people."

In addition to raising awareness of the impact menopause can have, Julie-Ann believes the guidelines' practical considerations are especially important for those in manufacturing roles like hers. "If you're working on a production line you need someone to cover your role if you need to step away - and we're making sure we have mental health first-aiders around that can support as well."

The guidelines also aim to support women's longer-term career plans. "We are providing strengthened support and flexibility during what many women can find a challenging time in their professional careers," says Louise Prashad, Diageo's Chief HR Officer. It's a point echoed by Julie-Ann: "We need to recognise the challenges women may face when they make career decisions whilst impacted by menopause. Whilst there isn't a one-size-fits-all solution, the guidelines have encouraged me and my colleagues to seek the support we need for our careers to progress."

1. We reference women/female in relation to assigned female at birth (AFAB)

Statutory disclosures

Diageo Great Britain

	2021	2020
% male/female employees	53.5%/46.5%	53.8%/46.2%
Median gender pay gap	-23.3%	-20.5%
Mean gender pay gap	-8.5%	-5.2%
Median bonus pay gap	+25.8%	-24.5%
Mean bonus pay gap	-16.4%	+26.0%
% males/females receiving a bonus payment	42.6%/29.2%	80.1%/84.6%
Upper quartile* (male/female %)	49.0%/51.0%	52.0%/48.0%
Upper middle quartile (male/female %)	45.0%/55.0%	45.0%/55.0%
Lower middle quartile (male/female %)	57.0%/43.0%	57.0%/43.0%
Lower quartile (male/female %)	65.0%/35.0%	65.0%/35.0%

Diageo Scotland

	2021	2020
% male/female employees	67.9%/32.1%	67.6%/32.4%
Median gender pay gap	+15.0%	+16.8%
Mean gender pay gap	+6.7%	+8.5%
Median bonus pay gap	+12.9%	+20.6%
Mean bonus pay gap	-5.2%	+12.1%
% males/females receiving a bonus payment	19.5%/14.3%	44.4%/68.7%
Upper quartile* (male/female %)	77.0%/23.0%	78.0%/22.0%
Upper middle quartile (male/female %)	74.0%/26.0%	73.0%/27.0%
Lower middle quartile (male/female %)	67.0%/33.0%	65.0%/35.0%
Lower quartile (male/female %)	55.0%/45.0%	57.0%/43.0%

* Quartiles are based on hourly pay rates

Declaration

We confirm the information and data reported is accurate as of the snapshot date 5 April 2021



Louise Prashad
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