

Factsheet

Pension provision for employees permanently transferring employment from one Diageo business to another on or after 1 April 2011

Background

As a multinational company Diageo recognises that its employees may transfer between different businesses/geographies whilst continuing to be employed by Diageo.

This guide summarises how your pension benefits will be treated if you transfer on a permanent basis to a new business within Diageo. Please note that depending on the complexity of individual circumstances and/or country specific legal requirements, Diageo may adopt an alternative approach to that outlined in this communication. If so, you will be notified accordingly.

Diageo Policy

If you permanently move from one Diageo employer/location to another:

- **You will receive a pay and benefits package appropriate to that new employer/location.** This means that you will become a member of the pension arrangement appropriate to that new country.
 - Providing it is permitted by local regulations, you will become a deferred member* of the pension arrangement of the country you leave and will retain deferred pension benefits in that arrangement.
- * A deferred member is a member that leaves a pension arrangement before normal retirement date.
- You will no longer pay contributions into the pension arrangement of the country you leave but instead will pay contributions appropriate to the arrangement in the new country.
 - No further contributions or credits will be made to the pension arrangement of the country you leave.
 - If you return to the country you left at any point in the future, you will be eligible to join the pension arrangement open to new employees at that time.
1. If the pension arrangement of the country you leave is a **defined contribution plan** your individual account will continue to be invested in the funds you have selected, or subject to plan rules, in other available funds you select in the future until the date of payment.
 2. If the pension arrangement of the country you leave is a **defined benefit cash balance plan** (e.g. the Diageo NA Cash Balance Plan; the Diageo Lifestyle Plan in the UK) the balance built up in the plan will receive increases between the date you leave the plan and the date of payment in accordance with those specified under the Rules of the pension arrangement.
 3. If the pension arrangement of the country you leave is a **defined benefit final salary scheme** (e.g. the Diageo Pension Scheme in the UK) then you will be entitled to a deferred pension calculated in the same way as at normal retirement date as defined under the terms of that scheme but based on your relevant pay and service immediately prior to the effective date of your transfer to the new business/country. This pension will be increased each year in line with the increases applied to early leavers as set out in the Rules of the scheme.
 4. **Waiting period/vesting contributions.** In all cases, the assessment of whether a member has complied with any waiting period (i.e. any period for which a member has to be employed before being eligible to join a Diageo pension arrangement) or any vesting conditions (which determine benefits payable on early exit) will be based on aggregated pensionable service. This means that, in many cases, no waiting or vesting period will apply on movement from one location to another.

5. **Transfer values.** The cash equivalent value of your pension benefits will not normally be transferred between Diageo pension arrangements. However, on leaving Diageo employment it may be possible for a transfer value to be paid to another approved occupational plan or an appropriate personal arrangement. The payment of transfer values will, of course, be a personal decision and also will be governed by legislation applicable to the relevant pension arrangement at the time any transfer is made and whether or not the receiving arrangement can accept a transfer value.
6. **Death-in-service benefits.** If you die during employment, any death benefits, including provision for a spouse/dependant and any children, will be as defined in the rules of the pension arrangement of which you are a member at the date of death. Any benefits to be paid in respect of membership of a previous Diageo pension arrangement will be paid at the same time in accordance with the rules of that arrangement.
7. **Ill-health provisions.** Ill-health benefits, if any, will be as defined in the rules of the arrangement of which you are member at the date of incapacity. Any benefits to be paid in respect of membership of a previous Diageo pension arrangement will be paid at the same time in accordance with that arrangement's rules.
8. **Payment of benefits.** Benefits will be calculated and paid in the local currency of the arrangement(s) in which you have earned benefits. If the benefits are required to be paid in a different currency, the conversion to this currency will normally take place at the point that each payment is made. Any exchange rate cannot be guaranteed, and the risk of currency fluctuations will be borne by the member.
9. **Pension increases after retirement.** Increases to pensions in payment, if applicable, will be awarded strictly in accordance with the rules of each arrangement in which you have earned benefits.
10. **Other important information**

Income Tax

Pensions are normally treated as earned income for tax purposes, and tax will typically be deducted at source i.e. by the local plan administrator before your pension is paid to you. However, if a double taxation agreement is in operation, it may be that your pension will be taxed in your country of residence instead. You will need to clarify this position with your income tax adviser(s).

Legislation

All pension arrangements are governed by their respective rules and relevant local legislation. It should be noted that both rules and local legislation change from time-to-time. Benefits earned in different plans will always be governed by the rules of the arrangement and legislation in force during the period in which benefits were earned.

Change of Address

It is important that all pension arrangements are notified separately when you change address.

Contact information

If you have any queries, please contact the Diageo Pensions Team on the details shown below.

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