



DIAGEO

2019 PAY CLAIM

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2019 PAY CLAIM

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Diageo Pay Claim

Introduction

1. GMB Scotland is formally submitting the pay and conditions claim for 2019/20 on behalf of our members employed by Diageo.

2. This claim has been compiled through extensive consultation with hundreds of GMB members and reflects their aspirations for their 2019/20 pay award.

Background to our Claim

3. GMB Scotland members across Diageo have taken part in a pay survey which has led to the formulation of this claim. Of the hundreds of GMB members who completed the survey it was unequivocal that GMB members wanted to share in Diageo's success, receive a pay award that improved quality of life and they wanted employment guarantees.

4. GMB members are aware of the continuing success of Diageo, in which they play an integral role. Diageo's 2018 Annual Report highlights this success; Operating profit above £3.6 Billion, share dividend up by 5% to over 65p per share and total shareholder return at 23%

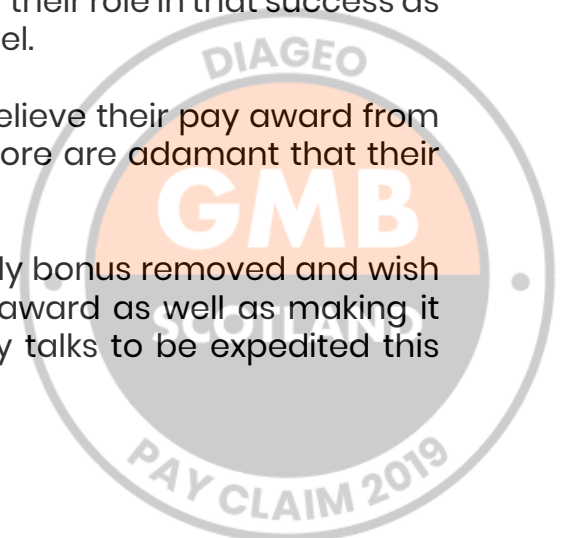
5. Diageo's 2019 interim results show that success is continuing with half yearly profit up 11% with Diageo set to break £4 billion in profit for the year. This 'consistent and sustainable' growth leaves Diageo well placed to reward those working in Scotland who work immensely hard to deliver that growth.

6. GMB understands that Diageo see 'pay for performance is at the heart of our remuneration policy and practices' which is why Executive pay grew so rapidly with the Chief Executive doubling their take home pay and Chief Financial Officer trebling their take home pay in 2018.

7. GMB Scotland members believe that the 2019/20 pay award should reflect the continuing success of Diageo and reward them for their role in that success as they have seen the success rewarded at Executive level.

8. GMB Scotland members were clear that they believe their pay award from Diageo should improve their quality of life and therefore are adamant that their pay rise is significantly above RPI.

9. GMB Scotland members have had their quarterly bonus removed and wish to be recompensed for this within their 2019/20 pay award as well as making it clear through their survey results that they want pay talks to be expedited this year.



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Pay and Conditions Claim

10. GMB Scotland claim for 2019/20 is;
- 5% Pay increase across emoluments

Inflation and Cost of Living

11. GMB Scotland is submitting this claim within the wider economic background of increased inflation over the last year. Predictions of inflation over the next year are again expecting high inflation.
12. GMB Scotland believes that not only should its members be guarded from a real terms reduction in wages through increased inflation but also that they share in the economic prosperity of their employer.

Key Inflation Figures

13. GMB Scotland uses RPI as a benchmark for pay as it is inclusive of the housing costs which are very real for our members. CPI was never intended at its creation to be a headline measure of consumer price changes and excludes housing on the basis that at its inception a pan-European agreement could not be reached on a method for including housing costs, not as a point of principle.
14. Diageo have been able to meet RPI inflationary increases due to its strong economic performance and our members expect due to Diageo’s continued success that they are in a position to offer above RPI.

| | All items (Headline rate) RPI |
|-----------|-------------------------------------|
| Jan 2018 | 4 |
| Feb 2018 | 3.6 |
| Mar 2018 | 3.3 |
| Apr 2018 | 3.4 |
| May 2018 | 3.3 |
| June 2018 | 3.4 |
| July 2018 | 3.2 |
| Aug 2018 | 3.5 |
| Sept 2018 | 3.3 |
| Oct 2018 | 3.3 |
| Nov 2018 | 3.2 |
| Dec 2018 | 2.7 |
| Jan 2019 | 2.5 |
| Feb 2019 | 2.5 |
| Mar 2019 | 2.4 |



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Conclusion

It is GMB Scotland's firm opinion that our claim is fair, affordable and legitimate. GMB Scotland members want to share in the success that they bring to Diageo. Diageo is a global leader and GMB members have played an integral role in this success and will continue to do so. Therefore our members see this as the perfect time for their role in this success to be celebrated through a significant 2019/20 pay award.

GMB Scotland members expect Diageo to respond to this claim with an honest and frank discussion in recognition of the success GMB Scotland members have brought to Diageo. GMB Scotland will work with Diageo throughout negotiations with the aim to reach an agreement acceptable to both our members and Diageo.

