

# DIAGEO

## Notice of Annual General Meeting 2019

**This document is important and requires your immediate attention. If you have any doubts about the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional independent adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares, please pass this document and its enclosures to the stockbroker or other agent through whom the sale was effected, for transmission to the purchaser or transferee.**

Dear Shareholder

The following document gives notice that the Annual General Meeting ('AGM') of Diageo plc will be held at etc.venues St. Paul's, 200 Aldersgate, London EC1A 4HD on Thursday, 19 September 2019 at 2.30 pm.

As always, your vote is important to us and, if you are unable to attend the meeting, we encourage you to vote by completing and submitting a proxy form in accordance with the instructions on pages 10 and 11 or by voting electronically. Voting at the AGM will again be by way of poll using a poll card, rather than on a show of hands. This is a more transparent method of voting as shareholder votes are counted according to the number of shares held and this will ensure an exact and definitive result.

### **Recommendation**

The Board considers that the resolutions contained in this AGM notice are in the best interests of your company and the shareholders as a whole and recommends that you vote in favour of them.

Your Directors intend to vote in favour of these resolutions in respect of their own beneficial holdings.

Yours sincerely

**Javier Ferrán**

Chairman  
25 July 2019

Notice is hereby given that the AGM of Diageo plc will be held at etc.venues St. Paul's, 200 Aldersgate, London EC1A 4HD on Thursday, 19 September 2019 at 2.30 pm.

The business of the AGM will be to consider and, if thought fit, pass the following resolutions.

All resolutions will be proposed as ordinary resolutions, except for resolutions 18 to 21 (inclusive), which will be proposed as special resolutions. Explanations of the resolutions are given on pages 5 to 10 of this AGM notice and additional information for those entitled to attend the AGM can be found on pages 10 to 15.

## **Ordinary Resolutions**

### **Report and accounts 2019**

1. THAT the Directors' and Auditor's reports and the accounts for the year ended 30 June 2019 be received.

### **Directors' remuneration report 2019**

2. THAT the Directors' remuneration report for the year ended 30 June 2019 be approved.

### **Declaration of final dividend**

3. THAT a final dividend be declared on the ordinary shares of 28<sup>01</sup>/<sub>108</sub> pence each ('ordinary share(s)') of 42.47 pence per ordinary share for the year ended 30 June 2019.

### **Directors' election and re-election**

4. THAT Debra Crew be elected as a Director.
5. THAT Lord Davies be re-elected as a Director.
6. THAT Javier Ferrán be re-elected as a Director.
7. THAT Susan Kilsby be re-elected as a Director.
8. THAT Ho KwonPing be re-elected as a Director.
9. THAT Nicola Mendelsohn be re-elected as a Director.
10. THAT Ivan Menezes be re-elected as a Director.

11. THAT Kathryn Mikells be re-elected as a Director.
12. THAT Alan Stewart be re-elected as a Director.

### **Re-appointment of auditor**

13. THAT PricewaterhouseCoopers LLP be re-appointed as auditor of the company to hold office from the conclusion of this AGM until the conclusion of the next general meeting at which accounts are laid before the company.

### **Remuneration of auditor**

14. THAT the Board, acting through the Audit Committee, be authorised to determine the auditor's remuneration.

### **Authority to make political donations and/or to incur political expenditure**

15. THAT, in accordance with sections 366 and 367 of the Companies Act 2006 (the 'Act'), the company and all companies that are, at any time during the period for which this resolution has effect, subsidiaries of the company be authorised to:
  - a) make political donations (as defined in section 364 of the Act) to political parties (as defined in section 363 of the Act) or independent election candidates (as defined in section 363 of the Act) not exceeding £100,000 in total; and
  - b) make political donations (as defined in section 364 of the Act) to political organisations other than political parties (as defined in section 363 of the Act) not exceeding £100,000 in total; and
  - c) incur political expenditure (as defined in section 365 of the Act) not exceeding £100,000 in total,

in each case during the period beginning with the date of passing this resolution and ending at the conclusion of next year's AGM (or, if earlier, midnight on 18 December 2020), and provided that the aggregate amount of political donations and political expenditure so made and incurred by the company and its subsidiaries pursuant to this resolution shall not exceed £100,000.

#### **Authority to allot shares**

16. THAT the Board be generally and unconditionally authorised in accordance with section 551 of the Act, in substitution for all subsisting authorities, to exercise all powers of the company to allot shares in the company and to grant rights to subscribe for or convert any security into shares in the company up to an aggregate nominal amount of £228,759,281, such authority to apply until the conclusion of next year's AGM (or, if earlier, until midnight on 18 December 2020) save that under such authority the company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert any security into shares in pursuance of such an offer or agreement as if the relevant authority conferred hereby had not expired.

#### **Approval of the Irish Sharesave Scheme**

17. THAT the rules of the Diageo 2019 Irish Sharesave Scheme, the main features of which are summarised in Appendix 1 of this Notice, and a copy of which is produced to the meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and the remuneration

committee of the Board be and is hereby authorised to do all acts and things which it considers necessary or desirable to carry the same into effect.

### **Special Resolutions**

#### **Disapplication of pre-emption rights**

18. THAT, if resolution 16 is passed, in substitution for all subsisting authorities, the Board be given power to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares of the company as treasury shares for cash, in each case, as if section 561(1) of the Act did not apply to any such allotment or sale, such power to be limited:

- a) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer or issue of, or invitation to apply for, equity securities:
  - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - ii. to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

and so that the Board may impose any limits, exclusions or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter (including any matters arising by virtue of equity securities being represented by depositary receipts);

- b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £34,313,892; and
- c) to the allotment of equity securities in connection with the company's employee share plans and the company's employee share plans for employees of joint ventures in which the company and/or any of its subsidiary undertakings (as defined in the Act) participates,

such power to apply until the conclusion of next year's AGM (or, if earlier, until midnight on 18 December 2020) save that the company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted (and/or treasury shares to be sold) after such expiry and the Directors may allot equity securities and/or sell treasury shares in pursuance of such an offer or agreement as if the relevant power conferred hereby had not expired.

**Authority to purchase own ordinary shares**

19. THAT the company be authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares on such terms and in such manner as the Board may from time to time determine but subject to the following restrictions and provisions:

- a) the maximum number of ordinary shares hereby authorised to be purchased is 237,177,623; and
- b) the minimum price, exclusive of expenses, which may be paid for an ordinary share is  $28^{101}/_{108}$  pence; and

- c) the maximum price, exclusive of expenses, which may be paid for an ordinary share is the higher of:
  - i. 5% above the average market value of the company's ordinary shares for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
  - ii. the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out; and
- d) unless previously revoked or varied, such authority shall expire at the conclusion of next year's AGM (or, if earlier, at midnight on 18 December 2020), save that the company may, before such expiry, enter into a contract for the purchase of ordinary shares which would or might be completed wholly or partly after such expiry and the company may purchase ordinary shares pursuant to any such contract as if this authority had not expired.

**Reduced notice of a general meeting other than an AGM**

20. THAT a general meeting of the company other than an AGM may be called on not less than 14 clear days' notice.

### **Approval and adoption of new articles of association**

21. THAT, with effect from the conclusion of the meeting, the articles of association of the company produced to the meeting and initialled by the Chairman (for the purpose of identification) be adopted as the company's articles of association in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board

**Siobhán Moriarty**  
Company Secretary  
25 July 2019

Diageo plc  
Registered office:  
Lakeside Drive  
Park Royal  
London  
NW10 7HQ

Registered in England No. 23307

### **Explanatory notes to the resolutions**

#### **Resolution 1 (report and accounts 2019)**

These Diageo plc Directors' and Auditor's reports and accounts are for the year ended 30 June 2019.

#### **Resolution 2 (Directors' remuneration report 2019)**

Resolution 2 is an advisory vote to approve the Directors' remuneration report as required by sections 439 and 440 of the Act and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The remuneration report is set out on pages 80 to 101 of the Annual Report for the year ended 30 June 2019.

#### **Resolution 3 (declaration of final dividend)**

The company paid an interim dividend of 26.1 pence per ordinary share in April 2019. The Board recommends a final dividend of 42.47 pence per ordinary share, bringing the total dividend for the year to 68.57 pence per ordinary share. Subject to approval by shareholders, the final dividend will be paid on 3 October 2019 to shareholders on the Register on 9 August 2019.

A Dividend Re-investment Plan ('DRIP') is available in respect of this dividend and the plan notice date is 12 September 2019. A DRIP booklet and mandate form are available from the Registrar or from the company's website ([www.diageo.com](http://www.diageo.com)).

#### **Resolution 4 (election of Debra Crew)**

The company's articles of association provide that any Director appointed by the Board since the last AGM is required to retire at the first AGM after the appointment. Debra Crew was appointed to the Board on 18 April 2019 and therefore will retire at the AGM and stand for election by shareholders for the first time since her appointment. Ms Crew's biographical details, including the strengths she

brings to the role, are set out on page 66 of the Annual Report for the year ended 30 June 2019.

**Resolutions 5-12 (Directors seeking re-election)**

In accordance with the UK Corporate Governance Code, all other Directors will stand for re-election by shareholders at the AGM.

In relation to the re-election of Non-Executive Directors, Lord Davies of Abersoch, Susan Kilsby, Ho KwonPing, Nicola Mendelsohn and Alan Stewart, the Chairman has confirmed that the Board has determined that each of them is independent, continues to perform effectively and demonstrates commitment to their role, and that they are all influential individuals in their respective fields, backgrounds and countries. The Board has considered in particular whether Lord Davies of Abersoch, who was appointed a Director in September 2010 and whose re-election will result in his total tenure exceeding nine years from the date of his first appointment, remains independent. Lord Davies has agreed to extend his term for an additional year and to stand for re-election at this AGM in order to ensure continuity of Board membership, pending recruitment of additional Directors to the Board, and to enable the company to benefit from his experience in British politics and international trade relations at a time of particular uncertainty in these two areas. The Board (excluding Lord Davies) has concluded that he continues to demonstrate sufficient independence of thought, provides challenge within the Board and demonstrates objective judgement in his contributions to the Board debate, and that his independence is not likely to be impaired. The Board accordingly recommends his re-election to the Board at this AGM. The company does not intend that Lord Davies will seek re-election at the 2020 AGM.

Their balance of knowledge and skills, combined with their diversity and business experience, makes a major contribution to the proper functioning of the Board and its committees. Biographical details of the Directors seeking re-election can be found on pages 66 and 67 of the Annual Report for the year ended 30 June 2019. These include details of the strengths of each director, which demonstrate that each director's contribution is, and continues to be, important to the company's long-term sustainable success

Copies of the Directors' service contracts (or, where appropriate, letters of appointment) are available for inspection during normal business hours at the company's registered office on any business day, and will be available at the place where the AGM is being held from at least 15 minutes prior to, and during, the AGM.

**Resolution 13 (re-appointment of auditor)**

At each general meeting at which the accounts are laid before the members, the company is required to appoint an auditor to serve until the next such meeting. PricewaterhouseCoopers LLP has agreed to continue as the company's auditor in respect of the financial year ending 30 June 2020.

**Resolution 14 (remuneration of auditor)**

This resolution authorises the Board, acting through the audit committee, to determine the remuneration of the company's auditor.

**Resolution 15 (political donations and political expenditure)**

Under section 366 of the Act, the company is required to seek shareholders' authority for any political donations and/or political expenditure made by the company in the UK or any member state of the European Union ('EU'). At the AGM held on 20 September 2018, the Board was

granted authority to make such political donations and/or incur such political expenditure, capped at £100,000.

Within the UK and the EU, it has been the company's longstanding practice not to make payments to political parties and the intention is that this will remain the case. However, the legislation is very broadly drafted and may catch activities such as funding seminars and other functions to which politicians are invited, supporting certain bodies involved in policy review and law reform, and matching employees' donations to certain charities.

The group made contributions to political parties outside the UK and EU totalling £0.38 million during the year (2018 – £0.3 million). These were all made, consistent with applicable laws, and were almost exclusively, to federal and state candidates and committees in North America, where it is common practice to make political contributions. No particular political persuasion was supported and contributions were made with the aim of promoting a better understanding of the group and its views on commercial matters, as well as a generally improved business environment.

To avoid inadvertent infringement, the Board has decided to continue to seek shareholders' authority for political donations and political expenditure in the UK and the EU in case any of the company's normal activities are caught by the legislation. The authority sought would again be capped at £100,000. This authority will apply until the conclusion of next year's AGM (or, if earlier, until midnight on 18 December 2020).

The Board will continue to seek to renew this authority at each AGM, in accordance with current best practice.

#### **Resolution 16 (authority to allot shares)**

At the AGM held on 20 September 2018, shareholders gave authority to the Board, which will expire on 19 December 2019, to allot a maximum of £237,382,626 in nominal value of ordinary shares and any securities convertible into ordinary shares. Resolution 16 replaces the authority granted in 2018 and would allow the Board to allot ordinary shares, or to grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £228,759,281 (representing approximately 790,592,078 ordinary shares).

This amount represents approximately one-third of the company's issued share capital (excluding treasury shares) as at 23 July 2019, the latest practicable date prior to publication of this AGM notice (the 'Latest Practicable Date').

The authority sought under this resolution will apply until the conclusion of next year's AGM (or, if earlier, until midnight on 18 December 2020). The Board will continue to seek to renew this authority at each AGM, in accordance with current best practice.

The Board has no present intention to exercise the authority sought under resolution 16, except to satisfy options under the company's share option plans (where relevant).

As at the Latest Practicable Date, 228,895,916 ordinary shares are held by the company in treasury (representing approximately 9.65% of the total issued share capital (excluding treasury shares) of the company).

**Resolution 17 (approval of the Irish Sharesave Scheme)**

Shareholders are asked to approve the rules of the Diageo 2019 Irish Sharesave Scheme ('Scheme') to replace the existing Diageo 2009 Irish Sharesave Scheme which was approved by shareholders at the company's AGM on 14 October 2009. The existing scheme will expire this year and needs to be renewed and the Board is therefore proposing the adoption of the Scheme. A summary of the main features of the rules of the Scheme can be found in Appendix 1 of this Notice and the rules of the Scheme will be available for inspection as set out as note 21.

**Resolution 18 (disapplication of pre-emption rights)**

This resolution would give the Board the power to allot ordinary shares (or sell any ordinary shares which the company elects to hold in treasury) for cash without first having to offer them to existing shareholders in proportion to their existing shareholdings.

This authority would be limited to allotments of new ordinary shares or sales of treasury shares, for cash, under resolution 16 in connection with pre-emptive offers, or to allotments of equity securities to employees of joint ventures in which the group participates, or otherwise to allotments or sales of up to an aggregate nominal amount £34,313,892 (representing approximately 118,588,811 ordinary shares), which is equivalent to just less than 5% of the issued ordinary share capital (excluding treasury shares) of the company as at the Latest Practicable Date.

In respect of the authority referred to in subparagraph (b) of the resolution, the Board also confirms its intention to follow the provisions of the Pre-Emption Group Statement of Principles regarding cumulative usage of authorities of no more than 7.5% of the issued ordinary share

capital (excluding treasury shares) within a rolling three-year period without prior consultation with shareholders. The Board will continue to renew this authority at each AGM, in accordance with best practice.

This authority will apply until the conclusion of next year's AGM (or, if earlier, until midnight on 18 December 2020).

**Resolution 19 (authority to purchase own ordinary shares)**

At the AGM held on 20 September 2018, the shareholders granted authority for the company to buy up to a maximum of 246,118,306 of its own ordinary shares in the market.

This resolution renews and replaces that authority and would allow the company to buy back up to 237,177,623 ordinary shares (i.e. approximately £68,627,784 in nominal value) in the market (just less than 10% of the issued ordinary share capital, excluding treasury shares, at the Latest Practicable Date).

At the Latest Practicable Date, the company had outstanding options to subscribe for ordinary shares relating to 99,899 ordinary shares. This figure represents approximately 0.00% of the issued ordinary share capital (excluding treasury shares) at the Latest Practicable Date and would, assuming no further ordinary shares are issued, represent approximately 0.01% of the issued ordinary share capital (excluding treasury shares) if full authority to purchase shares (both the existing authority and that sought at this year's AGM) was used.

The resolution sets out the lowest and highest prices that the company can pay for the ordinary shares, the lowest price being the nominal value of an ordinary share and the highest price being the higher of:

- a) 5% above the average market value of the company's ordinary share for the five business days preceding the day of purchase; and
- b) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venues where the purchase is carried out.

This authority will apply until the conclusion of next year's AGM (or, if earlier, until midnight on 18 December 2020). Any buyback would be by market purchases through the London Stock Exchange and/or other relevant markets or exchange.

Any ordinary shares so purchased would be either held as treasury shares or cancelled. In the period from 20 September 2018 to the Latest Practicable Date, 84,542,509 ordinary shares have been purchased and cancelled under the existing authority.

The Board would only authorise such purchases after careful consideration, taking account of other investment opportunities, appropriate gearing levels, the overall financial position of the group and whether the effect would be an increase in earnings per share and in the best interests of shareholders generally.

#### **Resolution 20 (reduced notice of a general meeting other than an AGM)**

In accordance with the Act, the notice period for general meetings (other than AGMs) is 21 clear days' unless a shorter notice period is approved by shareholders via special resolution. The company would like to have the ability to call general meetings (other than an AGM) on less than 21 clear days' notice. Resolution 20 seeks such approval.

The company confirms that the shorter notice would not be used as a matter of routine but only in exceptional circumstances where the flexibility is merited by the nature of the business of the meeting and is thought to be in the interests of shareholders as a whole. In accordance with the Act, the company shall continue to offer the facility for members to vote by electronic means.

#### **Resolution 21 (approval and adoption of new articles of association)**

It is proposed that the company adopt new articles of association (the 'New Articles') to update the company's current articles of association, which were adopted in 2018. The changes introduced in the New Articles are primarily to reflect best market practice amongst similar large listed companies. In summary, the New Articles:

- a) require the Directors to retire (and should they wish to remain in office, to seek re-election) at each AGM;
- b) clarify the existing article in relation to untraced shareholders and the procedure to be followed to permit the company to sell shares belonging to an untraced shareholder after sending a notice to such shareholder's last known address and using reasonable efforts to trace the shareholder, rather than requiring the company to take out two newspaper advertisements; and
- c) clarify, by means of a formatting change to Article 121(D), that a distribution should be treated as unclaimed if the distribution recipient does not specify the details necessary to make payment or if the company is unable to pay the dividend or other distribution using the details provided by the distribution recipient.

It should be noted that the change described in (a) reflects the requirements of the UK Corporate Governance Code and the company's existing practice. The change described in (b) reflects best practice and provides the company with appropriate flexibility in connection with locating untraced shareholders. 'Reasonable efforts' to trace a shareholder may include, if considered appropriate, the company engaging a professional asset reunification company or other tracing agent to search for a shareholder who has not kept their details up-to-date.

## **Additional information for those entitled to attend the AGM**

### **Attending and voting**

- (1) Only holders of ordinary shares on the Register as at close of business on Tuesday, 17 September 2019 (or, in the event of any adjournment, the date which is two days before the time of the adjourned meeting, provided that no account shall be taken of any part of a day that is not a working day) are entitled to attend, speak and/or vote at the AGM. Such shareholders can vote in respect of the number of shares registered in their names at that time, but any subsequent changes to the Register shall be disregarded in determining rights to attend and vote.
- (2) To be admitted to the AGM, please bring your admittance pass or Notice of Availability card that you have received through the post. You will need to be able to confirm your name, address and unique investor code as it appears on the Register (which can be found on either your share certificate, dividend confirmation or similar documentation as issued by the Registrar).

- (3) Any shareholder attending the AGM has the right to ask questions. The company must cause to be answered any such question relating to the business being dealt with at the AGM, but no such answer need be given if (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information, (b) the answer has already been given on the company's website ([www.diageo.com](http://www.diageo.com)) in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the AGM that the question be answered.
- (4) On arrival at the AGM venue, all those entitled to vote will be required to register and collect a poll card. In order to facilitate these arrangements, please arrive at the AGM venue in good time. You will be given instructions on how to complete your poll card at the AGM.
- (5) The AGM will be audio recorded by the company for the purpose of maintaining a record of the meeting. The audio recording will be made by the Company and any personal data captured will be processed in accordance with the Company's privacy policy that is applicable to shareholders (a copy of which can be found at [www.diageoregistrars.com](http://www.diageoregistrars.com)).

### **Appointment of proxies**

- (6) Any shareholder entitled to attend, speak and vote is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend the AGM and to speak and vote on his/her behalf. If you appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. A proxy need not be a shareholder of the company.

You can find a Form of Proxy to make an appointment and give proxy instructions, on the company's website ([www.diageo.com](http://www.diageo.com)) or you can request a copy from the Registrar at the address below. To be effective, the duly completed Form of Proxy, together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority, must reach The Registrar, Link Asset Services, PX51, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 2.30 pm on Tuesday, 17 September 2019 (or not less than 48 hours before the time fixed for any adjourned AGM, provided that no account shall be taken of any part of a day that is not a working day).

To appoint a proxy electronically you will need your unique investor code. You must use the electronic address specified for this purpose on the company's website (please see 'Electronic Voting' at [www.diageo.com](http://www.diageo.com)) and your appointment must reach The Registrar by 2.30 pm on Tuesday, 17 September 2019 (or not less than 48 hours before the time fixed for any adjourned AGM, provided that no account shall be taken of any part of a day that is not a working day). Please note that any electronic communication that is found to contain a computer virus will not be accepted. If two or more valid but differing appointments of a proxy are received in respect of the same share for use at the same AGM, the appointment of proxy which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the others as regards that share; if the company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

Participants in the company's Employee Share Plans or holders of shares in the Diageo Sharestore should refer to note 11.

- (7) Unless voting instructions are indicated on the Form of Proxy, a proxy may vote or withhold his/her vote as he/she thinks fit on the resolutions or on any other business (including amendments to resolutions) which may come before the AGM. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for or against a resolution.
- (8) If you are an ordinary shareholder and wish to attend the AGM, the return of the Form of Proxy or the appointment of a proxy via the electronic voting section of the company's website or via CREST will not prevent you from attending and voting in person. In the case of joint holders, any one holder may vote. If more than one holder is present at the AGM, only the vote of the senior will be accepted, seniority being determined by the order in which names appear on the Register.
- (9) A shareholder must inform the company in writing of any termination of the authority of a proxy.

#### **Appointment of proxies through CREST**

- (10) CREST members who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so in accordance with the procedures described in the CREST manual (available by logging in at [www.euroclear.com](http://www.euroclear.com)). In order for a proxy appointment made through CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear

UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments as set out in note 6.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is

a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members and, where applicable, their CREST sponsors or voting system provider are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

**Participants in Diageo employee share plans or holders of shares in the Diageo Sharestore**

- (11) Participants in the company's Employee Share Plans and holders of shares in the Diageo Sharestore should complete the Letter of Direction section of the Form of Proxy.

Those who are ordinary shareholders and/or participants in such plans and/or holders of shares in the Diageo Sharestore should complete both the Form of Proxy and the Letter of Direction section. The Letter of Direction must reach the Registrar (at the address specified in note 6), or in the case of a Letter of Direction completed electronically, the electronic address specified for this purpose on the company's website (please see 'Electronic Voting' at [www.diageo.com](http://www.diageo.com)), by 2.30 pm on Thursday, 12 September 2019. The votes of employees or former employees of the company will be taken to include their Employee Share Plans and Diageo Sharestore shares together with holdings in their own name unless they notify the Registrar to the contrary at least 48 hours before the AGM.

Holders of shares in the Diageo Sharestore should contact the Registrar and request a letter of admittance should they wish to attend the company's AGM.

### **Corporate representatives**

(12) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares.

### **Nominated persons**

(13) A copy of this AGM notice has been provided for information only to persons who have been nominated by a shareholder to enjoy information rights under section 146 of the Act ('Nominated Persons'). The statement of the rights of shareholders in relation to the appointment of proxies does not apply to Nominated Persons. However, a Nominated Person may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed as a proxy for the AGM or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights.

If you have been nominated to receive general shareholder communications directly from the company, it is important to remember that your main contact in terms of your investment remains the registered shareholder or custodian or broker who administers the investment on your behalf. Therefore, any changes or queries relating to

your personal details and holdings (including any administration) must continue to be directed to your existing contact at your investment manager or custodian. The company cannot guarantee to deal with matters that are directed to it in error. The only exception to this is where the company, in exercising one of its powers under the Act, writes to you directly for a response.

### **Shareholders' rights**

(14) Under section 527 of the Act, shareholders that meet the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to:

- a) the audit of the company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or
- b) any circumstance connected with an auditor of the company ceasing to hold office since the previous AGM at which annual accounts and reports were laid in accordance with section 437 of the Act.

The company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the company has been required, under section 527 of the Act, to publish on a website.

### **Result of AGM**

(15) As soon as practicable following the AGM, the results of the voting at the AGM and the number of votes cast for and against and the number of votes withheld in respect of each resolution will be announced via a Regulatory Information Service and placed on the company's website ([www.diageo.com](http://www.diageo.com)).

### **Electronic communications**

(16) Any electronic address provided either in this AGM notice or any related documents (including the Chairman's letter and Form of Proxy) may not be used to communicate with the company for any purposes other than those expressly stated.

(17) Diageo encourages you to receive communications and documents electronically, by registering your email address at [www.diageoregistrars.com](http://www.diageoregistrars.com). You will be sent an email letting you know that your shareholder documents will be available on the company's website ([www.diageo.com](http://www.diageo.com)) for you to view or download.

### **Information on website**

(18) A copy of this AGM notice and other information required by section 311(A) of the Act can be found at the company's website ([www.diageo.com](http://www.diageo.com)).

(19) The Diageo plc report and accounts for the year ended 30 June 2019 can be viewed at, or downloaded from, the company's website ([www.diageo.com](http://www.diageo.com)) or a copy requested by writing to the Registrar at the Link Asset Services – Diageo Registrars, PO Box 521, Darlington DL1 9XS or by calling +44 (0) 371 277 1010, or by emailing [diageo@linkgroup.co.uk](mailto:diageo@linkgroup.co.uk).

### **Issued share capital**

(20) The company's issued share capital at the Latest Practicable Date was 2,600,672,150 ordinary shares, including ordinary shares held as treasury shares. As at the Latest Practicable Date, the company held 228,895,916 ordinary shares as treasury shares, representing approximately 9.65% of the company's issued share capital (excluding treasury shares) as at that date.

As at the Latest Practicable Date, the total number of voting rights in the company was, therefore 2,371,776,234.

### **Display documents**

(21) The following documents, are available for inspection at the registered office of the company during normal business hours on any weekday (Saturday, Sunday and UK public holidays excluded) and will also be available for inspection at etc.venues St. Paul's, 200 Aldersgate, London EC1A 4HD from at least 15 minutes prior to, and during, the AGM:

- a) copies of service contracts between the executive directors and the company;
- b) copies of letters of appointment of the non-executive directors;
- c) the Rules of the Diageo 2019 Irish Sharesave Scheme as proposed under resolution 17; and
- d) the existing Articles of Association and New Articles as proposed under resolution 21.

The Rules of the Diageo 2019 Irish Sharesave Scheme as proposed under resolution 17 and the existing Articles of Association and New Articles as proposed under resolution 21 are also available for inspection at Slaughter & May, One Bunhill Row, London EC1Y 8YY.

### **Warning to shareholders**

(22) Please beware of share fraud or 'boiler room' scams, where shareholders are called 'out of the blue' by fraudsters (sometimes claiming to represent Diageo) attempting to obtain money or property dishonestly. Further information is available in the investor section of the company's website ([www.diageo.com](http://www.diageo.com)) but in short, if in doubt, take proper professional advice before making any investment decision.

## **Appendix 1 – main terms of rules of the Diageo 2019 Irish Sharesave Scheme**

The Diageo 2019 Irish Sharesave Scheme (Sharesave Scheme) is an all-employee savings-related share option scheme which is designed to meet the requirements of Section 519C of the Taxes Consolidation Act, 1997. Set out below is a summary of its main features.

### **Eligibility**

An individual must be an employee or full-time director of the Company or a participating subsidiary who is tax resident in Ireland and who is an employee or full time director on the date that the Company announces its annual financial results preceding the grant, or such other period (not exceeding three years continuous employment) determined at the discretion of the Board.

The Board has a discretion to nominate employees who do not satisfy the above conditions to participate in the Scheme and can also decide which subsidiaries participate.

### **Grant of options**

The Board may at any time (but subject to any relevant regulatory restrictions) invite all eligible employees to apply for options.

No options may be granted after the period of ten years from the date of approval of the Scheme by the company's shareholders. Options granted under the Scheme are personal to optionholders and, except on the death of an optionholder, may not be transferred. Options granted under the Scheme are not pensionable.

### **Savings contracts**

An eligible employee who applies for an option under the Scheme must also enter into a savings contract with a qualifying savings institution for a specified period of three or five years.

The Board has discretion to determine which of the savings contracts will be available in respect of any invitation to apply for options. Under this contract, the employee will agree to make monthly savings contributions of a fixed amount which is set by the Board (which may not exceed the statutory maximum (currently, €500 per month)). Ordinary shares may only be acquired under the Scheme on the exercise of the option using the payment under this contract. Payment will be taken as including any bonus payable under the savings contract, unless otherwise decided by the Board.

### **Price**

The Board shall determine the price payable for each Share under option, provided that the price shall not be less than the higher of:

- a) 80% of the middle-market quotation for a Share in the Daily Official List of the London Stock Exchange (Daily Official List) the average of the middle-market quotations for a Share in the Daily Official List on the three consecutive dealing days prior to the date on which invitations to apply for options are issued; and

- b) the nominal value of a Share, if the option relates to new ordinary shares.

#### **Overall limit**

The number of the company's unissued ordinary shares that may be issued or placed under option or award in any period of ten years under the company's employee share schemes may not exceed such number of ordinary shares as represents 10% of the company's ordinary share capital in issue from time to time.

Ordinary shares transferred out of treasury to satisfy options under the Scheme will count towards this limit for so long as this is required by institutional investor guidelines.

#### **Scaling down**

Applications to participate in the Scheme may be scaled down by the Board if applications exceed the number of ordinary shares available for the grant of options. The ways in which scaling down may be carried out are set out in the Scheme rules.

#### **Exercise of options**

An option may not normally be exercised until the optionholder has completed their three-year or five-year savings contract and then not more than six months thereafter. Special provisions allow early exercise in the case of death, injury, disability, redundancy, retirement or because the company or business which employs the optionholder is transferred out of the Group. If an optionholder ceases employment for any other reason, their option will lapse.

Special provisions also allow early exercise in the event of a change of control, reconstruction or winding up of the company. Internal reorganisations do not automatically trigger the early exercise of options.

#### **Variation of capital**

In the event of any variation in the share capital of the company, the Board may make such adjustments as it considers appropriate to the number of ordinary shares under option and the price at which they may be acquired. Any such variation must in particular ensure that the total market value of the ordinary shares under option and the total price at which they may be acquired must be substantially the same before and after the amendment.

#### **Amendments**

The Board may at any time amend the Scheme with the approval of the Irish revenue. The prior approval of the company in general meeting must be obtained in the case of any amendment to the advantage of the optionholders which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining a participant's entitlement to, and the terms of, ordinary shares provided under the Scheme, and the adjustments that may be made in the event of any variation of share capital. Minor amendments to benefit the administration of the Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the company or any member of the group do not require the approval of the company in general meeting. Any amendment to the material disadvantage of participants in relation to options already granted to them requires their majority consent.