DIAGEO
PENSIONS

DIAGEO PENSION SCHEME
SCHEME REVIEW 2018

Read this update to see what's been happening in your Scheme this year.

CHAIRMAN'S REPORT

Welcome to the 2018 Review of the Diageo Pension Scheme. There are some important developments in the Scheme to report and I have provided a summary of these below with further information being included later on in the Scheme Review. In particular, I am pleased to report that the funding level of the Scheme has improved significantly since the last actuarial valuation.

Change to the Scheme Administrator

I want to start this year's review by talking about the appointment of Capita as the new Administrator of the Scheme.

To go back to the beginning, the creation of the Diageo Pension Scheme ("the Scheme") was the result of the merger of the former Guinness United Distillers and GrandMet pension schemes on 1 April 1999. Since its creation, the Scheme has been administered by the Diageo Pensions Team, Diageo's own in-house pensions department based in Edinburgh.

The team was originally the GUD pensions department and, following the merger, became the Pension Administrator of the newly merged scheme. The addition of the larger Grand Met pension scheme added complexity and increased workloads for the team which was a challenge but the team delivered and ensured a smooth launch to the combined Scheme.

Over the subsequent two decades, the pension landscape has become ever more complex due to changing regulations. Changes in the Company's pensions arrangements, including the introduction of new UK pension schemes and different ways of accruing benefits, have compounded the challenges. Throughout all of the changes, the team has continued to deliver an outstanding service, with a number of the original administration team from 1999 continuing in role today and providing their valuable knowledge of the history of the Scheme.

However, times change and it became clear that retaining such a complex operation in house, with the systems, technical and staffing challenges involved was likely not sustainable. Accordingly, the Trustee – in conjunction with both the Company and the Trustees of Diageo's other pensions schemes – undertook a detailed review of the administration arrangements with the objective of ensuring a high quality, reliable service to scheme members which is cost efficient over the longer term. A full, competitive, tender process was completed across a number of potential suppliers before the various trustee boards concluded that Capita in Edinburgh is best placed to provide this service.

A particular concern throughout this process was to find a solution that would minimise the impact on the team and I am pleased to report that the majority of the current team have transferred to the new administrator, Capita. On behalf of the Trustee, the Company and you the members, I would like to take this opportunity to thank the team for their dedicated service in the Diageo Pensions Team over many years. As we look to the future and start a new chapter in the life of the Scheme, I want to wish the team transferring all the very best in their new careers with Capita.

CHAIRMAN'S REPORT

The new administration arrangements have commenced as of 10 September 2018. All members have received individual letters with the new contact details for Capita, which are shown also on page 18. The Trustee will of course work closely with Capita to ensure a continued high level of service, and we will monitor their performance through regular, structured service level reviews.

Triennial Actuarial valuation

The Scheme's triennial actuarial valuation as at 1 April 2018 is currently underway. The purpose of the valuation is to assess the financial health of the Scheme and to:

- estimate how much money the Scheme needs to pay the pension benefits which members have already earned, and
- determine the contributions which the Scheme needs to provide for benefits building up in the future for active members (current employees).

While there is still some work to do, it is clear that the funding position has improved significantly compared with the deficits we have been reporting over the past three years. The conditional contributions agreed at the 2015 valuation will not be necessary, but we are continuing our discussions with the Company on the longer term funding and investment plans for the Scheme, including the Trustee's goal of reaching "self-sufficiency" by 2030. As a reminder, this goal means being fully funded and invested in lower risk assets which are designed to closely match the Scheme's liabilities and thus reduce the possibility of a deficit emerging in future years.

The valuation is also showing that the cost per member of providing future service benefits for current employees remains significant despite the changes which the Company has made to future service pension benefits from 1 April 2018.

The valuation will be finalised over the coming months and in due course we will send a special newsletter to all members confirming the results and our future funding plans for the Scheme.

Changes to future service pension benefits for active members

From 1 April 2018, the Company changed the way active members build up pension benefits in the future. Active members now build up benefits on a Career Average Revalued Earnings basis, full details of which have been communicated to those affected by the change. This change does not affect any benefits built up prior to 1 April 2018. Please note that these changes do not affect deferred members or pensioners.

Upcoming "member options" exercises

One area of note for this year is the significant increase in the numbers of deferred members and those approaching retirement who have elected to transfer their benefits out of the Scheme, with the total amount transferred out over this period amounting to £271 million. The impact on the Scheme of such a large number of members transferring out is broadly positive from a funding perspective as it removes liabilities from the Scheme and reduces future uncertainty and risk. The increase in members transferring out is something which is being seen by many defined benefit pension schemes. The increased activity is being driven by a combination of higher transfer values as a result of low bond yields and the pension flexibilities introduced by the UK Government in 2015 which allow members more flexibility over how and when benefits can be accessed.

Given the increased interest shown by members in the various pension options available and the potential benefits in terms of risk reduction in the Scheme and enhanced security for those who remain in the Scheme, the Trustee has decided to facilitate certain member options exercises over the coming nine months to offer members more flexibility in how benefits are accessed. Please see page 10 for more information.

I would add that making changes to your pension benefits is a significant matter – there is no "right answer" and each member to whom options are available will need to decide what, if any, action to take and avail of independent financial advice.

CHAIRMAN'S REPORT

Other matters

The report provides the usual summary of the Scheme's accounts for the year ended 31 March 2018 and information on the Scheme's investments. You can find some general pensions news and information on other matters which affect members on page 10.

Trustee Board

The elections to fill three vacancies for member nominated Trustee Directors (MNDs) on the Trustee Board for the Diageo Pension Scheme (DPS) and Diageo Lifestyle Plan (DLP) took place in October 2017. In November 2017, John Cant and Jim Donaldson were appointed from the active population (that is, current employees who participate in the Scheme) and Andrew Lynn was appointed from the pensioner population of the DPS. I would like to welcome our new Trustee Directors to the Board. I would also like to express my thanks to Jim McGhee, who retired as a Trustee Director after six years' service.

In addition, I would like to pay tribute to John Nicholls, who has retired as Secretary to the Trustee Board after 14 years' service. John has made a valuable contribution over the years to ensure the effective and efficient running of the Board, providing wise advice on many occasions. The new Secretary to the Board is Aedin Kenealy, who was appointed on 4 September 2018; she brings to the role a wealth of experience as Secretary to the Trustee Board of the Guinness Ireland Group Pension Scheme since 2012.

I hope that you find this report interesting and easy to understand. The Trustee welcomes any feedback you may have; please address any comments or questions to the Scheme Administrator, whose contact details are shown on page 18. You may also like to visit the Scheme website at **www.mydiageopension.com**; it provides useful information and guidance about the Scheme and your pension benefits.

As always, I would like to thank my fellow Trustee Directors, the Diageo Pensions Team and all our advisers for their dedication and work for the Scheme and you, its members, throughout the year.

Charles Coase, **Chairman**

SUMMARY OF THE SCHEME'S ANNUAL ACCOUNTS TO 31 MARCH 2018

Scheme Membership

Membership at 31 March 2018

1,136 Actives
12,423 Deferreds
23,985 Pensioners

Membership at 31 March 2017

1,605 Actives
13,340 Deferreds
24,429 Pensioners

Membership analysis at 31 March 2018

3% Actives
33% Deferreds
64% Pensioners

Active members – current employees who participate in the Scheme.

Deferred members – those members who have either opted out of the Scheme or left the Company and still retain a benefit which will be payable in the future.

Pensioners – those members who are currently in receipt of a pension, including spouses and dependants.

Overall membership of the Scheme has reduced from 39,374 to 37,544 during the year – with a significant number of members electing to transfer their benefits out from the Scheme.

Financial summary
For the year ended 31 March 2018

The summary of the accounts shown has been extracted from the Trustee's Annual Report and Scheme Financial Statements, which have been given a clean audit report by KPMG LLP.

A copy of the formal report is available on the Scheme website at **www.mydiageopension.com**

	£m	£m
Value of the Scheme's Net Assets at 31 March 2017		**7,015**
Received by the Scheme		
Company and member normal contributions	41	
Investment income	108	
Income	**+**	**149**
Paid from the Scheme		
Benefits	208	
Payments in respect of leavers	271	
Administration costs and investment expenses	27	
Expenditure	**-**	**(506)**
Increase in value of investments	**+**	**171**
Value of Scheme's Net Assets at 31 March 2018	**=**	**6,829**

INVESTMENT REVIEW

Investment Committee

The Investment Committee is appointed by the Trustee and operates under its own terms of reference. Assisted by the Scheme's professional investment adviser, Hymans Robertson LLP, the Investment Committee is responsible for advising the Trustee on investment strategy and for appointing and supervising the external investment managers, who are independent of the Trustee and Diageo plc. It reports regularly to the main Trustee Board, making recommendations as appropriate.

The Investment Committee meets on a regular basis throughout the year. It reviews the performance of the Scheme overall, as well as the investment returns of the individual managers, and deals with all other investment related issues. Manager monitoring meetings are held with the investment managers on a regular basis and the outcomes are reported back to the Committee.

Investment strategy and recent developments

The investment strategy of the Scheme aims for long-term performance without taking unnecessary risks. The Trustee has established a de-risking programme which seeks to reduce the level of investment risk as the funding level of the Scheme improves. This is achieved by switching out of Growth assets into lower risk Income and Protection assets.

The benchmark asset allocation for the Scheme for the year under review is set out in the following table.

Asset Class	Benchmark Allocation %
Equities (including synthetic equity)	19
Private equity	5
Property	7
Growth assets	**31**
Income assets (such as bonds and loans)	**31**
Protection assets (such as gilts, swaps and cash)	**38**
Total	**100**

The benchmark asset allocation excludes the Pension Funding Partnership and AVC investments. The Trustee has set ranges around the benchmark asset allocation representing minimum and maximum levels for each asset class. In the normal course of events, if the Scheme's actual asset allocation goes materially outside the range, the Trustee will re-balance by moving assets between the relevant asset classes.

The value of the Scheme's liabilities, the amount needed to meet the benefits payable to members in future years, is significantly influenced by interest rates and inflation.

INVESTMENT REVIEW

Accordingly, as part of the investment strategy, the Trustee has had in place for some years a liability hedging programme designed to mitigate the impacts on the Scheme of changes in the rates of interest and inflation. The programme uses suitable financial instruments, including nominal and index-linked UK government bonds ("Gilts") and interest/inflation swaps.

There has been no material change during the year in the proportion of liabilities covered by inflation hedging, which remains at approximately 80%. The Trustee continues to take a considered approach to its management of interest rate hedging due to the low level of nominal interest rates. The Trustee has in place a process to gradually increase the level of interest rate hedging on a phased basis, along with triggers at which larger increases in hedging would be implemented. This phased process has resulted in an increase in the overall interest rate hedge to approximately 39% of the liabilities as at March 2018.

The Trustee continues to closely monitor the developments in financial markets and their impact on the Scheme in conjunction with its advisors. It is important to take a long-term view on pension fund investments and the Trustee is confident that the Scheme is well placed to weather periods of economic uncertainty. The Trustee will continue to review the investment strategy in conjunction with the Scheme's liabilities.

Investment structure

The table below shows the analysis of the Scheme's net investment assets at 31 March 2018 and the principal investment managers appointed to manage these assets.

Asset class	Principal investment managers	As at 31 March 2018	
		£m	%
Equities	Legal & General Investment Management Limited Insight Investment Management Global Limited	1,216	19
Private equity	Pantheon	357	5
Property	CBRE Collective Investors Ltd Savills LLP	463	7
Growth-asset allocation		**2,036**	**31**
Income-asset allocation	Savills LLP Allianz Global Investors Limited HPS Insight Investment Management Global Limited M&G Investments Western Asset Management Company Limited	**1,974**	**31**
Protection-asset allocation	Insight Investment Management Global Limited	**2,441**	**38**
Assets subject to benchmark		**6,451**	**100**
Pension Funding Partnership		386	
AVCs	Prudential Assurance Company Limited Standard Life Assurance Company	10	
Total net investments		**6,847***	

*At 31 March 2018 the Scheme had current liabilities of £18 million, giving total net assets of £6,829 million.

INVESTMENT REVIEW

In November 2017, the Trustee decided to terminate the Absolute Return Bond Strategy managed by Janus Henderson and allocate the proceeds evenly to the segregated Asset-Backed Securities mandate with M&G, the Secured Finance mandate with Insight and the HPS Core Senior Secured Lending Strategy. The proceeds to be invested within the HPS fund are held, on a short-term basis, within the Insight Libor Plus pooled fund and the M&G ABS mandate until required for investment.

These changes have been made to improve the efficiency and diversification of the investment portfolio.

Self-investment

The investment managers are permitted to invest in securities issued by the Company, Diageo plc, to the extent that the security falls within their investment mandate, up to a maximum of 5% of their portfolio. At 31 March 2018 no manager held shares in Diageo plc other than the holdings in the Legal & General pooled passive equity funds.

Investment performance

The investment return achieved by the Scheme, and its constituent portfolios, is measured by the custodian, Northern Trust Global Services Limited. The total annualised returns achieved by the Scheme, including the liability hedging programme, were:

Investment category	1 year return (%)	3 year return (%)
Growth assets	7.0	12.6
Income assets	4.1	3.4
Protection assets	2.5	9.5
Scheme return	**4.2**	**8.6**

The Pensions Regulator

The Pensions Regulator requires that we tell you if there have been any payments from the Scheme to the Company in the last twelve months. We can confirm that there have been no such payments.

The Pensions Regulator's powers also allow it to intervene in the running of pension schemes if it believes this is in the members' best interests. For example, it can change the rate at which benefits build up in the future, give directions about working out funding targets or impose contribution rates on pension schemes. It has not needed to use its powers in this way for the Diageo Pension Scheme.

INVESTMENT REVIEW

Where can I get further information?

Further details of the Scheme, including copies of the following documents, can be found on the pension website at **www.mydiageopension.com**

- Annual Report and Accounts for the year ended 31 March 2018, which includes the full accounts and membership figures, statements from the Actuary and Auditors, an update on the Scheme's investment performance and details of the Trustee and advisers. Much of this information is summarised in this Scheme Review;
- Actuarial Valuation - shows the funding position of the Scheme as at 1 April 2015;
- Statement of Funding Principles - explains the approach adopted for funding the Scheme;
- Recovery Plan - explains how the funding deficit as at 1 April 2015 is expected to be closed;
- Schedule of Contributions - shows how much money is being paid into the Scheme; and
- Statement of Investment Principles - explains how the Trustee invests the Scheme's assets.

Copies of these documents are also available from the Scheme Administrator, for whom contact details can be found on page 18.

SCHEME AND OTHER NEWS

Upcoming member option exercises

As mentioned in the Chairman's report, the Trustee would like to give you advance notice of some member option exercises to be introduced over the next nine months. Please note there is no action for you to take at this time. Please do not contact the Scheme Administrator, Capita, in relation to these exercises – the letters which we will issue to eligible members in line with the dates set out below will provide further information, including separate contact details.

The options being provided will not be appropriate for everybody (and there is no 'right answer'), but the Trustee will provide access to independent financial advice so that eligible members are able to make informed decisions. The Scheme will pay for this advice. It will not cost you anything.

Transfer option (active and deferred members)

The Trustee is planning to write to deferred members based in the UK with transfer values in excess of £100,000 in March 2019 to explain the transfer option available as an alternative to the option of receiving a pension from the Scheme. At the same time the Trustee will also contact active members regarding the opportunity to transfer out the benefits which have been accrued up to 31 March 2018. The Trustee makes no recommendation as to whether or not members should transfer accrued benefits out from the Scheme – this remains a matter for each member to consider on its merits, after taking appropriate independent financial advice.

Members who are considering a transfer should also note the potential impact of the Money Purchase Annual Allowance (MPAA) on future pension savings. This restricts the tax efficiency of future pension savings should a member take a transfer from a defined benefit scheme and subsequently take a drawdown from money purchase pension arrangements. Please see page 11 for information on the MPAA.

Pension Increase Exchange option (pensioners)

Regulation does not allow members who are already in receipt of a pension from the Scheme to transfer their benefits (with very limited exceptions). However, the Trustee would like to provide current pensioners with some flexibility as to how future pension benefits will be paid. Accordingly, we will be making a Pension Increase Exchange (PIE) option available for a limited period of time to pensioners for whom this is likely to be a practical option. This option will provide pensioners with an immediate increase to annual pension in return for lower pension increases in the future. You do not need to take any action at this time – we will be writing to those pensioners for whom this option is available with full details in November of this year.

As well as providing an option which may be attractive to some of our pensioners, it will also benefit the Scheme if some of our pensioners decide to accept the PIE option. It will make it easier to predict the future cost of providing Scheme pensions. This is because at least part of the pension will be fixed and no longer linked to future increases in inflation which are difficult to predict. This in turn will help the Trustee and Diageo in developing and agreeing plans to maintain the financial health of the Scheme.

The rules of the Scheme have been updated to enable the Trustee to offer members the pension increase exchange option.

Government's Autumn Budget

There were no significant changes to the taxation of pensions included within the 2017 Autumn Budget. However the Chancellor confirmed that the Lifetime Allowance (LTA) will be increased in line with the Consumer Prices Index to £1,030,000 from 6 April 2018. The LTA is the total amount of lifetime savings that benefit from tax relief that an individual can have across all UK pension schemes. Savings above the lifetime allowance are subject to additional tax (the LTA charge).

SCHEME AND OTHER NEWS

Money Purchase Annual Allowance (MPAA)

For individuals who have taken advantage of the pension freedoms introduced in 2015, any money purchase pension savings need to take into account the MPAA. The objective of the MPAA is to limit the extent to which pension savings can be recycled to take advantage of tax relief. Originally the MPAA was set at £10,000 but reduced to £4,000 with effect from 6 April 2017.

What is the MPAA?

The Annual Allowance (AA) is the maximum amount of pension savings (including employer's contributions) which an individual can make each year to UK registered pension schemes that benefit from tax relief. This includes all pension savings in UK registered pension schemes, but excludes the State pension. Any pension savings that build up above the AA, after taking into account any unused AA from the previous three tax years, are subject to an AA tax charge.

The MPAA is a reduced annual allowance which applies only to individuals who have flexibly accessed pension benefits from a money purchase pension arrangement and limits the future contributions which that individual can make to another money purchase arrangement. Please note that, unlike the AA, the MPAA does not take into account any unused allowance from the previous three tax years.

This means that from the 2017/18 tax year, if an individual has flexibly accessed pension benefits from a money purchase arrangement, the amount of contributions they can make to another money purchase arrangement such as the Diageo Pension Plan (DPP), or benefits they can build up in a cash balance plan such as the Diageo Lifestyle Plan (DLP), is limited to £4,000 in each tax year. Any contributions paid to a money purchase plan or benefits built up in a cash balance plan over the £4,000 limit are subject to a tax charge.

If you have triggered the MPAA, accruing benefits in the DPP or the DLP counts towards the MPAA. Accruing benefits in the DPS does not count towards the MPAA.

Where can I get further information?

It is important to emphasise that the MPAA only applies to you if you flexibly access pension benefits from a money purchase pension scheme. If you have flexibly accessed benefits from a money purchase scheme, or are thinking of doing so, you should speak to your Independent Financial Adviser. You can find more information on the MPAA in the HMRC's pension tax manual at **https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm056500**

SCHEME AND OTHER NEWS

Changes to the Company's discretionary pension increase policy

The Scheme Rules set out how pensions in payment should increase each year. In addition, the Company currently has a policy in place whereby it will consider making a discretionary increase to pensions in payment if the Consumer Prices Index (CPI) is above 5% in a year. Discretionary increases are any increases which the Company decides to make **on top of** the increases set out in the Scheme Rules.

Whilst the current policy does not guarantee an increase when CPI exceeds 5%, the policy calls for the Company to consider granting a special increase in such circumstances subject to the Company's and Scheme's financial positions at that time, market practice and the cost of making any additional increase.

The Company has informed the Trustee that it has decided to remove the discretionary pension increase policy with immediate effect. This is in line with general market practice and will also help the Company to reduce the costs and risks of running the Scheme.

Please note that the removal of the discretionary increase policy has no effect while inflation remains below 5% and in fact the last time the company awarded a discretionary increase under the Scheme as a result of inflation being in excess of 5% was some 27 years ago. There is **no change** to your pension increases as set out in the Scheme Rules, which will continue to apply to both pensions in payment and to accrued pensions exactly as they do now.

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 on the Scheme's website at **http://www.mydiageopension.com/scheme/diageo-pension-scheme**

Diageo Retirement Association

The Diageo Retirement Association (DRA) is made up of regional branches which arrange social activities for retired Diageo employees. The DRA closed to new members at the end of 2009.

Over the years, the Diageo Pension Team has provided administrative support to the DRA by providing members' names and addresses, details of deaths and upcoming birthdays to allow the branches to correspond with members.

Under GDPR law, companies which breach the GDPR risk receiving a fine of up to 4% of annual turnover, that's around £500 million for Diageo! The Company assessed the risks involved with continuing to provide data to the DRA branches and concluded that, from 25 May 2018, it is no longer possible for the Scheme Administrator to provide data to the DRA.

Accordingly, if you are a member of the DRA, please advise your DRA branch if you change address or if there is a change in your circumstances. Of course, you should continue to provide this information to the Scheme Administrator as well.

SCHEME AND OTHER NEWS

Additional Voluntary Contributions (applicable to active members)

Additional Voluntary Contributions (AVCs) are a simple and effective way to provide benefits in addition to your benefit from the Scheme. As the name suggests, AVCs are contributions that you choose to pay voluntarily on top of any contributions you are required to pay to the Scheme.

Previously, AVCs could only be paid by members who had existing AVC accounts and the principal provider for AVC funds was Prudential. For members who have not paid AVCs before, you now have the option to pay AVCs to the Diageo Pension Plan administered by Scottish Widows. Your AVC fund is used to provide additional benefits when you retire. You have a range of options for the investment of your money with Scottish Widows. You can elect to start paying AVCs via the Hub.

Diageo Grant Foundation (for pensioners only)

Diageo prides itself in the contribution that it makes to the broader community. One way this is done is through its retiree grant programme, which supports the volunteering activities of retirees in the community by providing a £100 grant to a charity in which they are actively involved. If you would like to apply for a grant you can obtain a form from the Scheme website. The form can be found under Retirement Association within the Pensioner Section or by clicking on this **link**. Application forms are processed through an external agency called the Charities Aid Foundation.

Ensure your dependants are looked after when you die

As part of your Scheme membership, a lump sum benefit becomes payable if you die before retiring. In such cases, the Trustee needs to consider all potential beneficiaries and make a decision as to who should receive the benefits.

To ensure the Trustee considers your wishes, you should complete a 'Tell us who Matters' form to let the Trustee know who you want to receive these benefits. The form is not legally binding (if it were, then any lump sum benefits would be included in your estate and would be taxable) but the Trustee will consider your wishes when it decides who should get the money.

Have your personal circumstances changed?

You may update your wishes at any time – and should review the position periodically. If you have divorced, married or had children, or if there have been any other changes in your circumstances, you may wish to fill in a new form to let the Trustee know of any changes to your wishes.

How do you update your 'Tell us who Matters' form?

You can find a copy of the 'Tell us who Matters' form on the Scheme website at **www.mydiageopension.com/dps.**

Don't forget about any other pension schemes in which you retain benefits, such as those from a previous employment. Make sure that you advise them of any changes in your personal circumstances.

Finally, make sure that your family knows where to find your pension paperwork as they will need it if you die.

SCHEME AND OTHER NEWS

Pension scams

The Pensions Regulator has asked trustees to warn members about pension scams which unfortunately remain common.

A pension scam is when someone tries to con you out of your pension savings and will often start by someone contacting you unexpectedly about:

- an investment or other business opportunity that you've not spoken to them about before;
- taking your pension money before you're 55; and
- the ways that you can invest your pension money.

Ten steps to protect your pension

If you're thinking about how to invest your retirement savings, follow these ten steps to protect your pension.

1. Be wary of cold calls and unsolicited texts or emails

Scammers will often claim they're from Pension Wise or other government-backed bodies. These organisations would never phone or text to offer a pension review.

2. Check everything for yourself

People have fallen for scams because they'd been 'recommended by a friend'. Do your homework, even if you consider yourself to be financially savvy – false confidence can lead to getting stung.

3. Make sure your adviser is on the Financial Conduct Authority (FCA) approved register

Pension scammers may pose as financial advisers. Check to make sure yours is registered on www.fca.org.uk.

4. Check the FCA's list of known scams

Visit https://www.fca.org.uk/scamsmart to see if the deal you're being offered is a known scam.

5. Steer clear of overseas investment deals

Well-known scam types include unregulated investment in a hotel, vineyard or other overseas opportunities, and where your money is all in one place – and therefore more at risk.

6. Don't fall for 'guaranteed' returns or professional looking websites or brochures

No one can guarantee returns on an investment, but anyone can create a smart website or brochure these days that promises enticing returns. Question everything, however credible it sounds or looks.

7. Don't be rushed into a decision

Scammers will try to pressure you with 'time limited offers' or send a courier to your door to wait while you sign documents. Take your time to make all the checks you need – even if this means turning down an 'amazing' deal.

8. If you're aged 50 or over and have a DC pension, talk to Pension Wise

Pension Wise is there to help you investigate your retirement options. Visit www.pensionwise.gov.uk/ for more information (and to check what kind of pension you have).

9. Ask the Pensions Advisory Service for help if you have doubts

You can call them on **0300 123 1047** or visit www.pensionsadvisoryservice.org.uk for free pensions advice and information.

10. Contact your provider and call Action Fraud if you've already signed and think you've been scammed

If you've already signed something you're now unsure about, call Action Fraud on **0300 123 2040** and contact your pension provider immediately. They may be able to stop a transfer that hasn't taken place yet.

SCHEME AND OTHER NEWS

Don't let a scammer enjoy your retirement

Pension scam victims lose an average of £91,000. The Pensions Regulator is raising awareness of how this can happen, and the most common tactics used by fraudsters, in a new joint advertising campaign with the Financial Conduct Authority. Using TV, radio and social media, the Pensions Regulator is urging anyone who is contacted about their pension to visit ScamSmart before they transfer any funds, so that they don't end up becoming the prey of a scammer.

We would encourage you to visit ScamSmart and download the four-step guide on what a pension scam looks like, how to avoid one, and what to do if you suspect a scam. You can follow the Pensions Regulator on Twitter, Facebook and LinkedIn where you will find important messages.

Please see the following link to ScamSmart: https://www.fca.org.uk/scamsmart/how-avoid-pension-scams

All members should also take steps to avoid fraud and cyber crime

Although fraud comes in many forms, there are some simple steps you can take to protect yourself from the crime.

- Do not give any personal information (name, address, bank details, email or phone number) to organisations or people before verifying their credentials.
- Many frauds start with a "phishing" email, asking you to click on a link and confirm your bank details or other private information. Remember that banks and financial institutions will not send you an email asking for your PIN or other confidential information. Do not trust such emails, even if they look genuine. You can always call your bank using the phone number on a genuine piece of correspondence, website (typed directly into the address bar) or the phone book to check if you're not sure.
- Destroy and preferably shred receipts with your bank or credit card details on and post with your name and address on. Identity fraudsters don't need much information in order to be able to clone your identity.
- Make sure your computer has up-to-date anti-virus software and a firewall installed. Ensure your browser is set to the highest level of security notification and monitoring to prevent malware issues and computer crimes.

THE TRUSTEE

The Trustee of the Scheme is Diageo Pension Trust Limited. There are currently 12 Trustee Directors of the Trustee Company who have the responsibility for ensuring that the Scheme is run in accordance with its Trust Deed and Rules.

At present, half of the Directors have been elected by employee or pensioner members. The Chairman is a professional trustee, as defined by the Pensions Regulator. All Directors have regular training in connection with their role and are supported by professional advisers who are independent of the Company.

Employer nominated	
Charles Coase, Chairman	
Trustee nominated	**Member nominated**
Sharon Fennessy[3]	**John Cant (appointed 21 November 2017)**
Mena Hatchman[1 2] **(currently on sabbatical leave)**	**Jim Donaldson (appointed 21 November 2017)**
David Heginbottom[3]	**Carolyn Isaacs**[1 3]
Catherine James[2 3]	**Andrew Lynn**[1 2] **(appointed 21 November 2017)**
Caroline Wehrle[1 3]	**Liz Paxton**[2]
	Ian Shaw[2 3]
	Jim McGhee (retired 21 November 2017)

1 Audit Committee member 2 Discretions Committee member 3 Investment Committee member

The main committees of the Trustee Board are the Audit, Discretions and Investment Committees, the members of which are identified above. The roles of the Audit and Discretions Committees are summarised below. Further information on the work of the Investment Committee is provided on page 6.

Audit Committee

The Audit Committee oversees the Scheme's governance, the services and internal controls of the Scheme's administrator and other advisors, and the integrity of the financial statements, including specific areas of judgement and risk. The Audit Committee makes recommendations to the Trustee as appropriate.

Discretions Committee

The Discretions Committee is responsible for exercising on behalf of the Trustee certain discretions under the Rules of the Scheme.

THE TRUSTEE

Secretary	
John Nicholls (retired 31 March 2018) Aedin Kenealy was appointed on 4 September 2018	
Advisers to the Trustee	
Actuary	James Miller – Aon Hewitt
Administrator	Diageo Pensions Team (to 9 September 2018) Capita (from 10 September 2018)
Auditor	KPMG LLP
Bank	Royal Bank of Scotland plc (to 9 September 2018) Lloyds Bank (from 10 September 2018)
Custodian	Northern Trust Global Services Limited
Investment Adviser	Hymans Robertson LLP
Solicitor	Linklaters LLP

WHO TO CONTACT

If you would like further pension information, you can contact the Scheme Administrator in the following ways:

Email: diageopensions@capita.co.uk

Telephone:
Administration queries: 0333 222 0086
Pensioner payroll queries: 0333 220 0259

Website: www.mydiageopension.com

Writing: Diageo Pension Scheme
Capita
PO Box 555
Stead House
Darlington
DL1 9YT

Please note that whilst the Diageo Pension Scheme is administered from Capita's office in Edinburgh, all post is directed via Capita's office in Darlington.

When contacting the Administrator, it is helpful if you provide your full name, address and telephone number, date of birth and your National Insurance number.

If you have a complaint, please raise it with the Pension Team Manager, at the above address. If you are dissatisfied with the decision of the Pension Team Manager, please ask for details of the Trustee's Internal Disputes Resolution Procedure.

Please note that any queries related to your employment with Diageo should be referred to your line manager or local Human Resources Manager.

Keep in touch

It is important that you notify the Scheme Administrator of any change of address in writing, even after you leave Diageo, so that we can ensure that you receive your benefits when they become due.

DIAGEO
PENSIONS