



**DIAGEO**  
*& me*

## Diageo Ireland Retirement Savings Scheme Report to members 2016

Your Diageo Ireland Retirement Savings Scheme is working with you to create a successful future. Read this update on what's been happening in the Diageo Ireland Retirement Savings Scheme.

## Enhancing our communications

Effective communication is a key focus for the Trustee. The Trustee would encourage all members to receive future correspondence from the Scheme electronically by email.

This will help minimise the impact on the environment and allow savings to be made to the cost of running the Scheme.

### Active members

Going forward all future pension correspondence will be sent to your Diageo email address. If you want to change this to a personal email address please send an email from your Diageo email account confirming your personal email address to [pensions@diageo.com](mailto:pensions@diageo.com) and include DIRSS (electronic communications) as the subject.

### Deferred members

If you would like to receive your pension correspondence via email going forward, please complete the slip below and return it to the Diageo Pensions Team (no postage is required).



### Electronic communications

I consent to receiving future pension correspondence to the following email address:

Insert email address below


Print name

Signature

Date

The email address provided will only be used for pension correspondence and not for any other general purpose.

# Chairman's Report



Welcome to the first report to members for the Diageo Ireland Retirement Savings Scheme (the "Scheme"), which commenced on 1 January 2015.

It has been a busy year for the Trustee Directors. Ahead of the introduction of the Scheme, we undertook specialist defined contribution training to ensure we were well equipped to manage the ongoing governance of the Scheme and we established the Scheme's investment strategy, making available a range of investment choices likely to meet the varying investment needs and attitudes to risk of Scheme members.

I am also delighted to announce that the Scheme received the Pensions Quality Standard with merit from the Irish Association of Pension Funds (IAPF). The standard recognises pension schemes that attain a standard which reflects good contribution, communication and governance strategies.

This report provides you with a summary of the Scheme's Annual Report, the performance of the Scheme's investment choices and general news affecting pensions. Importantly, it also includes information on how choosing the right level of contributions can improve your benefits.

**Summary of the Scheme's annual report:** The Scheme is established under a Trust and is governed by its Trust Deed and Rules. It is a defined contribution scheme which is a separate legal entity from Diageo Ireland and has the approval of the Office of the Revenue Commissioners. The Scheme has been registered with the Pensions Authority. The benefits payable from the Scheme are determined by the level of contributions paid into the Scheme and by the investment returns achieved on them. Page 5 of this report provides details of the contributions paid into the Scheme during the year to 31 December 2015. Pages 6-8 provide a summary of the different investment choices in the Scheme and their respective performance over the year. All funds are invested with Irish Life. The annual report for the year to 31 December 2015 is available on the pension website at [www.mydiageopension.com](http://www.mydiageopension.com), or on request to the Diageo Pensions Team whose contact details are shown on page 11.

**Pension news:** Other news affecting pensions is provided on page 9.

**Your future – it's in your hands!** In a defined contribution pension scheme, the responsibility for determining whether or not you are likely to achieve the income in retirement that you hope for lies with you, the member. Please read this report and, particularly, your individual benefit statement sent to you in February. The benefit statement includes a projection of your retirement income. If it does not meet your expectations, take action such as increasing your contributions. See also page 11 for sources of information that may help you in considering your future.

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.

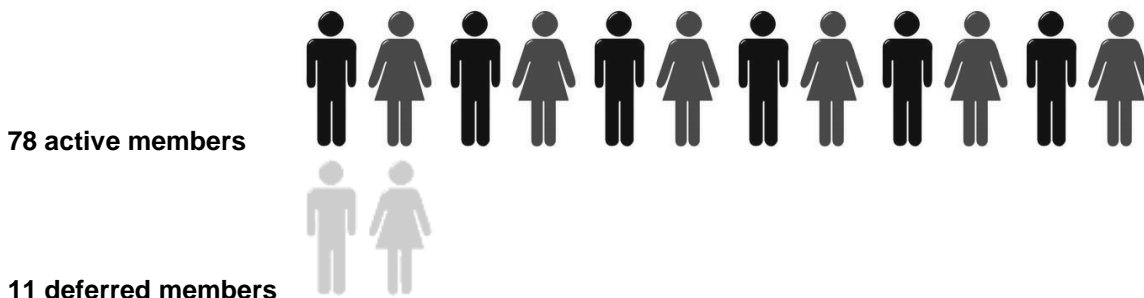
Charles Coase  
Chairman, Diageo Ireland Pension Trustee Designated Activity Company

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# Summary of Scheme's annual report

## Scheme membership

At the end of the Scheme year, 31 December 2015, 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 Scheme but retain benefits in the Scheme until retirement age.

## Contributions

As a member of the Scheme you can contribute between 5% and 8% of your Pensionable Pay. The more you choose to contribute to the Scheme, up to 8%, the more the Company will contribute as shown in the table below. You will receive tax relief on all of your contributions up to certain Revenue limits.

Member	Company	Total
5%	7.5%	12.5%
6%	9%	15%
7%	10.5%	17.5%
8%	12%	20%

### What if I wish to contribute more than 8%?

You can pay Additional Voluntary Contributions (AVCs) into your personal pension account subject to Revenue limits, which are based on age. Full details can be found in the member booklet. Please note that the Company will not pay more than 12%.

### How will extra contributions affect my retirement benefits?

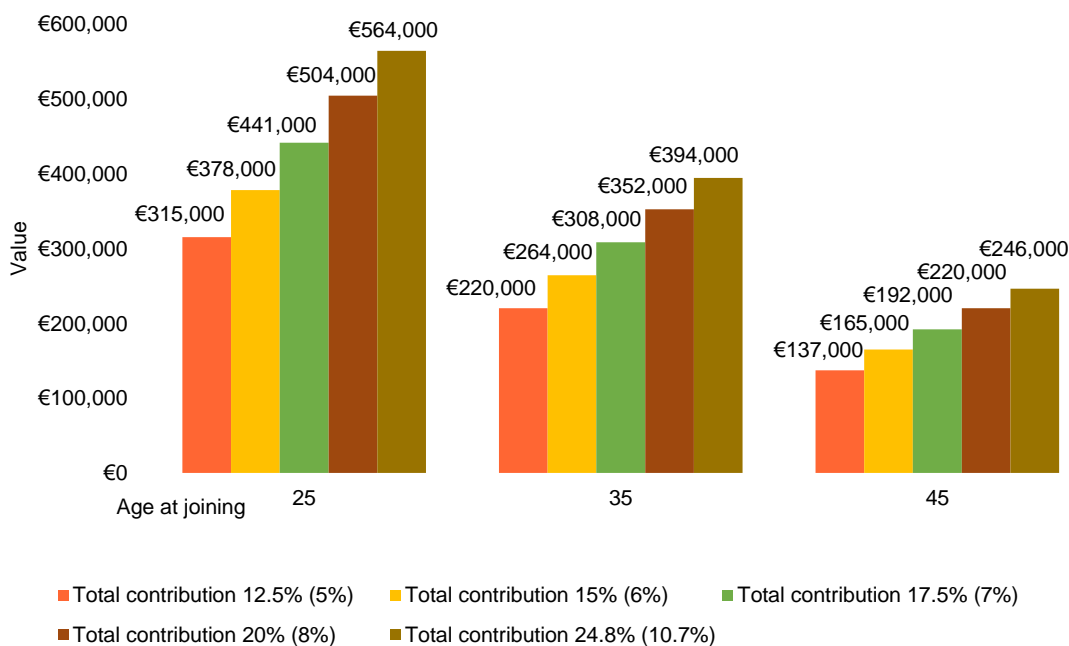
The example below illustrates the impact on a pension account at age 65 of increasing the member's contributions. (The member's contributions are shown in brackets).

The chart demonstrates that the earlier you start contributing to the Scheme and the higher your contributions, the greater your pension account will be on retirement.

Assumptions – the growth assumption at age 25 is 3.63% a year, at age 35 is 3.52% a year, at age 45 is 3.31% a year and the inflation assumption is 2.5% a year. Please note the value of your investments may go up and down.

## Summary of Scheme's annual report

Pat is a member of Scheme and his current Pensionable Pay is €45,000 a year.



### What do I need to do if I want to increase my contributions?

If you wish to pay more contributions into the Scheme, please complete a contribution decision form, available from the pension website, and return this to the Diageo Pensions Team.

### Contributions paid to the Scheme during the year to 31 December 2015

During the year, the following contributions were paid into the Scheme:

Type	Amount
Company	€424,000
Member	€274,000
AVCs	€19,000
<b>Total</b>	<b>€717,000</b>

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; all other expenses of running the Scheme, such as those for the investment and legal advisers and the services of the Diageo Pensions Team, are paid by the Company.

# Investment news

## Investment Committee

The Trustee has appointed an Investment Committee and set its terms of reference. Assisted by the Scheme'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 Scheme'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 Scheme 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 Scheme against the benchmark for best practice as set out in the guidelines produced by the Irish Association of Pension Funds.

## Investment options

As a member of the Scheme, you can choose from the range of investments made available by the Trustee. A short summary 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

Do it for me is designed for those who:

- Do not feel comfortable making regular investment decisions.
- Do not want to review their investment selection regularly as they approach retirement.
- Would prefer to select an automated approach that switches their funds for them into less risky funds (like bonds and cash) as they approach retirement.
- Like the “default” investment strategy set by the Trustee as follows:

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	Tax Free Cash Fund <i>First allocation: amount up to 150% of salary</i>  Pension For Life Fund <i>Second allocation: amount up to 25% of salary</i>  Low Risk/Return Growth Strategy <i>Third allocation: all remaining funds</i>

The AMC on the “Do it for me” option is 0.55%.

or

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

Do it myself is designed for those who:

- Want greater control over their pension investments.
- Understand investment decision making and are comfortable with the idea of selecting investment funds.
- Are happy to review their investment approach regularly, taking particular care as they approach retirement.
- Know how they would like to take their benefits at retirement (cash, pension, ARF).

# Investment update

## Investment options (continued)

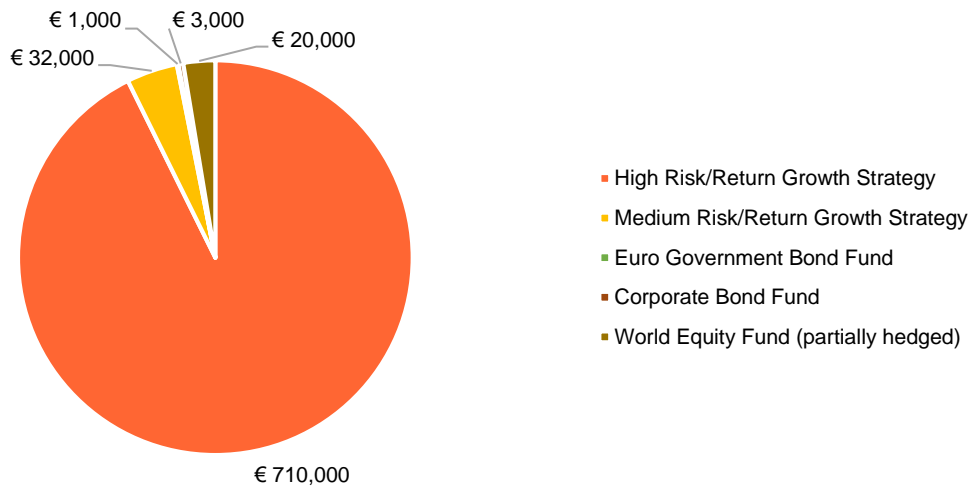
The range of funds available to members under the Do It Myself option are as follows:

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

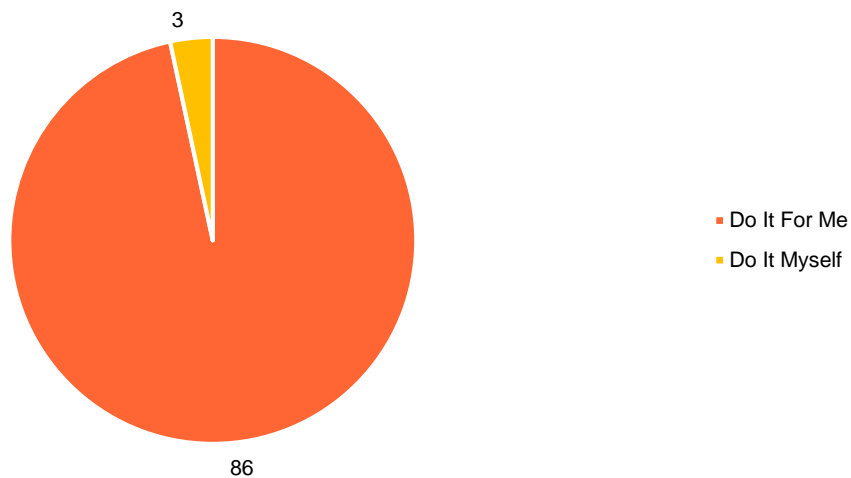
The AMC on all funds is 0.55%.

## Summary of investments for the year to 31 December 2015

At 31 December 2015, the total value of the funds under management was €766,000, split as follows:



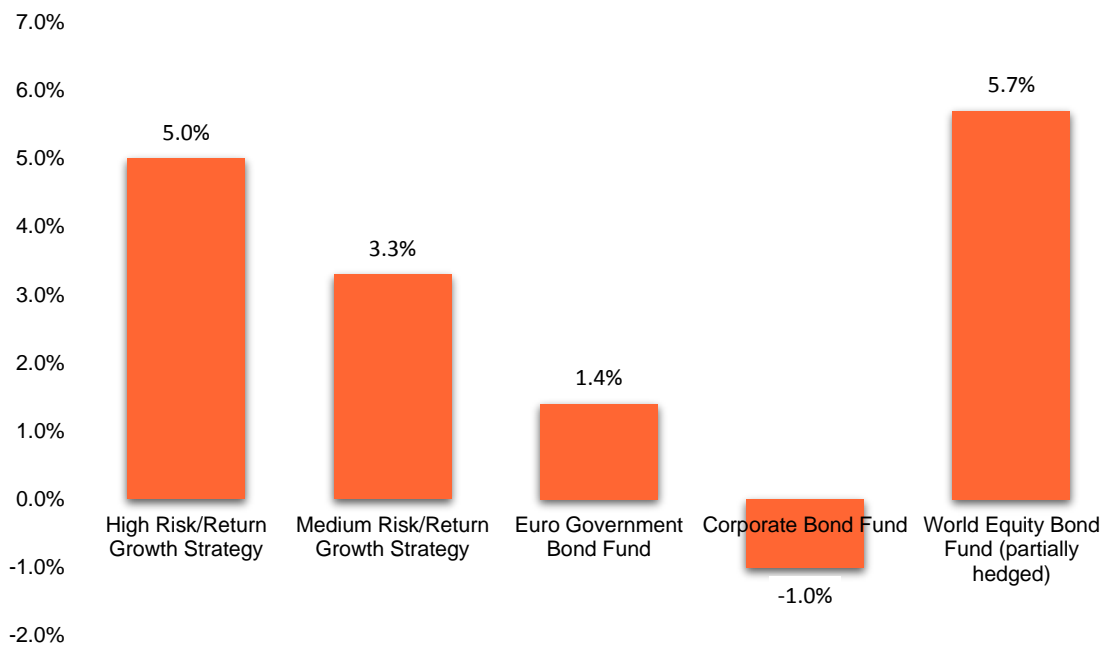
## Membership split between “Do It for me” and “Do It Myself”



## Investment update

### Investment performance

Over the year to 31 December 2015 the performance of the funds was as follows:



You can find out more about the funds and their current performance from the factsheets on the pension website at [www.mydiageopension.com/ROIDC](http://www.mydiageopension.com/ROIDC), then select Investment Options.

### Investment switching

If you want to switch your current investments you can do this in one of the following ways:

- Online at [www.pensionplanetinteractive.ie](http://www.pensionplanetinteractive.ie) or
- By completing an Investment switch form, available from the pension scheme website, and returning it to Irish Life.



# Pensions update

## Scheme news

### Scheme renewal date is changing

A pension scheme must have a designated 'Scheme year' period for the purposes of the Scheme's annual report and accounts and it has been decided by the Trustee to change the start of the Scheme year from 1 January to 1 July to align with the Company's financial year. The change will take place from 1 July 2016 and the Trustee will produce a further annual report for the period 1 January to 30 June 2016. You will also receive a further benefit statement for this period. Thereafter these will be produced annually covering the period 1 July to 30 June.

### Pensions Quality Standard

On 3 December 2015, the Scheme was awarded the Pensions Quality Standard (PQS) with Merit award from the Irish Association of Pension Funds (IAPF).

The PQS recognises those defined contribution pension schemes that attain a high standard reflecting good contribution, communication and governance strategies.



### Pensions levy

The Government has charged a levy of 0.15% on the value of your investments as at 30 June 2015. It is not expected that any further pensions levy will be payable in future years.

### Pension scams – don't get stung

Trustees are being asked to warn members about pension scams – which unfortunately are on the rise. You may have already been targeted. The scammers have a variety of tricks to catch you out. They may:

- Claim that you can access your pension pot at any age;
- Approach you out of the blue over the phone, via text message or in person door-to-door;
- Entice you with upfront cash;
- Offer a free 'pension review' or try to lure you in with so-called 'one-off' investment opportunities.

What they won't tell you is that you'll probably never see your pension pot again. Don't be fooled by their promises.

Check the facts before you make an irreversible decision.

Never be rushed or pressured into making a decision; a lifetime's savings can be lost in a moment. If in doubt, check with the Diageo Pensions Team.

## The Trustee and its advisers

The Trustee of the Scheme is Diageo Ireland Pension Trustee Designated Activity Company (known as Diageo Ireland Pension Trustee Company Limited until 21 December 2015). The Board of the Trustee comprises seven Trustee Directors who have responsibility for ensuring that the Scheme is run in accordance with its Trust Deed and Rules.



Charles Coase  
(Chairman)



Paul Armstrong



Mary Donovan



Kieran Gowing



John Hyland



Tony Maher



Charles Smith

### Trustee Secretary

Aedin Kenealy

### Advisers to the Trustee

Consultant & Investment adviser	Willis Towers Watson (Ireland) Limited
Registered administrator	Irish Life – Corporate Business
Investment manager	Irish Life Investment Managers
Legal adviser	Arthur Cox
Guidance	Diageo Pensions Team

### Sponsoring Employer

Diageo Ireland, referred to in this report as the “Company”.

## Where to get further information

### Registered Administrator

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

Email: [code@irishlife.ie](mailto:code@irishlife.ie)

Tel: 01 704 2847

Irish Life [www.irishlifecorporatebusiness.ie](http://www.irishlifecorporatebusiness.ie)  
Pension Planet [www.pensionplanetinteractive.ie](http://www.pensionplanetinteractive.ie)

### Diageo Pensions Team

Edinburgh Park  
5 Lochside Way  
Edinburgh  
EH12 9DT

Email: [pensions@diageo.com](mailto:pensions@diageo.com)

Tel: 01 471 4422

Pension website: [www.mydiageopension.com](http://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](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.

### 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](http://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](http://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 Scheme 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 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](http://www.dataprotection.ie).