



DIAGEO

2018 PAY CLAIM

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2018 PAY CLAIM

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Introduction

1. GMB is formally submitting the pay and conditions claim for 2018/19 on behalf of our members employed by Diageo.
2. This claim has been compiled through extensive consultation with our members and reflects their aspirations for their 2018/19 pay award. It also contains issues that our members feel pertinent to include within the upcoming pay negotiations.

Background to Your 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 security guarantees.
4. GMB members are aware of the continuing success of Diageo, in which they play an integral role. Diageo's 2017 Annual Report highlights this success; Operating Profit up 25.3%, Dividend up 5% and European Operating Profit up 17%.
5. Although Diageo have shown some restraint in the growth of Senior Executive pay, GMB members still see the gulf between what they earn and the Chief Executive earns as not being reflective of the differing level of value they add to Diageo.
6. Brexit is an issue that GMB members share a concern over it's potential to impact Diageo and therefore their livelihood. GMB members have been heartened to see Ivan Menezes comments in the media about Diageo and Brexit and the belief that Diageo 'can handle Brexit in its stride'.
7. GMB Scotland members believe that the 2018/19 pay award should reflect the continuing success of Diageo and reward them for their role in that success as well as give them certainty that reflects the confident mood of Diageo.
8. GMB Scotland members were clear that they believe their pay award from Diageo should improve their quality of life. Diageo has been adamant in its use of January RPI in previous pay awards.
9. GMB Scotland members have had their quarterly bonus removed and have seen stagnation in their product allowance for many years.

Pay and Conditions Claim

10. GMB Scotland's claim for 2018/19 campaigns for:
 - A 6% Pay increase across emoluments (4% January RPI + 2%);
 - Employment security guarantees – no compulsory redundancies and commitment to discuss an agreement on future TUPE;
 - The reintroduction of a Bonus Scheme with it linked to the overall profitability of Diageo; and
 - A significant increase in product allowance to reflect a lack of increase in previous years and the introduction of minimum pricing.



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Inflation and Cost of Living

11. GMB Scotland is submitting this claim within the wider economic background of increased inflation over the last year (including a five year high in the cost of living). Predictions of inflation over the next year are again expecting high inflation.
12. GMB Scotland believes that not only should it's 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. GMB Scotland recognises that Diageo have in recent history have used RPI as the inflationary figure within pay negotiations and have been adamant that the January figure is the most reasonable to use. Below are RPI figures since January 2017.

	All items (Headline rate) RPI	All items excl mortgage interest RPIX (Underlying rate)
Jan 2017	2.6	2.9
Feb 2017	3.2	3.5
Mar 2017	3.1	3.4
Apr 2017	3.5	3.8
May 2017	3.7	3.9
June 2017	3.5	3.8
July 2017	3.6	3.9
Aug 2017	3.9	4.1
Sept 2017	3.9	4.1
Oct 2017	4	4.2
Nov 2017	3.9	4
Dec 2017	4.1	4.2
Jan 2018	4	4
Feb 2018	3.6	3.6
Mar 2018	3.3	3.4



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Conclusion

The priority of GMB Scotland is the defence of its members' interests.

GMB Scotland and our workplace representatives are firm that our claim is fair, affordable and legitimate.

GMB Scotland members want to share in the success that they bring to Diageo, which would not enjoy its current profit levels without the hard work of its employees across Scotland.

GMB Scotland members expect Diageo to respond to this claim with an honest and frank discussion in recognition of the success our members have contributed to Diageo.

GMB Scotland will work with Diageo throughout negotiations with the aim of reaching an agreement that properly recognises and rewards the skills and work of our members.

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