



# Diageo Pension Scheme **Scheme Review 2017**

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



# Chairman's Report



Welcome to the 2017 Diageo Pension Scheme Review.

I am pleased to report an improvement in the funding level of the Scheme over the course of the year, to 97%. The deficit has fallen to £226 million and our plans to eliminate the deficit by 2024, backed by the support of the Company, are on track. We will review more formally at the valuation which is due next year.

The Trustee has also been monitoring the Company's review of the Scheme. Following an extensive consultative review process, the Company has decided to change the benefits, for active members of the Scheme, which accrue in respect of future service after 1 April 2018. Benefits from this date will build up on a new "CARE" basis, which means that benefits from that date will be based on your salary during each year of service (rather than being based on your final salary). This change does not affect any benefits built up prior to 1 April 2018. We would like to re-iterate and re-assure that there is no impact for deferred or retired members of the Scheme.

Now that the review of the Scheme is complete, the process for election of member-nominated Trustee Directors has re-commenced. Letters have been issued inviting nominations from active members for two vacancies and from pensioner members for one vacancy. Following the conclusion of the election process, it is expected that the successful candidates will be formally appointed at the Trustee meeting in November 2017.

Turning now to the regular updates, on the accounts of the Scheme, the performance of the investments and the progress with our plans to restore the Scheme to a fully funded position, I have provided a summary of the key points below and there is further detail in the subsequent pages.

## Summary of the Scheme's accounts

As you will see on page 4, the value of the Scheme's net assets increased over the year from £5.9 billion to just over £7.0 billion. The Scheme paid benefits to members and expenses totalling £344 million and received cash contributions from the Company of £45 million (including contributions made on behalf of members under the salary sacrifice arrangement). The Scheme's investments delivered income of £133 million and their market value increased by £1.2 billion.



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# Chairman's Report

## Investment review

As you can see from the summary of the accounts, it's been a super year for investment returns.

You may recall from last year's Report that the Scheme's assets are now grouped as "Growth", "Income" or "Protection", reflecting the different roles that they play in the overall investment strategy. The Growth assets (such as equities) seek to generate higher returns, in excess of the Scheme liabilities, to help us close the funding shortfall. The Income assets (such as loans) also seek to outperform liabilities or cash but by a smaller margin with returns being more focussed on regular income streams to help provide more stability to returns and meet our significant ongoing net cash requirements to pay benefits to members. The Protection assets (such as Government bonds or Gilts) seek to reduce the volatility of the funding position by more closely matching the Scheme's liabilities and helping meet net cash requirements.

In this context, the Growth portfolio delivered a very strong performance, up 29.5% overall and exceeding its benchmark of 23.4% and the Income portfolio delivered a return of 5.0% against its benchmark of 0.7%. Over the past three years, these portfolios have delivered a combined return of 9.5%. The Protection assets also grew strongly during the year, to help offset a growth in the liabilities.

Of course, financial markets have been favourable during the year and we cannot expect these sorts of returns to be repeated – indeed, there are some signs of an increase in volatility and some concerns about a sharp fall in equity markets. The Investment Committee of the Trustee is not trying to predict the market but rather to set an investment strategy that balances the risks and returns which are necessary to achieve our long term goals. The Committee has made a number of changes within the investment portfolio during or shortly after the year and details of the changes and further information on the investments are set out on pages 5 to 7.

## Funding update

The funding level of the Scheme as at 1 April 2017 was 97%, with a deficit of £226 million. This is a significant improvement over the position a year ago, when the funding level had fallen to 92% and the deficit was £491 million. The net growth in the assets of £1.1 billion exceeded the increase of £0.8 billion in the assessed value of the liabilities, caused by the adverse impact of further falls in long-term interest rates. The Summary Funding Statement for the year is set out on pages 8 to 9.

The next triennial valuation of the Scheme, when the Trustee works with the Actuary to make a considered and formal review of the funding position of the Scheme, is due as at 1 April 2018. We have already started the preparatory work for this valuation, which provides the opportunity for us to review our longer term plans and engage with the Company on funding and other issues as required. We expect to bring you the results this time next year.

## Scheme update and industry news

You can find some general pensions news and information on other matters which affect members on page 12.

As always, if you have any comments or questions on this report, please address them to the Diageo Pensions Team, whose contact details are shown on page 15. The Scheme website at [www.mydiageopension.com](http://www.mydiageopension.com) also provides useful information and guidance about the Scheme and your pension benefits.

Finally, we said farewell to Chris Callanan and David Light who resigned from the Trustee board on their departure from Diageo; we wish them well. And, as always, I would like to thank my fellow Trustee Directors, the Diageo Pensions Team and all our advisers for their support 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 2017

## Scheme Membership

### Membership at 31 March 2017

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

### Membership at 31 March 2016

**1,795** Actives  
**15,729** Deferreds  
**26,838** Pensioners



### Membership analysis at 31 March 2017

**4.0%** Actives  
**33.9%** Deferreds  
**62.1%** 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 fallen from 44,362 to 39,374 during the year. In addition to the normal movements, over 4,000 deferred and pensioner members have availed of the opportunity, introduced by the Government's "pension freedoms", to exchange small pension benefits worth less than £30,000 for a one off cash lump sum (subject to certain requirements).

## Financial summary

For the year ended  
31 March 2017

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](http://www.mydiageopension.com)

	£m	£m
<b>Value of the Scheme's Net Assets at 31 March 2016</b>		<b>5,961</b>
<b>Received by the Scheme</b>		
Company and member normal contributions	45	
Investment income	133	
<b>Income</b>	<b>+</b>	<b>178</b>
<b>Paid from the Scheme</b>		
Benefits	234	
Payments in respect of leavers	85	
Administration costs and investment expenses	25	
<b>Expenditure</b>	<b>-</b>	<b>(344)</b>
<b>Increase in value of investments</b>	<b>+</b>	<b>1,220</b>
<b>Value of Scheme's Net Assets at 31 March 2017</b>	<b>=</b>	<b>7,015</b>



# 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)	20
Private equity	6
Property	8
<b>Growth assets</b>	<b>34</b>
<b>Income assets (such as bonds and loans)</b>	<b>29</b>
<b>Protection assets (such as gilts, swaps and cash)</b>	<b>37</b>
<b>Total</b>	<b>100</b>

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.

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. Over the last 12 months the Trustee has put 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 37% of the liabilities as at March 2017.

# Investment Review

Following the outcome of the Referendum on the UK's membership of the EU the Trustee has been closely monitoring 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 this period 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 2017 and the principal investment managers appointed to manage these assets.

Asset class	Principal investment managers	As at 31 March 2017	
		£m	%
Equities	Legal & General Investment Management Limited Insight Investment Management Global Limited	1,644	25
Private equity	Pantheon	351	6
Property	CBRE Collective Investors Ltd Savills LLP	476	7
<b>Growth-asset allocation</b>		<b>2,471</b>	<b>38</b>
<b>Income-asset allocation</b>	Savills LLP Janus Henderson Global Investors Limited HPS (formerly Highbridge Capital Management) Insight Investment Management Global Limited M&G Investments Rogge Global Partners PLC Western Asset Management Company Limited	<b>1,740</b>	<b>26</b>
<b>Protection-asset allocation</b>	Insight Investment Management Global Limited	<b>2,389</b>	<b>36</b>
<b>Assets subject to benchmark</b>		<b>6,600</b>	<b>100</b>
Pension Funding Partnership		417	
AVCs	Prudential Assurance Company Limited Standard Life Assurance Company	12	
<b>Total net investments</b>		<b>7,029*</b>	

\*At 31 March 2017 the Scheme had current liabilities of £14 million, giving total net assets of £7,015 million.

The Trustee made a number of changes within the investment portfolios during the year, most of which were implemented after 31 March 2017:

- Within the Growth assets portfolio, a new Pantheon "Real Assets" mandate has been introduced, to give the Scheme some exposure to infrastructure assets alongside the ongoing commitments to private equity.
- Within the Income assets portfolio, three new mandates have been introduced with the aim of increasing the expected overall yield on the portfolio while also improving the underlying credit quality of the holdings. These mandates have been funded in part by a reduction in the target allocation to physical equities within the Growth assets portfolio, with a corresponding increase in the synthetic\* equity allocation in order to maintain the Scheme's strategic listed equity allocation at 20%.

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

\*Synthetic equity is a form of equity exposure gained through using derivatives rather than holding physical stocks.

# Investment Review

## 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 2017 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 were:

Investment category	1 year (%)		3 year (%)	
	Return	Benchmark	Return	Benchmark
Growth assets	29.5	23.4	15.4	12.8
Income assets	5.0	0.7	3.2	0.7
<b>Sub-total</b>	<b>17.0</b>	<b>12.3</b>	<b>9.5</b>	<b>7.2</b>
<b>Protection assets</b>	37.1		<b>14.5</b>	
<b>Scheme return</b>	<b>25.1</b>		<b>11.4</b>	

No benchmark has been defined for the Scheme's Protection assets given the nature of the liability hedging programme.

# Funding Update

## Annual Summary Funding Statement

The Trustee Directors are pleased to present their Annual Summary Funding Statement as at 1 April 2017.

### What is the purpose of this statement?

Its purpose is to explain the latest funding position of the Scheme and how this has changed since the last actuarial valuation as at 1 April 2015.

### How is the Scheme funded?

Both the Company and members who are still working for the Company contribute to the Scheme. The level of members' contributions is set out in the Scheme Rules and depends on the section of the Scheme to which the member belongs. The Company's contributions are variable and are intended to meet the balance of the amount of money required to pay the benefits. The Scheme is set up as one fund, which the Trustee uses to provide all members' benefits. This fund is held separately from, and is independent of, the assets of the Company.

### How much does the Company currently pay into the Scheme?

The Company pays regular monthly contributions to meet the cost of benefits building up in the future (for members still working for the Company). For the nine months ended 31 March 2017 these contributions were at an agreed rate of 57.0% of pensionable salaries less employee contributions (up to 30 June 2016 the rate was 45.5% of pensionable pay less employee contributions). In addition, the Company pays an additional amount to meet the budgeted ongoing expenses of the Scheme which, for the year ended 31 March 2017, was £4 million.

As reported previously, the deficit at the actuarial valuation at 1 April 2015 was £211 million, with a funding level of 97%. The Trustee and Company have agreed a formal recovery plan to address the deficit. No immediate cash contributions are required as it is expected that the deficit will be removed over the period to 2024 by returns on the assets held by the Scheme.

However, the Company has agreed to make certain future cash contributions if the deficit does not reduce to the extent expected by the time of the next triennial actuarial valuation in 2018. The Scheme also retains its interest in the Pension Funding Partnership with the Company, which provides a "back-stop" security for the Scheme based on the deficit position in 2024 up to a maximum of £430 million.

## What was the Scheme's funding position at the most recent interim actuarial review?

The results of the interim actuarial review at 1 April 2017 are shown below. This review is based on funding assumptions derived from the same methodology as used for the full 2015 valuation but updated to reflect market conditions at 1 April 2017.

The value of the Technical Provisions (liabilities)	<b>£7,229 million</b>
The value of the Scheme's net assets (excluding AVCs)	<b>£7,003* million</b>
Deficit	<b>£226 million</b>
Funding level	<b>97%</b>

\*Comprises the Scheme's total net assets of £7,015 million less AVC investments of £12 million.

## How has the funding position changed since the full actuarial valuation at 1 April 2015?

The actuarial valuation carried out at 1 April 2015 showed that the funding position of the Scheme was 97%, which fell to 92% as at 1 April 2016. The improvement in the funding level in the current year is attributable to the out-performance of the assets relative to the liabilities.

## What is the funding level on the full solvency position?

The Scheme will pay benefits in full as long as it continues. The Trustee is, however, required to advise members of the financial position of the Scheme in the unlikely event that the Scheme discontinued and the Company was unable to pay the benefits due. If the Scheme had been wound up on 1 April 2017, the Actuary estimated that the shortfall on this full solvency basis would have been £2.4 billion, equal to a funding level of 75%.

The full solvency position assumes that benefits would be secured by buying insurance policies; the cost of securing pensions in this way is significantly more expensive than funding them in the Scheme and this is the principal reason for the lower funding level.





# Funding Update

It is important to note that The Pensions Regulator requires us to report the full solvency position but this does not mean the Company intends to wind up the Scheme. Furthermore, the law now stipulates that the sponsoring employer (in this case Diageo) cannot wind up a pension scheme unless it is fully funded on a solvency basis. The only circumstance under which a scheme might be wound up without members receiving their full benefits is when the sponsoring employer becomes insolvent and is unable to give the scheme any further support. However, in such a circumstance, the Pension Protection Fund (PPF) might step in and administer the scheme but with some curtailment of benefits in certain circumstances. Further information about the PPF can be obtained on its website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk).

The funding arrangements for the Scheme assume that the Company remains committed to meeting its obligations to the Scheme in respect of benefits built up to date and has no intention of winding it up.

## Other matters

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.

## 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](http://www.mydiageopension.com)

- Annual Report and Accounts for the year ended 31 March 2017, 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 Diageo Pensions Team, for whom contact details can be found on page 15.

# Scheme and Other News

## Review of the Diageo Pension Scheme

The Company has now concluded its review of the Scheme and has decided to proceed with changing the benefits, for active members of the Scheme, which accrue in respect of future service with effect from 1 April 2018.

The changes for active members are summarised below:

- You will continue to build up pension on current terms until 31 March 2018 and the existing early retirement terms will continue to apply;
- The benefits you build up until this date will continue to be fully protected and linked to your Final Pensionable Pay (or equivalent as defined by the Scheme Rules) beyond 31 March 2018;
- If you take no action, you will automatically start to accrue benefits, from 1 April 2018, on the new CARE\* basis, full details of which have been communicated to those affected by the change;
- The pension benefits you build until 31 March 2018 will be payable in addition to the benefits you will build up on the CARE basis from 1 April 2018.

\*CARE stands for "Career Average Revalued Earnings".

These changes **do not** affect deferred members or pensioners.

## Elections for member-nominated Trustee Directors

The process for election of three additional member-nominated Trustee Directors has re-commenced now that the Company's review of the Scheme is complete. Letters have been issued inviting nominations from active members and pensioner members. Following the conclusion of the election process, it is expected that the successful candidates will be formally appointed at the Trustee meeting in November 2017.

## Diageo Grant Foundation (for pensioners only)

Diageo prides itself in the contribution that it makes to the 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 pension website. Application forms are processed through an external agency called the Charities Aid Foundation.

## Government's Spring budget

In his Spring Budget, the Chancellor of the Exchequer, announced two changes affecting pensions:

- Transfers to qualifying recognised overseas pension schemes (QROPS) could face a new overseas transfer charge; and
- A reduction to the money purchase annual allowance (MPAA) from April 2017.

# Scheme and Other News

## Tax charge on overseas pension transfers

Transfers from a UK registered pension scheme, requested after 9 March 2017, will now attract a 25% tax charge unless at least one of the following conditions is met.

1. The individual and their pension savings are located in the same country immediately after the transfer is made;
2. The individual and their pension savings are both located in the European Economic Area;
3. The QROPS to which the transfer is made is an occupational pension scheme provided by the individual's employer;
4. The QROPS to which the transfer is made is an overseas public service pension scheme; or
5. The QROPS to which the transfer is made is established by an international organisation to provide benefits in respect of past service.

The member and scheme administrator (usually the trustees) will be jointly and severally liable for the tax charge so it should generally be calculated and deducted before the transfer payment is made.

Furthermore, a tax charge may retrospectively be applied within the 5 tax years following the transfer. This will occur if the condition which was met to enable a tax-free transfer subsequently ceases to be met. Similarly, if tax is charged on the transfer and then one of the conditions for a tax-free transfer is met within the following five tax years, an application for a tax refund can be made. Members are required to inform the scheme administrators if they change their residence during the five-year period.

## Money purchase annual allowance

For members who have taken advantage of the pension freedoms introduced in 2015, any defined contribution pension savings need to take into account the MPAA. Originally the MPAA was set at £10,000 and the Chancellor confirmed in his Spring Budget that this would reduce to £4,000 with effect from 6 April 2017. The move is designed to reduce the extent to which individuals can gain a tax advantage by "recycling" their tax free cash.

## Tapered annual allowance

HMRC has introduced a lower annual allowance for individuals with higher incomes, which applies from the tax year 2016/17 onwards. HMRC describes this as "tapering". Tapering will apply only if you have both a "threshold income" over £110,000 and an "adjusted income" of over £150,000. If your threshold income is less than £110,000 you will not be affected by the taper.

The effect of the taper is to reduce your annual allowance as your salary increases. The annual allowance is reduced by £1 for every £2 of adjusted income above £150,000, down to a minimum annual allowance of £10,000.

# Scheme and Other News

## What are adjusted income and threshold income?

Threshold income	Adjusted income
Broadly this is taxable income from <b>all</b> sources:  + Any income sacrificed under a salary sacrifice arrangement entered into on/after 9 July 2015  - Pension contributions paid from taxed earnings	Broadly this is threshold income:  + The increase in 'value' of your employer contribution to any defined benefit arrangement  + Any employer contributions to a defined contribution arrangement

## How will you know if the taper applies to you?

The Pensions Team will carry out an accurate calculation for all members of the Scheme at the end of each tax year. If your Diageo base pay is greater than £100,000 we will contact you with the information you require to determine if you are affected by the tapering.

**If your base pay is less than £100,000 and you have significant taxable income from another source, please contact the Pensions Team.**

## Government limits tax-efficient salary sacrifice arrangements

From April 2017, the government limited the range of benefits that attract tax and employer national insurance (NI) advantages when offered through a salary sacrifice arrangement. However, pension contributions and pension advice are exempt from the changes.

### 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. When this happens the Trustee needs to consider all potential beneficiaries and make a decision on who should receive the death benefit.

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 the death 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](http://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 are on the increase.

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](http://www.fca.org.uk)

### 4. Check the FCA's list of known scams

Visit [www.fca.org.uk/scamsmart](http://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

You can never guarantee returns on an investment, and anyone can create a smart website or brochure these days. 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/en](http://www.pensionwise.gov.uk/en) for more information (and to check what kind of pension you have).

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

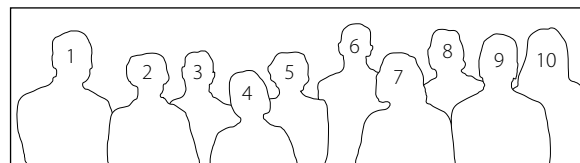
You can call them on 0300 123 1047 or visit [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk) for free pensions advice and information.

### 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.

# The Trustee

The Trustee of the Scheme is Diageo Pension Trust Limited. There are normally 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 least one third of the Directors are elected by employee or pensioner members. The Directors have regular training in connection with their role.



- 1. David Heginbottom\*\*<sup>3</sup>      5. Catherine James\*\*<sup>2,3</sup>      9. Ian Shaw\*\*<sup>2,3</sup>
- 2. Caroline Wehrle\*\*<sup>1,3</sup>      6. Charles Coase\*, Chairman      10. Mena Hatchman\*\*<sup>1,2</sup>
- 3. Jim McGhee\*\*\*
- 4. Carolyn Isaacs\*\*\*<sup>1,3</sup>      7. Sharon Fennessy\*\*<sup>3</sup>      8. Liz Paxton\*\*\*<sup>2</sup>

<sup>1</sup>Audit Committee member      \*Employer Nominated  
<sup>2</sup>Discretions Committee member      \*\*Trustee Nominated  
<sup>3</sup>Investment Committee member      \*\*\*Member Nominated

Chris Callanan and David Light, both Trustee nominated Directors, resigned from the board on 30 September and 30 June 2016 respectively. Jim McGhee has indicated his intention to resign from the board at the meeting in November 2017. As set out on page 10, an election process to select three additional member-nominated Trustee Directors has commenced.

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 5.

## 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.

<b>Secretary</b>	
John Nicholls	
<b>Advisers to the Trustee</b>	
<b>Actuary</b>	James Miller – Aon Hewitt
<b>Administrator</b>	Diageo Pensions Team
<b>Auditor</b>	KPMG LLP
<b>Bank</b>	Royal Bank of Scotland plc
<b>Custodian</b>	Northern Trust Global Services Limited
<b>Investment Adviser</b>	Hymans Robertson LLP
<b>Solicitor</b>	Linklaters LLP

# Who to contact

If you would like further pension information, you can contact the Pensions Team in the following ways:

 <b>Email:</b> <a href="mailto:pensions@diageo.com">pensions@diageo.com</a>	 <b>Writing:</b> Pensions Team
 <b>Telephone:</b> 0131 519 2100	Diageo plc
 <b>Website:</b> <a href="http://www.mydiageopension.com">www.mydiageopension.com</a>	Edinburgh Park
	5 Lochside Way
	Edinburgh
	EH12 9DT

When contacting the Pensions Team, 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 Mrs L Kennedy, Pension Administration Manager, at the above address. If you are dissatisfied with the decision of the Pension Administration Manager, please ask for details of the Internal Disputes Resolution Procedure.

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

## Keep in touch

Efficient, as well as effective, communication is a key focus for the Trustee: we would encourage you to receive all future correspondence from the Scheme by email. Please contact the Pensions Team if you are happy to receive future communications by email.

It is also important that you notify us 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.

## Use of personal data

In providing services, including preparing this Scheme Review, the Trustee and its advisers require access to personal data about members and their dependants. The Data Protection Act governs how the Trustee and its advisers use and store personal data. Members can find out more information about how their personal information is used from the Information Commissioner's website at [www.ico.org.uk](http://www.ico.org.uk). If you have further questions regarding the processing of your personal information, please contact the Diageo Pensions Team.

