

# Treasury Wine Estates Limited, AGM 2022 & Q1 2023 TU 2022-10-17

## Presentation

### Paul Rayner

Ladies and gentlemen, welcome to the 2022 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 slightly after 10. 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 their elders, past, present and emerging.

Today's meeting is being held in person at the Mayfair Ballroom at the Grand Hyatt in Melbourne and virtually via the Computershare platform where shareholders and their proxies can ask questions and they can submit votes online. And this meeting is also being webcast online. For shareholders attending in Melbourne, refreshments, you'll be pleased to know, will be served in the foyer following the meeting, and our directors and 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 or appointed proxies and have submitted questions ahead of this meeting, and we thank them for doing so.

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

Before we begin, 2 housekeeping matters. Firstly, if you've not already done so, can you please switch your mobile phones to silent? And secondly, in the unlikely event of emer-

gency, we ask you to remain calm and follow the instructions of the 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 that we have a quorum present, and that's very clear because there's a good turnout. So I, therefore, declare this Annual General Meeting of Treasury Wine Estates open.

I would now like to introduce you to all directors and management who join me today on the stage. And on my immediate right is Tim Ford, our Chief Executive Officer, and you'll hear from him shortly; next to him, Lauri Shanahan who is the Chair of our Human Resources Committee; Toni Korsanos who's the Chair of our Audit and Risk Committee; and Matt Young, who is our Chief Financial Officer. And on my immediate left is Kirsten Gray who is our Company Secretary. And next to her are Garry Hounsell, who's Chair of our Wine Operations and Sustainability Committee; and Non-Executive Directors, Warwick Every-Burns and Ed Chan. Colleen Jay, who's one of our nonexecutive directors, is unfortunately unable to join us as she has a family emergency situation. And she intends on dialing in via the webcast should circumstances allow, and we send her and she sends her sincerest apologies.

Also in attendance in Melbourne are members of the executive leadership team as well as Gordon Sangster who is our lead audit partner from KPMG. And 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 Hutchinson from Computershare, the computers – the company's share registry, is also joining us today. And Michael will act as returning officer for the poll that will take place.

Given this is a hybrid meeting, when it comes time to respond to questions from share-

holders, I'll first take questions from those physically present at the meeting from you all there, followed by audio questions from participants who have joined us online. And finally, written questions received in advance of the meeting and from online shareholders.

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

For those attending the meeting online who wish to submit a written question, you may do so at any time during the meeting via the speech bubble icon that's on your screen. Type your question in the chat box on the right of the screen and then select send. Confirmation that your message has been received will appear above. And 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. To ask a question verbally online, please follow the instructions shown below the broadcast window, which is on the online platform.

— ***Operator Instructions*** — Shareholders were also invited to submit questions in advance of the AGM, and I will address these questions as well as those that are asked during the meeting, during the question period. Now in order to be as transparent as possible in this hybrid environment, we will handle all written questions as follows.

Written questions received will be read out in the order of their receipt, with those asked before the meeting addressed first and the shareholder's name included. Questions may be moderated in 2 situations: firstly, if the content is profane and secondly, if the sub-

stance of the question is repetitive or if a question's already asked, and this is to address the fact that you cannot see the repetition when you're lodging your question. And we'll answer as many questions as we can. And I'll only close the question period when all questions have been exhausted or I believe the time allowed has provided all shareholders with a reasonable opportunity to ask their questions.

Today, voting will be conducted by way of a poll on all items of business. And in order to provide you with enough time to vote, I now declare the poll open for all resolutions. For those attending the meeting using the online platform and who are eligible to vote, as the poll is open, a voting icon is available on your screen. Selecting this icon will bring up a list of resolutions and present you with voting options. 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.

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 representatives 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 shareholders with a pink card are not entitled to vote on items of the business. If you're a proxy holder and hold only directed votes, you must vote in accordance with those directions. And if you're a shareholder or proxy holder with open votes, please record your votes by selecting the For, Against or Abstain box for each resolution.

I'm holding open proxies in my capacity as Chair, and it's my intention to vote all such proxies in favor of the resolutions. And for those attending in person, before you leave

the meeting, please lodge your voting cards in one of the ballot boxes that you'll find near the exits. And the poll will remain open for 5 minutes after the close of the meeting to allow you to finalize your votes and the final results of the polls will be available later today on the ASX website and the company's website. If you have any difficulty in completing your voting card during the course of the meeting, Computershare staff are here to help you.

Now 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 Tim, our CEO, to address the meeting.

Last year, we acknowledge that change would continue to be forever present. And that indeed has been the case since we last addressed you in this forum. Throughout the year, we managed the effective closure of the Mainland China market to Australian wine products as well as navigated several macroeconomic challenges, including the global pandemic, significant supply chain disruptions and inflationary cost pressures.

Against this backdrop of macroeconomic shifts, we've made strong progress, however, and perhaps more importantly, we have emerged a stronger, more sustainable business. We have continued to adapt and evolve, innovating across our business, our product portfolio and how we connect with our customers and our consumers. We've expanded our multicurrency with multi-country of origin portfolio and driven disciplined investment across a range of markets to support growth. Underpinning this progress has been the seamless transition to our new operating model, which has brought even greater focus and accountability to how we execute our strategy as well as demonstrating the strengths of our diversified global business and the outstanding capabilities of our teams.

Our brand portfolio divisions, which are Penfolds, Treasury Americas and Treasury Premium Brands, have accelerated our focus on premiumization and responding to trends

in a way that meets the needs and preferences of our existing consumers as well as introducing new consumers to our wines. We continue to be guided by our TWE strategic blueprint which keeps the consumer at the center of our decision-making. After launching our cultural code, our TWE DNA last year, it's become embedded in every decision that we made across the organization. Its principles of courage, delivering together and bringing our whole self to work are at the core of how we do business.

Tim will update you on progress against our strategic agenda. But first, I'd like to mention some of the key achievements of fiscal 2022. We continue to invest in growing key markets, a move that was accelerated by the changes to the Chinese market last year. Our multi-country of origin sourcing strategy was one element of the diversification. And we have seen particularly pleasing growth in selected Asian markets outside China as well as parts of Europe and the U.S.A.

To enhance capacity in our French portfolio, we announced the major acquisition of Chateau Lanessan in Bordeaux in August of this year. We expect the transaction to complete this month and look forward to the continuing involvement of the [ Vitalia ] family, which has overseen the historic property for several generations.

Following the recalibration of the Americas business, Treasury Americas is now a focused portfolio of fast-growing premium and luxury wine brands. And with the acquisition of Frank Family Vineyards, we are now very well placed to succeed in the world's largest premium and luxury wine market. Our innovations in further developing our no- and low-alcohol wines were recognized with a range of prestigious Australian and international awards for Wolf Blass Zero range and strong performance through new distribution arrangements, including major and independent supermarkets across Australia. In the U.S.A., the Matua Lighter range has also been very well received by consumers.

Complementing strong performance in our historic brands such as wind holds – such as

Penfolds, Wolf Blass, Pepperjack and Wynns with growth in newer brands, such as 19 Crimes and Squealing Pigs, reflecting a focus on consumer-led innovation through popular celebrity endorsements with engaging digital elements, 19 Crimes was recognized as the #1 U.S. market wine innovation for Martha Shard this calendar year.

There's no doubt that the effective closure of the Chinese wine market to Australian wine was a significant event for TWE and the Australian wine industry more broadly. However, our long-term commitment to the Chinese market remains steadfast. And we continue to invest in our team, our brands and our local relationships with customers and consumers as evidenced by the launch last month of the first Penfolds wine made in China for the China market.

We have long held the view that regardless of which market you operate in, businesses and brands are judged on how they act and behave as well as the quality of their products. We've been mindful of the importance of building trust as the cornerstone of building relationships and brands, both of which are critical to our long-term success. And it's been this approach that's enabled us to produce our first Penfolds wine made in China and enter into a strategic cooperation agreement with the China Alcoholic Drinks Association, the primary industry body to collaborate on further building China's growing wine industry.

In addition to Penfolds, our Treasury Premium Brands division has also adapted, and it's now sourcing South African and Chilean country of origin wine for Rawson's Retreat, and it ensures that this popular brand continues to be a foundation for growth in China. We're optimistic about the opportunity for our business in China and hope for a strengthening of the long and enduring economic and cultural ties between Australia and China.

One year into our evolved sustainability strategy, we have continued our path towards sustainability leadership with a bold ambition to extend our influence beyond the wine

industry and position ourselves as a leader in the global beverages sector.

We moved closer towards our ambition of cultivating a brighter future, progressing against all of our targets and commitments through a range of initiatives targeting climate change, renewable electricity water stewardship and the social aspects of our sustainability agenda. We embedded sustainability into our financial framework by refinancing \$1.4 billion of existing debt into a sustainability-linked loan, which recognizes performance against a range of milestones with a discount on the loan rate and penalties for missing those milestones.

Establishing the sustainability-linked loan has been a key step in integrating our sustainability agenda across our business and was also an important milestone for both our sustainability and market capital journeys, incentivizing us to move even more quickly towards achieving our sustainability ambition and our targets. For example, in the critical area of climate change and energy, we completed our strategic road map and defined the initiatives and plans to accelerate progress towards our target for 100% renewable electricity by 2024.

We are investing in this transition and have committed \$20 million towards installing solar panels and meter technology. And the first panels of the largest solar installation of any winery in Australia are currently being installed at our Barossa site. And that's a tangible example of the visible steps we are taking towards our sustainability ambition.

Another notable highlight is the completion of a comprehensive review of water management across our global viticulture and winery operations which has identified clear medium- and long-term recommendations relating to our water security and management.

We know that the expectations of our consumers, our customers and partners around the world continue to change with our reputation as a global corporate citizen influenced by



every decision that we make. And with this in mind, we are pleased to launch our new Alcohol and Health Policy together with this year's sustainability report. It outlines our position on consumer health, responsible drinking, with a policy articulating our support of the World Health Organization goal to reduce harmful use of alcohol by 20% by 2030. Our first step is our commitment to include general health warnings on all our labels by 2025.

Now while we're proud of all we have achieved since we launched our enhanced sustainability strategy, we also realize that there is a long way to go. And we look forward to collaborating further with industry governments, customers, partners and a range of stakeholders in the communities where we do business to address the challenges and the opportunities ahead.

I invite you to review the detail of our progress against our goals of building a resilient business, fostering healthy and inclusive communities and producing sustainable wine in our 2022 Sustainability Report, which was released at the start of this month.

The significant progress we've made through the year is thanks to our people and our strong organizational culture that's been built collaboratively. And our TWE DNA has been embedded across the business. And this is evidenced by our improved employee engagement score of 70% in the latest engagement survey that we did. The higher participation rate, which rose 26% from the previous year, also shows that the capability development for leaders and their teams has resonated deeply.

Before I close, I would like to take a moment to acknowledge the enduring contribution of Warwick Every-Burns, who is over there, who retires from the Board today. As many of you know, Warwick has been a Non-Executive Director since the company started when it was demerged from Foster's in 2011. He's been an excellent director, having spent more than 10 years as Chair of the Human Resources Committee. And he was also Chief Exec-

utive Officer on an interim basis from September of 2013 to March of 2014. And I, with the Board, would like to thank Warwick for his outstanding – thank you, Warwick – contribution to the Board and the Treasury Wine Estates and we wish him all the very best for the future. Thank you very much, Warwick.

As we reflect on another year of evolution in the economic and geopolitical environment, there are many reasons to look ahead with optimism. TWE remains clearly focused on its strategic agenda, which stands us in good [stead] to continue adapting to the challenges that will no doubt feature in the year ahead. We are well placed to innovate and grow as we progress our ambition of becoming the world's most admired premium wine company.

Now before I close, I'd like to remind shareholders that today, you will be asked to consider and vote in favor of a number of items of business. On this and all matters, I ask for shareholder support. And in closing, on behalf of the Board, I would like to thank our people at TWE led by Tim Ford and the executives for the results delivered in an operating environment which has been characterized by change. We're very proud of all that the team has achieved and the resilience and adaptability that they've demonstrated. And finally, I'd also like to extend my thanks to you, our shareholders, for your continued belief in and investment in and support of Treasury Wine Estates.

I'll now invite Tim to speak about business performance for fiscal 2022. Thanks, Tim.

### **Tim Ford**

Thank you, Paul, and good morning, everyone. It's a pleasure to be with you in person. And it's a great turnout, so I'm looking forward to discussing our fiscal '22 operating and financial performance with you. First, I'll say, I'm extremely pleased and proud to report such a strong set of results of – to our shareholders. This was the first year we transitioned to our new brand-led operating model. And the results demonstrated what we already knew internally, that this was the right move for the structure of our company, with all

divisions delivering underlying earnings growth, margin expansion as well as, importantly, progress towards their strategic ambitions.

As a group, we delivered a return to headline earnings growth despite facing some significant challenges in our operating environment. This performance reflects the strength of our diversified global business and our brand portfolio, the flexibility we have within our operating model and I'd say the outstanding execution capability of our teams and supports the confidence we have in our future outlook.

So turning to some financial highlights and summaries. Premiumization continues to be a key driver of our momentum with 83% of our global revenue now generated from premium and luxury priced wines or wine above \$10 as consumers across our key markets and all markets continued this strong trend towards buying less, but buying better wine, from a price point of view. They're all good ones. As a result, revenue per case also grew 16%, with strong improvement particularly in Treasury Americas, and our Treasury Premium Brands business being a highlight.

Net sales revenue did decline by 4% to \$2.5 billion, but that reflects the divestment of our U.S. commercial wine portfolio as well as the effective closure of Mainland China to Australian wine and some reduction in commercial wine sales in Australia and the U.K., following the heightened pandemic-related demand of the prior year.

Our reported EBITs increased 3% to \$524 million. When you adjust for the contribution from Penfold's Australian country of origin wine sold in Mainland China the year before, our EBITs increased by 22%. Importantly, our margin, EBITs margin, improved to 21.1%, continuing our progression towards our long-term group EBITs margin target of 25% and then beyond.

We delivered very, very strong operating cash flow once again, and our leverage ratio of

1.8x remains comfortably within our target range, particularly important following the acquisition of the Frank Family Vineyards business. Our capital structure is in outstanding shape and will continue to support our future investment plans and our growth ambitions.

The full year dividend paid in respective fiscal '22 was \$0.31 per share, an increase of 10.7% on the previous year's dividend. I'm sure everyone enjoyed that. And this represents a payout ratio of 69%, which is at the upper end of our long-term dividend policy range.

So in addition to delivering a high-quality financial result, our teams delivered against their strategic priorities in the year. The Penfolds team, where I'll start, made strong progress in attracting new consumers into the Penfolds franchise and growing distribution and availability across key markets in Asia, Europe and the United States, in particular. While EBITs and revenue did decline 8% and 9%, respectively due to the reduced shipments to Mainland China from the year before, strong performance in these other key markets enabled the delivery of a financial result we are very, very proud of, with the reported EBITs, excluding Mainland China, increasing 25% at constant currency.

Growth was particularly strong in Asia where NSR, outside of China, increased over 100% driven by a number of markets, including Singapore, Thailand, Malaysia, Taiwan, Korea and Vietnam. And the long-term global growth opportunity for Penfolds, we believe, is significant, which we recently validated through a detailed assessment of our current distribution footprint and the future capacity for growth across a number of these key markets.

Significant progress was also made on the Penfolds multi-country of origin portfolio strategy, with the Penfolds collection launch in August comprising Australian, Californian and the inaugural release of our French portfolio. The quality of these wines was met with outstanding acclaim and scores from critics around the world. And we're also excited to

announce a few weeks ago, as Paul said, the release of the new one by Penfolds range, which compromises – comprises 4 wines from 3 winemaking regions, France, America and, for the first time, China. Wine by Penfolds will be initially available in China, underlining our long-term commitment to the market and its industry and will then be available globally from mid-2023. Central to this Penfolds multi-country of origin strategy is bringing together phenomenal wines from the best winemaking regions in the world whilst remaining true to the iconic Penfolds house style and not compromising quality.

Treasury Americas. This business has successfully reshaped as a premium and luxury focused wine business with expanding margins and a portfolio of fast-growing brands. It was highly rewarding for a lot of us to see the successful execution of this strategy reflected in the Treasury Americas financial results in fiscal '22 with significant earnings and margin improvement. Adding to this, the acquisition of the Frank Family Vineyards business was a highlight clearly during the year, and we're very, very pleased to have added this outstanding brand to the portfolio across fiscal '22. And we really look forward now to execute on our growth plans for this brand focused on increasing supply and expanding distribution.

Treasury Americas priority portfolio continue this momentum growing NSR 15% in F '22 on a constant currency basis led by renowned brands Beringer, Stag's Leap, Matua and 19 Crimes to name a few, with category-leading and outstanding innovation continuing to drive growth of the premium portfolio.

Treasury Premium Brands in its first year as a stand-alone business made great progress towards their key financial priorities of premiumization, which is mix, earnings growth and margin expansion. We saw great growth across key premium luxury brands, again, 19 Crimes features here, but also Pepperjack, Squealing Pig and Wynns brands that we all know in this room. The focus on making these priority brands bigger globally is now

starting to pay dividends, with distribution gains and brand building across key markets in Asia and Europe driving fiscal '22 performance and giving us great confidence in the opportunity that is ahead and before TPB as a global business.

So for fiscal '23, the strategic priorities will remain largely unchanged for each division, with the focus of the respective teams being to just continue executing what is now a very, very clear path towards their long-term growth and financial objectives. And right across Treasury Wine Estates, we will continue to work to leverage our global strengths and capabilities to progress the key priorities: elevating our culture, growing our talent, progressing our investment in technology to unlock long-term opportunities across our value chain, pursuing category-leading innovation as well as complementary M&A that will enhance our brand and asset portfolio to continue to build momentum towards our sustainability ambition.

Trading conditions and group EBITs in the first quarter of fiscal 2023 were in line with our expectations. Demand for premium and luxury wine has remained consistent across all of our key markets throughout this first quarter, reflecting ongoing category premiumization trends. We'll continue to monitor closely the consumer and the trading environment, confident that the strength and diversity of our brand portfolio, the historic resilience of the category through past economic downturns as well as the flexibility of our business model leaves us well placed to react to any changes that may arise in the environment.

The inflation and cost outlook, a hot topic at the moment, remains in line again with our expectations that we shared at our full year results update in August. And pleasingly, our Northern Hemisphere vintages, including California and France, are also progressing in line with our expectations.

So with our earnings performance through the first quarter in line with our expectations, we remain on track in F '23 to deliver strong growth and EBITs margin expansion towards

our long-term group target of 25%. And finally, our financial objective remains to deliver sustainable top line growth and high single-digit average earnings growth over the long term.

So in closing, fiscal '22 was a very successful and rewarding year for this company and our team. After 2 years of significant change, we are entering F '23, and in F '23, confident that we are absolutely on the right path towards delivery of the TWE 2025 game plan and our ambition to be the world's most admired premium wine company. So it's certainly an exciting time for our company to lead this organization. And thank you to our shareholders for your ongoing support of Treasury Wine Estates. Thank you.

**Paul Rayner**

Thanks, Tim. Ladies and gentlemen, now that brings us to the formal part of the meeting. And there are 5 items of business which have been listed in the Notice of Meeting. Before we consider the items of business, there are some procedural matters which I'd like to draw to your attention.

As mentioned earlier, voting is being conducted by way of a poll and you can vote at any time. I will introduce each item of business and then take questions on all items of business together at the end. This approach has been adopted to allow those shareholders attending online with slower Internet connection 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. So you can submit questions at any time. Details of the proxy votes recorded for or against each item will be displayed at the conclusion of our discussion. So I'll now move to the items of business to be considered at this meeting.

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 30th of June

2022. Now this item does not require a resolution to be put to the meeting but does offer an opportunity for discussion on all those reports. And as I mentioned earlier, the company's auditor is available to address questions in relation to the conduct of the audit and the preparation and content of the audit report, accounting policies adopted by us and the auditor's independence.

The next item of business is the reelection of the directors. And at today's meeting, with the exception of Warwick, all nonexecutive directors are standing for reelection in accordance with our policy that all nonexecutive directors will seek reelection every year. Now 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'll hear from Garry Hounsell, Toni Korsanos and me. Item 2a is the reelection of Mr. Ed Chan as a Non-Executive Director. Item 2b is the reelection of Mr. Garry Hounsell as a Non-Executive Director. And I'll now ask Garry to briefly address the meeting.

### **Garry Hounsell**

Thank you, Paul. Good morning, ladies and gentlemen. My name is Garry Hounsell, and I'm honored to address you today to seek your support for my reelection as a Director of Treasury Wine Estates. I joined the Board in September 2012 and was appointed Chairman of the Audit Committee shortly thereafter. In 2021, after 9 years as the Audit Committee Chair, I stepped down as part of our ongoing Board succession planning and I continued to be a member of the Audit Committee as well as a member of the Nominations Committee.

In 2021, I became the inaugural Chairman of the new committee of the Board called the Wine Operations and Sustainability Committee. The remit of this committee includes sus-



tainability, strategic wine asset management and long-term planning, health and safety strategy and engagement and regional industry and regulatory insights, trends and relationships.

By way of background, I'm a qualified chartered accountant and commenced my career with Arthur Anderson, a global accounting firm in 1976. I was admitted as a partner in the global firm in 1989 and, in 2021, became the firm's Australian CEO and Country Managing Partner responsible for over 2,000 employees. And I was the signing partner on the financial statements of BHP Billiton, as was known at that point in time, for the years 2000, 2001 and 2002. In 2002, I merged the firm with Ernst & Young in Australia. And after 2 years with Ernst & Young, I retired from the partnership to pursue a career as a nonexecutive Director. And during that period, I've been privileged to have been a director of many great Australian companies, including Orica, Qantas, Nufarm, Dulux, Spotless and [ Myer ] to name a few.

I have, I believe, made a valuable contribution to the company since my appointment in 2012. As well as my financial management and business expertise, I also bring a 45-year involvement in all facets of the wine industry including vineyard development, winemaking, sales, marketing and distribution, both within Australia and internationally. This experience has allowed me to make a broad and varied contribution to the Board, management and the company.

Despite the continuing challenges that TWE and the industry face globally, I'm confident the company has the management experience and capability to guide the company through these challenges and opportunities. I look forward to working with the Board and management to focus our resources on our objective of maximizing shareholder value. This is a wonderful company, and I look forward to your support today. Thank you.

**Paul Rayner**

Thank you, Garry. Item 2c is the reelection of Ms. Colleen Jay as the Non-Executive Director. Item 2d is the reelection of Ms. Antonia, we call her Toni, Korsanos, as a Non-Executive Director. And I'll now ask Toni to briefly address the meeting.

**Antonia Korsanos**

Thank you, Chair, and good morning, everyone. I'm honored to offer myself today for reelection as a Director of your company. In terms of my qualifications, I have over 25 years of executive experience with an emphasis on technology, strategy development and execution, cross-border M&A, debt and equity capital markets, investor relations, business and cultural transformation, supply chain, business integration, governance and risk management.

As an executive during my tenure as CFO of Aristocrat, I was intricately involved in the turnaround of a complex regulated global portfolio of businesses, driving significant growth focused on the development of domestic and international operations. I successfully engaged with business leaders, employees, regulators and customers across multiple geographies, including the U.S., the U.K., Continental Europe, Asia and Australia. Aristocrat grew significantly over that period from outside the ASX 100 to within the ASX 25. Prior to Aristocrat, I worked at Goldman Fielder and Kelloggs, both globally branded FMCG businesses.

Since 2018, I have been focused on building a portfolio of Board roles across various industries in both Australia and the United States. I co-led a consortium of investors in acquiring a controlling stake in Scientific Games Corporation and have also focused on investments in the private technology sector in Australia as a co-founder of the Ellerston JAADE Private Assets Growth Fund.

Since joining TWE, I have enjoyed being back in a brand-focused business which has so much potential as I think has been proven by the challenges overcome over the last couple

of years. The strength of the brands, but above all the strength of the TWE team, their alignment to the TWE DNA and strategy position us well to realize the opportunities which lie before us.

I believe that my background fits well with TWE's operations, strategy and culture. And I'm ideally placed to understand the challenges of managing a global business and supporting TWE's strategic growth agenda. If I am reelected, I am committed to devoting the time and effort required to making a meaningful contribution to your company. And I look forward to working with the Board and management in support of delivering long-term value for all our stakeholders and, most notably, you, our shareholders. Thank you for your consideration.

**Paul Rayner**

Thank you, Toni. Item 2e is the reelection of Ms. Lauri Shanahan as a Non-Executive Director. And Item 2f relates to the reelection of myself as a Director. So I'm now going to hand over to Warwick Every-Burns to chair the meeting for this item.

**Warwick Every-Burns**

Thank you, Paul. Good morning, ladies and gentlemen. I'm delighted to chair this section of the meeting for the following resolution. Item 2f is the reelection of Mr. Paul Rayner as a Non-Executive Director. I will now ask Paul to briefly address the meeting.

**Paul Rayner**

Thank you, Warwick. Look, I'm very pleased to stand for reelection today as a Non-Executive Director of Treasury Wine Estates. I was privileged to join the Board in May 2011 following the demerger from Foster's. And in September 2012, I accepted the role of Chairman of Treasury Wine Estates. And during my tenure, I've had the great pleasure of guiding your company through its growth and evolution from an agricultural business with wonderful wines, but many of them are also in the commercial tier, to our brands-

based business and now one of the largest and most successful global premium line businesses in the world.

Prior to my retirement as a full-time executive, it seems a long time ago, my career spanned some 34 years working globally in the branded fast-moving consumer goods, in manufacturing and resource industries and across finance, corporate transactions and also general management. Throughout my executive career, I gained extensive international experience in markets relevant to Treasury Wine Estates, including Europe where I resided for many years, North America where I traveled many, many times, Asia and Australia. I believe that my global experience and my deep understanding of consumer products and my many years in leadership roles will enable me to continue to make a valuable contribution to the Board of your company.

I've been privileged to be the Director of many great companies, both here and overseas, and I believe that my deep experience as Non-Executive Director ensures that I provide a valuable contribution to Treasury Wine Estates and to our Board and to our shareholders.

I'd like to say I've never been more excited by the future opportunities that we have at Treasury Wine Estates. We have outstanding strong brands. Our strategy, I think, is clear. And I'm very confident that under the current Board and with Tim and his outstanding executive team that we'll realize the potential offered by the global wine industry. It's truly a wonderful company, and I look forward very much to your support. Thank you.

**Warwick Every-Burns**

Thank you, Paul. I'll now hand the meeting back to your Chairman.

**Paul Rayner**

Thank you very much, Warwick. Well done. Okay. That covers the resolutions regarding the reelection of directors. And the Board, with each director abstaining as to their own

reelection, recommends the reelection of each of the nonexecutive directors.

Agenda. Item 3 - item 3 on the agenda is a nonbinding advisory vote for the adoption of the remuneration report for the year ended 30 June 2022. And the remuneration report is contained in the annual report, and that's also available on our website. It includes details of the company's policy on the remuneration of directors and executives, a discussion of the relationship between the policy and company performance and details of the performance conditions associated with the remuneration of the CEO 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 results of the vote and the discussion on this resolution into account whence considering the future remuneration arrangements for your company. The directors recommend that shareholders vote in favor of that resolution. A reminder to all those online that you may submit questions at any time, and I will shortly address them.

I'll now move on to Item 4, which is the grant of performance rights under our long-term incentive plan to Tim, our CEO. 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 Ford abstaining, recommend that shareholders vote in favor of that resolution.

I'll now move on to item 5 of the agenda, which seeks the approval to reinsert the proportional takeover provisions into the constitution as Rule 14, and these provisions enable

the company to refuse to register shares acquired under a proportional takeover bid unless shareholders approve the bid. The current proportional takeover provisions cease to have effect this year. Now the directors consider it in the interest of shareholders to continue the proportional takeover provisions for the maximum period that's permitted by the law, and that's a further 3 years. And an explanation of the proposal is included in the explanatory notes accompanying the Notice of Meeting.

This is a special resolution and requires 75% of votes to be cast in favor in order for it to be passed. And the Board recommends that shareholders vote in favor of that resolution.

I will now take questions on each of the items of business. And as I said before, it seems a while back, I'll first take questions from those physically present at the meeting. Then I'll do audio questions from participants who've joined us online. And then finally, I'll look at written questions.

For those shareholders present in person today, if you wish to ask a question, move to a microphone and show your admission card to the microphone attendant. I think you can see the attendants there and there, who will note your name and introduce you when it's time for you to speak. Please limit yourself to one question a time to give all shareholders a chance to ask a question. For those attending the meeting online that wish to submit a written question who have not done so yet, please submit your question now via the speech bubble icon on your screen. A reminder, again, the poll will remain open for 5 minutes after the conclusion of the meeting to allow the opportunity to hear responses to the questions that have been asked before you finalize your vote, if that's what you'd like to do. I'll now take questions from the floor.

## **Question and Answer**

### **Executive**

Mr. Chairman, a question from [ Steve Chandof ].

Thank you.

### **Shareholder**

Thank you, Chairman. I was going to read something out of the annual report. But unfortunately, there are no facilities putting that on extra microphone. So anyway, I noticed when you introduced the directors, none of them stood up. And I find the name is very difficult to read from here. Anyway, on Page 130 in the annual report, you have a company called Capital Group. Are there any representatives from the Capital Group here today?

### **Paul Rayner**

I don't think so. I don't think so.

### **Shareholder**

Do you know much about the Capital Group?

### **Paul Rayner**

They're a major shareholder. Is that what you're talking about?

### **Shareholder**

I've been up to their offices in Los Angeles, but I couldn't get any information. They don't seem to have any annual meetings nor are the directors elected. They're appointed.

### **Paul Rayner**

I will look – the Capital Group are our major shareholder. They're a massive organization. They've got offices all around the world. And myself and Tim talk to them regularly.

**Shareholder**

I wrote to the share registry some time ago requesting a printed copy, but it has not arrived yet. Anyway, it doesn't matter, I got one now. How many shareholders make a quorum in this company?

**Paul Rayner**

Make a quorum? Do you know the answer to that? I'll find that out for you. We have a quorum today though, I assure you.

**Tim Ford**

Thank you. I don't think you mentioned that before.

**Paul Rayner**

Yes, I think I did. I think at the start, I did. But thanks for your question.

**Shareholder**

That microphone is a bit more difficult for me to hear. The one that you used when you sat down sounded better for me. Anyway, does the company provide printed copies of the minutes of the annual meeting if anyone requests?

**Paul Rayner**

If you go online, you'll see printed copies of my speech and Tim's speech. And they are also lodged with the ASX. And you will actually see the – you can see the Annual General Meeting on our website. So that is available to look at after the meeting, if you wish.

**Shareholder**

Thank you, Chairman.

**Paul Rayner**

Thank you very much for your question. Much appreciated.



## Executive

Mr. Chairman, a question from [ Simon Livsey ].

## Paul Rayner

Thank you.

## Shareholder

I think you went over and pat yourselves on the back about the directors and what a great job they're doing and how they've been doing it for years and years and years. I would think a change of director would be good after a few years, especially 10 or 12. The other thing, on climate change, we've seen half of Victoria is underwater at the moment, and you haven't mentioned a word about — **indiscernible** — growing and floods and anything like that. Why not? Doesn't it concern you? It concerns me.

## Paul Rayner

Two good questions there. Thank you. On the directors, you will see the longstanding – the longer-serving directors in an orderly way retire and then replaced over the next 1 to 3 years. The company started back in 2011 and many of the longer-serving directors all started around about the same time within the period of the year. So it'd be inappropriate from all to leave at the same. But you've seen today, Warwick is retiring. And you'll see the other longer-serving directors retire over the next 1 to 3 years, and they will be replaced by some fresh blood, but we'll continue to maintain a very diverse board. We'll continue to have a very international Board diverse in terms of gender and ethnicity and skills. And so you'll see that happen. And we've also brought new directors in over recent years. We have had people retire over the years as well. Three of the original directors that are on the Board have actually retired during the process of the company.

Climate change, sustainability is at the heart of everything we do. It is really important. It is mentioned in my speech. We just put out a sustainability report at the beginning of

this month. We're an agricultural-based business, and being sustainable is at the heart of everything we do, and we take it extremely seriously. We spent a lot of time in terms of making sure that our vineyards adapt to climate change. And we've set a number of targets in relation to that. We've set up the new Wine Operations and Sustainability Committee to focus, in part but to a very much – to a very large extent, on that question.

So I can assure you, and it is covered in my speech, that it is extremely important. And we are a wine-making company and a brand-led company, but we've got to make quality wines. And for that, we need to make sure that we have sustainable practices in place. And we're producing wine all across the world. One of the reasons for our multi-country of origin strategy is that, so we are adaptable. And so if you have certain climate conditions in one part of the world, we reduce the risk of that affecting our overall production because we've got production areas all across the world.

**Shareholder**

You're getting off the track a bit. You're a bit like a politician. I said what are you doing about the wine here in Australia and floods. Are they flood-proof?

**Paul Rayner**

We haven't had any floods in our wine-growing areas.

**Shareholder**

Well, that's what they've been saying, we've had no floods, and now we're getting floods.

**Paul Rayner**

We haven't had any floods in our wine-growing areas. And to be honest, I mean, management of water is a crucial thing for our wine-growing areas, and making sure we have sufficient water is actually more of an issue than floods, but we just have to adapt to it. But I'm not aware of the recent floods, despite them being quite tragic, having affected

our wine-growing area.

**Shareholder**

It doesn't answer the question.

**Paul Rayner**

I thought it did. But thank you for your question.

**Executive**

Mr. Chairman, a question from [ Greg Baresi ].

**Shareholder**

My question relates to the granting of shares for the CEO. It's been one of my base at these annual general meetings. Not – I understand why you do issue shares, it's the quantity and the issued price that I have an issue with. Is it a corporate governance method that's used? Or isn't a TWE methodology, understanding all the conditions attached to those grants?

**Paul Rayner**

It's a TWE methodology, but it's consistent with the practice that most companies adopt. And yes, we'll base the number of rights on what the share price is when the rights are issued. But I need to point out to you that they're not shares, they're rights. And they only vest if quite stringent performance conditions are met. And for the last couple of years, they have not vested. So they only vest if we meet performance conditions in terms of required levels of returns on capital employed going forward, what our total shareholder return is versus the market and earnings per share growth.

It's unfortunate. It's really – I think due to no fault of management, but the main reason they haven't vested over the last couple of years is that our major business in China, wine into China, came to an end because of the geopolitical problems between the Australian

and Chinese government. And that was a substantial portion of our business, a substantial portion of our profit that just went overnight because of a political decision.

Therefore, we did not meet the required return on capital employed in order for those rights to vest. So they haven't been vested in the last couple of years and probably won't vest this year. They only vest if we meet stringent performance criteria. And we go out and discuss at length with our shareholders before we put those rights in place.

**Shareholder**

Thank you.

**Paul Rayner**

Thank you for your question.

**Executive**

Mr. Chairman, A question from Rod McKenzie of the Australian Shareholders' Association.

Thank you.

**Rod McKenzie**

My name is Rod McKenzie, I'm the company monitor on behalf of the Australian Shareholders' Association. Today, we have over 500,000 proxies, which is equivalent to the 20th largest shareholding in the company.

In terms of your remuneration structure, there's to be some changes going forward for financial year '23, but a couple of other points. Enhancement of your remuneration report would be really welcome. The 4-year performance period for long-term incentives is something which we've been asking for, for a number of years. I know they haven't vested and it probably wouldn't make too much difference in the big picture, but whenever there's a change to performance rights, conditions and awards, we think that one of the big changes would be to move to a 4-year performance period. And I'd like the Board, the

head of remuneration, et cetera, to consider that in the future.

The other thing about your financial report is there's not a decent 5-year performance table in your annual report. And I had to go to alternate sources to find a decent financial performance table over that 5-year performance period.

And the final thing that the ASA have been after for many, many years now is a table of actual remuneration. This is a nonstatutory-type table, but it's very simple for the company to put into the report and it is really meaningful for general shareholders.

That's it on my comments on the remuneration and the Board. But I have got another question on Board renewal. If I could ask that now?

**Paul Rayner**

Yes, go ahead, Rod.

**Rod McKenzie**

In terms of Board renewal, the 3 directors; yourself, Garry Hounsell and Ed Chan; all got around 10 years or more in the nonexecutive Director role. Further, 1 director retired through the year and Warwick Every-Burns is to retire at this – at the end of the AGM, which really means that the Board is downsized one way or another, but there's no succession. Can you give shareholders an update on Board renewal, succession and things like that going forward? Because I think it's becoming more desperate to see the longevity of this company. Thank you.

**Paul Rayner**

Thanks, Rod. I'll try and address all those questions, and just let me know if I haven't, but – and it's good to see you here. And we do take a lot of your suggestions onboard. I can assure you.

In terms of Board renewal, I just sort of touched on that with one of the prior questions. You will see Board renewal over the next 1 to 3 years. We're not replacing Warwick, but you will see the other long-serving directors, which you mentioned, retire in an orderly way over the next 1 to 3 years. And you will see them replaced. The replacements will come onboard before they retire. And as I said before, we will ensure we keep up the appropriate mix of skills and diversity on the Board as we go through that process. So you just have to wait and see, but I can assure you – I agree with your point, and I can assure you it will happen.

On the 4-year LTIPs, I think we've discussed this before. Look, we listen and I listen to what you say. We go out and talk with all of our major shareholders and stakeholders in relation to remuneration. I think the 3-year target for LTIPs is appropriate. It reflects generally what I think most of our shareholders are happy with. But I note your point, and all I can say is each year, we do think about what we're going to do on LTIPS, and we'll take your point into account.

In relation to the 5-year financial performance, we do put out a fact book. And I'm actually going to give you a copy after the meeting. It's on the website, but it does have extensive information in it. It's far more extensive than you'll see in the annual report, including 5-year financial information, and I'll give you a copy of it, Rod. And I've got a copy here, I can give it to you.

In terms of actual remuneration, yes, we report remuneration in accordance with the Corporations Act. I think that is the appropriate way to do it. You can report it – the remuneration report, even reporting in accordance with the act, goes on for many, many pages. And it's still quite hard to understand. But I think the best way is to be consistent, which we are, in the way we report and report in accordance with the act and report in accordance with accounting standards. That's what we do. I think that's the appropriate

thing to do.

Have I answered all your questions?

**Rod McKenzie**

Yes.

**Paul Rayner**

Okay. Thank you very much. Thank you. Are there any further questions from the floor?

Okay. As there are no questions from the floor, I will now take any audio questions, this will be interesting, received from online participants. So are there any audio questions?

**Operator**

Mr. Chairman, there are no audio questions from online participants.

**Paul Rayner**

Okay. Well, there's no audio questions. Well, I was looking forward to 1 or 2. But anyway, I'll now take written questions. And to start with, we have received some questions in advance of the meeting, which I'll address first in the order received. I will then respond to questions submitted live during the meeting.

Now our Deputy Company Secretary, who's tucked away somewhere, will read out each question received. Please proceed with the first question received in advance of the meeting, Alex.

**Executive**

Mr. Chairman, the first question is from shareholders, Mr. [ William Holmes ] and Ms. [ Lynette Holmes ]. I'm a TWE shareholder with 24,155 shares. I ceased buying wine from Cellar Door owing to problems with deliveries. On one occasion, 6 cartons were left at a local LPO rather than delivered to my home. This caused not only horrendous problems

for my local LPO but also myself in picking up the 6 cartons. I raised the problem regarding deliveries at last year's AGM. And on the direction of the company's secretary, I was subsequently contacted by Paul Hicks who said that he was aware of the problem and was addressing it. He then sent me a the following e-mail on October 2021.

"Hi, Bill, good to speak with you earlier, and thanks for your email. We very much appreciate your support. As you've noted, it's no small feat, but we have the foundations in place, and so I'm confident that we'll make some significant improvements. I've made a note in my calendar to give you a call in early March, at which point, I should hopefully have a decent update to share. All the best. Paul."

I've heard nothing from Paul, and I assume he's left TWE and further, no one has followed through on Paul's work addressing the problems with Cellar Door deliveries. Could you please provide me with an update on Cellar Door's delivery service? In the meantime, I continue to purchase my wine from Dan Murphy's.

### **Paul Rayner**

Thanks. Look, Cellar Door takes great pride in offering a high-quality service to all of its members, including the shareholders. So I'm very sorry to hear you've had a poor performance with the platform. But I understand that – it seemed we got your question in advance, we've acted on it, you're now being contacted by a representative of the Cellar Door team to find a solution to the issues that you've raised. But thanks for your question.

### **Executive**

Mr. Chairman, the next question is from Mr. [ Stephen Turner ] and Ms. [ Elizabeth Russell ]. Why is the proportional takeover provision not made a permanent item in the company's constitution so as to avoid having to continually reinsert it every 3 years?



**Paul Rayner**

Thank you again. Look, under the Corporations Act, shareholder approval or provisions that relate to proportional takeovers, they extend only for a 3-year period, and they cease to have effect unless the shareholder approval is renewed by special resolution. So we're required by law to seek shareholder approval of these provisions every 3 years.

**Executive**

The next question is from shareholder [ Shaley Ferguson ]. I'd be interested to know if Treasury Wine Estates is looking at having alcohol-free wines more readily available and greater choices. I look forward to hearing your response.

**Paul Rayner**

Well, I did – we did touch on this earlier, but we're absolutely focused on growing our portfolio of zero and lighter in alcohol products. And that supports the growing consumer demand for lighter and better-for-you propositions. And the F '22 business highlights include the successful launch of both zero and lighter in alcohol products globally for Wolf Blass and Squealing Pig. And our ambition is to take these products to the next level in terms of taste profile, and we're investing in new technology and R&D company-wide to support that ambition. And with our winemaking expertise, iconic brands, we believe we're in a fantastic position to lead this category.

**Executive**

The next question is from shareholder, Ms. [ Celestine Egrick ]. Why does remuneration of KMP continue to award bonus shares when ordinary shareholders received no bonus or right issues?

**Paul Rayner**

Look, our shareholders receive their returns by way of dividends, which has gone up significantly this year. And for our management teams, equity incentives are an important

part of our remuneration strategy. I've been speaking about them earlier in the meeting, designed – they're designed to drive strong alignment between our financial results of the business and the wealth outcomes for shareholders. KMP and shareholder interests are aligned through share ownership. And if the company wishes to raise capital in this case, it would do a rights issue to shareholders, but that's only if we wish to do so. We're not in that position. And if there's no capital requirement, thus, then there will be no rights issue that would merely dilute shareholders.

**Executive**

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

**Paul Rayner**

Okay. Thank you. Well, let's proceed with the written questions that we received live during the meeting. Do we have any, Alex?

**Executive**

We do. Mr. Chairman, the first question is from shareholder Mr. [ John Sablich ] and Ms. [ Anna Sablich ]. Your sustainability areas of focus are building a resilient business, fostering healthy communities and producing sustainable wine, yet none of these are reflected in the STIP balance scorecard. Is there a reason for not measuring and including these criteria in balance scorecard to make it more balanced?

**Paul Rayner**

That's a very good question. Thank you. And I can assure you that even though they're not in the STIP balance scorecard, when we calculate the amount of STIP, that's the short-term incentive plan, awarded to employees, we multiply that balance scorecard, the score on that, by an individual performance factor. And that takes into account our performance in relation to sustainability, the sustainability area. So – and we go through and we set various goals in relation to that, and we measure it. And that's taken into account as a

multiplier factor against the balance scorecard. And that multiplier factor could be anything from 0 up to I think 1.5, so it is taken into account. The short answer to your question is, it's a good question, it is taken into account.

## **Executive**

Mr. Chairman, that concludes the written questions received live during the meeting.

## **Paul Rayner**

Thanks. There being no further questions, 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**

Details of the proxies received on each of the resolutions will now be displayed on the screen. Based on the proxy results, it appears that each of the resolutions will pass.

That now covers all of the business before the Annual General Meeting. And I thank you all sincerely for your attendance and participation. I hope it's been an opportunity for you to learn a little bit more about your company and its exciting future.

The poll will close shortly. If you are ready, Computershare staff members are now circulating the room to collect your ballot cards. As mentioned earlier, the final outcome of the poll will be announced by notice to the ASX later today and placed on our website. For the shareholders attending in Melbourne, you'll be pleased to know that refreshments will now be served in the foyer, and our directors, members of our executive leadership team and senior management will be available to introduce themselves to you and enjoy a little drinking.

Although the business of the meeting is finished, there will now be a 5-minute period during which you may finalize your vote, and I declare that the meeting will close at the end of that period. Thank you for your attendance, everyone. The meeting is over.

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