

DIAGEO PLC

Dealing in Securities Code

3 July 2016

DEALING IN SECURITIES CODE

Introduction

The purpose of this dealing in securities code (the “**Code**”) is to ensure that the directors and certain employees of Diageo plc (“**Diageo**” or the “**Company**”) and its subsidiaries (A) do not abuse, and do not place themselves under suspicion of abusing, **Material Non-Public Information** and (B) comply with all relevant legal and regulatory requirements under the **Market Abuse Regulation** and the **US Exchange Act**.

The **Code** contains the **Dealing** clearance procedures and certain additional obligations which must be observed by the Company’s **PDMRs** and those employees who have been told that the Code applies to them. This will include those directors and employees of the **Group** companies who, because of their office or employment or involvement in a particular transaction or business situation, have access to **Material Non-public Information** and are required to be included on the insider lists maintained by the **Company**, save where those directors and employees are subject to an equivalent dealing in securities code and the **Market Abuse Regulation** does not apply. This means that there will be certain times when such persons cannot deal in **Diageo Securities**, including those periods set out in section 3.

Failure by any person who is subject to the **Code** to observe and comply with its requirements may result in disciplinary action including, where appropriate, dismissal. Depending on the circumstances, such non-compliance may also constitute a civil and/or criminal offence. A person who is subject to the **Code** and wishing to **Deal** in **Diageo Securities** should therefore also consider existing statutory provisions, including the insider dealing provisions contained in Part V of the Criminal Justice Act 1993 and, in the US, Section 10(b) of the **US Exchange Act**, and rules promulgated thereunder as well as related anti-fraud and enforcement provisions of the US Federal and State Securities laws. Nothing in the **Code** sanctions a breach of any relevant legal or regulatory requirements.

The **Code** was adopted by **Diageo** with effect from 3 July 2016 in response to the **Market Abuse Regulation** taking effect from the same date.

Schedule 1 sets out the meaning of capitalised words used in this code.

The Company Secretary has been authorised by the Board of **Diageo** to make appropriate arrangements for the administration and enforcement of the **Code** and the Routine Business Committee has been authorised to make amendments to the **Code** in order to reflect administrative or legal requirements (including revised guidance in respect of, or amendments or additions to, the **Market Abuse Regulation**), or for improved clarity of the text.

1. Clearance to Deal

- 1.1 You must not **Deal** for yourself or for anyone else, directly or indirectly, in **Diageo Securities** without obtaining clearance from the **Company** in advance.
- 1.2 Applications for clearance to **Deal** must be made in writing and submitted to your **Code Manager** using the form set out in Schedule 2 (or otherwise in a form which contains all of the information required by Schedule 2).

- 1.3 You must not submit an application for clearance to **Deal** if you are in possession of **Material Non-public Information**. If you become aware that you are or may be in possession of **Material Non-public Information** after you submit an application, you must inform your **Code Manager** as soon as possible and you must refrain from **Dealing** (even if you have been given clearance).
- 1.4 You will receive a written response to your application, normally within two business days and in any event within five business days of your application. The **Company** will not normally give you reasons if you are refused permission to **Deal**. You must keep any refusal confidential and not discuss it with any other person.
- 1.5 If you are given clearance, you must **Deal** as soon as possible and in any event within two business days of receiving clearance, in each case unless you are notified at any time before you **Deal** that clearance has been withdrawn.
- 1.6 Clearance to **Deal** may be given subject to conditions. Where this is the case, you must observe those conditions when **Dealing**.
- 1.7 You must not enter into, amend or cancel a **Trading Plan** or an **Investment Programme** under which **Diageo Securities** may be purchased or sold unless clearance has been given to do so. You must not direct that your 401(k) Savings Plan ("**Plan**") contributions which involve regular contributions to the **Plan** by standing order or direct deposit be invested in the **Plan's Diageo** Investment Fund option (the "**ADS Fund**") (or cancel, increase or decrease your contributions to the **ADS Fund** or make transfers into or out of the **ADS Fund**) unless clearance has been given to do so.
- 1.8 Different clearance procedures will apply where a **Dealing** is being carried out by **Diageo** in relation to an employee share plan (e.g. if **Diageo** is making an option grant or share award to you, or shares are receivable on vesting under a long-term incentive plan). You will be notified separately of any arrangements for clearance if this applies to you. Holders of awards or options under the **Group** share schemes that are subject to performance criteria cannot seek clearance to deal until they have received confirmation that the criteria have been met.
- 1.9 If you act as the trustee of a trust, you should speak to the **Code Manager** about your obligations in respect of any **Dealing** in **Diageo Securities** carried out by the trustee(s) of that trust.
- 1.10 You should seek further guidance from the **Code Manager** before transacting in:
- (A) units or shares in a collective investment undertaking (e.g. a UCITS or an Alternative Investment Fund) which holds, or might hold, **Diageo Securities**; or
 - (B) financial instruments which provide exposure to a portfolio of assets which has, or may have, an exposure to **Diageo Securities**.

This is the case even if you do not intend to transact in **Diageo Securities** by making the relevant investment.

2. Further guidance

If you are uncertain as to whether or not a particular transaction requires clearance, you must obtain guidance from the Code Manager before carrying out that transaction.

3. Circumstances for refusal

3.1 **PDMRs** will not ordinarily be given clearance to **Deal** in **Diageo Securities** during any period when there exists any matter which constitutes **Material Non-public Information** or during a **Closed Period**.

3.2 Other **Restricted Persons** will not ordinarily be given clearance to **Deal** in **Diageo Securities** during any period where they are aware of any matter which constitutes **Material Non-public Information** or during a **Closed Period**.

3.3 **Restricted Persons** will not ordinarily be given clearance to **Deal** on considerations of a short-term nature. A sale of **Diageo Securities** which were acquired less than a year previously will be considered to be **Dealing** of a short-term nature.

4. Dealing by investment managers and PCAs

4.1 You should ask your investment managers (whether or not discretionary) not to **Deal** in **Diageo Securities** on your behalf during **Closed Periods**.

4.2 You should ask your **PCAs** not to **Deal** (whether directly or through an investment manager) in **Diageo Securities** during **Closed Periods** and not to deal on considerations of a short-term nature.

4.3 In the case of **PDMRs** only, you must provide the **Company** with a list of your **PCAs** and notify the **Company** of any changes that need to be made to that list.

5. Notification of transactions

5.1 You must notify the **Company** in writing of every **Notifiable Transaction** in **Diageo Securities** conducted for your account using the template in Schedule 3 (or otherwise in a form which contains all of the information required by Schedule 3), and by sending it to your **Code Manager** as soon as practicable and in any event within one business day of the transaction date. You should ensure that your investment managers (whether discretionary or not) notify you of any **Notifiable Transactions** conducted on your behalf promptly so as to allow you to notify the **Company** within this time frame.

5.2 Your **PCAs** are also required to notify the **Company** in writing within one business day of the transaction date of every **Notifiable Transaction** conducted for their own account. You should inform your **PCAs** of this requirement. In the case of **PDMRs**, you should inform your **PCAs** in writing and keep a copy; your **Code Manager** will provide you with a letter than you can use to do this.

5.3 If you are uncertain as to whether or not a particular transaction constitutes a **Notifiable Transaction**, you should consult your **Code Manager**.

6. Additional notification obligations for PDMRs

- 6.1 In the case of **PDMRs** only, you must notify the **FCA** in writing of every **Notifiable Transaction** in **Diageo Securities** conducted for your account. Notifications should be made within three business days of the transaction date. A copy of the form for notifying the **FCA** is available on the **FCA's** website. If you would like, your **Code Manager** can assist you with this notification, provided that you ask him or her to do so within one business day of the transaction date.
- 6.2 You should ask your **PCAs** to notify the **FCA** in writing, within three business days of the transaction date, of every **Notifiable Transaction** conducted for their account. A copy of the notification form is available on the **FCA's** website. If your **PCAs** would like, the **Code Manager** can assist them with the notification to the **FCA**, provided that your PCA asks the **Code Manager** to do so within one business day of the transaction date.

7. Dealing in other circumstances

You must not advise, recommend or encourage any third party to **Deal** or not to **Deal** in **Diageo Securities** or the publicly traded or quoted securities of any other company in relation to which you might possess **Material Non-public Information**, even if you will not profit from such **Dealing**.

8. Disclosure of Material Non-public Information

- 8.1 You must not “tip” or disclose **Material Non-public Information** concerning any **Group** company, or any other public company, to any person (including other employees, family members, friends, analysts, individual investors, and members of the investment community and news media) unless properly required as part of your employment by or regular duties for a **Group** company.
- 8.2 All enquiries from outsiders regarding **Material Non-public Information** should be referred to your **Code Manager**.

Schedule 1

Defined terms

“**Closed Period**” means any of the following:

- (A) the period of 30 calendar days before the release of the preliminary announcement of the **Company's** annual results or, where no such announcement is released, the period of 30 calendar days before the release (or publication) of the **Company's** annual financial report;
- (B) the period from the end of the relevant financial period up to the release of the **Company's** half-yearly financial report or, if longer, the period of 30 calendar days before such release;
- (C) the period of 30 calendar days before the release of each of the **Company's** first quarter report and third quarter report;
- (D) the day on which (i) the preliminary announcement of the **Company's** annual results is released or (ii) the relevant **Company** report is published (provided that a **Closed Period** shall not apply on the date of publication of the **Company's** annual financial report unless no preliminary announcement of the **Company's** annual results in respect of the same financial year has previously been released); and
- (E) any other period designated by the Company Secretary and notified to **Restricted Persons**.

“**Code Manager**” means the person charged with responsibility for application of the **Code**.

“**Dealing**” (together with corresponding terms such as “**Deal**” and “**Deals**”) means any type of transaction in **Diageo Securities**, including purchases, sales, the exercise of options (including the exercise of any options granted by **Diageo** to a **Restricted Person** under executive share option schemes or plans and executive phantom share option schemes or plans), the receipt of shares under share schemes (including the vesting of awards or dividend equivalent amounts), using **Diageo Securities** as security for a loan or other obligation and entering into, amending or terminating any agreement in relation to **Diageo Securities** (e.g. a **Trading Plan**).

“**Diageo Securities**” means any publicly traded or quoted shares or debt instruments of **Diageo** (or of any of **Diageo's** subsidiaries or subsidiary undertakings, other than **Excluded Subsidiaries**¹) or derivatives or other financial instruments linked to any of them, including phantom options, ordinary and preference shares, American Depositary Shares, notes, loan stocks or debentures, partnership shares or options or warrants to subscribe for such securities, which have been listed on the official list of the UK Listing Authority or the New York Stock Exchange or admitted to dealing on, or have their prices quoted on or under the rules of any regulated market or are otherwise available for purchase by the public or any unlisted or unquoted securities of **Diageo** (or of any of **Diageo's** subsidiaries or subsidiary undertakings) which are convertible into such securities.

¹ Advice should always be sought before reliance is placed on this exception.

“Excluded Subsidiary” means any of **Diageo’s** subsidiaries or subsidiary undertakings which are not subject to the provisions of the **Market Abuse Regulation** and in respect of whose securities **Diageo** has in place a securities dealing code;

“FCA” means the UK Financial Conduct Authority;

“Group” means any one or more of **Diageo** and its subsidiaries, subsidiary undertakings or associated companies.

“Investment Programme” means a share acquisition scheme relating only to the **Company’s** shares under which: (A) shares are purchased by a **Restricted Person** pursuant to a regular standing order or direct debit or by regular deduction from the person’s salary or director’s fees; (B) shares are acquired by a **Restricted Person** by way of a standing election to re-invest dividends or other distributions received; or (C) shares are acquired as part payment of a **Restricted Person’s** remuneration or director’s fees.

“Market Abuse Regulation” means the EU Market Abuse Regulation (596/2014).

“Material Non-public Information” means information which:

- (A) relates to **Diageo** or any **Diageo Securities**, which is not publicly available, which is likely to have a “non-trivial” effect on the price of **Diageo Securities** and which an investor would be likely to use as part of the basis of his or her investment decision; or
- (B) has not been widely disseminated to the public and could be considered to significantly alter the ‘total mix’ of information available to a reasonable investor in determining whether to buy, sell or hold **Diageo Securities**.

“Notifiable Transaction” means any transaction relating to **Diageo Securities** conducted for the account of a **Restricted Person** or **PCA**, whether the transaction was conducted by the **Restricted Person** or **PCA** or on his or her behalf by a third party and regardless of whether or not the **Restricted Person** or **PCA** had control over the transaction. This captures every transaction which changes a **Restricted Person’s** or **PCA’s** holding of **Diageo Securities**, even if the transaction does not require clearance under the **Code**. It also includes gifts of **Diageo Securities**, the grant of options or share awards, the exercise of options or vesting of share awards and transactions carried out by investment managers or other third parties on behalf of a **Restricted Person**, including where discretion is exercised by such investment managers or third parties and including under **Trading Plans** or **Investment Programmes**.

“PCAs” means a “persons closely associated” with a **Restricted Person**, being:

- (A) the spouse or civil partner of a **Restricted Person**;
- (B) a **Restricted Person’s** child or stepchild under the age of 18 years who is unmarried and does not have a civil partner;
- (C) a relative who has shared the same household as the **Restricted Person** for at least one year on the date of the relevant **Dealing**; or

- (D) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a **Restricted Person** (or by a **PCA** referred to in paragraphs (A), (B), or (C) of this definition), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person or which has economic interests which are substantially equivalent to those of such a person.

“**PDMR**” means a person discharging managerial responsibilities in respect of the **Company**, being either:

- (A) a director of the **Company**; or
- (B) a member of the executive committee of the **Company**.

“**Restricted Person**” means:

- (A) a **PDMR**; or
- (B) any other employee who has been told by the **Company** that the **Code** applies to him or her.

“**Trading Plan**” means a written plan entered into by a **Restricted Person** and an independent third party that sets out a strategy for the acquisition and/or disposal of the **Company’s** shares by the **Restricted Person**, and:

- (A) specifies the amount of **Diageo Securities** to be dealt in and the price at which and the date on which the **Diageo Securities** are to be dealt in;
- (B) gives discretion to that independent third party to make trading decisions about the amount of **Diageo Securities** to be dealt in and the price at which and the date on which the **Diageo Securities** are to be dealt in;
- (C) includes a method (including a written formula, algorithm or computer program) for determining the amount of **Diageo Securities** to be dealt in and the price at which and the date on which the **Diageo Securities** are to be dealt in; or
- (D) does not permit the **Restricted Person** to exercise any subsequent influence over how, when, or whether to deal in **Diageo Securities**; provided, in addition, that the independent third party who, pursuant to such plan, does exercise such influence must not be aware of any **Material Non-public Information** when doing so.

“**US Exchange Act**” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Schedule 2

Clearance application template

Diageo plc (the “**Company**”)
Application for clearance to deal

If you wish to apply for clearance to **Deal** under the **Company’s Code**, please complete sections 1 and 2 of the table below and submit this form to your **Code Manager**. By submitting this form, you will be deemed to have confirmed and agreed that:

- (i) the information included in this form is accurate and complete;
- (ii) you are not in possession of **Material Non-public Information** relating to the **Company** or any **Diageo Securities**;
- (iii) if you are given clearance to **Deal** and you still wish to **Deal**, you will do so as soon as possible and in any event within two business days; and
- (iv) if you become aware that you are in possession of **Material Non-public Information** before you **Deal**, you will inform your **Code Manager** and refrain from **Dealing**.

1.	Applicant	
a)	Name	
b)	Contact details	<i>[For executive directors and other employees, please include email address and extension number.]</i> <i>[For non-executive directors, please include email address and telephone number.]</i>
2.	Proposed Dealing	
a)	Description of the securities	<i>[e.g. a share, a debt instrument, a derivative or a financial instrument linked to a share or debt instrument.]</i>
b)	Number of securities	<i>[If actual number is not known, provide a maximum amount (e.g. “up to 100 shares” or “up to £1,000 of shares).]</i>
c)	Nature of the dealing	<i>[Description of the transaction type (e.g. acquisition; disposal; subscription; option exercise; settling a contract for difference; entry into, or amendment or cancellation of, an investment programme or trading plan).]</i>
d)	Other details	<i>[Please include all other relevant details which might reasonably assist the person considering your application for clearance (e.g. transfer will be for no consideration).]</i> <i>[If you are applying for clearance to enter into, amend or cancel an Investment Programme or Trading Plan, please provide full details of the relevant programme or plan or attach a copy of its terms.]</i>

Schedule 3 Notification template

Diageo plc (the “**Company**”)
Transaction notification

Please send your completed form to your **Code Manager** (James.Edmunds@diageo.com). If you require any assistance in completing this form, please contact your **Code Manager**.

1.	Details of Restricted Person / person closely associated with them (“PCA”)											
a)	Name	<i>[Include first name(s) and last name(s).]</i> <i>[If the PCA is a legal person, state its full name including legal form as provided for in the register where it is incorporated, if applicable.]</i>										
b)	Position / status	<i>[For Restricted Person, state job title e.g. CEO, CFO.]</i> <i>[For PCAs, state that the notification concerns a PCA and the name and position of the relevant Restricted Person.]</i>										
c)	Initial notification / amendment	<i>[Please indicate if this is an initial notification or an amendment to a prior notification. If this is an amendment, please explain the previous error which this amendment has corrected.]</i>										
2.	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted											
a)	Description of the financial instrument	<i>[State the nature of the instrument e.g. a share, a debt instrument, a derivative or a financial instrument linked to a share or debt instrument.]</i>										
b)	Nature of the transaction	<i>[Description of the transaction type e.g. acquisition, disposal, subscription, contract for difference, etc.]</i> <i>[Please indicate whether the transaction is linked to the exercise of a share option programme.]</i> <i>[If the transaction was conducted pursuant to an Investment Programme or a Trading Plan, please indicate that fact and provide the date on which the relevant investment programme or trading plan was entered into.]</i>										
c)	Price(s) and volume(s)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Price(s)</th> <th style="width: 50%;">Volume(s)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table> <i>[Where more than one transaction of the same nature (purchase, disposal, etc.) of the same financial instrument are executed on the same day and at the same place of transaction, prices and volumes of these transactions should be separately identified in the table above, using as many lines as needed. Do not aggregate or net off transactions.]</i> <i>[In each case, please specify the currency and the metric for quantity.]</i>	Price(s)	Volume(s)								
Price(s)	Volume(s)											

d)	<p>Aggregated information</p> <ul style="list-style-type: none"> - Aggregated volume - Price 	<p><i>[Please aggregate the volumes of multiple transactions when these transactions:</i></p> <ul style="list-style-type: none"> - <i>relate to the same financial instrument;</i> - <i>are of the same nature;</i> - <i>are executed on the same day; and</i> - <i>are executed at the same place of transaction.]</i> <p><i>[Please state the metric for quantity.]</i></p> <p><i>[Please provide:</i></p> <ul style="list-style-type: none"> - <i>in the case of a single transaction, the price of the single transaction; and</i> - <i>in the case where the volumes of multiple transactions are aggregated, the weighted average price of the aggregated transactions.]</i> <p><i>[Please state the currency.]</i></p>
e)	Date of the transaction	<i>[Date of the particular day of execution of the notified transaction, using the date format: YYYY-MM-DD and please specify the time zone.]</i>
f)	Place of the transaction	<i>[Please name the trading venue where the transaction was executed. If the transaction was not executed on any trading venue, please state 'outside a trading venue' in this box.]</i>

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