



 **GUINNESS**
STOREHOUSE

**Guinness Storehouse Pension Plan
Report to members to 30 June 2017**

Read this update on what has been happening in the Guinness Storehouse Pension Plan

Summary of the Plan's annual report



Welcome to our annual report which is in respect of the period 1 July 2016 to 30 June 2017.

This report provides you with a summary of the Plan's Annual Report and the performance of the Plan's investment choices for the period.

As you can see on page 7, we have seen strong investment returns in our three most popular fund choices. The Trustee will continue to monitor the range of investment choices it has made available to ensure they continue to meet the varying investment needs and attitudes to risk of Plan members.

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 plan which is a separate legal entity from Guinness Storehouse and has the approval of the Office of the Revenue Commissioners. The Plan 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 2017. Pages 6 to 8 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 2017 is available on the pension website at www.mydiageopension.com or by request to the Diageo Pensions Team whose contact details are shown on page 11.

Saving enough for your retirement? In a defined contribution 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 August includes a projection of your retirement income. If it does not meet your expectations, take action such as increasing your contributions. Included on page 4 of this report is information regarding the tax relief you receive on the pension contributions you save; it may cost less than you think. In addition, the Pensions Team wrote to you recently regarding paying additional voluntary contributions. Please take the time to think about whether or not your current contributions are sufficient to meet your needs in retirement – and make use of the support available to you (see page 9 for more 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 11.

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.

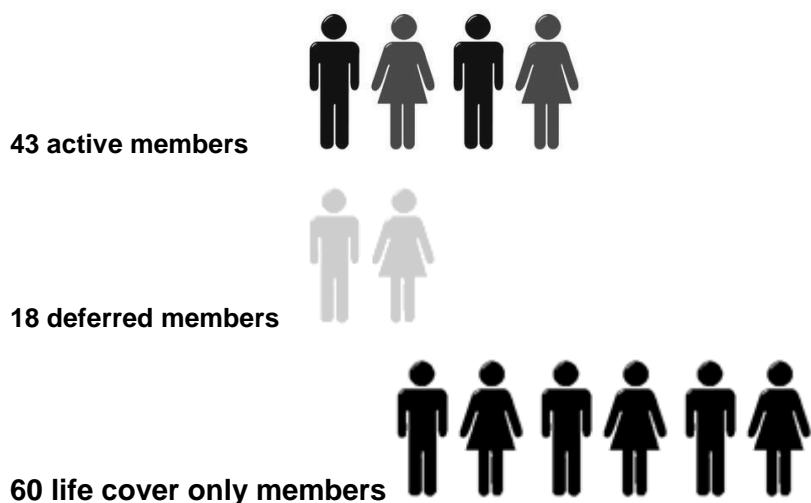
Paul Carty
Chairman, Guinness Storehouse Pension Trustee Designated Activity Company

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Summary of the Plan's annual report

Plan membership

At the end of the Plan year, 30 June 2017, the total membership was made up as follows:



Active members: those members who are employed by the Company and for whom contributions are being received.

Deferred members: those members who left the Plan but retain benefits in the Plan until retirement age.

Life cover only members: those members included in the Plan for death in service benefits only.

Contributions paid to the Plan during the period to 30 June 2017

During the period, the following contributions were paid into the Plan:

| Type | Amount |
|--------------|-----------------|
| Company | €71,577 |
| Member | €44,063 |
| AVCs | €31,544 |
| Total | €147,184 |

In addition, €14,693 was paid to cover the cost of providing the death in service lump sum benefits.

The cost of the administration service provided by Irish Life is paid by members from the Annual Management Charge (AMC) applied to their pension accounts together with a flat member charge paid by the Company; 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.

Contributions

As a member of the Plan you contribute a minimum of 3% of your Pensionable Pay (i.e. basic pay plus flexible hours payments) and the Company pays a minimum contribution of 5%.

Did you know?

If you are an active member and have already completed 2 years of service with the Company, the Company will **match** any AVCs that you choose to make, up to a maximum additional contribution of 3%. Therefore after

2 years of service you could pay 6% and the Company would pay 8% of Pensionable Pay giving a total amount of 14% going into your pension account.

What if I wish to contribute more?

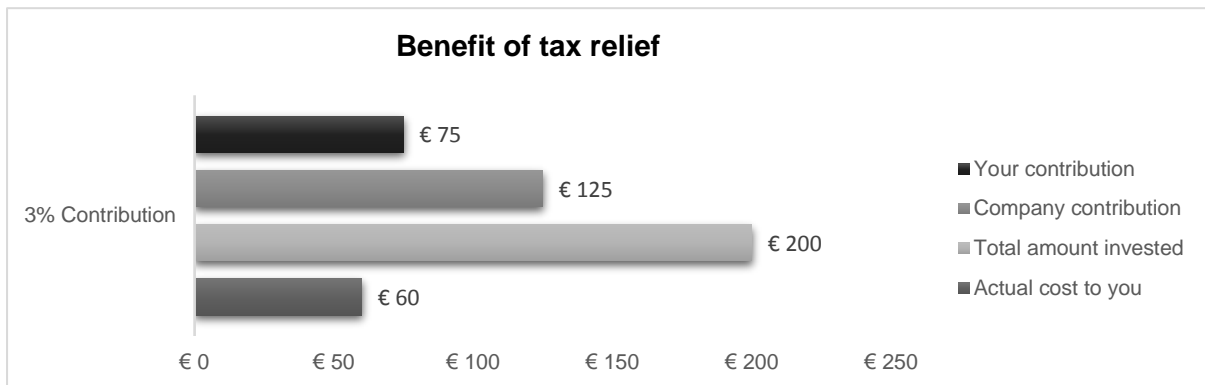
You can pay Additional Voluntary Contributions (AVCs) into your pension account subject to Revenue limits, which are based on age. Full details can be found in the member booklet.

Tax relief on your contributions

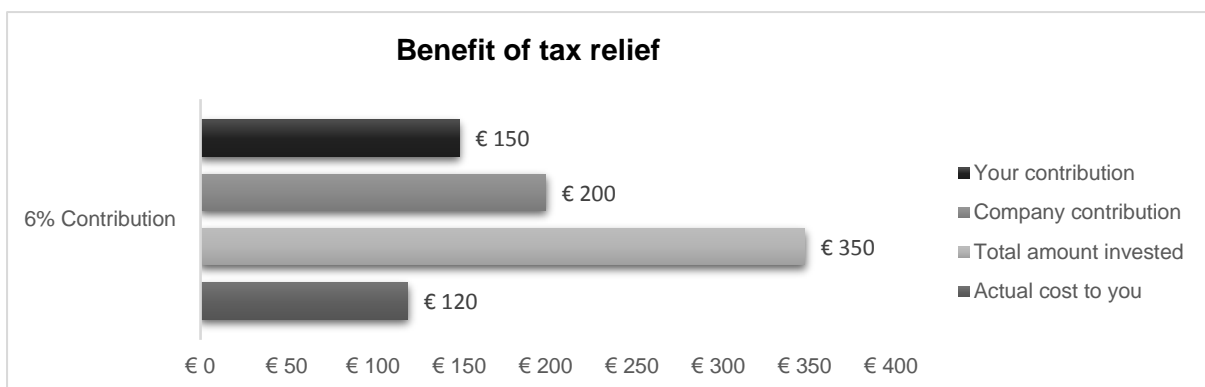
When you make the decision to contribute to a pension, you generally view this as a long-term commitment which will benefit you in retirement. There is also a more immediate benefit to plan membership which is often overlooked, tax relief on pension contributions.

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.

The graph below illustrates the benefit of tax relief for a member who earns €30,000 a year.



The second graph illustrates the benefit of tax relief for a member who earns €30,000 a year and who, after 2 years' service, elects to pay AVCs of 3% a year, bringing their total contribution to the Plan to 6%.



The examples highlight that the more you choose to contribute, the more you benefit from greater tax relief.

For the minimum monthly contribution of 3%, the net cost of a monthly contribution of €75 is actually €60. Guinness Storehouse would pay an employer contribution of €125 (5%), which means that a total of €200 a month would be invested at a net cost of just €60.

If you have been an employee for 2 years, for a monthly contribution of 6% (3% normal contributions and 3% AVCs), the net cost of a monthly contribution of €150 is actually €120. Guinness Storehouse would pay an employer contribution of €200 (8%), which means that a total of €350 a month would be invested at

a net cost of just €120. The option to pay AVCs is also available to you even if you have less than 2 years' service but the Company will only match AVCs once you have two years' service with the Company.

These examples assume that the member is paying the lower rate of tax, which would be the case for someone earning €30,000 a year. Higher tax relief will apply for members paying the higher rate of tax.

You do not only benefit from tax relief on your pension contributions. Your investment returns that you earn on your pension account are also free from income and capital gains tax. This means that you do not pay any tax on any profit made from your investment choices.

Investment Committee

The Trustee has appointed an Investment Committee and set its terms of reference. Assisted by the Plan's professional investment advisers, Willis Towers Watson, the Investment Committee is responsible for advising the Trustee on investment strategy and for appointing and supervising investment managers.

The Investment Committee meets every six months, reviews the performance of the Plan's investments and deals with all other investment related issues.

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 produced by the Irish Association of Pension Funds.

In light of market expectations for lower investment returns and an increased likelihood of falls in fund values over the next five years, the Trustee has, following guidance from the Plan's investment advisers, reviewed the High, Medium and Low Risk/Return growth strategies. The most significant changes were a reduction in the allocation to Eurozone government bonds and an increase in the allocation to equities and cash. Alongside the higher allocation to equities, two risk management tools have been introduced:

- a "dynamic share to cash" model which aims to move funds from equities to cash in times of extreme market stress (and subsequently back again); and
- an allocation to global low volatility equities, which exhibit lower risk than the typical equity market.

These changes were implemented automatically within the High, Medium and Low Risk/Return growth strategies in early April 2017. Members funds remained fully invested throughout the period and there were no transaction costs incurred in implementing these changes.

Investment news and update

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 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

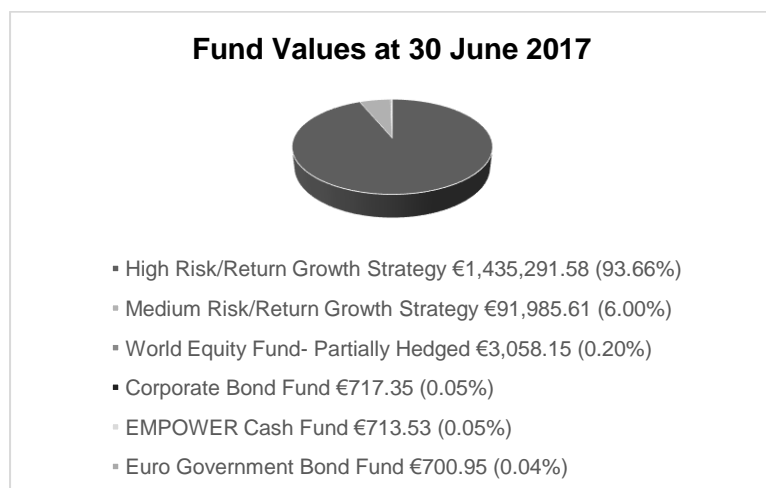
The range of funds available to members under the Do It Myself option is as follows:

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

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

Summary of investments for the period to 30 June 2017

At 30 June 2017, the total value of the funds under management was €1,532,467, split as follows:



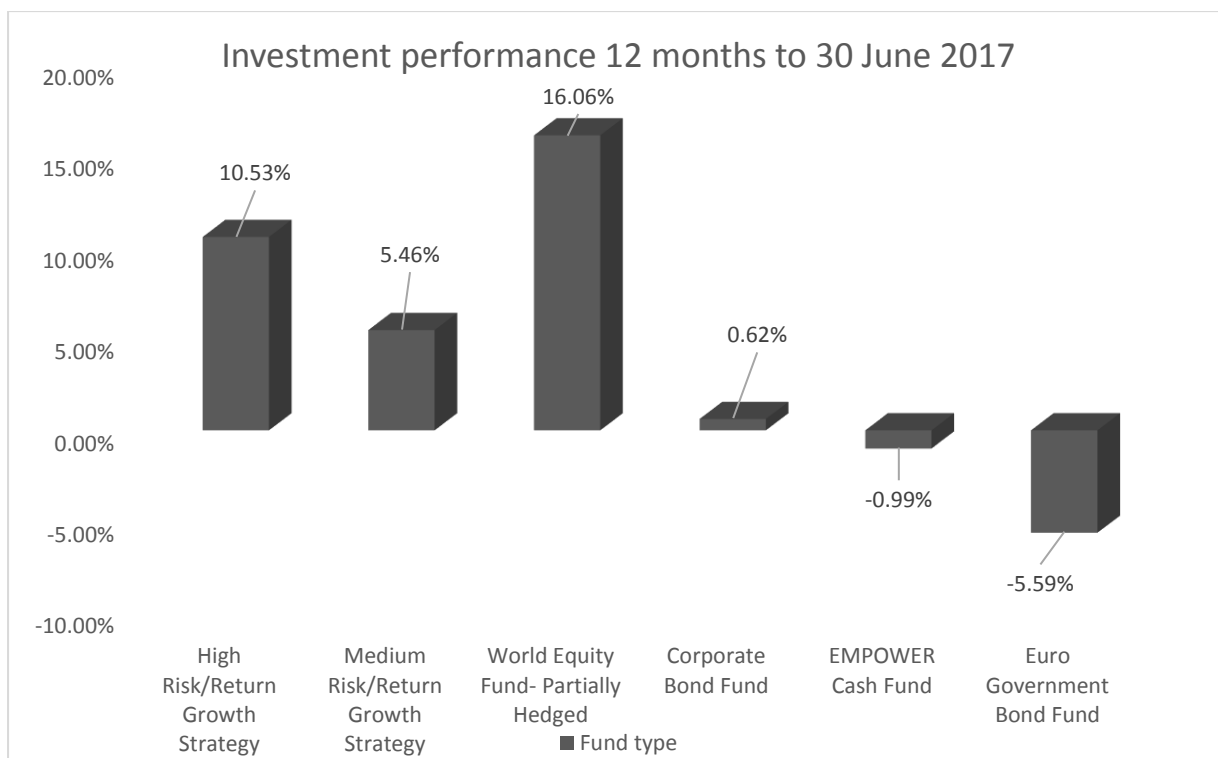
Investment news and update

Membership split between “Do It for me” and “Do It Myself”



Investment performance

Over the period to 30 June 2017 the performance of the funds was as follows:



The High Risk/Return Growth Strategy has a higher allocation to equities and a lower allocation to bonds than the Medium Risk/Return Growth Strategy with the aim of earning higher returns over the long term.

After experiencing sharp falls immediately following the UK vote to leave the EU in June 2016, equity markets recovered within a few weeks as central bank policy responses eased a lot of investor’s fears over uncertainty. This led to the higher risk funds that have greater exposure to equities having a strong 12 month period with the World Equity Fund - partially hedged producing the highest return over the twelve months to 30 June 2017.

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 shorter term fluctuations.

Investment news and update

Please note that past performance is not a reliable guide to future performance. 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 current performance from the factsheets on the pension website at <https://www.mydiageopension.com/scheme/guinness-storehouse-pension-plan/member-information-gspp> then select Investment Options.

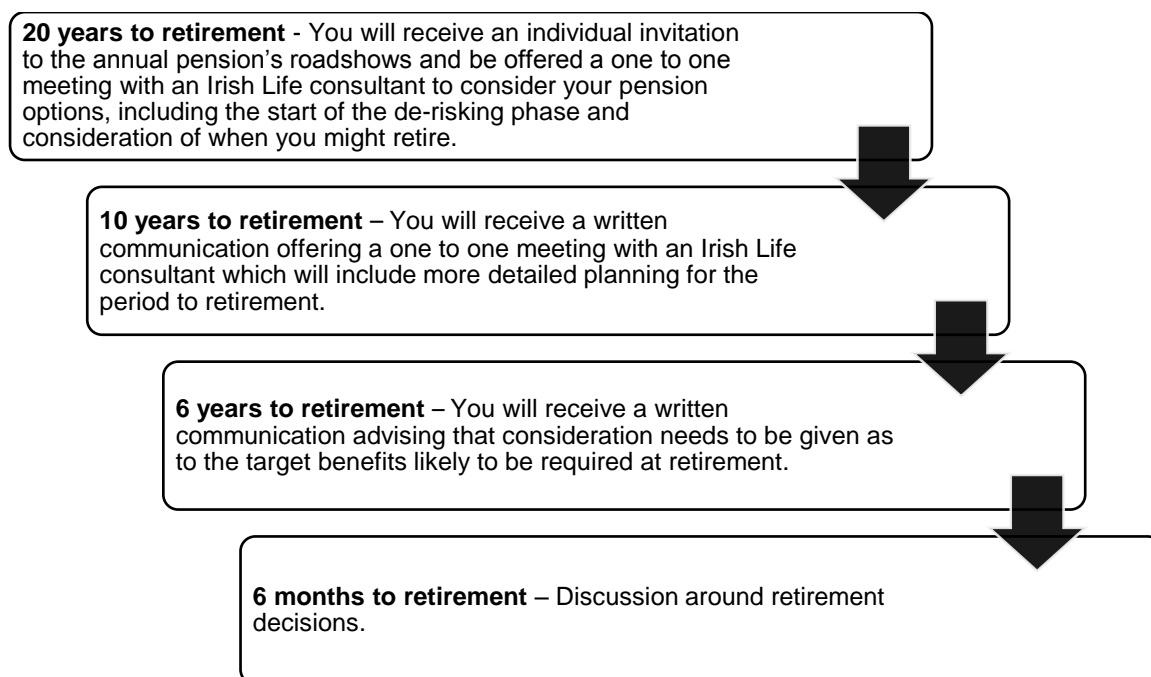
Investment switching

You can change your current and/or your future investments at any time during your membership of the Plan in one of the following ways:

- Online at www.pensionplanetinteractive.ie or
- By completing an Investment switch form, available from the pension website, and returning it to Irish Life.

Plan communications

The Trustee wants you to get the most from your membership of the Plan and has developed a communications programme which is designed to prepare you for retirement.



Pension roadshows are held at Guinness Storehouse by Irish Life in September each year. If you no longer work for the Company, you can contact Irish Life direct whose contact details are shown on page 11.

There are four further regular communications which are issued each year:

Contribution reminder communications are issued to active members in May, to highlight the benefits of paying AVCs.

Annual benefit statements are issued around August. They provide details of the balance of your retirement account at the end of the Plan year on 30 June and also projections of what your retirement account could amount to at normal retirement age.

Pension Pulse statements are issued around November. They are designed to communicate if your retirement savings are adequate to achieve a target income in retirement. They also highlight the element of investment risk to your pension savings.

Member annual review is issued once the Plan accounts are approved by the Trustee. This provides a summary of the Plan's finances and is normally issued in early December.

The Trustee and its advisers

The Trustee of the Plan is Guinness Storehouse Pension Trustee Designated Activity Company. The Board of the Trustee comprises four Trustee Directors who have responsibility for ensuring that the Plan is run in accordance with its Trust Deed and Rules.

Paul Carty (Chairman)

Mark Sandys

Aedin Kenealy

Edwina Maher (appointed 1 April 2017)

Mr Paul Tully retired as a Trustee Director on 31 March 2017 and was replaced by Edwina Maher.

Trustee Secretary

Catherine Buckley

Advisers to the Trustee

| | |
|---------------------------------|--|
| Consultant & Investment adviser | Willis Towers Watson (Ireland) Limited |
| Registered administrator | Irish Life – Corporate Business |
| Investment manager | Irish Life Investment Managers |
| Governance | Diageo Pensions Team |

Sponsoring Employer

Guinness Storehouse Limited, referred to in this report as the “Company”.

Where to get further information

Registered Administrators

Guinness Storehouse Pension Plan
c/o Irish Life – Corporate Business
Lower Abbey Street
Dublin 1

Email: code@irishlife.ie

Tel: 01 704 2847

Irish Life www.irishlifecorporatebusiness.ie
Pension Planet
www.pensionplanetinteractive.ie

Diageo Pensions Team

Edinburgh Park
5 Lochside Way
Edinburgh
EH12 9DT

Email: pensions@diageo.com

Tel: 01 471 4422

Pension website: www.mydiageopension.com

Irish Life website

You can find further useful information about your pension and saving for retirement on the Irish Life website 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.

Pension Planet Interactive

Pension Planet Interactive is an online access tool that is easy to use and offers comprehensive information and can be accessed at www.pensionplanetinteractive.ie. As a member, Pension Planet Interactive helps you stay up to date with your individual pension plan and plan for retirement. In addition there is a “My Pension” app, which is an easy-to-use smartphone app designed to help you with your retirement planning. This app is your individual pension calculator on the go, which offers you a wealth of information about your pension plan and investment details. Find out more on the Irish Life Pension App website, where you can view guides and a demo video of the App, www.mypensionapp.ie

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 Guinness Storehouse, 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 from the pension website.

Use of personal data

In providing services, including preparing this 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 Data Protection Commissioner’s website at www.dataprotection.ie.