

CARE

Please note that the following pages only describe the benefits under the CARE section of the Scheme from 1 April 2018. If you have been a member of any other section of the Scheme you will need to refer to the appropriate pages on this site for details of the benefits payable in respect of that period of membership. Following a review of the Diageo Pension Scheme all active members have built up benefits on a new "CARE" basis from 1 April 2018, full details of which have been communicated to those affected by the change.

What does it cost?

The Scheme provides you with an excellent package of benefits. You contribute 6%¹ of your Pensionable Pay. The Company will pay whatever is required to meet the balance of the cost of the benefits provided under the Scheme.

How do I pay my pension contributions?

Pension contributions not deducted through the Salary Exchange for Pensions arrangement are automatically deducted from your Pensionable Pay before tax is deducted. This means you will get tax relief on your contributions at the highest rate appropriate to your pay.

What is Salary Exchange?

Salary Exchange gives you and Diageo an opportunity to save money by the way your pension contributions are paid to the Scheme. Whilst contributions deducted from your Pensionable Pay attract income tax relief you will still pay National Insurance (NI) on this part of your pay. Under Salary Exchange, the Company pays your pension contributions to the Scheme by reducing your salary by the amount of your pension contributions. This means that you pay reduced tax and both you and Diageo pay lower NI contributions.

What if I am absent?

Maternity Leave

Will pension contributions still be deducted during my period of maternity leave? Yes, assuming you'll receive maternity pay from the Company, you'll continue paying contributions on your pensionable pay at the rate currently applicable to your level of membership.

However, when your pay reduces below your normal level of pensionable pay, you'll only be required to pay contributions on your reduced pay. If your pay stops altogether, or if you're not entitled to maternity pay, you won't be required to pay any contributions during this part of your maternity leave.

Will my pensionable service build up during maternity leave?

Assuming you return to work, you'll be credited with pensionable service for any period of ordinary maternity leave.

What happens if I don't return to work?

¹ Members of DCL, Bells and AGS section immediately on 31 March 2018 paid contributions at a lower rate for a transition period.

Your pensionable service will stop at the end of the month when your contract of employment ends.

Where can I get further information?

For more general information about maternity leave, you should read a copy of the Company's maternity policy available from Firstpoint.

Temporary Absence

If you are away from work you will normally be treated as having left service if you stop receiving contractual pay. The Company and the Trustee may however, agree to treat you as still in service for so long as they see fit and the Inland Revenue allows if you are away from work or on secondment.

What will I get?

At normal retirement date

Your normal retirement date is the last day of the month in which your 65th birthday falls. The pension you receive at retirement is paid monthly in advance for the rest of your life and will be increased each year. The amount of pension will be based on your pensionable service and pay near retirement.

If you retire at your normal retirement date, your CARE level pension will be calculated as:

Accrual rate* x pensionable pay received in each pay period from 1 April 2018 plus an annual increase on your accrued benefit at 1 April each year in line with the increase in the Consumer Prices Index up to a maximum of 5%.

*The rate of accrual was 1/70th from 1 April 2018 to 31 March 2022 and changed to 1/108th from 1 April 2022. The accrual rate from 1 April 2025 will be determined by the mechanism as set out under the Rules of the Scheme

Benefits payable from any Additional Voluntary Contributions you may have made are in addition to those described above. Please see section on Additional Voluntary Contributions for more information.

If you have paid sufficient National Insurance contributions throughout your working life you will also receive the State basic pension from State Pension Age.

On early retirement

However, not everyone waits until their normal retirement date before claiming their pension. The Scheme offers early retirement terms, which allow you to retire at any time after your 50th birthday.

If you retire before your normal retirement date, your pension may be reduced to reflect that it is being paid early. The reduction will depend on your age when you retire. As an active member, if you retire between age 60 and 65, your pension will not be reduced for early payment. If you retire before age 60, your pension will only be reduced by 5% for each year it is taken before age 60.

Incapacity retirement

If you become seriously ill, you can apply to the Trustees for an incapacity pension. The amount of pension you would receive depends on the extent of your illness or disability. Incapacity pensions are not reduced for early payment.

If granted, the Trustee may from time to time require a medical review of your continued Total or Partial Incapacity. Following the review the Trustee may increase, reduce, suspend or withdraw the pension and adjust any benefits payable on your death as it considers appropriate.

Options on retirement

When you retire, you will usually be able to give up part of your pension for a cash sum known as a pension commencement lump sum. Under current legislation this is paid tax free. If you do decide to take a lump sum, any pensions payable on your death will not be affected.

You will normally be able to take a pension commencement lump sum in the region of:

25% of the value of your pension benefits

The amount of pension you give up depends on the amount of lump sum you wish to take and your age at retirement.

Pension increases

For further information on how pensions in payment are increased please see the *Pensioners guide*.

What happens if I leave?

If you leave the Scheme before normal retirement date, you will be known as a deferred member. You will have the following rights and options:

- As a right, you will be entitled to a deferred pension calculated in the same way as at normal retirement date but based on your pay and service at your date of leaving. The deferred pension is payable from your normal retirement date.
- You have the option to transfer your deferred pension to another pension arrangement
- If you are age 50 or over, you may take an early retirement pension

For further information on how pensions increase whilst in deferment, please see the *Deferred Members guide*.

Early payment

You also have the option to claim your deferred pension at any time after age 50 with the Trustees' consent. The pension will normally be reduced because it is being paid early.

If you are entitled to a deferred pension and become seriously ill, you can apply to the Trustees for an incapacity pension. If you are granted an incapacity pension, the pension would not be reduced for early payment.

Transfer to another pension arrangement

If you leave the Company, you can choose to transfer the value of your deferred pension to your new employer's Scheme or to another suitable pension arrangement.

The transfer value is calculated on a basis agreed by the Trustees on the advice of the Scheme actuary and in accordance with legislation.

Who benefits if I die?

The Scheme provides you with peace of mind by providing benefits for your family if you die.

Any lump sum benefits payable on your death are payable at the discretion of the Trustee. Because of this, they're not subject to inheritance tax. The Trustee will, however, take account of your wishes and it's therefore important to complete an Expression of Wish form. This can be done online under the *Expression of Wish section*.

If you die whilst in Diageo employment, the following benefits are payable:

- life cover equal to the greater of either 4 times your Pensionable Pay plus a refund of your own contributions
- a pension for your spouse payable for life of 50% of your prospective pension (if you are unmarried this pension can be paid at the Trustees' discretion to a dependant)
- a pension for each child (up to a maximum of four) of 12.5% of your prospective pension
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Death in deferment

If you die as a deferred member, the following benefits are payable:

- a refund of your contributions
- a pension for your spouse payable for life of 50% of your deferred pension built up from 1 April 2018 (if you are unmarried this pension can be paid at the Trustees' discretion to a dependant)
- a pension for each child (up to a maximum of four) of 12.5% of your deferred pension built up from 1 April 2018

Death in retirement

If you die following your retirement, the following benefits are payable:

- a pension for your spouse payable for life of 50% of your pension at the date of death, built up from 1 April 2018, plus any pension you exchanged for a lump sum at retirement, with increases to date (if you are unmarried this pension may be paid at the Trustees' discretion to a dependant)
- a pension for each child (up to a maximum of four) of 12.5% of your pension at the date of death, built up from 1 April 2018, as described above
- if you die within five years of retiring, the balance of five years' pension payments payable as a lump sum

Running the Scheme

The Scheme is set up and run under a Trust Deed and Rules.

The Scheme is managed by a trustee company, Diageo Pension Trust Limited, whose directors are responsible for running the Scheme in the best interests of all the Scheme's members.

The Scheme assets are held entirely separate from those of the Company and can only be used for the benefit of members and their dependants. The Trustee manages the Scheme's investments in accordance with the Trust Deed and Rules and the legislative requirements and its Statement of Investment Principles. A copy of the Rules and the Statement of Investment Principles can be found online under *Scheme Information*.

Changing or closing the Scheme

The Trust Deed and Rules contain provisions for amending, closing or winding up the Scheme.

The Company may terminate the Scheme at any time by giving written notice to the Trustee. In addition, the Company may make changes to the Scheme subject to a period of consultation with members and certain legislative restrictions.

Your benefits are not assignable

Your Scheme benefits are strictly personal and cannot be assigned to any other person or used as security for a loan. Any attempt to do so may result in loss of benefits. Please note however, that should you divorce, the court has certain powers to allocate a proportion of your Scheme benefits to your ex-spouse.

Regulation of the Scheme

The Pensions Regulator

The Pensions Regulator is the regulator of work based pension schemes in the UK.

Its objectives are to:

- protect the benefits of members of work based pension schemes;
- to reduce the risk of situations arising which might lead to calls on the Pension Protection Fund; and
- to raise the standards of administration of work based schemes.

The Pensions Regulator is based at:

Napier House
Trafalgar Place
Brighton
BN1 4DW

The Pension Protection Fund

The Pension Protection Fund (PPF) was established to pay compensation to members of eligible defined benefit schemes if their employer becomes insolvent and there are insufficient assets in the scheme to cover PPF levels of compensation.

Broadly speaking the PPF protects pensions in payment where the member is already over normal retirement age at the insolvency event (but with reduced pension increases); and 90% of benefits payable to members who were below this age at the insolvency event, up to a cap. The cap varies according to a schemes normal retirement age.

The PPF is funded by levies on pension schemes. The levy consists of a number of components; the two main ones are the risk based levy and the scheme based levy. The majority of the levy comes from the risk based element. This focuses on the funding level of the scheme and the strength of the employer.

The Pension Tracing Service

Details of the Scheme have been forwarded to the Pension Tracing Service. If in the future you should wish to contact the Pension Tracing Service to trace any previous pension rights you can write to:

The Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Telephone: 0800 731 0193

From outside the UK: +44 (0)191 215 4491

General Data Protection Regulation

On 25 May 2018 the General Data Protection Regulation (GDPR) came into law. This marks a change to European privacy laws in relation to the collection and processing of personal information. While many aspects of GDPR are similar to current legislation, it strengthens the law and introduces a number of new obligations on the Trustee. The Trustee has a detailed privacy notice in place providing members with more details about how your information is used for the proper administration of the Scheme. The privacy notice is available online under *Scheme Information*.

Keeping you informed

Each year, whilst you are an active member of the Scheme, you will be provided with a personal statement of benefits, which will illustrate the current value of your main Scheme benefits. In addition, if you pay AVCs, you will receive an AVC statement, which will show the value of your AVC fund.

Solving problems

Any queries about the Scheme and your benefits should be referred to the Pensions Team , who will always try to provide a prompt and accurate response.

If however, you are not satisfied with the response you receive, the Scheme has an internal disputes resolution procedure to resolve any disputes between the Scheme and its members and beneficiaries. You can obtain a copy of the procedure from the Pensions Team. You can find the details online within the *Contacts* section.

You may also apply to The Pensions Advisory Service (TPAS) for assistance at any time. TPAS is available to help members and other beneficiaries who have pension queries or other difficulties, which they have not managed to resolve with their scheme's trustees or administrators. TPAS is a Government funded body and will allocate a professional adviser to liaise with the Scheme on your behalf.

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Telephone: 0800 011 3797

From outside the UK: +44 (0)207 932 5780

Email: enquiries@pensionsadvisoryservice.org.uk

You may also approach the Pensions Ombudsman to decide a matter involving your membership of the Scheme. He can investigate and determine complaints or disputes of fact or law in relation to an occupational pension scheme which are referred to him within his jurisdiction under the Pensions Act 1993.

10 South Colonnade
Canary Wharf
London
E14 4PU

Telephone: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk