

Supplier finance – supporting small and medium-sized businesses

Suppliers are vital to our business, and cash flow is as important to them as it is to us, especially in tougher economic times. We've launched a supplier financing programme designed to support the businesses that support us.



We rely on a wide network of small and medium-sized enterprises (SME) to supply us with the raw materials, goods and services we need to make great brands. We know that for many of them, trading with Diageo is an important part of their business. Our pilot SME supplier finance programme, launched in 2012, is designed to share the advantages of our strong credit rating and good banking relationships by enabling suppliers in the United Kingdom who wish to benefit from early payment to do so on favourable terms – improving their cash flow, however difficult the times.

Suppliers who sign up to the scheme can receive early payment of their Diageo invoices from Santander, our banking partners, at a reduced rate. The only paperwork required from suppliers is a letter saying they want to participate, and the scheme allows payments to be advanced by as much as 50 days from our normal 60-day payment terms. Rates are significantly lower than normal banking arrangements – so currently¹ for the cost of £3, a supplier could advance payment of a £1,000 invoice by 50 days.

The scheme has proved popular with suppliers, with 122 businesses drawing down £109.5 million so far.

'First two payments have gone through without a hitch – so it all looks good. Schemes like this are always good for a small business like ours where our main focus is on cash flow – so thanks again!'

Audrey Paterson, Admin manager, John A. Smith & Son (Building Contractors) Ltd, based in North Berwick, East Lothian, Scotland

1. Cost is dependent on the London Interbank Offered Rate (LIBOR) and could vary.
