



# Notice of Annual General Meeting 2017

**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 The Mermaid Conference & Events Centre, Puddle Dock, Blackfriars, London EC4V 3DB on Wednesday, 20 September 2017 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 page 12 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  
11 August 2017

Notice is hereby given that the AGM of Diageo plc will be held at The Mermaid Conference & Events Centre, Puddle Dock, Blackfriars, London EC4V 3DB on Wednesday, 20 September 2017 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 17 and 18, which will be proposed as special resolutions. Explanations of the resolutions are given on pages 6 to 9 of this AGM notice and additional information for those entitled to attend the AGM can be found on pages 12 to 16.

#### **Report and accounts 2017**

1. THAT the Directors' and Auditor's reports and the accounts for the year ended 30 June 2017 be received.

#### **Directors' remuneration report 2017**

2. THAT the Directors' remuneration report, (excluding the Directors' remuneration policy) for the year ended 30 June 2017 be approved.

#### **Directors' remuneration policy**

3. THAT the Directors' remuneration policy as set out on pages 70 to 75 of the Annual Report for the year ended 30 June 2017 be approved.

#### **Declaration of final dividend**

4. THAT a final dividend be declared on the ordinary shares of 28 <sup>101</sup>/<sub>108</sub> pence each ('Ordinary Share(s)') of 38.5 pence per share for the year ended 30 June 2017.

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

5. THAT PB Bruzelius be re-elected as a director.
6. THAT Lord Davies be re-elected as a director.
7. THAT J Ferrán be re-elected as a director.
8. THAT Ho KwonPing be re-elected as a director.
9. THAT BD Holden be re-elected as a director.
10. THAT NS Mendelsohn be re-elected as a director.
11. THAT IM Menezes be re-elected as a director.
12. THAT KA Mikells be re-elected as a director.
13. THAT AJH Stewart be re-elected as a director.

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

14. 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**

15. THAT the Board, acting through the audit committee, be authorised to determine the auditor's remuneration.

**Authority to allot shares**

16. THAT the Board be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (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 £242,594,000, such authority to apply until the conclusion of next year's AGM (or, if earlier, until midnight on 19 December 2018) 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.

**Disapplication of pre-emption rights**

17. 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 held by the company as treasury shares for cash, in each case free of the restriction in section 561(1) of the Act, 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 depository receipts); and

- b) to the allotment (otherwise than under paragraph (a) above) of equity securities or sale of treasury shares up to a nominal amount of £36,425,000; and
- c) to the allotment of equity securities in connection with the company's employee share plans and the company's employee share option 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 19 December 2018) 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 authority conferred hereby had not expired.

**Authority to purchase own Ordinary Shares**

18. 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 251,773,000; and
- b) the minimum price, exclusive of expenses, which may be paid for an Ordinary Share is 28 <sup>101</sup>/<sub>108</sub> 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 19 December 2018), 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.

**Authority to make political donations and/or to incur political expenditure in the European Union ('EU')**

19. THAT, in accordance with sections 366 and 367 of 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 19 December 2018), 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.

**Adoption of the Diageo plc 2017  
Share Value Plan**

20. THAT the Diageo plc 2017 Share Value Plan, the main features of which are summarised in Appendix 1 on page 10 of this AGM notice, and a copy of the rules which are produced to the meeting and initialled by the Chairman for the purpose of identification, be hereby approved and adopted and the Board be hereby authorised to do all acts and things which it may consider necessary or desirable to carry the same into effect and to make such changes as it may consider appropriate for that purpose, including making any changes required under the United States Internal Revenue Code of 1986, as amended.

By order of the Board

**David Harlock**

Company Secretary

11 August 2017

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 2017)**

These Diageo plc reports and accounts are for the year ended 30 June 2017.

### **Resolution 2 (Directors' remuneration report 2017)**

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 68 to 87 of the Annual Report for the year ended 30 June 2017.

### **Resolution 3 (Directors' remuneration policy)**

Resolution 3 is to approve the Directors' remuneration policy as set out in the Directors' remuneration report on pages 70 to 75 of the Annual Report for the year ended 30 June 2017, available from the company's website ([www.diageo.com](http://www.diageo.com)).

The vote on the Directors' remuneration policy is binding and accordingly the company may not make a remuneration payment or payment for loss of office to a person who is, or is to become, or has been a director of the company unless that payment is consistent with the Directors' remuneration policy or has otherwise been approved by a resolution of shareholders.

If resolution 3 is passed, the Directors' remuneration policy will take effect immediately. The remuneration policy must be put to shareholder vote and approved at least once every three financial years, or earlier if it is proposed that the policy is amended during that time.

### **Resolution 4 (declaration of final dividend)**

The company paid an interim dividend of 23.7 pence per Ordinary Share in April 2017. The Board recommends a final dividend of 38.5 pence per Ordinary Share, bringing the total dividend for the year to 62.2 pence per Ordinary Share. Subject to approval by shareholders, the final dividend will be paid on 5 October 2017 to shareholders on the Register on 11 August 2017.

A Dividend Re-investment Plan ('DRIP') is available in respect of this dividend and the plan notice date is 14 September 2017. A DRIP booklet and mandate form are available from the Registrar at the address given in note 4 on page 12 of this AGM notice or from the company's website ([www.diageo.com](http://www.diageo.com)).

### **Resolutions 5-13 (Directors seeking re-election)**

The company's articles of association provide that any Director who has been appointed by the Board since the last AGM is required to retire and may then be considered for election assuming they wish to stand for election.

There were no Directors appointed since the last AGM.

In accordance with the UK Corporate Governance Code, all other Directors of the company will stand for re-election, with the exception of Philip G Scott who will retire as a director at the AGM and will therefore not be seeking re-election. In relation to the re-election of Non-Executive Directors, Peggy B Bruzelius, Lord Davies of Abersoch, Ho KwonPing, Betsy D Holden, Nicola S Mendelsohn and Alan JH 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.

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. You can find biographical details of the company's Directors seeking re-election set out on page 58 of the Annual Report for the year ended 30 June 2017.

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 14 (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 2018.

**Resolution 15 (remuneration of auditor)**

Resolution 15 authorises the Board, acting through the audit committee, to determine the remuneration of the company's auditor.

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

At the AGM held on 21 September 2016, shareholders gave authority to the Board, which will expire on 20 September 2017, to allot a maximum of £242,602,000 in nominal value of Ordinary Shares and any securities convertible into Ordinary Shares. Resolution 16 replaces the authority granted in 2016 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 £242,594,000 (representing approximately 838,405,000 Ordinary Shares).

This amount represents approximately one-third of the company's issued share capital (excluding treasury shares) as at 13 July 2017, 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 the close of business on 19 December 2018). 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, 236,734,257 Ordinary Shares are held by the company in treasury (representing approximately 10% of the total issued share capital (excluding treasury shares) of the company).

**Resolution 17 (disapplication of pre-emption rights)**

Resolution 17 would give the Board the authority 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 the authority to allot resolution 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 allotment or sales of, up to an aggregate nominal amount of £36,425,000 (representing approximately 125,886,000 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 seek to renew this authority at each AGM, in accordance with current best practice.

This authority will apply until the conclusion of next year's AGM (or, if earlier, until midnight on 19 December 2018).

**Resolution 18 (authority to purchase own Ordinary Shares)**

At the AGM held on 21 September 2016, the shareholders granted authority for the company to buy up to a maximum of 251,781,000 of its own Ordinary Shares in the market.

Resolution 18 renews and replaces that authority and would allow the company to buy back up to 251,773,000 Ordinary Shares (i.e. approximately £72,851,000 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 227,059 Ordinary Shares. This figure represents approximately 0.01% 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 being the nominal value of an Ordinary Share and the highest being the higher of (i) 5% above the average market value of the company's Ordinary Share for the five business days preceding the day of purchase and (ii) 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 19 December 2018). Any buyback would be by market purchases through the London Stock Exchange and/or other relevant markets or exchanges.

Any Ordinary Shares so purchased would be either held as treasury shares or cancelled. In the period from 22 September 2016 to the Latest Practicable Date, 739,319 Ordinary Shares have been purchased and held as treasury shares 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.

The Board has approved a share buyback programme to return up to £1,500,000,000 to shareholders in the year to 30 June 2018.

**Resolution 19 (political donations and political expenditure in the EU)**

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 EU. At the AGM held on 21 September 2016, the Board was granted authority to make such political donations and/or incur such political expenditure, capped at £100,000.

Within 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 non-EU political parties totalling £0.4 million during the year (2016 – £0.4 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 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 19 December 2018). The Board will continue to seek to renew this authority at each AGM, in accordance with current best practice.

**Resolution 20 (adoption of the Diageo plc 2017 Share Value Plan (the 'Plan'))**

The existing plan will expire on 16 October 2017 and needs to be renewed. The Board is therefore proposing the adoption of the Plan, which is substantially the same as the existing plan. A summary of the Plan is set out in Appendix 1 on page 10 of this AGM notice.

A copy of the Plan is available for inspection at the company's registered office and at the office of Slaughter and May, One Bunhill Row, London EC1Y 8YY, during normal business hours until close of the AGM and will be available at the place the AGM is being held from 15 minutes prior to and during the AGM.

## Appendix 1

### Summary of the Diageo plc 2017 Share Value Plan

The following is a summary of the principal features of the Diageo plc 2017 Share Value Plan (the 'Plan'), which operates within the United States Internal Revenue Code 1986 ('Code'), as amended. The Plan replaces the current plan which expires on 16 October 2017 but without substantive changes to the terms or application of the existing plan.

#### Eligibility

Employees of Diageo North America Inc. and other subsidiaries of Diageo in the USA as selected by the Board from time to time will be eligible to participate in the Plan, provided that they meet certain requirements.

#### Operation

The Plan provides a tax efficient method of saving for employees in the USA combined with an option to buy American Depositary Shares ('ADS') representing Ordinary Shares in the company. The basis of entitlement of each participant shall be the same. Once participants have elected the total annual amount they wish to save, funds are collected on a monthly basis through payroll for one year, following the end of which the trustee of the Plan acquires ADSs on behalf of the participants.

### Acquisition of Shares

Subject to shareholder approval of the Plan, it is proposed that the first grant of options will be made in 2017. No options may be granted more than ten years after the Plan is approved by shareholders. Options under the Plan are personal to the participants, may not be transferred except on death and are not pensionable.

The fair market value of ADSs granted to any participant in any year under the Plan and any other employee stock purchase plans (within the meaning of the Code) may not exceed the limit permitted by the relevant tax legislation or whatever limit the company sets (which shall not exceed the limit set by the relevant tax legislation). The current limit under the Plan is US\$25,000 per annum, determined at the time of grant.

### Subscription Price

The subscription price of ADSs purchased on exercise of options under the Plan will be not less than 85% of the closing price for such ADSs as reported on the New York Stock Exchange on the dealing day immediately before the date of grant of options.

### **Limits of the Plan**

The Plan is subject to the following limits:

In any ten year period, the number of the company's shares which may be issued under the Plan, and under any employees' share scheme established by the company, may not exceed 10% of the ordinary share capital of the company in issue (excluding treasury shares) from time to time.

In addition, the number of shares that can be issued under the Plan during its life shall be equal to 0.06% of the ordinary share capital of the company in issue (excluding treasury shares) as at the Latest Practicable Date.

### **Leavers**

If a participant leaves employment as a result of retirement, disability, redundancy or his employer no longer being part of the company's group, he may elect within three months from the date he leaves to bring his option to an end or to exercise his option on the normal exercise date. If a participant leaves employment as a result of death, his personal representatives may elect within three months from the date of his death to bring his option to an end or to exercise his option on the normal exercise date. If a participant leaves employment for any other reason his option will lapse and the savings held for him shall be returned (unless the Board determines otherwise).

### **Corporate events**

In the event of a change of control of the company, the participant can elect whether to continue to save or receive a settlement amount in cash.

### **Variation of capital**

In the event of any variation in the shares of the company, the Board may make such adjustments as it considers appropriate to the number of ADSs under option and the subscription price.

### **Amendments**

The Board may at any time amend the Plan provided that any such changes do not cause the Plan to fail to comply with the requirements for employee stock purchase plans under the Code or any other requirement of applicable law or regulation.

The prior approval of the company in general meeting must be obtained for any amendment (a) as required by the Code or (b) to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining employee's entitlement to, and the terms of, ADSs provided under the Plan, and the adjustments that may be made in the event of any variation of share capital. Minor amendments to benefit the administration of the Plan, to take account of a change in legislation or to obtain favourable tax, exchange control or regulatory treatment for employees, the company or any subsidiary of the company, do not require the approval of the company in general meeting.

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

- (1) Only holders of Ordinary Shares on the Register as at close of business on Monday, 18 September 2017 (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 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) Any shareholder 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 act 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, Diageo plc, Edinburgh Park, 5 Lochside Way, Edinburgh EH12 9DT by 2.30 pm on Monday, 18 September 2017 (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).

Participants in the company's Employee Share Plans or holders of shares in the Diageo Sharestore should refer to note 9.

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' on the home page of [www.diageo.com](http://www.diageo.com)) and your appointment must reach the Registrar by 2.30 pm on Monday, 18 September 2017 (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.

- (5) 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.
- (6) 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.
- (7) A shareholder must inform the company in writing of any termination of the authority of a proxy.
- (8) 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 R015) by the latest time(s) for receipt of proxy appointments as set out in note 4 above. 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.

- (9) 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 4), 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' on the home page of [www.diageo.com](http://www.diageo.com)), by 2.30 pm on Thursday, 14 September 2017. 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.

- (10) 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.

- (11) 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.
- (12) 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)).
- (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.
- (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:
- i. 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
  - ii. 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.
- (15) 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)).

- (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) The company's issued share capital at the Latest Practicable Date was 2,754,467,515 Ordinary Shares, including Ordinary Shares held as treasury shares. As at the Latest Practicable Date, the company held 236,734,257 Ordinary Shares as treasury shares, representing approximately 10% 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, 2,517,733,258.
- (18) The Diageo plc report and accounts for the year ended 30 June 2017 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 address specified in note 4 or by calling +44 (0) 131 519 2090, or by emailing [the.registrar@diageo.com](mailto:the.registrar@diageo.com).
- (19) 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.
- (20) Warning to shareholders – 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.