

DIAGEO

DIAGEO plc

(Incorporated with limited liability in England and Wales with registered number 23307)

as Issuer and Guarantor

DIAGEO FINANCE plc

(Incorporated with limited liability in England and Wales with registered number 213393)

as Issuer

DIAGEO CAPITAL B.V.

(Incorporated with limited liability in the Netherlands registered with the Dutch trade register under number 78747929 and having its official seat (statutaire zetel) in Amsterdam, the Netherlands)

as Issuer

Programme for the Issuance of Debt Instruments

This Supplement (the “**Supplement**”) to the Base Prospectus dated 20 August 2021 (the “**Base Prospectus**”) which constitutes a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”), constitutes a supplementary prospectus for the purposes of Article 23 of the UK Prospectus Regulation and is prepared in connection with the Programme for Issuance of Debt Instruments established by Diageo plc (“**Diageo**”), Diageo Finance plc, Diageo Capital B.V. (each an “**Issuer**” and together the “**Issuers**”) and Diageo as guarantor. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuer. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

To the extent that any document or information incorporated by reference or attached to this Supplement itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Supplement for the purposes of the Prospectus Regulation, except where such information or documents are stated within this Supplement as specifically being incorporated by reference or where this Supplement is specifically defined as including such information.

The distribution of this Supplement, the Base Prospectus and any Final Terms and the offering, sale and delivery of the Instruments in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement, the Base Prospectus or any Final Terms comes are required by the Obligors and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Instruments and on the distribution of this Supplement, the Base Prospectus or any Final Terms and other offering material relating to the Instruments see “*Subscription and Sale*” in the Base Prospectus. In particular, Instruments have not been and will not be registered under the United States Securities Act of 1933 (as amended) and may include Instruments in bearer form which are subject to U.S. tax law requirements. Subject to certain exceptions, Instruments may not be offered, sold or delivered within the United States or to U.S. persons.

PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED UNDER THE SECTION HEADED “RISK FACTORS” IN THE BASE PROSPECTUS AS AMENDED BY WAY OF THIS SUPPLEMENT.

The Base Prospectus, this Supplement and copies of documents incorporated by reference in the Base Prospectus are available on the website of the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Each Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuers the information contained in this Supplement is in accordance with the facts and this Supplement does not omit anything likely to affect its import.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

Purpose of this Supplement

The purpose of this Supplement is to:

- A. update the Base Prospectus to reflect updates to the section entitled “Risk Factors” on pages 15 to 34 of the Base Prospectus;
- B. incorporate by reference Diageo’s condensed set of financial statements (on a consolidated basis and including the independent review report thereon and the notes thereto) set out at pages 26 to 46 of the interim results of Diageo for the six months ended 31 December 2021 and which include Diageo Finance plc as part of the consolidated group (the “2022 Interim Financial Statements”);
- C. update the Base Prospectus to describe recent developments since the publication of the Base Prospectus in relation to a change to the board of directors of Diageo Finance plc and Diageo Capital B.V.; and
- D. include new “Significant Change” statements.

A. Risk Factors

The following excerpt is inserted immediately following the sentence ending “recovery could vary significantly between and even within markets” on page 15:

“Similarly, Russia’s recent invasion of Ukraine and the escalating military conflict in the region has, amongst other things, resulted in elevated geopolitical instability and economic volatility. For more information on how the invasion may impact the Diageo group, see the risk factor entitled “*The Diageo group’s business may be adversely impacted by the effects of Russia’s invasion of Ukraine*”.”

The sentence beginning “Any future significant deterioration in economic conditions globally” on page 15 becomes the start of a new paragraph.

The current wording “exports from the United States, China the United Kingdom and/or the European Union” on page 16 is amended to “exports from the United States, China, the United Kingdom, the European Union, and/or Russia”.

The current wording “for example, vaccination rollouts are slower than expected or if other preventative measures become less effective” on page 16 is amended to “for example, vaccinations or other preventative measures become less effective”.

A new section is inserted immediately following the sentence ending “heightening many of the risks described elsewhere within this Prospectus” on page 17 as follows:

“The Diageo group’s business may be adversely impacted by the effects of Russia’s invasion of Ukraine

Global tensions, particularly between Russia, the US and a number of European states, have heightened significantly as a result of Russia’s invasion of Ukraine, and the escalation of hostilities between the two countries. While the Diageo group is closely monitoring the situation, the broader geopolitical and economic consequences of the invasion are difficult to predict. Beginning in February 2022, the EU, UK and US, in a coordinated effort and joined by several other countries, imposed a variety of new sanctions with respect to certain regions of Ukraine, Russia and various Russia-related parties. Continued, and any further escalation of, hostilities could result in elevated geopolitical instability, additional trade restrictions (including retaliatory actions taken by Russia in response to sanctions and other restrictive measures imposed against it), disruptions to global supply chains, increases in energy prices with flow-on global inflationary impacts, adverse impacts on markets and a downturn in the global economy.

As of 31 December 2021, Diageo had approximately 300 employees in Russia and only a handful in Ukraine. The employees in Russia - who are mainly in sales roles - remain in employment.

The Diageo group has historically derived a small proportion of its revenue from the distribution of its products within Russia and Ukraine. Diageo’s business in Russia contributed approximately 1% of reported net sales and

of reported operating profit in each of the six months ended 31 December 2021 and the fiscal year ended 30 June 2021. As a result of this exposure and the potential broader ramifications of Russia's invasion of Ukraine (including on the global geopolitical and economic environment), the Diageo group's business and/or the trading prices of its securities may be materially adversely impacted. In particular, the Diageo group faces the following risks:

- The Diageo group's sales in Russia, Ukraine and other countries in the region may be adversely impacted as a result of Russia's invasion of Ukraine.
- Diageo's employees based in Russia may be adversely affected by the trade restrictions imposed on Russia in response to the invasion.
- Given the Diageo group's global presence, it is subject to various sanctions regimes, regulations and orders imposed in response to the invasion, many of which are evolving rapidly. Although the Diageo group is closely monitoring changes to such regimes, regulations and orders, any failure to comply may present legal and reputational risks which, in turn, could have a material and adverse effect on the Diageo group's business. For more information on how a failure to comply with sanctions and other similar regulations and orders may affect the Diageo group, see the risk factor entitled "Any failure by the Diageo group to comply with anti-corruption laws, anti-money laundering laws, economic sanctions laws, trade restrictions or similar laws or regulations, or any failure of the Diageo group's related internal policies and procedures designed to comply with applicable law, may have a material adverse effect on the Diageo group's business and financial results, the Diageo group's reputation and the price of the Diageo group's securities".
- The Diageo group may face certain reputational risks associated with its presence in the Russian market. Whilst the Diageo group announced in early March 2022 that it was pausing exports to Ukraine and Russia, any resumption of such exports and/or its continued presence in the Russian market could lead to negative publicity, damage the Diageo group's brands and reputation and/or have adverse consequences on its operations and/or sales in Russia. In an extreme scenario, this could lead to boycotts of Diageo's products outside of Russia. For more information on how reputational risks may adversely affect the Diageo group, see the risk factor entitled "The value of the Diageo group's brands and its net sales may be negatively affected by its failure to maintain its brand image and corporate reputation or adapt to a changing media environment".
- In March 2022, the Russian government drafted a bill which, if enacted, would enable it to effectively take control of the Russian subsidiaries of international companies, in particular, where such companies closed their operations in Russia following the invasion of Ukraine. Whilst it remains uncertain whether the draft bill will be enacted and, if so, in what form, there is a risk that the Diageo group's business in Russia could be subject to measures imposed by the Russian government under the bill or similar laws.

The situation remains highly uncertain and there may be additional risks to the Diageo group arising out of, or relating to, the Russian invasion of Ukraine and the escalating military conflict in the region. The risks outlined above, as well as any such additional risks, could have a material and adverse impact on the Diageo group's business."

The following sentence is inserted immediately following the sentence ending "reported results of operations from year to year" on page 21:

"For example, the international response to Russia's invasion of Ukraine has had a significant adverse effect on the value of the Russian Ruble, which has reduced the Diageo group's revenue from its operations in Russia."

The sentence beginning "In addition, the Diageo group may be adversely impacted by fluctuations" on page 21 becomes the start of a new paragraph.

The following excerpt is inserted immediately following the sentence ending "in interest rates, mainly through increased interest expense" on page 21:

"Monetary policy in the markets in which the Diageo group operates has generally been accommodative in recent years. However, the global economy has recently experienced high levels of inflation, and market expectations are currently that benchmark interest rates, such as the UK base rate, could begin to rise further and faster than had been anticipated previously. There are also expectations that this could be accompanied

by other measures to reverse accommodative policy, such as quantitative tightening. Sharp increases and/or unexpected moves in interest rates could have macroeconomic effects that materially adversely affect the Diageo group's business and its financial results."

The wording "and military conflicts" is added immediately after "including terrorism" on page 25.

The following excerpt is inserted immediately following the sentence ending "including complying with the European Union Emissions Trading Scheme" on page 27:

"In addition, in March 2022 the US Securities and Exchange Commission announced proposed rules with respect to climate-related disclosures, including with respect to greenhouse gas emissions and certain climate-related financial statement metrics, which would apply to foreign private issuers listed on US national securities exchanges such as Diageo. Compliance with any such reporting requirements may impose substantial costs on the Diageo group."

The sentence "If the Diageo group is unable to accurately measure and disclose such data in a timely manner, it could be subject to penalties in certain jurisdictions" on page 27 is amended to "If the Diageo group is unable to accurately measure and disclose required climate-related data in a timely manner, it could be subject to penalties in certain jurisdictions".

The sentence "The London Interbank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR") and other interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform" on page 27 is amended to "The Euro Interbank Offered Rate ("EURIBOR") and other interest rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory guidance and proposals for reform".

The sentence "These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted" on page 27 is amended to "These reforms generally may have caused, and may in the future cause, such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted".

The excerpt "The UK Benchmarks Regulation and the EU Benchmarks Regulation could each have a material" on page 28 is amended to "These reforms (including the UK Benchmarks Regulation and the EU Benchmarks Regulation, as applicable) could have a material".

The wording "(without limitation)" is added immediately after "factors may have" on page 28.

The following paragraphs on page 28 are deleted:

"Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the UK Benchmarks Regulation or EU Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Instruments linked to a "benchmark".

Uncertainty about the future of LIBOR and other reference rates including EURIBOR may adversely affect the return on the relevant Instruments and the price at which the Instruments can be sold

LIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. On 5 March 2021, the FCA announced that all LIBOR currencies and tenors will either cease to be provided by any administrator or no longer representative. The announcement states that permanent cessation will occur (i) immediately after 31 December 2021, in the case of all euro and Swiss Franc LIBOR settings and certain Sterling, Japanese Yen and U.S. dollar LIBOR settings; and (ii) immediately after 30 June 2023, in the case of certain other U.S. dollar LIBOR settings. In relation to the remaining LIBOR settings (1-month, 3-month and 6-month Sterling, U.S. dollar and Japanese Yen LIBOR settings), the FCA will consult on, or continue to consider the case for, using its powers to continue their publication under a changed methodology for a further period after end-2021 (end-June 2023 in the case of U.S. dollar LIBOR). The announcement also states that consequently, these LIBOR settings will no longer be representative of the underlying market that such settings are intended to measure immediately after 31 December 2021, in the case of the Sterling and Japanese Yen LIBOR settings and immediately after 30 June 2023, in the case of the USD LIBOR settings. Any continued publication of the Japanese Yen LIBOR settings will also cease permanently at the end of 2022."

The paragraph beginning "In addition, on 21 January 2019" on page 28 is amended to:

“In addition, on 21 January 2019, the working group on Euro risk-free rates published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new Euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate that, among other things, continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the Euro risk-free rates working group published its recommendations on EURIBOR fallback trigger events and fallback rates. This may cause EURIBOR to perform differently than it did in the past and may have other consequences that cannot be predicted.”

The excerpt “The elimination of LIBOR or any other benchmark, or changes” on page 28 is amended to “The elimination of any benchmark, or changes”.

The excerpt “whose interest rates are linked to LIBOR, EURIBOR or any other” is amended to “whose interest rates are linked to EURIBOR or any other”.

A new paragraph is inserted immediately following the sentence ending “provisions may not operate as intended at the relevant time” on page 29 as follows:

“Any such consequences of the elimination of any benchmark, or changes in the manner of administration of any benchmark, could have a material adverse effect on the value of and return on any Instruments linked to a “benchmark”. Moreover, any of the above matters could affect the ability of the Diageo group to meet its obligations under the Instruments or could have a material adverse effect on the value or liquidity of, and the amount payable under, Instruments linked to a “benchmark”. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the UK Benchmarks Regulation or EU Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Instruments linked to a “benchmark”.”

B. Incorporation of the 2022 Interim Financial Statements

On 27 January 2022 Diageo published the 2022 Interim Financial Statements. A copy of the 2022 Interim Financial Statements has been filed with the Financial Conduct Authority and, by virtue of this Supplement, the 2022 Interim Financial Statements are incorporated in, and form part of, the Base Prospectus save that any statement contained in this Supplement or in any of the documents incorporated by reference in, and forming part of, the Base Prospectus shall be deemed to be modified or superseded for the purpose of the Base Prospectus to the extent that such a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

Copies of the 2022 Interim Financial Statements may be obtained: (i) by a request in writing to the relevant Issuer at its registered office as set out at the end of the Base Prospectus and marked for the attention of Company Secretariat; (ii) from the offices of the Issue and Paying Agent for the time being in London; or (iii) from the website of the Regulatory News Service operated by the London Stock Exchange at: www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

C. Recent Developments

Since the publication of the Base Prospectus, the following change has occurred in the composition of the board of directors of Diageo Finance plc:

- Ian Thrustle was appointed to the board of directors on 30 September 2021.

Since the publication of the Base Prospectus, the following change has occurred in the composition of the board of directors of Diageo Capital B.V.:

- Ian Thrustle was appointed to the board of directors on 30 September 2021.

D. Significant Change

There has been no significant change in the financial position of Diageo, Diageo Finance plc, Diageo Capital B.V. and their respective subsidiaries since 31 December 2021.

There has been no significant change in the financial performance of Diageo, Diageo Finance plc, Diageo Capital B.V. and their respective subsidiaries since 31 December 2021.