----------------------------------------------------------------------------------------------------- Diageo PLC 2013

In my final introduction to our Sustainability & Responsibility Report, I am proud to point to many accomplishments that Diageo has achieved thanks to the tireless commitment of our people. As Diageo continues to grow and evolve, I am confident that my successor, Ivan Menezes, will build upon these successes and progress our work in support of creating long-term value.

For Diageo, earning the trust of all our stakeholders is central to our business strategy. At the heart of our success in driving consistent top line growth and margin expansion are people all over the world. From the farmers who grow the grains we use in our brands, and our own employees, to the customers who sell our products and the consumers who love them, we benefit from the partnerships we create. We also benefit from working in stable, growing economies. That means having relationships of mutual respect with governments, non-governmental organisations and community members who help ensure that we and other multinationals can contribute in a meaningful way.

This year we were honoured to have been named Britain’s Most Admired Company by UK business magazine, Management Today. We also received many other sustainability awards in different parts of the world. Together these recognise our people, who have worked hard to earn the trust of all those whom our business touches.

During my 13 years as chief executive of Diageo, ensuring that our company is a trusted and respected member of society has been very important to me, and I am certain that our approach to sustainability and responsibility has been essential in earning this trust and respect. This approach, aligned with our values, is also a core component of delivering our financial performance because it facilitates our licence to operate, secures our supply of raw materials, generates business efficiencies, and motivates our people.

Among the most basic and essential elements of running a sustainable company is a commitment to health and safety wherever we work. I was deeply saddened that, despite the efforts of many employees across the business to improve our safety culture, four people lost their lives at work this year. Safety must be our number one priority and fatalities at work are simply not acceptable. Our sympathies go to their families, and we are committed to redoubling our efforts to ensure that everyone goes home from work safe every day.

Given the changes our business has been through over the last few years, this year we refreshed our approach to sustainability and responsibility. We interviewed more than 40 stakeholders to understand their social and environmental concerns for our business and industry, taking stock of our changing geographical footprint and any new implications for our Sustainability & Responsibility Strategy.

We were reassured that our stakeholders believe that our programmes are going in the right direction. Our research confirmed the belief that we can and should play an important role in communicating about alcohol responsibly and tackling alcohol misuse. I believe industry collaboration is an important element in this work, which is why, on behalf of Diageo, I signed the CEO Commitments to reduce harmful drinking.

Water stewardship, particularly in communities where access to clean water is limited, was also identified as an important responsibility of our company, our agricultural suppliers and others in the industry.

This is another key element of our strategy, and I am delighted to see developments in water efficiency at many of our sites in addition to a 21% reduction in water wasted at water-tressed sites since 2007. I am also encouraged by innovations such as the new, less water-ntensive, cassava-based beer that we launched in Ghana.

Skills and empowerment – particularly for smallholder farmers and women in our value chain – were other elements that stakeholders prioritised as important for us to address. Empowering people through skills development has been at the heart of our community investment strategy since 2006, when we launched our Learning for Life programme in Latin America. This programme has helped more than 88,000 people progress or launch their careers, and after talking with students this year in Miami, it was moving to see the impact that Learning for Life continues to have years later.

We have much to be proud of this year in building a sustainable and responsible, as well as a profitable, business. I know Ivan shares my commitment to serving our stakeholders, and I believe Diageo is well placed to address the challenges and opportunities that lie ahead as it continues to grow around the world.