

Treasury Wine Estates Limited, AGM 2023

2023-10-15

Presentation

Paul Rayner

Hi. Ladies and gentlemen, welcome to the 2023 Annual General Meeting of your company. My name is Paul Rayner, and I'm delighted to address this meeting as your Chairman. It's now 10:00, and I'm joining you today from Melbourne. And I'd like to begin by acknowledging the traditional owners and custodians of the land on which we meet today, the Wurundjeri people of the Kulin Nation. And I pay my respects to the elders past, present and emerging.

Today's meeting is being held in person at the Savoy Ballroom at the Grand Hyatt Melbourne, and it's being held virtually by the Computershare platform, where shareholders and their proxies can ask questions and you can submit votes online. And this meeting is also being webcast online.

For the shareholders attending in Melbourne, refreshments will be served in the foyer following the meeting. And our directors, members of our executive leadership team and senior management will be available to introduce themselves to you.

A significant number of shareholders have already voted, appointed proxies and submitted questions ahead of the meeting, and we thank them for doing that.

As a truly global business with a significant offshore shareholder base spanning overseas markets, which include the United States, Asia and the U.K., we are very pleased that this hybrid AGM will provide many investors an opportunity to attend. And we welcome you all.

Before we begin, there are 2 housekeeping matters: if you've not already done so, could you please switch your mobile phone to silent; and secondly, in the unlikely event of an emergency, we ask for you to remain calm and follow the instructions of venue staff, who will advise patrons of the necessary action and guide you accordingly. Exit signs are clearly visible throughout the venue.

Now the Company Secretary informs me we have a quorum present, and so I, therefore, declare this Annual General Meeting of Treasury Wine Estates Limited to be open.

Now I'd like to now introduce you to the directors and management who are joining me on the stage today. On my immediate right is Tim Ford, our Chief Executive Officer, and you'll hear from him shortly; next to him, Lauri Shanahan, who's the Chair of our Human Resources Committee; Garry Hounsell, who's the Chair of our Wine Operations and Sustainability Committee; and then Toni Korsanos, who is the Chair of our Audit and Risk Committee; and Matt Young, who is our Chief Financial Officer.

On my immediate left is Christine Harman, who is our Company Secretary. And next to her are nonexecutive directors: John Mullen, who's our Chair elect; Colleen Jay; and Ed Chan.

Also in attendance in Melbourne are members of our executive leadership team as well as Gordon Sangster, who is our lead audit partner from KPMG for the audit. And then he's available to answer any questions regarding the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the company and the independence of the auditor.

Michael Hutchison from Computershare, the company's share register, is also joining us today. And Michael will act as returning officer for the poll that will take place.

In order to be as transparent as possible given this is a hybrid meeting, when it comes

times to respond to questions from shareholders, I will first take written questions received in advance of the meeting, then I'll take questions from those physically present in the meeting, followed by written and audio questions from participants who've joined us online.

If you're attending the meeting in person, only shareholders' validly-appointed proxies and corporate representatives who were given a blue or pink voting card upon entry are entitled to ask questions. Now when I call for questions, please move to a microphone and show your admission card to the microphone attendant, who will note your name and introduce you when it's your turn to speak. In order to ensure that all shareholders are given an opportunity to be heard, I ask you limit your questions to one at a time, please. — ***Operator Instructions*** —

We encourage you to start submitting your written questions now, but please note that I will not address them until the relevant time in the meeting. — ***Operator Instructions*** —

Shareholders were also invited to submit questions in advance of the meeting, and I'll address those questions as well as those that you asked during the meeting during the question period. Questions may be moderated in 2 situations: firstly, if the content is profane; and secondly, if the substance of the question is repetitive of a question already asked. This is to address the fact that you cannot see the repetition when you're lodging your question.

We'll answer as many questions as we can, and I'll only close the question period when all questions have been exhausted or where I believe the time allowed has provided all shareholders with a reasonable opportunity to ask their questions.

Now today, in accordance with ASX corporate government's principals, voting will be conducted by way of a poll on all items of business. And as we are conducting a hybrid meet-

ing, in order to provide you with enough time to vote, I now declare the poll to be open for all resolutions.

And later in the meeting, I will take you through each of those resolutions. And following this, I'll take questions, and the poll will remain open until 5 minutes after the conclusion of the meeting to ensure you have sufficient time to hear responses to the questions prior to voting should you choose to do so.

For those attending the meeting using the online platform and who are eligible to vote as the poll is open, a voting icon is now available on your screen. And selecting this icon will bring up a list of resolutions and present you with voting options. And as the poll is now open, you are free to submit your votes at any time. And to cast your vote, simply select one of the options.

There is no need to hit submit as the vote is automatically recorded, and please ensure you cast the vote for all of the resolutions. And you will receive a vote confirmation notification on your screen. To change or cancel your vote click the link, [click here to change your vote](#), at any time until the poll is closed. And votes may be changed up to the time I declare voting is closed.

For shareholders, proxy holders and corporate reps in person, you may also vote at any time by completing the blue voting card that was provided to you upon admission. White cards are for visitors only who cannot vote or ask questions today. And if you have a pink card, you're not entitled to vote on the items of the business.

If you are a proxy holder and hold only directed votes, you must vote in accordance with these directions. And if you're a shareholder or a proxy holder with open votes, please record your votes by selecting for, against or abstain box for each resolution.

I am holding open proxies in my capacity as Chairman. It's my intention to vote all such

proxies in favor of the resolutions.

For those attending in person, before you leave the meeting, please lodge your voting cards in one of the ballot boxes you'll find near the exits. And as I advised earlier, the poll will remain open for minutes after the close of the meeting. to allow you to lock in your vote. And the final results of the polls will be available later today on the ASX website and the company's website.

If you have difficulty in completing your voting card during the course of the meeting, Computershare staff are here to help you. So before we commence the formal part of the meeting, I would like to reflect briefly on our performance over the last year. And I'll then invite our CEO, Tim, to address the meeting.

As in previous years, where we have addressed you in this forum, this year has again being characterized by challenge and change for all in the wine industry. And as outgoing Chairman, I'd like to take the opportunity to share some reflections not only of the fiscal year but also of my time with the business since the company was first floated and soon after when I became the Chairman.

I'll first turn to fiscal 2023. This has been a year of continued profit and EBITs margin growth. We have demonstrated the power of our premiumization strategy and our strong category fundamentals, investing in our priority brands and innovation to strengthen our product portfolio.

We've also continued to expand our portfolio of wines produced in our global production sites such as France, the U.S.A., China and New Zealand while optimizing our global asset footprint. And this has allowed us to improve our sustainability and better support investment in the growth of our premium and luxury product range.

Importantly, we've continued to grow in the face of ongoing global, geopolitical and

macroeconomic shifts as the world rebalances post-COVID. The premiumization trend remains strong across the wine sector globally, with consumers shifting towards more premium luxury offerings.

Also continuing the trajectory of recent years, the commercial category remained challenged. To reallocate investment to support growth, we made the difficult decision to close our commercial winery in Karadoc here in Victoria, as well as divesting several smaller commercial vineyards.

The shift towards more premium products has successfully shaped our approach to attracting new consumers into the category. Our diversified global business model brands, markets, channels and countries of origin has proven to be a significant strength, enabling us to adapt and respond to the ever-changing consumer and economic environment across the year.

This year also marked the midway point of the 5-year strategy we developed under our CEO, Tim Ford, and it remains appropriate despite changes to the external environment. Our cultural code, our TWE DNA, is now firmly embedded as the way that we do business.

Throughout the year, my fellow directors and I have had the opportunity to meet with our people across a range of locations, including the team in Singapore, servicing our Asian markets; our Europe, Middle East and African team in London; the growing French team in Bordeaux; and various Australian teams in Adelaide, Barossa and Melbourne.

We are encouraged by what we saw, and we were impressed by our people and operations right around the world. It has been particularly pleasing to see how our DNA values have been courageous, delivering together and bringing our whole self have been embraced as guiding principles.

A demonstration of the strength of our company culture is the continued increase in

employee engagement. And Tim will shortly provide an update on progress against our strategic agenda.

First, I'd like to outline a selection of achievements in fiscal 2023. The launch of the One by Penfolds here demonstrated a long-term commitment to the Chinese market. The range features a red blend from China's Ningxia region, alongside Australian, French and U.S.-sourced wines.

This July, we also launched the first China-produced Penfolds Bin wine, the Chinese Wine-making Trial 521. It's very nice. I tasted it on Friday. Unveiled at an event in China's Shangri-La region, the luxury wine has already met critical acclaim and has been well received by a global audience.

With Penfolds cementing its place as a global luxury icon, the acquisition of a majority shareholding in Château Lanessan in Bordeaux was completed this year. We continue to work closely with our partners, the Bouteiller family and the Château winemakers, and our plans for the transformation of this historic site in France's premier winemaking region are progressing very well.

In line with consumer demand for lighter red wines, our acquisition of the Beenak winery – Vineyard, sorry, in the Yarra Valley was also completed during the year. The site features significant plantings of cooler climate varietals including Chardonnay and Pinot Noir.

Treasury Premium Brands grew demand across Asia, particularly Southeast Asia, with a range of brands including Pepperjack and Squealing Pig gaining strong consumer support.

And in the U.S.A., our acquisition of Frank Family Vineyards has been a success. And its portfolio of luxury wines is now firmly part of the Treasury Americas family. The Frank Family portfolio complements our other luxury brands in the United States, and we continue to strengthen what is already an excellent brand portfolio there.

In relation to China, while the Australian wine industry remains subject to Chinese government's 2020 imposition of tariffs on Australian wine, we welcome the strengthening of diplomatic, economic and cultural ties between our 2 countries over the past year. TWE continues to foster our long-standing relationships with our Chinese customers, and we maintain a very strong TWE team within China. We have a clear plan in place should the Chinese market reopen to our Australian-made portfolio.

I'm pleased to say that TWE's robust long-term strategy has allowed us to navigate the Chinese tariff impediments and emerge as a stronger, more diverse and sustainable business as a result. Our multi-country of origin sourcing spans Australia, United States, New Zealand, France, Italy, South Africa and Chile. Realizing our long-held ambition to make wine in China, it was added as our latest sourcing region this year for Penfolds.

I'll now speak about sustainability and our ambition of cultivating a brighter future. I'm pleased to report that 2 years into our refreshed sustainability strategy, we've cemented our position of industry leadership. And we've made progress against our targets and commitments across a range of initiatives focusing on climate change, renewable electricity, water stewardship and the social aspects of our sustainability agenda. Sustainability is well embedded into our financial framework through our Sustainability Linked Loan, which rewards performance against a range of milestones.

In the important area of climate change and energy, we made significant progress towards our target for 100% renewable electricity by 2024 with 21 solar installations globally. And in July, we officially unveiled the largest solar installation of any winery in Australia at our Barossa site.

Also, our Napa Valley installation of 13,000 solar panels will make it the largest winery solar system in the U.S.A. when it is complete, generating half the electricity needs for our wineries in North America.

In addition, we developed site-specific climate risk assessments for our viticultural assets across the U.S. and Australia. Our climate research shows us that TWE's main growing regions are generally getting warmer and drier, and water is a critical part of the equation in responding to a warmer climate. And this year, we developed a global water strategy. Treasury water to help guide our actions as a responsible steward of this precious resource.

Another sustainability highlight was the increase in sustainability-related certification across our growing and production operations both for our owned and leased sites as well as in our grower network. We know that using our scale and technical expertise to support certification creates better outcomes for our grower partners and for the industry at large.

In line with our commitment to fostering healthy and inclusive communities, we developed and released our Alcohol and Health Policy. And this policy sets out our position on product health transparency as well as our approach to responsible marketing, reduce harmful consumption and supporting our consumers to make informed choices based on moderation.

Recognizing the growing wellness trend and consumer preference for choice, we've committed to investing approximately \$10 million for production equipment and research and development to continue to grow our range of award-winning no and low alcohol wines.

We're proud of our progress in sustainability while acknowledging that there's much more to be done by our own business, the broader industry and in partnership with our network of external partners. We look forward to further collaboration and knowledge sharing as we build a resilient business, foster healthy and inclusive communities and produce sustainable wine.

Before I close, I'd like to remind shareholders. Today, you'll be asked to consider and vote on a number of items and business – of business. And on this and all matters, I ask for your support.

On behalf of the Board, I thank all our people across the global TWE business led by Tim and his executive leadership team. I also extend my thanks to you, our shareholders, for your continued support and investment in Treasury Wine Estates.

Our goal remains clear, to deliver top line growth and high single-digit, average earnings growth over the long term. The work we've done in fiscal '23 has ensured we remain in a strong position to do this.

Our global footprint, diversification strategy and portfolio-led operating model together with the strong capability in our experienced teams, has seen us perform well this year in the face of significant global headwinds for the industry. And this is a testament to the agility, creativity and dedication of our 2,500 people. And we're extremely proud of what the team has achieved, and their focus and commitment has progressed our ambition of becoming the world's most admired premium wine company.

I'd now like to take a moment to reflect on the last 12.5 years, during which I've had the privilege to make a contribution to the success of Treasury Wine Estates. I'm grateful for your support since I took the role of Chairman soon after the company was demerged from Foster's Group.

I'd like to acknowledge the former directors and previous CEOs who all played a significant role in the success that we enjoy today. And I especially like to thank Tim Ford, he's just here, for his outstanding leadership of the business in the face of the headwinds, which have been significant in recent years.

The share price has grown from \$3.30 on listing, and it was \$11.44 last Friday. This re-

flects the very significant strengthening of the business during this time, underpinned by stronger and more collaborative global management team, a more robust portfolio of brands focused on premium luxury, a more efficient and sustainable asset footprint and strong market positions around the world.

I'm grateful to all the directors and senior executives who have contributed to building a strong, diverse business we have today.

Lastly, I'd like to acknowledge the person who's going to take over from me as Chairman, John Mullen, for his contribution to the Board since he joined in May this year. Thanks, John. I wish him and my fellow directors all the very best for the future as Treasury Wine Estates continues to grow and strengthen its place as one of the world's most admired premium wine companies.

The company is truly fulfilling its promise to boldly lead change in the world of wine, and I look forward to following its success after my retirement at the conclusion of the meeting. Thank you once again.

And I'll now hand over to Tim to speak about the business performance for fiscal 2023. Thanks, Tim.

Tim Ford

Thank you, Paul, and good morning, everyone. Great to see you all here and for those that have joined us online. It's certainly my pleasure to join you today and have a quick discussion about our fiscal '23 operating and financial performance.

Certainly pleased to again report a strong set of results for our shareholders in a year of many proud achievements. We delivered earnings growth, our margins increased, and we built on what is already a strong distribution platform for luxury wine. And we made significant progress towards the strengthening of our operating model for the future.

And most pleasingly, as Paul mentioned earlier, we continue to see long-term premiumization trends across the global wine category, despite the tightening economic environment around the world, with luxury wine going from strength to strength in our key markets globally.

Turning to the financial highlights. Our net sales revenue declined 2% in the year to \$2.4 billion with luxury sales growth and price increases across key brands, offset by the commercial wine portfolio declines.

Strong sales mix, which reflects the ongoing premiumization of this category and our business saw our revenue per case increased by 13%, which means 85% of our global revenue now comes from luxury and premium wine.

In addition to the strong earnings growth, we delivered growth in net profit after tax, which, along with our earnings per share increased by 17%.

Cash conversion was 61%. Excluding the investment in premium and luxury, noncurrent inventory was 76%, which was below our annual target which is 90% or higher, reflecting the timing of sales into Asia in the fourth quarter. But we do expect our F24 delivery for cash conversion to be back in line with that target, which we achieved many times before.

Leverage increased marginally to 1.9x, but remains more within our 1.5x to 2x target range, which leaves us with a strong position and a strong balance sheet that gives us optionality to continue to drive growth and shareholder value.

And finally, the Board declared a final dividend of \$0.17 per share, which I hope you enjoyed, bringing the full year dividend to \$0.35 per share. It's an increase of 13% on prior year.

I'll touch on our 3 brand portfolio divisions: Penfolds, Treasury Americas and Treasury

Premium Brands, each made solid progress towards their key objectives in the year.

The Penfolds result was simply a standout. Reflecting the strength of this exceptional brand but also the outstanding execution by the Penfolds team. Net sales revenue EBIT increased by 14%, respectively, and that was driven by strong momentum across the portfolio in Asia, Australia, across Europe, Middle East, Africa, as we continue to build distribution, and we grow consumer demand most importantly.

Along with a strong contribution from the successful launch of One by Penfolds in China, which also underpinned our growth in our multi-country of origin portfolios. Certainly, a milestone year for Penfolds with the 2022 collection release including 3 wines from 3 countries: Australia, California and the inaugural release from France.

And this was followed most recently by another milestone in the 2023 collection, which included our fourth country of origin, the CWT 521, which is our first Bin level wine sourced and produced in Mainland China. We are successfully expanding this portfolio and most importantly, providing consumers with more choice to experience the quality Penfolds wines. And I'm excited about what that team has ahead in this year '24.

In Treasury Americas, we continue to build on what is an exceptional luxury wine portfolio platform and delivered leading innovation in the premium wine category. NSR did decline 12%, was driven by reduced availability of luxury wine from what was a lower-yielding or a smaller 2020 California vintage and also reduced premium portfolio shipments.

But within that, we delivered EBIT of \$204 million, which was an increase of 14%. Pleasingly, our margin for the division grew strongly, reflecting that mix improvement as well as improvement across their cost base.

Key highlights operationally included double-digit price rises on a number of our key luxury brands as well as the growth in luxury distribution points in a year where we had less

wine to sell. A great effort.

We also saw strong momentum across our cellar doors and our wine clubs with NSR increasing 10%, a great recovery from the COVID period. And in our premium portfolio in the U.S., we saw another year of double-digit revenue growth for our Sauvignon Blanc brand, Matua. And whilst revenues for 19 Crimes declined in the year, overall, it was performing above the market trends in retailer scan data, reinforcing our belief in the strength of this brand equity.

Frank Family Vineyards, Paul touched on it, was another highlight. Delivered results ahead of our business case, our expectations in its first full year after we acquired that business. We look forward to increasing the availability of the Chardonnay in particular from late this fiscal year to support the growth that we expect for this brand that we've outlined to investors.

The Americas business is well positioned for success, and we look forward to a return to normalized luxury wine availability in fiscal '25, which underpins our confidence in our growth expectations in that market. We also remain focused on the opportunity to fill gaps in our Luxury portfolio in the United States.

Lastly for TPB, Treasury Premium Brands, we continue to see our priority brand portfolio build momentum across key global markets. And we've made great steps, significant steps in the last year in setting our operating model up for the future.

NSR did decline 6% driven by commercial wine volumes declining, but most notably in the U.K. and Australia, and this reflects what is a continuation of softening trends across these lower price points. Hence, important, we keep going up the price points.

This was partly offset by the strong performance in Southeast Asia, which have benefited from our significant distribution growth over the past year and the continued momentum

of 19 Crimes as TPB got into its stride in that market. EBIT declined 5% but increased 4% on a constant currency basis, a lot of change in the year.

The key highlights execution-wise for TPB was the performance of the priority portfolio, where net sales revenue grew 8%. Key brands driving that, 19 Crimes, Squealing Pig and Pepperjack, one of our favorites here in Australia, of course.

We introduced category-leading innovation in the low and no alcohol segment with the launch of several new products, including the Pepperjack mid-strength with the announcement also of \$10 million in planned capital investment, which reflects our belief in this segment of the market. You can try the Pepperjack mid-strength after for those in the room today. I'm sure you're going to love it.

And finally, the team made excellent progress implementing a range of initiatives within the TPB operating model throughout the year. So now with the business and the cost base including the supply chain now structured appropriately first to continue to premiumize, I'm confident we'll continue to grow that business and improve its margin over time.

So turning now to fiscal '24, 3 months in already. The priorities across our 3 divisions and the broader Treasury Wine Estates enterprise remained consistent with the execution for the year ahead crystal clear for every one of our teams.

Within these priorities, undoubtedly, the most important of them continues to be our ability to maximize the opportunity and take advantage of the opportunity that is presented by the strong consumer demand for luxury wine globally. Underpinned by our global distribution model and the strength of our luxury brands, Penfolds and the Treasury Americas portfolio, in particular.

Across the enterprise, we'll continue to leverage our strengths and capabilities that we see globally. The key ones of those are elevating our culture, Paul touched on it, and

growing the talent within our organization, progressing our investment in technology to unlock what is long-term opportunities, keep leading this category within innovation and continuing to drive towards our sustainability commitments we've made.

We will also continue to explore complementary inorganic M&A opportunities that will enhance our luxury brand and asset portfolio and address gaps in that portfolio.

Now turning to our outlook. Our long-term financial objectives remain to deliver sustainable top line growth and high single-digit average earnings growth supported by expansion of our EBITs margin to 25% and beyond, led by our premiumization strategy and plans.

Pleasingly, the first quarter trading conditions were consistent with our overall expectations, and we expect continued strong demand for luxury wine and resilient category dynamics for premium wine globally.

As a result, we remain well positioned to deliver growth in line with our long-term ambition and EBITs margin expansion towards the 25% plus group target. This growth will be supported by the strength of our brand portfolio, diversification of our business model sales channels as well as the benefits of key asset base and cost optimization initiatives we delivered in the previous year.

Our F24 group EBITs is expected to be second half weighted, reflecting our planned and measured approach to the phasing of Penfold shipments this year, particularly for the Icon and Bin portfolio. This is to retain flexibility in our global distribution and pricing models.

And as we mentioned at our results back in August, this strategy, which is deliberate, is in line of the potential for a future review of tariffs on Australian wine in China. We expect this to result in approximately a 45%/55% split of our group EBITs across the year.

So in closing, fiscal '23 was another successful year for our company. We delivered margin accretive growth whilst making significant progress in strengthening our operating model and our business for the future.

I would like to take this opportunity to thank you, our shareholders, for your ongoing support of TWE and hope you're as proud of this organization as we are.

I'd also like to recognize and thank Paul for his incredible contribution as Chairman of TWE over the past 12 years, personally, which I've had the benefit of over the past 3 years as CEO. Paul has successfully guided this organization through a significant growth and expansion period as well as navigating the significant challenges that we've overcome in more recent times.

And from my personal perspective, Paul, your experience and the strength of the leadership has been invaluable and certainly made the company what it is today. And I know you have a lasting impact for years to come that you can sit back and enjoy. So I wish to thank you personally on behalf of the executive team and the Board and express my gratitude for everything you've done. Thank you.

Saying that to finish with, we are lucky that we've got someone like John Mullen, who in the caliber of John, who's taking over from Paul, and we certainly look forward to working closely with you, John, as our new Chairman, under your stewardship in our next phase as TWE.

So with that said, thank you for joining us today, and I'll hand back to the Chairman.

Paul Rayner

Thanks very much, Tim. Ladies and gents, this now brings us to the formal part of the meeting. And there are 4 items of business, which have been listed in the notice of meeting.

And before we consider the items of business, there are some procedural matters, which I wish to draw to your attention. As mentioned earlier, voting is being conducted by way of a poll and you may vote at any time.

I will introduce each item of business and then take questions on all of the items of business together at the end. This approach has been adopted to allow those shareholders attending online with slow Internet connections time to submit questions at their leisure, which is not possible when questions are required to be submitted in a shorter time frame following each item of business.

You're able to submit questions at any time. And details of the proxy votes recorded for or against each item will be displayed at the conclusion of the discussion.

I now move to the items of business that will be considered at the meeting. And the first item is to receive and consider the consolidated financial report of the company as well as the reports of the directors and the auditor for the year ended the 30th of June 2023.

This item does not require a resolution to be put to the meeting but does provide an opportunity for discussion on these reports. And as I mentioned earlier, the company's auditor is available to address questions in relation to the conduct of the audit, the preparation and content of the audit report, accounting policies adopted by the company and the auditor's independence.

I remind you there will be plenty of time for questions later in the meeting.

The next item of business is the reelection of directors and at today's meeting with the exception of myself, all the nonexecutive directors are standing for reelection or election in accordance with our policy, that all nonexecutive directors will seek reelection annually. Details of each of the directors' qualifications and experience are set out in the notice of meeting and also in our annual report.

In response to stakeholder feedback, the company has adopted a process whereby 1/3 of the Board will speak to their reelection at each Annual General Meeting. So this year, you will hear from Colleen Jay, John Mullen and Lauri Shanahan.

Item 2a is the reelection of Mr. Ed Chan as a nonexecutive director. Item 2b is the election of Mr. Garry Hounsell as a nonexecutive director. Item 2c is the reelection of Ms. Colleen Jay as a nonexecutive director.

And I'll now ask Colleen to briefly address the meeting.

Colleen Jay

Thank you, Chairman, and good morning, ladies and gentlemen. I'm honored to offer myself today for reelection as director of your company.

I joined the Board in April of 2018, and I currently sit on the Human Resources Committee, and the Wine Operations and Sustainability Committee. I continue to thoroughly enjoy my time on the Board of Treasury Wine Estates, and I stand for reelection today in the hope of continuing to work with this truly diverse and experienced Board and very talented management team.

I have over 32 years of executive experience at Procter & Gamble, an American multinational consumer goods company. This provided me with significant experience in the fast-moving consumer goods industry across a number of multibillion dollar businesses and divisions.

I have deep experience and a proven track record in strategy, development and execution, global line operational leadership, global brand building, new business development, mergers and acquisitions and transformational innovation with an emphasis on technology. I also have significant global experience having run businesses that span over 150 markets globally, and also having both worked and lived in the U.S., in Canada, in Europe

and in China. Each of which are jurisdictions in which Treasury Wine Estates operates.

I'm really excited by the strength of our brands and people as well as the opportunities that lie before us. I think that the work that we're doing in the sustainability agenda and demonstrating leadership in the wine sector is particularly notable.

Over my time with Treasury Wine Estates, I've been really impressed with the capability, motivation and commitment of the leadership team and the culture within the company. I look forward to supporting our executive team to deliver high-performance and long-term growth for the business and for our shareholders.

I believe that my background fits well with the operations of the company, and I'm well placed to understand the challenges of managing a global brand portfolio-led business and supporting the company's strategic agenda. If reelected, I'm committed to devoting the time and the effort required to make a meaningful contribution to the company.

I think Treasury Wine Estates has a really exciting road map ahead under the stewardship of the company's Board and the outstanding management team led by Tim Ford, and I look forward to continuing that journey alongside the other directors and in serving you, the shareholder.

Thank you.

Paul Rayner

Thanks, Colleen.

Item 2d is the reelection of Ms. Toni Korsanos as a nonexecutive director. And Item 2e is the election of Mr. John Mullen as a nonexecutive director. And I'll now ask John to address the meeting.

Thank you, John.

John Mullen

Thanks very much, Paul. It's – really is a great privilege to be allowed to stand for election as a Director and Chairman of Treasury Wine Estates.

In my executive career, I spent most of my life in the logistics industry. I spent 10 years with TNT in Australia and in Europe, the last 4 of which I was Chief Executive Officer of TNT Express Worldwide based in the Netherlands.

I then joined the DHL Group, which is the world's largest transport and logistics company. I was with them for some 15 years. During which time, my role has included being Chief Executive Officer of Asia-Pacific, the Americas region; and finally, Chief Executive Officer of DHL Express globally. DHL Express operated in over 220 countries and territories with some 140,000 employees.

Now after leaving DHL, I returned to Australia and became Chief Executive of Asciano, the Australia's largest rail and port logistics company, a role that I held for 6 years.

In my nonexecutive life, I've been Chairman of Telstra since 2016 as well as the director of a number of other large companies. But I'm retiring from Telstra this week.

During my career, I've lived and worked in Asia, in Africa, in the United States and Europe as well as here in Australia. I love wine, and I'm full of admiration for the stable of strong brands built up by Treasury Wine Estates.

I really hope that the experience of having worked with strong brands and global businesses during most of my career, together with my other executive and nonexecutive experience has equipped me with the skills to Chair the Treasury Board. If I'm elected, I'll work really hard with management and my fellow directors to help drive improved performance and growth from this wonderful company in the years to come.

Thank you very much.

Paul Rayner

Thanks very much, John.

Item 2f is the reelection of Ms. Lauri Shanahan as a nonexecutive director. And I'll now ask Lauri to address the meeting.

Thanks, Lauri.

Lauri Shanahan

Thank you. Thank you, and good morning. I'm honored to offer myself as well today for reelection as a nonexecutive director of Treasury Wine Estates. I joined this Board 7 years ago and currently serve as Chair of the Human Resources Committee and as a member of the Nominations Committee.

In terms of my qualifications, I have over 30 years of public company executive and Board leadership experience as well as strategic advisory experience across a diverse array of technologies or industries including retail, consumer products, hospitality, technology and supply chain.

Most of my experience has been with global, omnichannel and brand portfolio enterprises such as Treasury Wine. My particular areas of expertise lie in strategy, executive compensation, ESG and corporate responsibility, corporate governance and leadership development and succession.

I'm currently on the Boards of 2 other publicly-traded companies in the U.S., including Deckers Outdoor, a global business with a portfolio of iconic brands including UGG and HOKA, where the stock price has increased over 400% during my tenure.

The other is CAVA, a fast casual restaurant group that just had a very successful IPO in the

U.S. this year, where I also chair the People, Compensation and Culture Committee. I have leadership experience serving as a Board Chairman as well as Chair of the Nominations, Governance, Compensation, Talent and Audit Committees.

I previously spent 16 years at Gap Inc., a vertically-integrated global retailer with a portfolio of well-known brands and operations in over 50 countries. While at Gap, I served on the executive leadership team and played a key leadership role in a number of initiatives involving global brand strategy, international expansion, supply chain optimization and technology and corporate responsibility, governance and compliance.

I am particularly proud of my role in developing and empowering diverse teams and for building and leading a global ESG and corporate responsibility organization that has been recognized as one of the first of its kind. I believe my broad background in scaling iconic brands, implementing complex strategic plans, instilling ethics and integrity into every aspect of our businesses and relentlessly focusing on the cultivation of meaningful relationships with our consumers, positions me well to add value to this business.

I also want you to know I take my role of Chair of the HRC Committee very seriously. I believe the reason I've been asked to Chair this type of committee on every single Board I've been on is because my peers trust me to think and act independently and objectively at every turn, representing your interests as our owners.

I also firmly believe that remuneration is only one part of a more holistic multipronged approach to attract, motivate and retain the highest caliber talent to drive this business in the near and longer term. I will always strive to listen to your perspectives, incorporate them into our analysis and then be transparent, honest and open about why we do what we do.

Demonstrating the fundamental ties between corporate responsibility and sustained and

profitable growth has always been what drives me. I have had the great honor and privilege of not only working with like-minded colleagues on this Board but a truly exceptional leadership team that is also unwavering in this regard.

If reelected, I will continue to invest my time and energy toward growing this business and ensuring its sustainability and success for many years to come. Thank you.

Paul Rayner

Thanks, Lauri. That covers all the resolutions regarding the reelection of our directors. And the Board, with each director abstaining as their own reelection, commends the reelection or election of each of the nonexecutive directors.

If I can please remind you to cast your votes in relation to the reelection or election of each of the nonexecutive directors.

Item 3 on the agenda today is a nonbinding advisory vote for the adoption of the remuneration report for the financial year ended 30th of June 2023. The remuneration report is contained in the annual report, which is available on our website.

It also includes details of the company's policy on the remuneration of directors and executives, a discussion of the relationship between that policy and company performance, and details of the performance conditions associated with the remuneration of the Chief Executive Officer and key management personnel.

Both the Board and the Human Resources Committee review the company's remuneration strategy and structure on an ongoing basis taking account of business appropriateness, market suitability and shareholder and other stakeholder feedback. The resolution on this item of business is advisory and does not bind the company.

Although the Board's Human Resources Committee will take the result of the vote and dis-

cussion on this resolution into account when we're considering the future remuneration arrangements for executives in the company. The directors recommend that shareholders vote in favor of that resolution.

A reminder, that online shareholders may submit questions at any time, and I'll shortly address them. If I could please remind you to cast your votes in relation to the adoption of the remuneration report.

Based on the proxy results, which we'll go through shortly, we will not receive 75% in support of this resolution. The Corporation Act provides that a first strike occurs where a company's remuneration report receives a no vote of 25% or more at this AGM, and as a result, we received a first strike.

The main reason for this as the 3 of the proxy advisers recommended against the remuneration report in relation to the discretion applied to the vesting of the F21 long-term incentive plan. The Board strongly feels its decision in relation to the F21 long-term incentive plan was appropriate, given the circumstances relating to the tariffs imposed by China. However, the Board will take this feedback from shareholders on our remuneration approach and take it into account as we go forward.

As you're aware, Treasury Wine Estates has a policy for good governance purposes that each nonexecutive director who is seeking to be reelected voluntarily puts himself's up for election at each Annual General Meeting. This is quite unique in Australia, and it's well respected by our major shareholders that I've spoken to and also by the proxy advisers.

I'll now move on to Item 4, which is the grant of performance rights under our long-term incentive plan to our CEO, Mr. Tim Ford. A summary of the proposed grant, including the performance criteria and hurdles for each performance condition, are set out on Pages 14 to 19 of your notice of meeting and are explained in the remuneration report.

And the directors, with Tim abstaining, recommend that shareholders vote in favor of that resolution. If I could please remind you to cast your votes in relation to the grant of performing rights to the Chief Executive Officer, and we'll move on to questions shortly. Prior to that, details of the proxies received prior to the meeting on each of the resolutions will now be displayed on the screen.

[Voting]

Paul Rayner

I will now take questions on each of the items of business. As noted earlier, I'll first respond to written questions received in advance, then I'll take questions from those physically present in the room, followed by written and audio questions from participants who have joined us online.

Now to start with, we've received some questions in advance of the meeting, which I'll address first in the order that we receive them. I will respond to questions submitted live during the meeting. Our Head of Global Media & Reputation will read out each question received. Please proceed with the first question received in advance of the meeting.

Question and Answer

Mel Ward

Mr. Chairman, the first question is from shareholder Woodbury Beverly Proprietary Limited. I'm wondering why with so many Director positions available, the Board is not looking for more expertise in the areas of international marketing, Asian relationships and at least some skills, experience and knowledge of the wine industry?

Paul Rayner

Thanks for that question. Look, the Board considers that its members collectively possess the appropriate competencies and attributes enable the Board to discharge our respon-

sibilities effectively, also contributed to our strategic direction and also overseas delivery of our objectives. Going forward, it's our intention that we continue to have at least 3 nonexecutive directors based offshore with at least 1 based in the U.S. and 1 based in Asia. All our directors have a good understanding of international business and most have worked extensively outside of Australia. We have a number of directors with skills, experience and knowledge of the wine industry including particularly our nonexecutive director, Gary Hounsell, who will with other directors continue to expand their experience in the wine industry through their experience and ongoing education with Treasury Wine Estates. We have at least 2 directors being Colleen Jay and Ed Chan, with expertise in international marketing. Mel?

Mel Ward

The next question is from shareholder, Mr. Peter Culliton. I am astounded at the lack of beverage wine industry experience of Board members. What is the company doing to rectify this glaring omission?

Paul Rayner

Thank you for question. As advised earlier, we have directors with skills and experience in the wine industry, and we continue to do that.

Wine industry knowledge and experience continues to be an important skill to be maintained for our Board, as demonstrated in its itemization in our Board's skills matrix, which is set out in our corporate governance statement in the annual report.

In addition to consideration of the experience for future selection of nonexecutive directors, we continue to provide ongoing education for all our directors on winemaking and the wine industry.

Mel Ward

The next question is from Abocol Superannuation Fund. Has any of the audit team worked to PwC in the last 10 years, as it relates to the property of the workers in the audit?

Paul Rayner

Thanks for that. I'll request our auditor, Mr. Gordon Sangster, who's just sitting down here to respond to that question. Thank you, Gordon.

Gordon Sangster

Thank you, Mr. Chairman. For privacy reasons, I'm not allowed to disclose the employment history of our employees, but I can say from a personal perspective that I'm not aware of any members of our team having previously worked for that particular firm. I think regardless of that, I'm extremely confident that all our team members are well aware of KPMG's code of conduct and also the importance of acting with integrity at all times. Thank you.

Paul Rayner

Thanks, Gordon, appreciate. Next questions, please, Mel.

Mel Ward

The next question is from Mr. Ian Cook. Given the CEO is responsible for the company's OH&S and environmental standards, their performance rights must include these prime aspects of performance without defining a Zero Harm to all employees and environment, this must be led by the CEO downwards. Hence, without defining this as a performance goal, I will vote against Item 4.

Paul Rayner

Thank you. Look, the CEO and our executive team are committed to our OH&S and environmental obligations. And to reinforce this, a key component of their key performance objectives in their short-term incentive plan that based on these measures. And these

measures make up 25% of the individual performance multiplier, so they actually do have a significant impact on the remuneration outcomes.

Mel Ward

The next question is from Ms. [Celestine Erik]. When all the Board cease to ask shareholders to sanction performance rights? Shareholders should also be rewarded with a rights issue or bonus share issue when financial results are favorable.

Paul Rayner

Thank you for your question. Under the listing rules, shareholder approval is required when a listed company issues performance rights to a director. In terms of shareholder rewards, the way we directly do that is through paying fully franked dividend. And in F '23, it increased from \$0.31 to \$0.35 per share, which is a growth of approximately 13% on the prior year.

Mel Ward

Mr. Chairman, that concludes the written questions received in advance of the meeting.

Paul Rayner

Thanks, Mel. For those shareholders present in person today, if you wish to ask a question, please move to a microphone, show your admission card to the microphone attendant, will note your name and introduce you when it sure time to speak.

Please limit yourself to one question at a time so you can give other shareholders a chance to ask questions. — **Operator Instructions** — And a reminder, again, the poll will remain open for 5 minutes after the conclusion of the meeting to allow you the opportunity to hear responses to the questions asked before finalizing your voting.

I'll now take questions from the floor. Are there any questions from the floor?

Mel Ward

Chairman, I have Simon Levy.

Shareholder

I have more comments and questions. I think 10 minutes to tell people how to advise them how to vote is way too long. If they can't get it sorted out before the AGM, well tough luck. Two, if – I'd like to see a 10-year summary of the financial results put in the annual report. That would be a good idea. And sustainability, I think the Board needs to practice what they preach.

You're all sitting there with a plastic bottle of water in front of view, and I don't think it's a good idea to – I assume this AGM goes around the world that see you're sitting there sipping away at a plastic bottle, a glass and a jug of water will be a lot better. Okay.

Paul Rayner

Okay. Look, thanks for those comments, Simon. I agree with you on the 10 minutes to totally at 10 minutes to go for the voting process. Unfortunately, with this new world where you've got online AGMs, and you've got – you have to give the ability for people to vote online and be that either written or oral, there's no way to shorten it. And to be fair to all those shareholders who can't make it, I think that's pretty hard to shorten. But going through it, I totally agree with you. So if we can shorten it, we will, but I think it's pretty hard.

10-year report history, look, we'll note that. We do have a fact book, which you can get on the website, which has that – which has our financial history, but I'll take that point online. And your point on – your point in relation to the plastic bottles, I'll note that as well. Thank you. Any other questions?

Mel Ward

Mr. Chairman, from the ASA, I have Kathautia.

Shareholder

My question relates to the remuneration report, particularly governance and transparency. So the ASA on behalf of its members has highlighted for a few years now that aspects of the report are difficult to read, and some information is hard to source and also the lack of an actual remuneration table. And I'm just wondering why that hasn't been addressed in several years? And is there any proposal to address that for next year?

Paul Rayner

Thanks very much. Look, we do take all comments from all shareholders online into account when we're producing the remuneration report. I can assure you of that. And we have taken comments from the ASA online and into account before. And we did give additional disclosure this year in relation to the short-term incentive plan versus last year. And all I can do is we need to comply with legislation. Legislation is quite complex.

We need to comply with the standard is quite complex. So we will try and simplify the remuneration report as we go forward. But it's very hard – it is very hard to shorten it. But we'll continue to take your views online, and see what we can do.

In relation to – and I know you've raised this before, preparing and putting down actual remuneration, as you've alluded to, I think the remuneration port is already long and quite complex necessity for that. We report remuneration in line with the standards which we're required to do. If you have additional remuneration report, there are different ways as to how you could interpret actual remuneration, I think it would actually make it more complex. So we think what we are required to do under the legislation in the way we report remuneration, which is already quite complex. But anyway, we will continue to talk, and I understand what you're saying. Thank you.

Mel Ward

Mr. Chairman, introducing Gregory — *indiscernible* —

Shareholder

Just a quick question from a novice. Does the granting of the performance right reduce the overall value of our shares?

Paul Rayner

No, it does not. It does not because we will – any shares that this under the performance rights will buy them online, so we don't issue new shares. So it doesn't reduce the value of your shares. No.

Mel Ward

Mr. Chairman, I have shareholder Peter.

Shareholder

Good morning, Mr., Mr. Chairman. And I would also make the same comment that your inability to publish actual pay in your report is not a good idea, and there's a failure on your part.

I just wanted to comment on the conduct of this meeting. This seems to become a bit of a fashion lately, at least you've provided a and a reason for doing it, which is better than some companies I deal with. I find this methodology of putting all the items up and then you just flashed up the actual proxy votes you had for about 10 seconds.

So we couldn't consider what that might mean. I find it confusing. I found it difficult to follow during the meeting because the questions are all over the place. And I don't think it assists at all in the way that shareholders might change their view about any particular item. So please take feedback. But the more normal way of conducting a meeting where each item is voted for in turn and allow us question in turn is a far better way of doing

things.

Paul Rayner

Thank you. Look, I would agree with you if we just had a meeting, which the only people who could vote, which were those that voted beforehand by proxy or who are at the meeting, but best practice today, and we've checked this with the various people who are knowledgeable in this area is that if you've got voting from online voting from people who aren't at the meeting. To do it resolution by resolution is not fair to them because the base may not be able to get in time or they may not be able to ask questions.

They won't have time to ask questions. So – and so it's better to do the more at the end unless we revert to having a meeting where basically you've got to be here to be able to ask questions. So it's fair to those that are online. Anyway, I hear what you say, and I agree to it. I agree with what you're saying to a large extent, but that's what we'll do. I've already covered the issue in relation to actual remuneration, and so I won't cover that again.

Shareholder

Could I just comment that I've attended many meetings online. It's never been a problem putting a question. I've always been able to get questions in a reasonable time. And so I think I'm not sure where you're getting feedback from. But certainly, my feedback and other retail shareholders that I know of wouldn't agree with your assessment.

Paul Rayner

Okay. I'll take that online. Thank you very much. Appreciate your comment. We will take it online. Yes.

Mel Ward

Mr. Chairman, Jeffrey Bab.

Shareholder

Mr. Chairman, I now noticed you making the disposal of the Karadoc facility and in the ongoing process of premium at lifting the level of prices and premiums, is it likely that there will be more rationalization of Australian wineries going on into the future?

Paul Rayner

I think we've done the main rationalization in relation to our commercial operations, but all I can say is that this is a matter which we keep under continued review. I mean we've gone through a long process not only in Australia but America of focusing on the premium and luxury sector of the market, expanding our facilities in our vineyards in that area and cutting back on the commercial area. So it's been – it's getting the mix right and the balance right. So I can't say there will be no future change in Australia over what we have today because you continually have to reassess things in light of the circumstances at the time. But the major changes, I think we've done.

Executive

Shareholder, Mr. John Kodak.

Shareholder

I have two questions relating to O alcohol line. Firstly, is the price structure fair because you're not paying the whole content? Is it overpriced? And secondly, has your red wine zero improved because I sent back a case.

Paul Rayner

Look, with, I guess – look, we think the price structure is fair and we've got to price accordingly with the market, but I hear what you say.

The continual process to try and get the quality of low and no alcohol red wine up to an acceptable standard for the normal wine drinker. And the reason the volumes of low

and no alcohol wine are low today is because it's been a challenge for the industry to get acceptable quality levels when you've got no levels of alcohol in the wine. I think it's better in the white wine and the sparkling than it is in the red wine, but we are planning to improve that. That's all I can say to you. And we want to be the world leader in low alcohol wine.

We're investing, I think I said in my speech and Tim mentioned, some \$10 million in new technology and equipment in our main winery in the Barossa to develop better quality levels of low and no alcohol wine. So I hope that we'll be the first significant wine company to come out with red wine that's got very low or no levels of alcohol and excellent levels of taste and aroma. And once we can do that, then I think it will be a breakthrough for the industry.

The mid-strength Pepperjack, I suggest you try that, as Tim said. I think that's available for all the shareholders after the meeting. And I think that is a very good wine, and the low-level white wines, I've tasted most of them. I think they're pretty good. We'll continue to work on the red. It will get better is all I can say to you. Doesn't look there's any more question, any further questions to the floor.

I will now take any written or audio questions received from online participants. Mel?

Mel Ward

Thank you, Mr. Chairman. We have quite a few questions from Mr. Stephen Mayne. So I will read the first one, and then we'll go through some questions from him.

Paul Rayner

Okay.

Mel Ward

Sorry, Mr. Chairman. We're just waiting for the question to come up in a moment.

Paul Rayner

Okay.

Stephen Mayne

I'm happy to ask them myself, if you like to.

Paul Rayner

Sorry, have you got them there?

Stephen Mayne

I haven't, but I'm happy to just.

jump the online, so I'll ask them now, if you like.

Paul Rayner

Okay.

Stephen Mayne

Because obviously, things change. So firstly, the 23% protest against Antonia's reelection, getting that was an overboarding issue because she's an executive at Signature Games, the global pokes company is what's happened there, which proxy advisers have gone against, and does the Board believe there is an overboarding issue?

Paul Rayner

Yes. No, thanks. That was the main reason. The proxy advisers recommended against Toni's reelection or at least one of them did. And we don't think she's overboarded. She's not an executive on that company in America. She's called Executive Chairman because she does advise consulting services, but it takes up no more than 20% of the time. And once that I've explained that to a lot of the major shareholders, they're very happy to support her, and that's why the majority of shareholders have supported the reelection.

Stephen Mayne

Okay. Now obviously, the 47% vote against rem is one of the biggest strikes we've ever seen for an ASX 100 company. And the reason is that you've used Board discretion to vest because of the China tariffs issue. I'm actually a sympathetic to position because Tim did not do to China tariffs. But obviously, the box tickets, if you want to use that term, have a set against Board discretion and a view of little contracts, big contracts.

So, you seem to be holding the line a little bit in the face of an overwhelming protest by your shareholders in light of the fact that it's come in at 47% against. Do you now agree that you probably made the wrong call?

Paul Rayner

No, we think we made the right call very strongly.

Stephen Mayne

Your you're appointed by the shareholders. Shareholders have told you you've made the wrong call. It's a bit belligerent to say shareholder wrong.

Paul Rayner

Yes, we put all the directors up for election every year. So the shareholders aren't happy with the directors. They can vote the directors off, and they haven't done that.

So look, we feel really strongly that the decision we made in relation to that was right. The business today, I think, is a far stronger business as a result of that, that MOFCOM decision by the Chinese Ministry of Commerce to put massive tariffs from Australian wine because of the capacity job management have done to put the company in a position where we can still source wine into China from various other markets around the world.

So it's now far more diverse multi-source country of origin business than we were beforehand. We're now supplying into China from France, from America, from within China

itself, from Chile, from South America. And so we are in a position to be able to continue to, in the long run, meet demand from that marketplace because of some of the great decisions that management have made to respond to that, which is a totally unexpected and quite a massive decision. It was some 35% of our profit went overnight for the most unexpected decision by the Ministry of Commerce.

The key other thing I need to say in response to it is and the reason we thought we made the right decision is management will get the benefit now through the long-term incentives of our supply and discretion. But should the MOFCOM decision reverse, and we're hopeful that it will, and there's better relationships now between the 2 governments and great relationships between our management and stakeholders in China.

Then management not receive the benefit in the long-term incentives and the incentive be it EPS or return on capital employed, if the tariffs are lifted and the profit effect of products going back into China from Australia, they won't receive that benefit.

So I think we're being even handed. We think we did the right thing by management. They did a great job to put the company into a far stronger position than ever than it ever would have been. As a result of that decision, a lot of people would have just said put their hand up and not knowing what to do. They moved on it straight away. And the Board, unanimously and our great deal of thought decided that it was appropriate to apply discretion. And the majority of shareholders have supported it, but you're right, there's a large minority that have not.

Stephen Mayne

Yes. I guess the precedent concern is next time there's a black swan event like COVID or Ukraine war or a hurricane for an insurer, the Board will say the same thing, couldn't control this, et cetera. But I agree, the management's pivot and flexibility in dealing with the closure of that market overnight was very effective.

Paul Rayner

We didn't adjust. COVID had a dramatic effect on us. Wildfires have had a dramatic effect on us. We didn't adjust for those. This was a one-off massive effect. I can't think of a similar situation for other companies, where 35% of your profit overnight is gone. We're able to reallocate some product to other parts of Asia, but it was a dramatic effect. Management could not influence it. It was material, and it was not one of the assumptions we didn't know what was going to happen when the objectives were set. So we think it was right.

Stephen Mayne

I want to support [Peter] to add in his comment about doing questions and debate as one job lot. You don't walk into a Board meeting and say, "Hey, do there's 8 items on the agenda. Does anyone want to talk about anything you actually follow the agenda. So all asking for Mr. Mullen next year as the new Chair is to please follow the agenda. It's not that hard.

And then discuss Antonia's protest, the rem, et cetera, et cetera. And that brings me to the other question where you deserve a very big okay, Mr. Chair, for your decision in 2019 to move to annual elections of directors, voluntarily. BHP is the only other company that voluntarily does this after they were forced to do it by the U.K. DLC and then continued it when they collapse the DLC.

The problem with annual elections of directors is that it makes following the agenda very long because you've got 8 agenda items. So the compromise I'd like to suggest for next year is that you follow the agenda, but you deal with the director elections as 1 item. So we might have 4 or 5 items.

And that way is a happy compromise because I do think we deserve the discussion about Antonia's protest, though. I'd like to hear from Peter as to whether – sorry, with John, as

to whether there's a commitment to continue with the annual election of directors, next year, when you will no longer hear Mr. Chair, is the champion about great reform?

Paul Rayner

I don't know, do you want to comment on that, John?

John Mullen

I'm very happy to continue with that tradition. I think it's a good one.

Stephen Mayne

Excellent, because I've probably asked 50 other companies to do it. And so I hope you've been getting lots of questions from those companies, and not one of them has moved yet. So I hope you're not getting pressured to stop it so that they stop getting questions about why they aren't being as great as TWE.

Paul Rayner

Look, we think it's the right thing to do, and it's very good for Board performance and for succession planning for Boards, and it works very well offshore. I can see no reason why it shouldn't be done with other companies, but I'll let them handle it themselves.

Stephen Mayne

And it would be very useful at Qantas at the moment.

Paul Rayner

I won't talk about Qantas.

Stephen Mayne

But as the next Qantas Director, I'm sure, and Gary as well. So my last point is sort of 3 procedural things, which were covered in the written questions. First one, seeing as you do have such a great piece of record on the voluntary election of directors every year, I'd

like you to pick up these 3 other voluntary things. The first one is disclosing the proxy position to the ASX with the formal addresses.

So I was sitting at home today lodging my votes and stuff, and I would have loved to have seen what the proxy position was, and I would have then framed some online questions at home about why was there a 23% protest, what's your response to the 47%, et cetera, et cetera?

So the reason that the directors, there's a strong correlation between high proxy against boats and late disclosure proxies, human nature. You want to cover up the back.

Paul Rayner

Sure.

Stephen Mayne

So the way you get around that is just guarantee, you'll do it to the ASX every year. Many companies are now doing this. So John, over to you. Early proxy disclosure next year with formal addresses.

John Mullen

This.

Is a heavy responsibility of putting on my shoulders, [Tim], but yes, we will definitely look at it during the year and confirm one way or the other.

Stephen Mayne

Okay. And then the final two process questions apart from following the agenda, next year, John, is, and I haven't checked so you might already be doing this, but a full transcript of the AGM proceedings, not just look at the webcast. The politicians aren't told to go off and look at the video of their parliamentary debates.

Supreme Court judges and viruses aren't got told to go off and look at the webcast of the court, good practice is for a proper record keeping is a full – most – a lot of analysts, a lot of companies do it with their analyst call, their earnings call. Best practice is now doing it with the AGM. So I'd ask you to do that.

And finally, Shareholder participation in AGMs is in crisis at the retail level. It's fallen below 5%. We all feel powerless. What's the pain when the big end of town just swamp us? The way to get around this is to disclose proxy voting outcome or voting outcome by shares and shareholders like with the scheme of arrangement. Computershare has got the data. I'm interested to see if 47% against on rem, is that 70% of the voting shareholders? You've got the data.

If you start releasing this data, it will provide incentives for all of us to vote as we'll have a measure of retail shareholder sentiment and not just have us swamped by the big end of town where we just feel it's pointless voting. The politicians wouldn't tolerate a 5% turnout rate with voting. So disclose the figures and you'll incentivate more participation, and it's just good transparency.

Paul Rayner

Thanks for that. We'll take those comments online. Thanks, Stephen. Are there any other online questions, Mel?

Mel Ward

Mr. Chairman. We're back online. So the first question is from Mr. Kevin Daly and Mrs. Jan Daly. Could you provide more information about TWE's motivation in buying Chateau Lanessan? My London-based daughter says she hasn't seen its product in any bottle shops there.

Paul Rayner

It's a very good acquisition to Chateau Lanessan. I've been there twice. The reason for that is that we're looking to be a multi-country of origin sourcer of wines and the main market for those wines is China. With us not being able to the last couple of years, get wine into China without paying tariffs of near 200%, we've had to look at other markets, other sources of production around the world.

French wine is wine that's well liked by the Chinese, so producing our brands in France for sale into China has been a way for us to continue to satisfy the demands of the Chinese consumer whilst we can't get the product from Australia. So that's the reason. And it's been very successful.

Mel Ward

Mr. Chairman, another question from Mr. Kevin Daly and Mrs. Jan Daly. To what extent are EU climate change policies having an impact on the winemaking industry in France and Italy?

Paul Rayner

Climate change policies and climate change per se is vital to the way that we plan for and produce our wine, so it doesn't matter what in the world it is. We are preparing and planning for climate change make our sales more adaptable and sustainable. And that's one of the reasons why we have multi-current countries of origin as well. So the producing wine from various parts of the world so that we withstand impacts on climate, so that affects us everywhere.

Mel Ward

Mr. Chairman, a question from [Jack]. Question for the Chair, with your departure please comment on what you consider to be the most significant challenges and opportunities for TWE in the next 5 years.

Paul Rayner

It's a very good question. Look, the opportunities, I think, are fantastic. And Tim alluded to them when he went through his address. We've got a fantastic variety of wines. We've positioned ourselves to be a leader in the luxury and premium sector of the wine industry, and we've got opportunities to expand that right across the world. We've got a great luxury and premium portfolio in America.

And we're looking forward to greater quantities of production in that sector of the market being available to us, so we can improve we go forward in the America I think we've got a far stronger American business than we had 10 years ago and the opportunities for growth there a great, and we continue to focus on opportunities in luxury and premium there. I think with our focus, the Penfolds brand, you can see now that we highlight Penfolds as a stand-alone brand, its performance in the last year has been fantastic.

And some of the new product releases, which again, Tim highlighted on the screen mean that the opportunities for continue to expand Penfolds around the world, I think, are fantastic.

Treasury Premium Brands, we're now focusing on some premium brands. I mean Pepperjack one of them, Squealing Pig, opportunities for those brands around the world. I think now that we've got better distribution is very, very good.

And so even not taking into account the fact that China one day may come back for a strict future for this business, I think, is fantastic. And as I said before, we plan to deliver high single-digit earnings per share growth for the meeting is a long run. And that's possible because we have great brands, and we have a very diverse business with multiple sources of our agent product right around the world, and we're very much a global business.

We're not dependent on any one market that was shown what happened with China.

We've now made ourselves far more less dependent on any one market. So I think the opportunities are fantastic.

The challenge is, well, we, hopefully, one day China will on a day open again to Australian product. We continue to have to deal with macroeconomic issues in geopolitics. Geopolitics was the reason we had got into trouble with into China. We just have to deal with those as we go forward. But I think we're doing everything we think we can do ourselves to manage our own capabilities and growth going forward.

Mel Ward

Another question from [Jack]. Do you anticipate additional federal taxes on your products in the next few years with the nation's need to raise capital?

Paul Rayner

No, I do not.

Mel Ward

And another question from [Jack]. Why are Mr. Hounsell and Mr. Chairman up for reelection when they have both served on the Board for more than 10 years?

Paul Rayner

I think a good Board is a blend of youth and experience, not so much the age, but the time you spent on the Board. And you can see that we are going through a process of succession planning on the Board. So Mr. Warwick Every-Burns stepped down last year. I'm stepping down this year. You will gradually see the longer-serving directors retire, but we always want to maintain experience on the Board to blend with the newer directors. And Gary and Ed really had fantastic value.

Mel Ward

Mr. Chairman, a question from Mr. Anthony Paterson. Please provide an update on the

progress in market share with nonalcoholic lines, especially seeing as they are hard to find in some liquor stores?

Paul Rayner

I think we really touch based on this. It's something that we see a significant future in as we continue to develop the product. And we're investing in new technology to enhance the value of the product. We will continue to – we've just released Pepperjack mid strength. I think Squealing Pig Zero, you should be able to see those in the stores. And I think over a gradual period of time, you should see increased availability. But I mean we just got to balance that with the shelf space and the product that there is strong demand for trying to get the balance right. But I hear what you say?

Mel Ward

Mr. Chairman, a question from Paul W. Bush. It has been reported that KPMG partners and staff created on courses that covered independence, audit and accounting rules. This continued for at least 5 years and involved more than 1,100 partners and staff at the firm. Can the auditors confirm whether or not any of the partners and staff involved in the TWE audit were involved in this ethical breach?

Paul Rayner

Do you want to handle that one, Gordon? Thanks.

Gordon Sangster

Yes. Thanks for the question. And again, for privacy reasons, I'm not allowed to disclose the history for each and every member on the team.

Again, I can confirm similar to the previous question that from my knowledge, both from myself, my personal perspective and also my knowledge of the entire team, I'm not aware of any of those individuals participating or being the subject of what was fairly consider-

able disciplinary action within the firm, which included individuals leaving the firm and being asked to leave.

Paul Rayner

Thanks, Gordon.

Mel Ward

Mr. Chairman, that concludes the online questions received today.

Paul Rayner

Are there any written questions from online participants?

Mel Ward

No further questions from online.

Paul Rayner

Okay. Are there any audio questions?

Operator

There are no questions on the phone line at this time.

Paul Rayner

Okay. Thank you. As there are no audio questions from online participants, that concludes our discussion on the items of business. Thank you for your questions. Voting will close shortly 5 minutes after the conclusion of the meeting. If you've not done so already, please ensure that you cast your vote on all resolutions now.

[Voting]

Paul Rayner

That now covers all of the business before the AGM. I thank you for your attendance and

participation. I hope this has been an opportunity for you to learn a little more about your company and its very exciting feature. The poll will close shortly. If you are ready, Computershare staff members are now circling the room to collect your ballot cards. As mentioned earlier, the outcome of the polls will be announced by notice to the ASX later today and placed on the company's website.

For shareholders attending in Melbourne, refreshments, don't forget, will now be served in the foyer, and our directors and members of our executive leadership team and senior management will be available to introduce themselves to you.

Although the business of the meeting is now finished, there will now be a 1-minute period during which you may finalize your voting, and I declare the meeting will close at the end of that period. Thank all you. Thank you all for your attendance, ladies and gentlemen. Thank you.

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