

Statement of Investment Policy Principles (SIPP)

Guinness Ireland Group Pension Scheme AVC arrangement

1. Background

This statement summarises the Trustee's investment policy in respect of the Scheme's AVC arrangement and how it is implemented.

This statement has been produced after consultation with our professional investment advisers and meets the requirements of Section 59 (1) (B) of the Pensions Act.

It will be reviewed every three years or whenever there is a change in the investment principles. The Trustee will monitor compliance with this statement.

A copy of this SIPP has been provided to the Investment Manager(s) and the Company.

2. Investment Objectives

The primary investment objectives of the Scheme's AVC arrangement is:

- To provide members with an appropriate range of funds for investment, having regard to the varying nature and duration of members' liabilities generally under the Scheme.
- To enable members to make appropriate investment choices through the provision of appropriate information on the funds available.
- To provide for proper investment of the resources of the Scheme in accordance with relevant legislation and the rules of the Scheme.

3. Governance

The Trustee of the Scheme is responsible for the investment of the assets. They set the investment objectives and strategy. The Trustee takes advice from professional advisers when deciding on the appropriate strategy. The strategy and objectives are regularly reviewed by the Trustee.

4. Measuring Risk

As the Scheme's AVC arrangement is defined contribution in nature, the Trustee has determined a range of investment fund options to provide members with a sufficient range of investments to enable the members generally to invest taking account of the varying nature and duration of members' liabilities.

The Trustee has considered the following sources of risk:

- The risk of achieving insufficient capital growth over time leading to an overall return which is lower than inflation.
- The risk of a significant fall in the value of a member's AVC fund due to investment market volatility as a member approaches retirement.

- The risk that changes in interest rates result in a change in the cost of annuities that is not reflected in the change in the value of the member's AVC fund.
- The risk that the chosen investment managers do not meet their investment objectives, or deviate from their intended risk profile.
- The risk that members invest in inappropriate funds as a result of uninformed decisions or lack of understanding.
- The risk that Environmental, Social and Governance (ESG) factors adversely affect the sustainability of the investment options and/or the risk-adjusted returns available to members.

These risks are assessed by regular review of the investment manager(s) and of the funds offered by the Trustee having regard to the changing needs and profile of the Scheme's membership as a whole.

5. Managing Risk

The Trustee has chosen investment options so that the risks identified in the previous section are kept to an acceptable level. Risk management measures include:

- A sufficient range of asset classes in order to allow members access to the main asset classes and enable them to elect choices across the risk/return spectrum.
- Regular reviews of comparative fund performance information are carried out by the Trustee.
- Appropriate and sufficient information is offered to members by the Trustee so as to assist members to make informed decisions on investment choices.
- Investments are, for the most part, limited to marketable securities traded on regulated markets.
- The Trustee delegates the management of Environmental, Social and Governance factors within each fund to the investment manager(s). From January 2019 onwards, ESG risks will be reviewed and considered by the Trustee as part of each triennial investment review.

6. Investment Options

Having regard to the varying nature and duration of the members' liabilities generally under the Scheme's AVC arrangement and the policies noted above, the Trustee offers the investment options communicated to members from time to time.

Approved by the Diageo Ireland Pension Trustee Designated Activity Company on 11 May 2018.