



**DIAGEO**  
PENSIONS

## **DIAGEO RETIREMENT SAVINGS PLAN REPORT TO MEMBERS TO 30 JUNE 2019**

Read this update on what has been happening in the Diageo Retirement Savings Plan

# CHAIRMAN'S REPORT



Welcome to the first annual report of the Diageo Retirement Savings Plan (the Plan) which is in respect of the period 1 July 2018 to 30 June 2019. To recap, on 1 January 2019, Diageo's three defined contribution pension schemes in Ireland were brought together with members of the Guinness Storehouse Pension Plan (GSPP) and R&A Bailey Retirement Savings Scheme (RABRSS) joining the Diageo Ireland Retirement Savings Scheme (DIRSS) which was subsequently renamed the Diageo Retirement Savings Plan.

This report provides you with a summary of the Plan's annual report and the performance of the Plan's investment choices for the year.

I am pleased to note that the process of bringing the three schemes together has been completed smoothly. I would like to take this opportunity to thank the Diageo Pensions Team and all those involved in the process. I would also like to pay tribute to the Trustee Boards of GSPP, RABRSS and DIRSS, for their stewardship of the previous schemes and their diligent oversight of the merger process. The new Trustee board, which includes member representation from each of the predecessor schemes, was assembled ahead of the merger and has now met a number of times since January 2019. All Trustee Directors have settled into their role with great commitment and enthusiasm to ensure that you are well served by the Plan. The new board can be found on page 9.

## Summary of the Plan

The Plan is established under a Trust and is governed by its Trust Deed and Rules. It is a defined contribution (DC) plan which is a separate legal entity from the Diageo Ireland Holdings group. The Plan has the approval of the Revenue Commissioners and has been registered with the Pensions Authority. The benefits payable from the Plan are determined by the level of contributions paid into the Plan and by the investment returns achieved on them. Page 3 of this report provides details of the contributions paid into the Plan during the period to 30 June 2019. Pages 5 to 7 provide a summary of the different investment choices in the Plan and their respective performance over the period. All funds are invested with Irish Life. The full annual report for the period to 30 June 2019 is available on the pension website at <https://www.mydiageopension.com/scheme/diageo-retirement-savings-plan> or by request to the Diageo Pensions Team whose contact details are shown on page 10.

## Are you saving enough for your retirement?

In a DC pension plan, the responsibility for determining whether or not you are likely to achieve the income in retirement that you hope for lies with you. Your

individual benefit statement sent to you in October includes a projection of your retirement income. If it does not meet your expectations, then you need to take action! It is likely that you will need to increase your contributions – which may cost less than you think: take a look at page 4. There is also some handy technology available from the Plan's administrator, Irish Life, which enables you to monitor your retirement account and ensure you are on track to achieve the retirement income you desire – see page 8 for details.

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 Diageo Pensions Team, whose contact details are shown on page 10.

Finally, I would like to thank my fellow Trustee Directors and all our advisers for their dedication and work for the Plan and you, its members, throughout the year.

Charles Coase, **Chairman**

Summary of the Plan's annual report	3	Member support – Technology	8
Maximising your income in retirement	4	The Trustee and its advisers	9
Investment news and update	5	Where to get further information	10

# SUMMARY OF THE PLAN'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

## Members

At the end of the period, 30 June 2019, the total membership comprised **320 active members** (that is, members who are employed by the Company and for whom contributions are being received) and **151 deferred members** (members who have left the Company but retain benefits in the Plan until retirement age).

## Summary of Plan accounts

At 30 June 2019, the assets of the Plan were €11.0 million, representing the combined retirement savings of the members of all three predecessor schemes following the transfer into the Plan in January 2019 of the net assets of the R&A Bailey Retirement Savings Scheme (€0.8 million) and of the Guinness Storehouse Pension Plan (€1.8 million).

Contributions to the Plan during the year paid by members, including AVCs, were €1.1 million and those from the Company were €1.5 million – although contributions by and on behalf of members of RABRSS and GSPP in the first half of the year, amounting to €0.2 million were paid into the predecessor schemes and included in the amounts transferred in to the Plan. The market value of investments increased by €0.5 million.

## Costs

The cost of the administration service provided by Irish Life is paid by members from the Annual Management Charge applied to retirement accounts; all other expenses of running the Plan, such as those for the investment and legal advisers and the services of the Diageo Pensions Team, are paid by the Company.

## Contribution rates

As a member of the Plan your contribution rate is matched by the Company. The contribution rates can be found in the member booklet for your section of the Plan which is available on the Plan website at:

**<https://www.mydiageopension.com/scheme/diageo-retirement-savings-plan>**

Remember that you will receive tax relief on all of your contributions up to certain Revenue limits, which are based on age – see further on the next page.

## What if I wish to contribute more than the Plan contribution rate available?

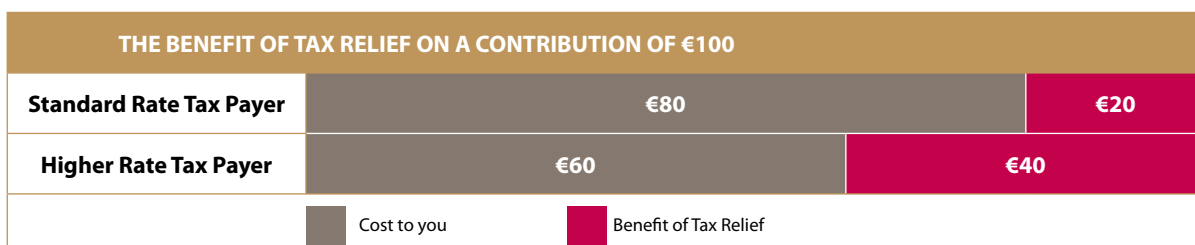
You can pay Additional Voluntary Contributions (AVCs) into your retirement account - and these will also attract tax relief subject to the Revenue limits. You can pay AVCs as a regular monthly deduction from salary or as a single one-off payment. It's a great way to enhance your retirement income. If you would like to make (or change) AVCs, you can do this via the Diageo Benefits HUB, by selecting an anytime event.

# MAXIMISING YOUR INCOME IN RETIREMENT

When you make the decision to contribute to a pension, you generally view this as a long-term commitment which will benefit you in retirement. There is also a more immediate benefit to plan membership which is often overlooked: tax relief on pension contributions. Your pension contributions are deducted from your salary before tax so you receive immediate tax relief up to your highest rate of tax up to a limit that corresponds to your age. Additionally, up to certain limits, the Company makes contributions.

**So the net cost to you of increasing your contributions might be less than you think – and the benefits considerably higher. No other savings arrangement will give you these benefits.**

The chart below illustrates the actual cost to you of a €100 contribution.



Tax relief on your pension contributions is not the only tax benefit: the investment returns on your retirement account are also free from income and capital gains tax. This means that you do not pay any tax on any gains arising on your investment choices.

## Maximum pension contributions that benefit from tax relief

Broadly speaking, the maximum amount that you can contribute to a pension in a given year is determined by your age and your income. The table below illustrates the maximum pension contribution for individuals as a percentage of total taxable earnings (for tax relief purposes, earnings are capped at €115,000).

Age	Maximum Pension Contributions as % of total taxable earnings
<b>Under age 30</b>	<b>15%</b>
<b>30 to 39 years</b>	<b>20%</b>
<b>40 to 49 years</b>	<b>25%</b>
<b>50 to 54 years</b>	<b>30%</b>
<b>55 to 59 years</b>	<b>35%</b>
<b>60 and over</b>	<b>40%</b>

## Contribution rate – employer matching

As a member of the Plan your contribution rate is matched by the Company – the employer contribution is dependent on your section of the Plan. Generally, the higher your own contribution, the higher the Company contribution up to certain limits. In the case of members in the Guinness Storehouse section, your length of service with the Company is also a determining factor. You are encouraged to review your contribution rate to ensure you are receiving the most from the Company. The matching contribution rates from the Company can be found in the member booklet for your section of the Plan which is available on the Plan website at: <https://www.mydiageopension.com/scheme/diageo-retirement-savings-plan>

# INVESTMENT NEWS AND UPDATE

## Investment strategy

The Trustee’s overall objective is to make available a range of investment options which are likely to meet the varying investment needs and risk tolerances of Plan members. The returns on the investment funds and the fees charged on the funds under management are reviewed regularly by the Trustee. In addition, the Trustee measures the Plan against the benchmark for best practice as set out in the guidelines issued by the Irish Association of Pension Funds.

## Investment options

As a member of the Plan, you can choose from the range of investments made available by the Trustee. A short summary of the “Do it for me” and “Do it myself” options is provided below - full details can be found in the investment guide which is available on the pension website.

### “Do It For Me” which means you delegate your investment choices to the Trustee

Phase	Period to Retirement	Investment Fund
Growth Phase	More than 20 years	High Risk/Return Growth Strategy
Transition Phase	Between 6 and 20	Medium Risk/Return Growth Strategy
Consolidation Phase	Less than 6 years	Empower Tax Free Cash Fund <i>First allocation: amount up to 150% of salary</i> Empower Pension For Life Fund <i>Second allocation: amount to fund a pension of up to 25% of salary</i> Low Risk/Return Growth Strategy <i>Third allocation: all remaining funds</i>

The Annual Management Charge (AMC) on the “Do it for me” option is 0.55%, including the charge for administration of the Plan.

### “Do It Myself” which allows you to take control of your investment choices

The range of funds available to members under the Do It Myself option is as follows:

Investment Fund
Indexed World Equity Fund (partially hedged)
High Risk/Return Growth Strategy
Medium Risk/Return Growth Strategy
Corporate Bond Fund
Euro Government Bond Fund
Empower Cash Fund

The AMC on all of the above funds is 0.55%.

# INVESTMENT NEWS AND UPDATE

## Summary of investments for the period to 30 June 2019

At 30 June 2019, the total value of the funds under management was €11.0 million with over 89% of the total invested in the High Risk/Return Growth Strategy.

The High Risk/Return Growth Strategy and Medium Risk/Return Growth Strategy are known as blended funds which means they have a mix of investment classes which can help reduce the level of volatility and risks associated from investing in only one asset class.

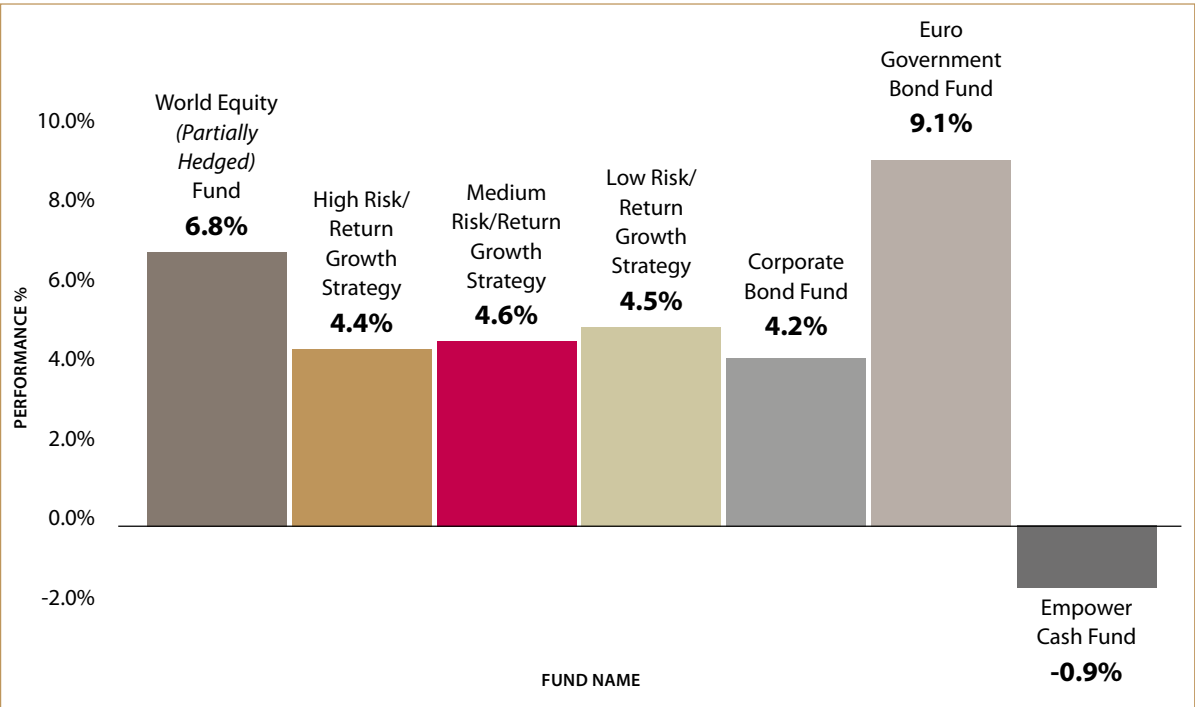
The High Risk/Return Growth Strategy holds 55% in World Equities, 20% in Minimum Volatility Equities and 5% in Emerging Market Equities, together with 5% in Irish Property, 12% in Euro Corporate Bonds and 3% in Emerging Market Bonds. The Medium Risk/Return Growth Strategy has a lower allocation to equities and a higher allocation to bonds than the High Risk/Return Growth Strategy.

Over the long term, equities are expected to outperform bonds but with a higher level of risk (i.e. ups and downs). Therefore, over the long term, the High Risk/Return Growth Strategy is expected to produce higher returns than the Medium Risk/Return Growth Strategy, albeit with greater fluctuations over the shorter term. However, whilst this might be true in the longer term, the results have been rather different in the year ended 30 June 2019 – see further below in Investment Performance.

The Trustees have the power to amend the asset allocations from time to time.

## Investment Performance

Over the year ended 30 June 2019 the performance of the funds was as follows:



# INVESTMENT NEWS AND UPDATE

## Investment Performance - continued

World Equities delivered a return of 6.8% for the year ended 30 June 2019. After a number of years without any significant correction, equity markets did fall in value in the second half of 2018, as a result of fears over global economic slowdown and trade wars, but these concerns abated in early 2019 and equity markets reached all-time highs in May 2019. Eurozone government bonds have delivered unusually high returns, as central banks have reduced interest rates in an effort to stimulate economic growth (with bonds, as interest rates/yields fall, prices/value rise).

It is unusual for bonds to deliver a higher performance than equities. The relative performance of these two asset classes is a key driver in the performance of the High/Medium/Low risk and return growth strategies: these have a mix of both asset classes, with a higher proportion of equities in the High fund and a higher proportion of bonds in the Low fund – and thus, in the year under review, the Low risk and return strategy has out-performed the High strategy.

Please note that past performance is not a reliable guide to future performance. In particular, commentators are saying that returns in the next few years are likely to be lower overall and that the performance of Euro government bonds is unlikely to be repeated. Please note also that funds with a higher risk tend to have a high level of volatility and therefore are most suitable for longer-term investment.

You can find out more about the funds and their performance from the factsheets on the pension website at <https://www.mydiageopension.com/scheme/diageo-retirement-savings-plan> then select your section of the Plan and go to Investment Options.

## Investment switching

You can change your future investments at any time during your membership of the Plan online at [www.pensionplanetinteractive.ie](http://www.pensionplanetinteractive.ie) or by completing an Investment switch form, available on the pension website, and returning it to Irish Life.

# MEMBER SUPPORT - TECHNOLOGY

## Technology and communications

The Trustee wants you to get the most from your membership of the Plan and would encourage you to consider the technology options available with Irish Life. It has never been easier to monitor your pension which allows you to check if you are on track for the income you hope to achieve in retirement.

Irish Life has an app available to download: **Irish Life EMPOWER**. Alternatively, you can access your account from a desktop by using **Pension Planet Interactive (PPI)**.



## Irish Life EMPOWER

Irish Life EMPOWER is an app designed to help you plan for your retirement. It's an individual pension calculator on the go and lets you take control of your pension. This app will also help you to stay up to date with the progress of your pension. It also offers lots of useful information about the Plan and your investment choices and details.

You can download the app for free from the Apple Store or the Google Play Store.

Further details can be found at: [https://www.irishlifecorporatebusiness.ie/Irish\\_Life\\_EMPOWER\\_App](https://www.irishlifecorporatebusiness.ie/Irish_Life_EMPOWER_App)

## Pension Planet Interactive (PPI)

Pension Planet Interactive (PPI) is the central pension information tool from Irish Life Corporate Business. PPI helps you to stay up to date with your individual pension and plan for retirement. PPI is easy to use and offers you a wealth of information and features. You can view your contributions, your current pension fund value and your investment choices. You can also make same day fund switches and utilise the budget planner which helps to analyse current outgoings and compare to your projected pension at retirement.

You can register for PPI at: <https://www.pensionplanetinteractive.ie/ppi/login/land.action>



## Roadshows

In addition to technology offerings, Irish Life also present roadshows onsite for active members with the next set of roadshows being held in 2020. Announcements will be made nearer the time. If you no longer work for the Company, you can contact Irish Life directly (see page 10 for contact details).



# THE TRUSTEE AND ITS ADVISERS

The Trustee of the Plan is Diageo Retirement Savings Plan Designated Activity Company. The Board of the Trustee comprises seven Trustee Directors who have responsibility for ensuring that the Plan is run in accordance with its Trust Deed and Rules.



Charles Coase (Chairman)



Darren Byrne



Stephen Delaney



Alan Donnelly



Gavin Dunne



Emma Fowler



Edwina Maher

<b>Trustee Secretary</b>	
Aedin Kenealy	
<b>Advisers to the Trustee</b>	
<b>Consultant &amp; Investment adviser</b>	Willis Towers Watson (Ireland) Limited
<b>Registered administrator</b>	Irish Life – Corporate Business
<b>Investment manager</b>	Irish Life Investment Managers
<b>Legal adviser</b>	Arthur Cox
<b>Registered Auditors</b>	Ernst & Young
<b>Guidance</b>	Diageo Pensions Team
<b>Participating Employers</b>	
Diageo Ireland, R&A Bailey & Co, and Guinness Storehouse Limited referred to in this report as the “Company”	

# WHERE TO GET FURTHER INFORMATION

## Registered Administrators

**Diageo Retirement Savings Plan**  
**c/o Irish Life – Corporate Business**  
**Lower Abbey Street**  
**Dublin 1**

**Email:** [happytohelp@irishlife.ie](mailto:happytohelp@irishlife.ie)

**Telephone:** 01 704 2000

**Irish Life:** [www.irishlifecorporatebusiness.ie](http://www.irishlifecorporatebusiness.ie)

**Pension Planet:** [www.pensionplanetinteractive.ie](http://www.pensionplanetinteractive.ie)

## Diageo Pensions Team

**Edinburgh Park**  
**11 Lochside Place**  
**Edinburgh**  
**EH12 9HA**

**Email:** [dcpensions@diageo.com](mailto:dcpensions@diageo.com)

**Pension website:** <https://www.mydiageopension.com/scheme/diageo-retirement-savings-plan>

## Irish Life website

You can find further useful information about your pension and saving for retirement on the Irish Life website **[www.irishlifecorporatebusiness.ie](http://www.irishlifecorporatebusiness.ie)**. There is a dedicated section for members, containing a lot of useful information to help you understand how pensions work, how much needs to be saved for retirement and how benefits can be claimed at retirement. It also includes member education videos, FAQs, information about investment options and fund performance to keep you up to date with the returns on your pension savings. The investment centre is full of features such as a comparison tool to track and compare funds, weekly and monthly updates and investment video commentary on latest market developments.

## Personal details

It is very important that we hold your correct personal data on our records. If you are a member of the Plan employed by Diageo, please keep Workday up to date with changes to your personal details. If you are a deferred member, please notify Irish Life of any changes in your circumstances.

## Keep in touch (deferred members)

It is important that you notify Irish Life of any change of address, even after you leave the Company, so that they can ensure that you receive your benefits when they become due.

## Expression of wish

It is important that you complete, and keep up to date, your Expression of Wish form. The Trustee will take into account any wish you may have expressed in the event of any death benefits becoming payable although these are not binding. This form is available on the pension website.



