Brown-Forman, Investor Day
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Presentation

Susanne J. Perram

I would like to welcome each of you to Brown-Forman's First Virtual Investor Day. While we would have liked to have held this meeting in person, this virtual format does provide some upside. It allows for analysts and investors from all around the globe to join us at one time. So good morning, good afternoon and good evening, wherever you may be. It also enables our presenters to speak to you from numerous locations around the globe. We'll be on location from our headquarters in Louisville, Kentucky, at our Woodford Reserve and Old Forester distilleries as well as our global offices in London and Hamburg. See if you can find them all. Our priority is for everyone to be safe, and we hope that you are staying healthy.

I will start our day with the standard Investor Relations greeting, our forward-looking statements. Today's investor presentation contains forward-looking statements based on our current expectations. Numerous risks and uncertainties may cause actual results to differ materially from those anticipated or projected. Many of the factors that will determine future results are beyond the company's ability to control or predict. You should not place undue reliance on any forward-looking statements, and the company undertakes no obligation to update any of these statements, whether due to new information, future events or otherwise. We've listed a number of the risk factors that you should consider in conjunction with our forward-looking statements. Other significant risk factors are described in our public filings, including our Form 10-K and 10-Q reports filed with the SEC.

We'll also discuss certain non-GAAP financial measures. These measures and a reconciliation to the most directly comparable GAAP financial measures and the reasons that management believes they provide useful information to investors regarding the company's financial results are contained in the investor presentation. So with that, let me say we appreciate your interest in and continued support of Brown-Forman. We hope you get a lot out of our presentations today as I know the management team is looking forward to sharing additional insights into our long-term strategy as well as addressing your questions.

So let me run through the agenda. You will see a few familiar faces from our December 2018 Investor Day, but you will also meet some new leaders. Some of them are in new roles, but we have also included a broader group this year to share more about our integrated strategy that underpins our performance ambition of Nothing Better in the Market.

Lawson Whiting will set the stage today with our integrated strategic framework; Matias Bentel will then discuss how we are building our brands for the next generation; Sophia Angelis will then share why we believe Jack Daniel's has a long runway for growth; John Hayes is back to discuss the U.S. business opportunity; followed by Marshall Farrer and Thomas Hinrichs, who will share their thoughts on further developing our non-U.S. business from a brand and geographic perspective, respectively. We will then take a quick break. Following our break, Alex Alvarez will walk us through the company's environmental sustainability goals; Kirsten Hawley and Ralph de Chabert will then discuss the importance of our people and our social commitments to our integrated business strategy; Leanne Cunningham, will share her thoughts on delivering top-tier shareholder returns; and finally, Campbell Brown will close out the presentations with his perspective on governance. We will then take one more quick break before bringing the presenters together for our Q&A session.

A few quick housekeeping items. You should be seeing 2 video boxes on your screen. We will be presenting on the right-hand side, and the live Q&A will appear on the left-hand side. For maximum viewing, you can click on the small rectangle in the upper right-hand corner of the video box, and it will enlarge the presentation. To maximize the box to full screen viewing, please click the box with the 4 arrows pointing outwards in the upper right-hand corner. You can minimize and reduce the box by clicking the same small rectangular box in the upper right-hand corner or by pressing escape on your keyboard.

As you are listening to the presentations feel free to ask questions by using the Ask a Question box found in the center of your screen. I will compile the questions for the live Q&A. Please keep in mind that only business appropriate questions will be addressed in this meeting. We kindly ask that you abide by the Rules of Conduct that we have posted to this website when submitting a question. If we are not able to address your question during the Q&A session or if you have additional questions, please contact me. Also, we'll be posting a replay of this event, along with the PDF version of the slides to the Investor Relations section of our website within 24 hours after the conclusion of this event.

So with that, it is my pleasure to turn things over to Lawson Whiting, President and CEO of Brown-Forman.

Lawson E. Whiting

Thank you, Sue, and thank you to everyone on the call for attending this Virtual Investors Day. We really truly appreciate your support of Brown-Forman. We've been doing Investor Days every other year for nearly 20 years, but obviously, the events of the past 18 months disrupted that pattern. But I thought I'd start out with a little story.

So for those of you who are very long-term investors in Brown-Forman, you may recall that our very first Investors Day was held 19 years ago in Nashville and down in Lynchburg. And I was actually the Director of Investor Relations back then, so I had the job that Sue has now. And a little story about the morning of before the conference kicked off, Owsley asked me to come up to his office. And so I went and met him there, and it's actually the office that I occupy today, which I find to be a little bit kind of fun. But he sat me down and he said, "Okay, how are you going to open up the conference?" And I said, well, I've got some housekeeping things and just kind of organize everybody. And he goes, no, no, no, no, that's not what you're going to do here. He goes, "I want you to be funny."

And I thought, oh, no, I'm not a particularly funny person that is real pressure to stand up in front of a couple of hundred people and try to deliver something funny. But he pushed me hard on it and kind of insisted on it. So I got in my car to drive down to Nashville and literally, I don't think I turned the radio on. I sat there and just racked my brain for how am I going to be funny in front of 200 investors. And not something I'd ever done before, but it really was a good lesson for me to push yourself a little bit, to do something a little bit different. And I'm not sure I ever really garnered a laugh out of the audience, and I'm sure it wasn't as funny as I had hoped. But it was Owsley pushing me to be better, to stretch, to grow. I'm really going to step outside of my comfort zone. So he really -- he continued to provide that same motivation and inspiration throughout our entire relationship, and I'm a better person and a better leader because of his mentorship.

19 years later, I found myself hosting another Investor Day, but for the first time, I'm the one sitting in the CEO seat. Knowing that many of you hear from me frequently, it was important to me that you hear from the executives that are responsible really for growing Brown-Forman, for growing our brands and our people. We have some new faces with us today. In fact, John Hayes, Thomas Hinrichs and I are the only 3 presenters from the last investor conference. It was only 2.5 years ago. So you're going to really get the chance to see some new leaders, some new executives across our entire executive team. We're also going to have our new Board Chair, Campbell Brown here to speak with you today.

So before the team comes on today, I wanted to take a moment to remind you about our overarching business strategy. It's been our foundation of strength in the last 18 months as we've navigated the pandemic. And like any good business strategy, it's aligned with the values of our organization and our long-term objectives. But it's also designed to be fluid, to account for changing market needs, consumer dynamics and economic trends. Over the past

18 months, we've seen massive volatility across our brands, across our markets, SKUs and our channels. And through it all, our portfolio held up pretty well. So I hope this day gives you a better sense for how Brown-Forman, a 151-year-old company created by one entrepreneur, an innovator in Louisville, Kentucky can remain an innovative and agile and an ever-improving global organization.

Our strategic framework is summarized best by this graphic. You'll be familiar with some elements, while others will be new. At the heart is our performance ambition that there'll be nothing better in the market than Brown-Forman. This promise was on the very first bottles of Old Forester signed by George Garvin Brown, and it remains our pledge today across all aspects of our business. We often describe this ambition not as a goal or a destination, but a way of thinking, a way of working and a way of making decisions. We know that it guides our actions and keeps us on a constant journey to be better and do better for our people, our brands, our investors, our communities, really, all of our stakeholders.

Our strategy framework also includes our 4 strategic pillars: portfolio, the geography, investment and people. These have been our strategic pillars for some time, including during our last Investors Day back in 2018. But what's different since then is what many recognize today as environmental, social and governance or ESG commitments. For Brown-Forman, this includes our focus on sustainability, alcohol responsibility, community and diversity and inclusion. These have been core elements of our organization for many years, and to signify their importance and to elevate their prominence, we've ensured that they were clearly integrated within our strategy. And of course, underlying our strategy is our deep commitment to excellence in corporate governance. So let's take a few minutes and touch briefly on each of these elements in our framework.

The first element of our strategy is our portfolio. We have a long history of growing, nurturing, creating and stewarding iconic brands, but our portfolio brands is one aspect of our strategy that has certainly evolved over time. Today, we're also fortunate to be in some of the most desirable categories in the spirits business as our business consists largely of 2 of the fastest-growing categories, American whiskey and tequila, with particular emphasis on our super premium brands.

This portfolio reshaping hasn't happened overnight, and it's been a deliberate and purposeful reshaping over several decades. In the last year alone, we said goodbye to Canadian Mist, Early Times and Collingwood and acquired Part Time Rangers, a regional spirit space ready-to-drink beverage in New Zealand and Australia. It joins an RTD portfolio that's seen explosive growth over the last year with over 20 million cases globally.

Less than 10 years ago, our portfolio outside of the Jack family was not meaningful to the company's growth. Today, the story has changed dramatically, and the rest of portfolio is in strong growth mode and is really is meaningful to the company's bottom line. Brands such as Woodford Reserve, Old Forester, Herradura, Gentleman Jack, GlenDronach and Benriach all delivered double-digit sales growth last year. Today, we feel confident that we're well positioned for the future and believe our strong portfolio is a reason for our continued growth during the pandemic, particularly as we saw premiumization and convenience trends accelerate. Today, you'll hear from Matias Bentel on some of the new things we're doing to build our brands. You'll also hear from Sophia Angelis on the Jack Daniel's family and Marshall Farrer on growing the rest of the portfolio internationally.

The second pillar of our strategy is geography. Much of our evolution and growth as an organization, particularly throughout the past 25 years, has been a result of geographic expansion. In 1994, when we first established our international presence with the formation of what was then called Brown-Forman Beverages Worldwide, less than 20% of our net sales were from markets outside of the United States. Today, the contribution from non-U.S. markets has increased dramatically, with our net sales split almost equally among domestic and international markets. We believe we have a long runway for growth, and our geographic reach is an important component to our strategy. You'll hear more from John Hayes about our largest market, the U.S., and from Thomas Hinrichs about how we're building increasingly competitive routes to consumers around the globe.

Up to this point, we've talked about some of our evolution, both in portfolio and geography. But our third strategic pillar, investment, is one area where we've been extremely consistent. It's about optimizing our allocation of capital. Our goal is to continue to deliver top-tier shareholder returns over the long term, and we plan to do this by fully investing behind our business, paying increasing dividends and returning cash to shareholders. Leanne Cunningham, our new Chief Financial Officer, will share more detail about our investment strategy later today.

The other constant in our strategy is our people, our fourth and final strategic pillar. While our brands are our most recognizable and tangible illustration of our company, our people are the heart and soul of Brown-Forman. Our people epitomize our values of integrity, respect, trust, teamwork and excellence. And they show up every day committed to our higher purpose of being the best in the market. We've always been committed to recruiting the most talented people to our team, to building a culture where they can grow and thrive, to ensuring we have diverse people with diverse experiences, cultures and ideas in an inclusive environment so that each individual feels as though they belong and can be their best selves at Brown-Forman. I am immensely proud of our people. Today, you'll hear from Kirsten Hawley, who will share a bit more about the people, the human capital that make up Brown-Forman.

And finally, I mentioned before how our ESG commitments or our corporate responsibility priorities are integrated into our strategic framework. This includes our commitment to diversity inclusion, alcohol responsibility, our communities and environmental sustainability. These commitments have been interwoven into the fabric of our organizational DNA for decades. We just called them corporate responsibility before the term ESG was introduced. But they're underpinned by a sound, highly effective governance system comprised of our BF executive leadership team and our Brown-Forman Board of Directors.

The strength of Brown-Forman's governance structure is also due in part to our unique relationship with our controlling family shareholders, the Brown family. The Brown-Forman Brown Family Shareholders Committee, in particular, insures engaged stewardship and ongoing communications between the family and the company. While ESG is an emerging and evolving discipline gaining much more prominence in the last 18 to 24 months, many of our components of our ESG commitment are intrinsic in our culture and an integral part of our strategy. For Brown-Forman, ESG commitments are simply Brown-Forman living its values, building for the next generation, recognizing the important role we play in building a more sustainable, responsible and equitable world for everyone. It's a part of our business because it makes sound business sense. You'll hear today from Ralph de Chabert and Alex Alvarez on these important topics as they're an integrated part of our business strategy. You'll also hear from our new Board Chair, Campbell Brown, as he'll wrap up our day with his thoughts on governance and its importance to the success and longevity of Brown-Forman.

So with that, I'll turn it over to our executives who will bring Brown-Forman's strategy to life in more detail. And of course, I'll join you again for the live Q&A portion of this event. By the end of today's activities, I believe you will continue to see why we truly believe there's Nothing Better in the Market than Brown-Forman.

We're a 151-year-old company with a focused, yet agile strategy and a clear ambition. Despite all the economic, political and environmental challenges that a company has faced when it's been around for 15 decades, we have thrived. And I believe we will thrive for generations to come. Thank you.

Matias Bentel

Thank you, Lawson. Hello, everyone. I'm Matias Bentel, Chief Brands Officer, and I am responsible for leading the marketing function at Brown-Forman. Today, I have the pleasure of sharing with you an update on our evolving marketing strategy and the capabilities that will drive our brand building efforts for the next generation of growth. Unless otherwise noted, all numbers I'm sharing with you today are sourced from IWSR's most recent 2020 report or from Kantar Media and reflect consumers of legal drinking age or older.

As you heard from Lawson, we are fortunate to have a portfolio of premium and super premium brands that is focused on some of the most attractive categories in our industry. For years, Jack Daniel's has been recognized as one of the most iconic global brands, and we couldn't be more excited about what the future holds for this fantastic trademark.

Woodford Reserve and Old Forester, our super premium American whiskeys, are surging. Globally, premium plus American whiskey has been growing at 8.4% over the past 3 years. Over the same period, our brands outperformed the category, each growing at over 20%, delivering solid market share gains.

Tequila is one of the fastest-growing spirits categories globally. Herradura and el Jimador are 2 of the best-known and most respected brands in the category, and we have plans to accelerate their performance with an emphasis on the U.S. market.

Our global emerging brands span attractive super premium categories, including single malt scotch, Irish whiskey, gin and liquors.

Our powerful RTD portfolio provides convenient access to our strongest trademarks. We already enjoy leadership positions in key markets like Australia, Germany and Mexico, and we are now investing to expand our RTD business to new markets around the world. Later today, you'll be hearing from Sophia Angelis about why we believe Jack Daniel's has a significant runway for growth over the decades to come. You'll also be hearing from my colleagues, John

Hayes and Marshall Farrer how we will accelerate our super premium portfolio in the U.S. as well as internationally.

As it was mentioned before, at Brown-Forman, we have enjoyed having a portfolio that includes some of the most desired brands in our industry. And one of our main responsibilities as marketers is to ensure that we continue to build and grow these incredible brands for generations to come. To help us achieve this objective, over the last 18 months, my brand's leadership team has focused on elevating our brand-building capabilities as we set out to build a world-class industry-leading marketing organization. We have identified 5 key strategic priorities, and I am excited to share more details with you today.

Bringing our iconic brands to life through world-class advertising is fundamental to driving growth. To do that, we needed to partner with world-class agencies. Energy BBDO, one of the most effective and awarded agencies in the world, was appointed as our global creative agency of record in January of 2020. They have been a wonderful partner and delivered new global creative platforms for some of our core brands, including Jack Daniel's, Woodford Reserve, Old Forester and Tequila Herradura. We also elevated our advertising across the rest of our portfolio with great new creative for Finlandia, Chambord as well as BenRiach and Fords Gin.

But bringing new partners on board has not been the only effort we have made towards elevating our creative communication. We started at the foundation of our brands, reviewing, reconfirming, and in some cases, updating our brand purposes and positioning statements. From there, we evolved and standardized our creative development process across the portfolio, incorporating best-in-class tools to consistently deliver world-class creative that is distinct, memorable and ever more relevant to consumers across all geographies. As a result, we were able to concept, produce and launch cut through creative campaigns for Jack Daniel's, Woodford Reserve, Old Forester and Tequila Herradura, and we did all of this successfully and safely during a global pandemic.

We're very proud of this work. Make it Count, Spectacle for the Senses, Never Gets Old and Extraordinary Awaits are the visual and tangible representations of Brown-Forman's relentless focus on keeping our brands vibrant, distinctive and relevant for new generations of consumers. But having great creative campaigns is not sufficient to achieve our goals. To continue to drive growth, we need to constantly reach and recruit billions of consumers across the globe and keep our brands top of mind.

In order to grow our reach year after year, we evolved our investment approach to allocate considerably more dollars towards broad reach media, including TV, out-of-home, and of course, an increased focus on digital video and social media. You can see the evolution of our media spend throughout the past few years. I'm proud to say that we are swiftly moving in the right direction.

Just this past year, we increased our media spend by 49%. This is internal data. Ultimately, our goal is to increase our share of voice, which we believe will drive market share gains over time. I'm happy to report that over the past 2 years, we have made good progress. For example, we have increased both Jack Daniel's Share of Voice and market share in 8 of our top 10 markets.

As we continue to invest effectively behind world-class creative and reach more and more consumers, we also recognize that the way consumers connect and engage with brands has evolved dramatically in a world that has become increasingly digital. To reflect this transformation, we needed to evolve our capabilities and organizational structure quickly. Our vision is to be at the forefront of our industry when it comes to digital marketing and e-commerce capabilities. To achieve this vision, we launched a new capability organization within Brown-Forman that we call Integrated Marketing Communications, or IMC for short.

IMC focuses on driving excellence within 5 highly integrated interdependent disciplines: e-commerce, media, performance, search and content. These are supported by increased investments to advance our consumer-centric philosophy, our agile processes, our tech and data stack and our organization, which has been significantly enhanced to support this initiative. For example, the IMC organization consists of 100 marketers around the world who are solely focused on advancing Brown-Forman's digital marketing and e-commerce initiatives. This includes 50 new roles that we have recently created and has given us the opportunity to elevate internal talent as well as incorporate external talent from leading companies with critical expertise in the space of digital marketing and e-commerce.

Through IMC, we can better meet consumers where they are, customizing content to maximize relevance and more effectively drive their behavior. And we can now do this in real time and at scale. By integrating e-commerce within IMC, we can create a truly cohesive end-to-end consumer journey, starting from awareness and closing the loop with sales. For example, the Jack Daniel's Make it Count campaign, which Sophia Angelis will speak about in more depth was developed with a digital-first approach.

Another key priority within our marketing strategy is driving innovation at scale. As we know, innovation in the form of new products is critical to growth within our industry. But innovation can also become very fragmented and drive unnecessary complexity and cost. We are committed to bringing new products to the market that solve clear consumer needs, strengthen brand equity and improve business performance. We recently revised our innovation principles to focus our resources on new products with the highest chances of widespread consumer and commercial success.

Embracing these principles moving forward, we plan to focus on introducing new products within our existing trademarks that can leverage and at the same time, strengthen core brand equity; prioritizing innovation ideas that can achieve significant scales across multiple geographies over longer periods of time; optimize our consumer insights, R&D and production resources to take the quality of our innovation ideas to the next level.

In summary, fewer, bigger and better when it comes to innovation. For example, each of these successful innovation embraces our principles and continues to achieve substantial consumer and commercial success. They fill a clear consumer need, enhanced brand equity for the parent trademark, drive accelerated growth and improved margins. Our future thinking around innovation will be guided by our principles of fewer, bigger and better.

Of course, none of this can be accomplished without great people. As I mentioned before, our vision is to build a world-class industry-leading marketing organization. Nothing Better in the Market applies to both our brands and our people. Over the past 18 months, we've made some changes to the brand's leadership team to ensure that we have the right people in the right roles working on the most important strategic priorities. At the same time, our marketing organization has become increasingly more diverse and more global, ensuring our team better represents the consumers and the geographies that we serve.

For example, when we look at marketers at the director level and above, female representation is at 45% globally and people of color representation is at 19% of our U.S.-based marketers. We also recognize that diversity is more than gender, race and ethnicity. And within marketing, we are pleased to have 56% of our employees located outside of the United States. This offers us a truly global workforce, and the rich perspectives and experiences that are so important as we set out to build our brands around the world.

Finally, we have transformed our training programs with the goal of developing world-class marketing capabilities. We've invested in an updated BF way of brand building program to drive consistency and excellence amongst our 500-plus global marketers. Over the past year, our teams have completed over 17,000 training activities, and we expect to exceed that number this year. Kirsten Hawley will speak in more depth later on about Brown-Forman's continuing investment in our most important asset, our people.

In conclusion, as marketers, we are fortunate to have an incredible portfolio of iconic brands in the right categories. We will continue to focus on our 5 key marketing priorities: developing world-class creative, increasing our media spend, transforming our digital and e-commerce capabilities, driving innovation at scale, and building an industry-leading marketing organization to position us for the sustainable growth of our brands for generations to come.

I will now turn it over to Sophia Angelis, who will share with you why we are so excited about Jack Daniel's future growth runway. Thank you very much.

Sophia Angelis

Thank you, Matias. Hello, everyone. I'm Sophia Angelis, the Managing Director for Jack Daniel's. I'm very excited to share our ambitions for Jack Daniel's and our belief in the brand's long runway for growth, centered around category, portfolio and geography growth and underpinned by evolving consumer dynamics. What you'll hear in this presentation are 3 key themes that both Lawson and Matias touched on earlier. Category, the categories we operate in are healthy and in growth driven by consumer needs. Portfolio, we are dynamically shaping our portfolio and leveraging innovation. And geography, we have wide scope to increase Jack Daniel's geographic footprint. Note that all numbers shared with you today are sourced from IWSR's most recent 2020 report.

Our starting point is our vision. And that is for Jack Daniel's to be the most valuable and iconic premium spirit globally. You will see in the next slide how we're already making good progress against that. We have 3 strategic priorities that will help us deliver our vision. One, enable growth on Jack Daniel's Tennessee Whiskey, focusing on recruitment and geographic expansion. Two, accelerate portfolio premiumization, focusing on both the current super premium portfolio and innovation. And three, recruit new consumers and expand occasions with flavors and RTDs, focusing on portfolio development and innovation and geographic expansion. And we are starting from a position of strength.

I spoke previously of our vision for Jack Daniel's to be the most valuable and iconic premium spirit globally. In fact, according to the latest IWSR report in 2020, Jack Daniel's overtook its competitors to become the largest premium spirit brand globally. This reinforces that the brand has a solid foundation and is growing from a position of strength. Our goal is to reinforce and leverage the solid foundation while continuing to develop our portfolio of brands in a way to best capture industry, category and consumer trends.

While brand health has been and continues to be strong, like many others, the brand's performance has been impacted by the pandemic. Our first strategic priority, therefore, is to return Jack Daniel's Tennessee whiskey to growth, focusing on 2 key areas. One, reenergize brand health in order to recruit the next generation of consumers. And by that, we mean consumers of legal drinking age and above. Our new Make It Count campaign, which I'll talk about for the next few minutes, was developed with that goal specifically in mind.

Number two, expand geographically despite its size, Tennessee whiskey still under indexes versus its competitors in terms of global footprint. Make It Count is our creative platform for decades to come. Partnering with Energy BBDO, our multi-awarded creative agency, we're both excited and proud to be developing and launching world-class advertising for Jack Daniel's. It's a long-term journey and a campaign that will build relevance and will reach, engage and recruit the next generation of consumers around the world. It's Jack Daniel's first truly global campaign.

The campaign's objectives are to present Jack Daniel's to the world in a big, bold way that builds meaning and distinctiveness in the hearts and minds of consumers. A brand that is meaningful and distinct is a strong and healthy brand and one that has increased pricing power. It's also one that has the ability to recruit and, therefore, drive growth in the long term.

We have already launched 2 executions in the last year: one for Tennessee Whiskey and one for Gentleman Jack under the Make It Count umbrella, and we continue the creative development across the entire portfolio of Jack Daniel's brands. However, it's not just about the messaging. It's important that the new campaign is seen by as many consumers as possible in order to recruit and drive growth. To do that, we significantly increased our investment in media to support the launch of Make It Count. And we have strong creative commitment, presence across a number of channels, including TV, digital, out-of-home and e-commerce platforms. As a result, and as Matias mentioned earlier today, we made significant Share of Voice gains in 8 out of 10 of our largest media markets.

So let's take a look at the new Make It Count ad for Jack Daniel's Tennessee Whiskey.

Presentation

Sophia Angelis

Make It Count was launched on October 1, 2020, and we have been evaluating campaign effectiveness since. While still early, given this is a long-term brand-building campaign, early indicators are very positive. Awareness of Jack Daniel's advertising significantly increased over the course of the campaign across many of our key markets. Make It Count is increasingly recognized and in all markets uniquely attributed to Jack Daniel's. The campaign is already helping to deliver significant positive shifts in brand imagery association. This is particularly positive as we wouldn't expect to see such shifts in imagery in such a short time frame.

We are reaching and engaging the next generation of consumers. Amongst all spirit brands, results show a 7-point difference in spontaneous ad awareness on Tennessee Whiskey versus the next biggest competitor. This is a good indication of relative reach and cut through of our messaging. Testing in the U.S. demonstrates that the campaign has universal appeal and ability to deliver positive perceptions across multicultural groups. This reinforces our goal to be more inclusive in our brand communications to better represent Jack Daniel's broad and diverse set of consumers around the world.

These results, in addition to the significant media increases and share of voice gains, give us confidence that the campaign is performing well to reenergize Jack Daniel's brand health and drive long-term growth. Despite being the largest premium spirits brand globally, Jack Daniel still has opportunity for growth from both the category and the geography perspective. Let's start with the category of premium U.S. whiskey where Tennessee Whiskey operates and is the largest contributor of growth. It's a highly attractive category worth $10.5 billion, largest by volume and second largest by value. And it's a category that's projected to grow by 8% through 2025.

Whilst we look to the premium U.S. and premium-plus whiskey category where we have significant share already, Jack Daniel's is a brand that has always transcended the whiskey category. Thanks to its positioning and the fact that it sources volume from many other categories. We, therefore, broaden our frame of reference to look at our share of total distilled spirits. And this shows us that at 2% share, Jack Daniel's has a lot of room for growth.

Now let's turn to our second area of focus, geographic expansion. Jack Daniel's continues to source volume from Johnnie Walker and other scotch whiskeys around the world. In this instance, we have used Johnnie Walker as a benchmark as it's a brand that we have tremendous respect for and is the most developed whiskey trademark internationally. This map compares the 2 trademarks and their share. We see 3 color keys. First, dark green for markets where Jack Daniel's over indexes versus Johnnie Walker in terms of share. Second, medium green, to signal where Jack Daniel's is at parity with Johnnie Walker. And third, light green to indicate where Jack Daniel's under indexes versus Johnnie Walker.

A few key takeaways as we look at this world map, it shows the maturity of the Jack Daniel's trademark in developed markets, which account for almost 80% of our total business versus 40% for Johnnie Walker. And it highlights the potential available in emerging markets and global travel retail, which represent less than 20% of our total business.

Our second strategic priority is to accelerate the premiumization of the Jack Daniel's portfolio. The last 18 months have only reinforced the health and growth of the super premium whiskey category and consumer trends towards premiumization. We will focus on 2 key areas. First, the continued geographic expansion with our super premium portfolio. Today, 3 markets represent 70% of our super premium whiskey business. Second, we will focus on portfolio development and innovation. We continue to fuel and build Gentleman Jack. We've recently launched its first campaign under the Make It Count umbrella in key markets with media investment support. And we are developing an exciting and meaningful super premium innovation pipeline that will position the portfolio well to capture growth across a number of consumer territories and price segments. So let's take a look at the new Make It Count ad for Gentleman Jack.

Presentation

Sophia Angelis

Super premium plus whiskey doubled over the past 10 years to become a $31 billion category, showing the importance of and the continued premiumization trend in whiskey. Almost half of this growth came from U.S. whiskey. And the growth outlook to 2025 remains robust at 7%, outpacing other whiskey categories.

As you can see on this chart, Gentleman Jack and Single Barrel have benefited from category and consumer trends to deliver double-digit growth. However, we still under index versus total category, and what we want is to capture our fair share. We also look at the size of our super premium business as a proportion to the total Jack Daniel's business. Compared with a key competitor such as Johnnie Walker, whose super premium business contributes 26% of its total, Jack Daniel's super-premium only contributes 8% to the total business. Once again, we see great opportunity for growth.

Our third strategic priority is to recruit new consumers and expand occasions with Jack Daniel's flavors and RTDs. As you hear about our flavors and RTDs, there are 2 key areas of focus: portfolio growth and innovation and geographic expansion. Let's start with Jack Daniel's flavors. Once again, an attractive category that's in growth. Flavored whiskey has emerged as a significant category over the last 10 years to become a $5.5 billion category, surpassing flavored vodka and flavored rum. Importantly, the outlook for flavored whiskey continues to be strong.

Jack Daniel's has benefited from these trends, and you can see the solid performance of our flavor business. Tennessee Honey, our most established Jack Daniel's flavor, reached its tenth year anniversary and grew 10% to reach the 2 million case mark. Tennessee Apple, in its second year of launch, significantly exceeded launch volume expectations. Tennessee Fire, the Jack flavor that is the most reliant on the on-premise, showed its resilience and grew despite the on-premise closures. Jack Daniel's flavors will focus on 2 key areas: continued brand awareness and relevance building to recruit the next generation of consumers, and geographic expansion and launch into markets where we're not yet present.

Last and certainly not least, let's look at RTDs. For the third consecutive year, RTDs were the fastest-growing beverage alcohol category, growing double digits to reach $30 billion in 2020. This momentum reflects the continued consumer desire for convenience, and particularly, this past 1.5 years, a safe way to consume. The outlook to 2025 remains strong at 13%. While currently, only 3 markets make up almost 3/4 of global RTD volumes, emerging markets are quickly scaling and present continued growth opportunities. From a Jack Daniel's perspective, we continue to focus on dynamic portfolio innovation across PAC, mixer, ABV and format to meet consumer needs and occasions in developed and mature RTD markets such as Australia, Germany and the U.K. And two, geographic expansion and launch into markets such as India, where we recently launched Jack & Cola.

As I bring the Jack Daniel's section to a close, I wanted to say that we are very proud of our achievement so far and excited about the future. Jack Daniel's continues to operate in categories that are attractive and continue to grow. The brand is in good health and grows from a position of strength. We continue to develop, broaden and strengthen the Jack Daniel's portfolio of brands in order to be well positioned to leverage long-term growth. And Jack Daniel's continues to grow in our most mature and developed markets, whilst there is a lot of opportunity for growth in emerging markets and global travel retail. These 4 lenses reinforce our confidence that Jack Daniel's is well positioned to maintain its leadership position and our belief that we have a long runway for growth.

I will now turn things over to John Hayes, who will speak to you about our largest market, the U.S. Thank you.

John V. Hayes

Thank you, Sophia, and great to see all the exciting news on Jack Daniel's. Hello, everyone. As Lawson mentioned, I had the opportunity to present at the last investor conference in 2018. For those who attended, I think you will appreciate that many of my comments are consistent with what I shared then. But I'm also pleased to share some new and important developments.

Brown-Forman has an outstanding premium portfolio enjoyed by consumers throughout the United States. We have enhanced our portfolio over the last several years to ensure we are positioned for continual growth for the next generation. The U.S. remains the most valuable spirits market in the world. From what I reported in 2018, spirits continued to grow share of beverage alcohol from 37% in 2017 to 38.7% in 2020, primarily taking share from beer. As spirits continue to gain share in the United States, the most vibrant categories align with our primary focus areas. American whiskey has a 10-year compound annual growth rate of over 10% as reported by IWSR.

As the leading company in American whiskey, it is important to note that while we have seen a proliferation of new whiskey brands in the market, the top 10 brands still command over 78% of this category. And Brown-Forman has 3 of the top 10 brands as noted by the Beverage Information Group.

Tequila has a 10-year CAGR of over 11% and a 3-year CAGR of over 15% as reported by IWSR. Over the last few years, we have made major investments in the Irish whiskey and single malt scotch whiskey categories. Both of these categories have also enjoyed double-digit growth consistently over the last 10 years as reported by IWSR. We expect to develop our brands into important contributors to our U.S. business over the next several years.

We have a few brands that are primarily in the United States, and it is important to highlight how we participate in the dynamic ready-to-drink market. Our Jack Daniel's Country Cocktails brand is a malt-based RTD, and we recently entered into a partnership with the Pabst Brewing Company for better access to malt licensed accounts. Also last year, we launched a spirit-based RTD line with Jack Daniel's to leverage the growing prepared cocktails opportunity.

Our Korbel and Sonoma-Cutrer brands are doing well in their respective categories. As we stated in our 2021 annual report, wines reported an underlying net sales increase of 14%. The premiumization trend continues to accelerate in the United States, and we believe we will see this for the foreseeable future. As we have rebalanced our portfolio, Brown-Forman almost exclusively participates at the premium end of the market. We are focused on value growth and building our brands at the higher end of price tiers. The overall business environment provides confidence that we are well positioned for the future.

The major categories that we focus on are enjoying healthy growth as measured by Nielsen value, and we expect to see continued vibrant growth with U.S. whiskey, flavored whiskey, tequila and RTDs. The pricing environment is healthy as premiumization continues with brands at the $30 price point and above gaining share. Although the pandemic continues to impact where and how consumers engage with our brands, we expect the on-premise market to rebound over the next couple of years, and our portfolio and our teams are ready to take advantage of many opportunities.

We have 5 imperatives for growth that I would like to share with you. We believe Jack Daniel's Tennessee Whiskey will return to growth as the on-premise reopens and as we continue our overall brand building across all channels. Jack Daniel's is our #1 priority across all channels of business. We are excited about our current and future growth expectations for our super premium whiskey brands, including Gentleman Jack and Jack Daniel's Single Barrel, the Woodford Reserve and Old Forester family of brands. We are focused on remaining the leader in American whiskey.

Tequila is a driving force in TDS growth, and we expect strong growth with both our el Jimador and Herradura brands. Our super premium Herradura line extensions are experiencing terrific growth, especially Ultra. Some of you might be familiar that we have a team of people fully dedicated to provide additional focus on our emerging brands portfolio. This portfolio includes the Old Forester family, Slane Irish whiskey, Fords Gin, Chambord, GlenDronach, Benriach and Glenglassaugh.

As I mentioned before, we are focused on value growth and looking to improve our margins through our revenue growth management initiatives. We have recently increased price on Woodford Reserve, Old Forester, el Jimador, Herradura and Chambord. And we have informed our distributor partners that we are increasing the price of Jack Daniel's across the United States. We are investing behind our imperatives, focused on long-term brand building and business growth.

As Sophia shared, we have exciting plans behind the Make It Count platform on Jack Daniel's. We are investing behind the family of brands and with Jack Daniel's Tennessee Whiskey as the cornerstone. This includes increased investment against multicultural consumers. And as Matias mentioned earlier, we continue to make substantial investments behind the Woodford Reserve family of brands and the Spectacle for the Senses campaign as well as launching the new Herradura creative across the United States.

We are making a substantial investment behind the e-premise channel in both people and program dollars. Our portfolio is growing faster than total distilled spirits in the e-premise, and we are committed to enhancing our capabilities in this area over the next several years. Matias has provided you with an overview of our IMC organization, and this is another large investment for us in the United States. We remain committed to diversity and inclusion and have recently made significant progress toward achieving our ambitions within the U.S. and Canada division.

And in closing, it is always good to be recognized by our industry and we are very pleased that Beverage Dynamics awarded Brown-Forman its 2021 Top Spirit Supplier. We believe we have the portfolio, the focus, the investment and the people to continue to build our portfolio of premium brands for many years to come in the U.S. market. Thank you.

And I would now like to turn this over to Marshall Farrer, who will discuss how we are growing our portfolio of brands outside the United States.

Marshall B. Farrer

Thank you, John, and hello, everyone. Normally, I would be speaking to you from Amsterdam, but today, I'm fortunate enough to be inside one of our prized Woodford Reserve barrel warehouses, and it smells like heaven. I'm excited to share with you how we are growing and will continue to grow our Super Premium Plus portfolio internationally, aside from the Jack Daniel's family of brands and outside of the U.S. and Canada. Spirits are certainly an attractive business. According to IWSR, spirits have gained an impressive 5 percentage points from beer and wine over the past 5 years, now accounting for 42% of the total beverage alcohol market last year. These share gains are projected to continue, acquiring another 3 percentage points by 2025.

This slide shows the market share of beer, wine and spirits from 2015, 2020 and the projections for 2025 for the international business, excluding the U.S. and Canada. The continuing share growth in total beverage alcohol is a principal reason why spirits are an attractive business.

Within spirits, there's a wide range of price points, with value brands often priced below USD 10 per bottle and prices reaching to well over $100 and above for the more luxury offerings like Woodford Reserve Baccarat Edition. We are looking at IWSR data again. So within the spirits market, the fastest growth is above premium prices, gaining 1 share point over the last 5 years and expected to post an additional 3 share points by 2025.

Probably the most negatively impacted category during this time has been private label, where most countries are demonstrating double-digit declines. This is another reason that super premium spirits are so financially attractive as the economics of the business return even more at the higher price points. So what are some of the trends driving this continued growth in Super Premium Plus spirits? Well perhaps surprisingly, the social distancing restrictions required by the COVID-19 pandemic accelerated 3 key consumer trends around premiumization, further reinforcing the strength of Brown-Forman's market positioning and the power of our portfolio strategy.

The first trend is what you may have heard referred to as the lipstick effect. During times when people are less able to spend money on big ticket items such as travel and other forms of entertainment, they instead splurge on everyday luxuries, and premium spirits have been one such luxury which consumers have prioritized for in-home consumption and in private gatherings. And these indulgences have been made even easier, thanks to the increasing penetration of e-commerce and online shopping, another trend which has benefited super premium-plus spirits. Both new and trusted brands can win in this channel as consumers use it both to make regular purchases easy and to seek out novelty and gifting occasions. According to Nielsen 2020 across different European countries, e-commerce penetration now ranges from 21% to 48%.

Finally, higher priced spirits are meeting consumer needs on more and more occasions. We have seen an acceleration of the trend of consumers crafting cocktails at home and trading up to higher end spirits to do so. And we expect this behavior to continue into the future. Additionally, bars, clubs and restaurant reopenings will continue to fuel more premium spirit drinking occasions. We have made a number of strategic moves to better position our portfolio to leverage these continuing trends. We believe that we are in the right categories with the right brands with significant opportunity for growth of this portfolio.

On this slide, you can see the share of different categories within the super premium spirits according to IWSR 2020. A USD 20 billion category in which whiskey, represented by the brown color, has the biggest share of 44%, driven by fantastic growth in American Whiskey and Malt Scotch, both growing at 8%, which is 4x the rate of the total category. However, the fastest-growing spirits categories are gin in green color and tequila in blue, both also growing at 21%, off a smaller base, respectively, of 3% and 6% of the total premium plus spirits.

With all this positive momentum in the Super Premium Plus categories, our portfolio of Brown-Forman brands is superbly positioned to tap into this opportunity. Woodford Reserve is the world's top-selling super-premium American whiskey according to IWSR 2020 data. We have yet to fully realize that opportunity outside of the U.S. as that position is number three. So we have plenty of growth opportunities ahead of us on the heels of strong momentum.

Our scotch brands, Benriach, GlenDronach and Glenglassaugh, are highly regarded by whiskey lovers around the world. They've won an impressive 104 gold or double gold medals in the top 2 global spirits competitions, including best whiskey in the world for our GlenDronach 15-year old. el Jimador and Herradura tequilas comprise a complete range of tequilas to meet consumer needs at all premium and above price points. This is especially valuable where we control our own distribution. And we are already seeing strong demand in the U.K. since we took over the selling responsibility of these brands in May.

In another owned distribution market, Australia, the brands have grown 20% on a compound annual basis over the past 3 years, building further category share. And last but not least, we continue seeding Fords Gin around the world. Fords is a bartender's favorite and has won 28 awards in the last 5 years, including a coveted double gold medal at the 2020 San Francisco World Spirits Competition. Seeding is underway in markets such as the U.K., Germany, France and Australia. We're following a similar course with Slane Irish whiskey.

I'd like to focus now on the key international markets where we will continue to expand and accelerate our leadership in whiskey in key price segments, establishing a strong presence in dynamic categories and consumer occasions in the upcoming years. In Europe, specifically in the U.K. and Germany, we have initiated a multiyear project to expand the footprint of our

Super Premium Plus brands through additional dedicated organizational resources backed by sustained and incremental marketing investments. We have already deployed dedicated selling teams specifically aimed against each market's designated focused super premium portfolios.

For example, we tripled our dedicated headcount behind these brands in the U.K. and Germany. We are planning to expand this further across all key European markets in the coming years. Woodford Reserve is our top focus brand across all European markets. Australia plans to increase brand investment behind its super premium brands to drive higher growth and expand its premium RTD portfolio through the launch of Part Time Rangers RTDs, furthering our strength in this critical category. Russia will accelerate its super premium brand share behind the move to own distribution in July 2022. Furthermore, China is targeting Woodford Reserve to become the most iconic super-premium bourbon in China and aims to support the growth of our scotch whiskeys behind e-commerce focus and investment.

I'd like to close by spending a couple of minutes to tell you how we will grow our brands internationally using the same strategic framework Lawson shared in his remarks, by building or enhancing our portfolio, our investments, our geographies and our people, shaping our portfolio to further focus on premium offerings across multiple categories. Thoughtful innovation via line extensions will continue to strengthen the overall portfolio. Investing in people, brand building and our route to consumer to deliver the long-term financial returns. As just mentioned, we are applying stronger organizational focus behind our portfolio development in the critical markets of the U.K. and Germany.

Across our international markets, we are bolstering our efforts in the digital and e-commerce area by developing a new integrated marketing communications function, which you heard about from Matias already. We believe this structural evolution will enable us to respond more quickly to the evolving consumer behaviors and capitalize on the opportunities for our brands. Enhancing our premium account coverage and e-commerce capabilities is enabling us to expand our brand building efforts internationally. Further optimizing our existing RTC models allows us increased control of our brand building and access to additional growth for our super premium brands.

I will now pass on to Thomas Hinrichs in Hamburg, Germany, who will share with you more on our vision for the next generation of RTC.

Thomas Hinrichs

Thank you, Marshall. It's very inspiring to see the great opportunity internationally and our increased focus in building and growing our super premium portfolio. Route-to-market models play an important role, not only for our super premium portfolio, also, of course, for our core portfolio. During our time together, I will take you on a journey through Brown-Forman's RTC evolution around the world and how this has improved our performance and competitiveness.

For the last 20 years, Brown-Forman has been investing behind RTC changes in different countries around the world. In the last 10 years, starting with Germany own distribution, we increased our efforts. And those changes have boosted sales, increased our ability to influence and control the market and develop Brown-Forman capabilities and talent across the organization.

I remember, when I was speaking at the last Brown-Forman Investor Conference about 2.5 years ago, we had just launched our own distribution company in Spain. Since then, one of our largest international markets, the U.K., also moved to own distribution. While at the same time, Thailand, a small emerging market for us, went live as well. Today, 7 out of top 10 international markets have moved to own distribution business models. In most of these cases, RTC changes have helped Brown-Forman to boost performance, become more competitive while building superb organizations.

If we take a look at us relative to some of our competitors, we can see that despite the steps we have taken, we still have opportunities to grow our own distribution markets. Compared to the competitive set average of 82%, today, we have around 65% of our business in our full control. With the upcoming changes in Russia, Belgium and Taiwan in the next 12 months, we will get to around 70%. This still leaves a lot of opportunity for more forward integration in the future.

Some time ago, we identified principles to guide us in our RTC decision-making. The goal is to identify the best distribution model that will allow us to maximize our opportunity in a given market at a certain point in time. A key priority is that the future RTC model improves or increases the access to our customers, consumers, channels and to gain more control over the value chain and portfolio expansion.

We also want the business proposition to deliver attractive financial returns. And we wanted to be a material improvement to Brown-Forman's business in the short and long term. It is a balanced assessment of risks and rewards. Risks should be evaluated and reward should be realistic and achievable.

Finally, we also want to consider the competitive landscape to make sure we have the ability to improve our competitiveness in each market. Again, the evolution of our RTC models has been an important growth driver in the past, and we believe it will continue to be one going forward.

Now I would like to give you 2 examples. One country that has started its own distribution journey about a year ago and another one that is planning to go live in a year from now. United Kingdom and Russia, 2 very different marketplaces and situations, one very developed and spearheading industry development in Europe and other and the other one with enormous long-term potential and growing premium and super premium spirits categories.

Let me start with the U.K. Establishing our own distribution in the U.K. met all the criterias I just described, particularly an increased opportunity to unlock the full potential of our full Brown-Forman portfolio. As you already heard from Marshall a few minutes ago, next to our flagship Jack Daniel's Tennessee Whiskey in the Daniel's RTDs, we want to accelerate the performance of super premium like Woodford Reserve and emerging brands like Fords Gin. By consolidating our portfolio under one roof, the Brown-Forman roof, we gain full control and ownership of our business. With this full control and ownership of our business along the value chain, we wanted to restore a healthier balance of volume versus value growth to position our portfolio for longer-term value creation.

Another key point for us was to strengthen our position in the on-trade, and of course, in the upcoming e-commerce channel. Our ambition is to win in the biggest spirits market in Europe. According to IWSR, the U.K. is the #1 market in Europe in premium plus and super premium plus whiskey and is expected to contribute the most to growth until 2025.

On top of that, a reminder that the spirits value growth is more than 4x its volume growth. To capture those growth opportunities, people and culture are our key competitive advantage. We established an engaged and agile organization, which has already been recognized as a Great Place to Work within the first year, even despite the pandemic-related lockdowns. Our aim is to further develop Brown-Forman U.K. to be the industry-leading organization by delivering top-tier results through building a diverse culture that inspires people, celebrates teamwork and rewards agility or in other words, Nothing Better in the Market.

And before I move on to our second market, I have to say the start was quite exceptional. After going live on May 1, 2020, in the midst of COVID-19, Brexit and tariffs, with onboardings and operations that are being done virtually, Brown-Forman U.K. gained share and outperformed much of the competition. Out of the top 6 largest suppliers, Brown-Forman has grown second fastest.

We hope to have similar success with Russia, which is currently in the implementation phase. In less than a year, our own distribution setup and organization in Russia will be a reality, a major step on our journey to make Russia one of the largest Brown-Forman markets in Europe. And here again are the crits for our decision.

Key driver is improving our access to consumers and customers. Jack Daniel's and Finlandia Vodka are among the market leaders but still have significant growth potential. And we want to tap into this potential by expanding our distribution and improving our execution at the point of consumption and at the point of sale. Own distribution will give us fuller, more direct control and key customer negotiations and execution, especially with the shift to modern and consolidated trade.

We are developing our Super Premium portfolio but are still early in our journey. We believe there are opportunities to put more focus and resources behind portfolio development. Russia is an attractive and profitable market, which makes it an attractive place to invest. The scale of our business makes a change to own distribution financially viable, even without major top line growth. By capturing more of the value chain, we can invest more into our brands and into our organization. Even if it is already a top 10 market for Brown-Forman, we think Russia is one of the brick markets that offers an enormous long-term growth potential.

We are still scratching the surface of what could be possible in the Russian market in the future. Standard-plus is still less than 10% of the total spirits market and we believe it can double or triple in the coming years. Before making this move, we have progressively built in-market knowledge, experience and capabilities, including an understanding of customers, the regulatory environment and how to mitigate risks. We recognize that the market does have a slightly different risk profile than some other emerging markets, but we believe that the opportunities far outweighed the risks.

New ways of working in our own distribution will increase our efficiency as well as our agility in the way decisions are made. It also provides more flexibility in how we manage resources. And finally, this will increase our competitiveness in a landscape where all of our major international competitors have own distributions despite being similar or smaller than Brown-Forman in the market. We are very excited about our increasing control in Russia next year and our preparations for the transition to own distribution are well on track. With the U.K. and Russia as examples, I hope you now have a better feel for the potential offered by new and enhanced RTCs and their ability to strengthen and expand Brown-Forman's international footprint.

Well, at this time, we will take a short break and when we return, Alex Alvarez will walk us through our sustainability strategy. Thank you very much.

Break

Alejandro Alvarez

Welcome back. I hope you were able to stretch a little during your break. My name is Alex Alvarez, and I am the Chief Production and Sustainability Officer for Brown-Forman. And I am delighted to talk to you about our sustainability strategy.

As you heard from Lawson earlier today, we have integrated sustainability along with other elements of ESG into our corporate strategy and our business, just like we are making it an integral part of our culture and our success at Brown-Forman. We take this integrated strategic approach because we recognize our products are dependent on high-quality natural resources. We also know that today's consumers seek out brands and companies that can work effectively across global markets, while protecting and enhancing the natural environment.

At BF, we have practiced sustainability long before it became known as sustainability. We first focused on our own production operations where we have control, eliminating losses and improving efficiencies in our use of water, fuel and agricultural inputs. We built partnerships with suppliers, experts and other beverage alcohol producers, so we could learn and work together.

We understood the urgency to mitigate Brown-Forman's impact on climate. We recognized climate change poses risks to our business, our communities and our world. Our recent investment in wind power through a power purchase agreement was a significant step to supporting a clean energy future. Emissions from 100% of our electricity at our U.S. production sites are now offset by this agreement.

Our commitment has also included embracing zero waste practices or working to reduce, recycle or reuse the byproducts of our manufacturing process. I am proud to say that over 99% of waste generated by our facilities is diverted from the landfill. For example, our barrels have long been repurposed and sold to other beverage alcohol producers, extending the life of the barrel, encouraging zero waste and supporting a circular economy. Also at Jack and some of our other home places, we have been providing distillage, which is the byproduct of our distillation to farmers as feed for their cattle.

However, we know that despite how much progress we have made, there is more to be done. We know climate issues also impact other environmental areas like our watersheds and agricultural lands, so we've set new commitments and targets across our focus areas. In the past year, our teams reviewed environmental, regulatory and stakeholder trends, identified critical environmental issues, and along with understanding our corporate vision to endure forever, chartered a new path for our sustainability actions.

Our new strategy extends our focus beyond our own operations to our supply chain where there is significant environmental impact. In addition to new climate commitments, including GHG reduction and renewable energy targets, we set new goals for water stewardship, circular economy. And for the first time, we have included targets for packaging, agriculture and forestry, which are the largest impact areas in our supply chain. We've set these commitments with a high level of ambition, aligned with industry and global initiatives such as the United Nations sustainable development goals, and we're committed to doing our part to address the climate crisis.

To 2030 and beyond, we've set a path that will require us to first have our greenhouse gas emissions including within the supply chain, source 100% renewable electricity, and then move towards a net zero GHG emission goal for 2045. We are on our way to meet these goals through our existing wind power purchase agreement and our recent initiative to purchase solar power for Jack Daniel's. We're focused on protecting the health of the watersheds from which we source water for our brands and share with our local communities.

Our targets call for engaging and collaborating with our suppliers to reduce the impact of our supply chain. We have begun working with our key suppliers of packaging, forestry and agricultural raw materials to help reduce their environmental footprint. We are committed to ensuring all aspects of our business implement sustainability, and we're working to ensure they have the leadership support, education and resources to do this.

Most significantly, from a governance perspective, our Board of Directors has oversight of our sustainability strategy and overall ESG efforts. And I lead the organization's work on sustainability with the complete support of the executive team. This journey is one we can't do on our own. It takes collective action. We're focused on engaging with our stakeholders, including you in the investor community, our shareholders, our customers, and of course, our employees.

Stakeholders like DendriFund, an independent foundation seeded by Brown-Forman and supported by the Brown family, brings together diverse groups focus on issues related to wood, water and grain. The partnership includes projects like the white oak initiative, which works to improve regeneration of the white oak trees we use in our barrel-making process. We also collaborate with our partner, Sears, to hold stakeholder engagement sessions with industry peers and nonprofit environmental experts to help us design programs to meet our forestry and agriculture commitments.

We know that stakeholders expect us to be transparent in disclosing our actions, so you understand our ambitions, progress and, of course, our challenges. We'll continue to focus on sharing our progress. Our brands have a long history of sustainability, and we want to ensure that our stakeholders know the good work we have done and what we have in the works. In that spirit, I'd like to share a video we created to show how the work we do in collaboration with our people and our partners makes a difference in our business and in our environment.

Presentation

Alejandro Alvarez

We believe the sustainability goals and actions we're pursuing will continue to serve our long-term success and embrace our vision of Nothing Better in the Market. Collaboration and partnerships are critical to helping us make progress in areas beyond our operational control. With our new strategy, we have a strong road map for continued progress. Thank you.

And now you will hear from Kirsten Hawley. She will share more about the importance of our people in executing our business strategy and achieving our goals.

Kirsten M. Hawley

Thank you, Alex. While you all are accustomed to hearing us talk about our financial and brand assets, you may not have as much information about our human capital an intangible asset that's not listed on our balance sheet. This human capital, the people of Brown-Forman are what make this organization's results possible.

When I joined Brown-Forman over 2 decades ago, our CEO was Owsley Brown II, and something he said at every meeting was that we know full well that it's our people that build brands and who create value. So who are the people of Brown-Forman? Well, there are roughly 4,700 of us working in over 50 countries, yet despite our global presence, we are still a relatively small company, and yet we believe our size is a competitive advantage. It allows us to be more focused and agile. It enables faster flow of information to identify opportunities and solve problems, and it enables us to provide a more personalized employee experience. Candidates tell us that they want to work here because of their interest in the industry and our portfolio, our track record of stability and success, and increasingly, our commitment to ESG. Once we joined Brown-Forman, we're inclined to stay. Our average tenure in the United States is 11 years, a figure that has held steady since 2017 and is twice the average tenure for the manufacturing sector overall. While other regions don't track tenure similarly to the United States Department of Labor, the nearly 6 average years of service in Europe, Asia and Latin America shows a similar trend.

About half of us work in global production and the other half are in the functions you would expect from a brand-building company: sales, marketing, finance and the other various functions that support our business. About 55% of us work in the United States, and the rest of us work all over the world with our greatest concentration of employees in Mexico, United Kingdom, Germany and France.

We track gender globally and race in the United States, and you can find out more information about our progress in our 2021 annual report and our Chief Diversity Officer will also be sharing more in just a few minutes. We have long believed that if the company is going to continuously grow, so must each of us. Nearly 56,000 training activities were completed by our salaried employees last year, with an emphasis on leadership, inclusion, brand education, financial acumen and the like. And recognizing that most learning does occur on the job, we saw roughly 8% of our salaried employees step into new roles during the same time period.

We also invest in people through our very special culture. Talent alone is not sufficient to achieve our business ambitions. We must also nurture an environment that allows people to contribute their best ideas. Measuring the outcomes of culture is possible by studying employee engagement scores internally and recognition and accolades conferred externally.

Every few years, we measure engagement and enablement across our entire workforce, and our survey results place Brown-Forman in the ranks of global best employers. Recent external recognition includes another 100% Corporate Equality Index score, being named a Super Space to Work in Mexico and endorsed as an employer for women by Work180 in the United Kingdom.

We also measured employee sentiment during the pandemic and believe that our culture of care and living our values enabled our business results during a particularly challenging time. Here is what some of our employees had to say in their own words: "I think Brown-Forman has done a terrific job in having already invested in the IT capabilities to allow us to work remotely." "I think the situation has actually brought us all closer together as teams and people." "I work in the on-premise and though challenging, it's been fun creating new ways of working and engaging our distributor and getting accounts up and running with to-go programs, B-F has given me everything I need to successfully activate."

Said another way, our investment in culture during good times and in crisis supports engaged employees who are creating sustainable value for shareholders. How we leverage this human capital is best described in our People 2025 strategy that is centered on one core belief: in order to grow our brands and our business, we must recruit and grow great talent. Winning the war for talent is real and it's intensifying.

Our people priorities reflect what we think it will take to engage and come out ahead. We must better leverage our corporate brand, what we call the Brown-Forman brand, to attract, retain and engage employees. We need to make more noise to increase brand awareness. We must keep investing in leadership development and leadership resilience, building talent from within and preparing them for the opportunities, challenges and uncertainties ahead. We must foster a culture of inclusion where everyone feels empowered to bring their best selves, ideas and solutions forward. We must build an agile organizational structure that facilitates information flow, problem-solving and decision-making.

We must use analytics to continuously improve the employee experience and notably in our emerging markets. We must develop innovative total rewards to optimize mental, physical and financial well-being so that employees can realize their full potential. If we get these strategies right, we can win in the short and the long term, building upon 151-year-old foundation that is both competitive and compassionate. Our nothing-better-in-the-market ambition applies to our portfolio, geography investments and to our people.

We are confident we can attract and retain nothing better and that Brown-Forman will continue to be a great place to work for all those who choose to build their careers here.

Ralph de Chabert will now share more about our social commitments not only to our people, but also to our communities.

Ralph E. de Chabert

Thank you, Kirsten. A variety of my colleagues are speaking to you today about the 4 pillars of our strategy, which are portfolio, geography, investment and people. And as Lawson shared, these pillars are connected by the ESG commitments of responsibility, diversity and inclusion, community and environmental sustainability.

Alex spoke to you specifically about sustainability. I will spend our time together sharing more about our diversity and inclusion initiatives, our alcohol responsibility work and our community relations engagements. In the early 2000s, our senior leaders at that time began taking the first steps in the company's diversity journey. By 2007, the understanding and importance of diversity grew and the decision was made to hire someone to give the work the full-time attention that our leaders had grown to believe it deserved. I was the fortunate recipient of that decision and was hired as the company's first Chief Diversity Officer, reporting to the Vice Chair. Since that time, building a more diverse and inclusive culture has been a high priority for our executive leadership team and members of the broader organization.

Today, our vision, which is paramount is to create an environment where leveraging diversity and inclusion occurs naturally giving us a sustainable marketplace advantage. Yes, this is an ambitious undertaking, and one of the many things we are doing to achieve that vision and cultural shift resides in the growth and development of our 10 employee resource groups, which we call our ERGs.

Our ERGs are subcultures, which have been positively embraced by the company's macro culture. And the importance of these groups resides in the fact that our employees value the opportunity to come together with their coworkers who have like affinities as well as coming together with their colleagues who have chosen to become allies with them. Engaging with any of the groups provides a level of affirmation that is critical to creating, but more importantly, sustaining a highly engaged workforce.

Since the groups are open to everyone, the potential for individual and group growth is enormous and frequently life-changing. The ERGs have also been particularly valuable for our organization by being resources to us and senior leadership while we have thought through how we might want to respond to the convergence of external societal events and the resulting internal and sometimes external expectations over the last 18 months. The net result has been the creation of safe spaces for our employees to connect with and support and advocate for each other.

Fundamentally, our ERGs not only enable us to have difficult but necessary conversations. They also help us to grow in our ability to be an employer of choice for all people, where everyone can bring their best self to work and to fully contribute to our success.

In 2019, we published our most comprehensive D&I strategy to date, entitled Many Spirits, One Brown-Forman: Diversity &. Inclusion Strategy 2030. Within that strategy, we set aggressive yet achievable ambitions for gender and race, including agenda-balanced global salary workforce, increased female representation at senior leadership levels to 40% and substantially increasing our racial and ethnic diversity so that 25% of the U.S. workforce are people of color. Each quarter, we track these ambitions and other related metrics such as our recruitment and retention on a global dashboard for all of our employees to view. This enables transparency and accountability, which is crucial.

While D&I has been a part of our culture for nearly 2 decades, it wasn't until recently that we decided to increase the visibility of our accountability efforts to audiences, both internal and external. In addition, we introduced a new component in our short-term incentive compensation for our executive leadership team, whereby 10% of our short-term incentive compensation is based on progress towards achieving our D&I ambitions. We are taking this very seriously because, again, it is the expectation of our employees, our consumers our neighbors and our communities that we do our part to build a better future for everyone.

The 2 other elements of our strategy that fit into the S of ESG are alcohol responsibility and community. While we appreciate the power of our brands to enrich the experience of life, we are unwavering and I believe that these products must be marketed and enjoyed with moderation and care. When it comes to alcohol responsibility, our goal is to create a responsible drinking culture and reduce alcohol-related harm. This critical work involves many partnerships, including working with organizations in Louisville, Kentucky that offer hope and recovery for those suffering from addiction. Consider if you will, the Pause Campaign, which is our global effort to empower mindful choices around beverage alcohol.

The campaign began elevating alcohol responsibility by raising awareness and inspiring action from our employees as well as our business partners. In addition, we joined with other leading global beer, wine and spirits producers as members and contributors to the International Alliance for Responsible Drinking, which actively supports international goals to reduce harmful consumption. In Pause, we encourage mindful choices among employees, hospitality professionals and the general public because we are clear that when we take a moment to pause, we will make better decisions for ourselves, for our families, for the company and for our communities.

In addition to the investments that we make in our employees, we also invest in the communities that support both our people and our company, building communities in which we live and work contributes to value creation and is fundamental to our business strategy of being better and doing better.

Unfortunately, the humbling reality is that there are no easy, quick or simple solutions for the systemic challenges we face as a society. Our responsibility begins with what we can change, what we can control and the environment we can create, and that's right here at Brown-Forman. Contributions to charitable organizations are made by both the corporation and the Brown-Forman Foundation, which was established in 2018 to further expand upon the company's legacy of strategic charitable missions and philanthropic endeavors.

Our long history and deep roots in Louisville, Kentucky make our hometown city the focus of our efforts. But we also empower employees in 35 regional offices located around the world to identify priorities and opportunities for investment specific to their communities.

Since fiscal year 2020, our contributions outside of Louisville have increased by 20%. We have 3 strategic focus areas: ensure essential living standards, enhance arts and cultural living and empower responsible and sustainable living. In addition, we know that giving goes beyond presenting checks, which is why Brown-Forman employees are also encouraged to be active in their communities through volunteering and nonprofit board service. In this past year, our employees around the world have volunteered more than 16,000 hours of their time to making a difference in our communities. Together, these efforts support our vision to leverage Brown-Forman's culture of giving back and to delivering transformative community impact as a best-in-class philanthropic leader.

To recap, today, Alex and I have shared information with you about our commitments to protect and enhance the natural environment create a diverse, inclusive and multicultural workforce, encourage responsible use of our products and make positive contributions in the communities where we work and live. These commitments are integrated into our business strategy and are critical to our long-term success. Thank you for your time.

And now I would like to introduce you to Leanne Cunningham, our Chief Financial Officer, who will share more about how we are investing for our future. Thank you.

Leanne Cunningham

Thank you, Ralph. In my time as Shareholder Relations Officer, I've had the great pleasure of connecting with many of you and sharing our financial results and investment strategy on a fairly frequent basis. Now in my role as Chief Financial Officer, I'm excited this will continue to be the case going forward. And for those of you who have not had the opportunity to meet yet, I look forward to meeting you in the near future.

Today, I will briefly share our final strategic pillar, which is investment. I believe you will largely find these to be familiar and consistent strategic themes that continue to be the balance that provides Brown-Forman with its strong track record of consistent and sustainable results. Our goal is to continue to deliver top-tier shareholder returns over the long term. We have the benefit of looking over long horizons with the ongoing commitment from our long-term shareholders who focus not on quarterly returns or even fiscal years, but on decades and generations. With our long-term perspective, we have the opportunity to continue to invest in the momentum of our brands behind our strategy and ensuring we are developing and driving the next generation of growth.

From a financial perspective, for multigenerational companies, consistent top line growth is the single most important factor to ongoing success. And when we look at our results, we have been a reliable compounder of top line growth, having delivered sustained mid-single-digit underlying growth over the decades. The consistent growth is a result of actively managing our portfolio and geographic expansion. The evolution of our portfolio has well positioned us to focus on growing categories such as American whiskey and tequilas as well as take advantage of consumer trends like premiumization, convenience and mixability. We believe we have the right portfolio with the ability to provide long-term organic growth.

In the last decade, which includes the impacts of the pandemic, Jack Daniel's Tennessee Whiskey added 2.5 million cases of growth. Woodford Reserve Distiller's Select added 900,000 cases, surpassing the 1 million case mark. And there are an additional 7 million cases of Jack Daniel's RTDs around the world with gains in the United States of 2 million cases and 5 million cases internationally. And through innovation, again, in just the last decade, Jack Daniel's Tennessee Honey, Fire and Apple have added over 3.3 million cases with strong domestic and international growth, while Woodford Reserve and Old Forester have added nearly 400,000 cases in premium line extensions in the United States, and the strength of our portfolio was just demonstrated in this last year during the global pandemic.

While Jack Daniel's Tennessee Whiskey was significantly impacted by the closures in the on-premise channel and global travel retail, we still delivered mid-single-digit top line growth.

From a geographic perspective, we continue to enhance our route to consumers. As Thomas highlighted, we believe this will continue to deliver future growth by realizing the full potential of our broader portfolio. In all, our long-term net sales growth algorithm is based on achieving mid-single-digit growth in the United States, which is in line with historical total distilled spirits value growth as well as the 5-year forecast from IWSR as we look ahead, growing our developed international markets 1 to 2 points faster than the United States and growing our emerging international markets several points higher. And as you would have heard from our colleagues today, we believe that we have a very long runway for growth in these markets.

While this is our long-term growth algorithm, there are years such as this past year that illustrated the resilience of our brands, our ability to be agile and shift as market environment demands change.

For example, during the pandemic, we quickly shifted our focus to the developed markets and to the off-premise for growth, while ensuring our actions did not negatively impact our ability to deliver long-term growth in the emerging international markets, global travel retail and the on-premise channel.

Now turning to gross margin. Since the last Investor Day, the environment we have been operating in has been challenging. For those of you that have been following our story, we have spoken many times on the 2 main causes of our margin pressure: input cost and tariffs. For input costs, the 2 largest factors have been the significant increases in the cost of wood and agave, impacting our margin approximately 550 basis points. This is not new news. We've been talking about this for the past several years. As it relates to agave, agave prices are now beyond their peak and have stabilized. For wood, we have numerous initiatives in place to reduce the cost, such as the recent water indiscernible of our largest cooperage.

Of course, the other very significant factor is tariffs impacting our gross margin by approximately 250 basis points. Just as a reminder, tariffs were imposed in June 2018, only a few months before our last Investor Day. We have been talking about tariffs for what we believe is far too long. We continue to bear the burden of 25% tariffs on American whiskey from both the U.K. and the European Union. We do remain hopeful that the U.S. and its U.K. and EU counterparts will continue moving forward and settle these trade disagreements that have nothing to do with whiskey and have been extremely punishing to our industry. Recent announcements do give us some level of optimism that hopefully we won't have to speak on this topic at our next Investor Day.

In summary, we believe that over the longer term, the historically high agave cost will ease. Benefits from our productivity-related initiatives will begin to be realized and international trade should return to free and fair trading. We believe these, combined with premiumization trends, which enhance our product mix, along with our continued focus on revenue growth management, will result in margin expansion. Where our gross margin ultimately lands though will depend not only on the volumes of our business, but also the mix of our business geographically, by portfolio, channel and size.

Even with these headwinds, the financial stewardship of Brown-Forman remains strong. We continue to be a dependable long-term investment, providing a long history of top-tier return on invested capital of 20% with a highly attractive operating margin and strong cash flows.

We continue to outperform the S&P 500 and consumer staples across both return on invested capital and operating margin. Also notable is our ability to outperform our peers on these metrics even when they have not experienced the same pressure from tariffs as we have. From an investment perspective, our capital allocation philosophy has long guided our business and produced strong results for our shareholders. Our 4 guiding principles are to fully invest behind our business, pay increasing dividends, look for acquisitions that we believe will create long-term value and look for opportunities to return cash to shareholders.

Our first priority is to fully invest behind our business. You've heard numerous examples from my colleagues today of how we are investing behind our brands. Matias, he shared the development of world-class creative for our brands and the new integrated marketing communications group with you. Sophia walked us through the investment of our first truly global marketing campaign mega account. Kirsten, John and Marshall updated you on the investments we are making in our people, brand building and the e-premise channel around the world, and Thomas spoke to you about our route-to-consumer investments.

Also notable, over the last decade, we have invested over $1 billion in capital, ensuring we have the capacity to produce our brands to meet what we see as the future demand of our consumers.

Second, paying increasing dividends. We are proud to be a member of the prestigious S&P 500 Dividend Aristocrat Index, having paid regular quarterly cash dividends for 77 years and increase the dividend for 37 consecutive years. Over the past 10 years, we have paid $2.7 billion in regular dividends to our shareholders.

Third, we opportunistically look for acquisitions that we believe can create long-term value for the next generation of growth, if you will. Over the last 10 years, we have added Slane Irish Whiskey, the GlenDronach, BenRiach and Glenglassaugh single malts, Fords Gin and Part Time Rangers RTDs to our portfolio of brands.

And finally, we will look for opportunities to return cash to shareholders. In the last 10 years, we returned $1.3 billion in the form of a special cash dividend and $2.6 billion in share repurchases. This philosophy has resulted in excellent returns to our shareholders over the past decade of 17%, returning $6.6 billion of cash to shareholders. We believe our strategic priorities will continue to drive superior returns over the next decade.

With my remarks, you have heard from the team about our business strategy, why we feel increasingly confident in our future and why we truly believe there is nothing better in the market than Brown-Forman.

Now I would like to introduce our final speaker, Campbell Brown, Brown-Forman's Board Chair, who will conclude our prepared remarks with his thoughts on governance and its importance to the success and longevity of Brown-Forman. Campbell, over to you.

Campbell P. Brown

Thank you, Leanne, and hello, everyone. On behalf of Lawson and his team, our Board of Directors and the Brown family, I want to thank you. Thank you for your interest in Brown-

Forman, for the time you've spent with us today and for your confidence in his team of leaders. I'm happy to be here.

I've been a part of the alcohol beverage business for 26 years, including sitting on Brown-Forman's Board of Directors for the past 5 years. Six weeks ago, I became the 10th Brown family member to lead our Board and company as the Chair. The individuals who preceded me highlighted the important details of running a global spirits and wine business and the focus and agility required to ensure our capabilities and culture align with the ambitiousness of our strategic goals.

I have the privilege of sharing an additional perspective, one that showcases Brown-Forman's strong corporate governance strategy and its alignment with our long-term growth ambitions. As Brown-Forman continues to thrive as an independent American-owned producer of premium spirits and wine delivering consistent growth over an increasingly global footprint, we believe that all shareholders benefit from the long-term value and competitive advantage derived from having a family shareholder ownership perspective that shares and champions the strategies and goals that were expressed so eloquently today by Lawson and his management team.

Really, since Owsley Brown was our Chairman and CEO, we've helped shape significant changes in what great governance can look like and how it in turn unlocks great performance. Beyond Lawson and his leadership team, we found similar success through our governance structure and attracting world-class talent to our Board. Today, I chair a diverse team of exceptional advocates for our company and this industry, and they bring a wide array of perspectives to the table. Our Board of Directors is composed of a majority of independent directors. They bring enthusiasm about the business and an excitement to work with Lawson and his team.

More importantly, they also bring their life and career experiences from places like McKinsey, Whirlpool, Yum! Brands, UPS and other great companies. The remaining 4 Board members are Brown family members. This governance structure offers us a distinct advantage and aligns us with the long-term shareholder interest given the multigenerational ownership perspective that Brown family members bring to our Board.

In my role as Chair, one of my responsibilities is ensuring we strike a balance between these long-term perspectives and the company's strategic aspirations. In addition to Board Chair, I also co-chair with Lawson the Brown-Forman Brown Family Shareholders Committee, which is composed of members of our family and has been in place since 2007. It is this structure that creates a forum for family shareholders to interact with the company in a meaningful way. It provides an effective mechanism to support and ensure engaged stewardship and ongoing communications between the family and the company.

Today, when we think about how our family's long-term investment in Brown-Forman adds value, it's more often done through the lens of understanding, supporting and championing the work of the leaders you've heard from along with the over 4,700 employees that do this work daily across geographies and brands. Our goal is to remain a strong, growing and independent company for generations to come.

So as we adjourn today, I want to acknowledge our people, the entire team we have working every day to bring these great spirits to the bars and back bars of homes across the globe. The last 2 years have been unique at best and, for many, simply heartbreaking. We have very, very good people that take great pride in their work, and they do this with the highest degree of attention and they do it the right way. It makes me proud to be a shareholder of an American-owned company that is capable of attracting global talent of this caliber.

That is why I believe that in Brown-Forman you can understand clearly what nothing better in the market means to me and our family shareholders. I'm grateful for your interest in Brown-Forman and very much appreciate your confidence in Lawson, his team of leaders and our exceptional Board of Directors.

So this concludes our presentation today. We'll take a 5-minute break and then I and the rest of the presenters will return for a live Q&A session. So thank you very much.

Break

Question and Answer

Operator

I will now turn the call over to Sue for the Q&A session.

Susanne J. Perram

Hello, everyone. We are awaiting a few more cameras that you can see us all. All right. I believe we are all here. As you can see, I'm joined by each of the presenters that you heard from over the past couple of hours. We're joining you live from the United Kingdom, from Germany, from the Netherlands, Mexico as well as our global headquarters here in Louisville, Kentucky. We've been collecting and compiling the questions that many of you have submitted over the last couple of hours, and I will be moderating this Q&A session. We will attempt to answer as many of these questions as time will allow. But if we are not able to answer your question during this time or if you have additional questions, I'd just ask you to contact me.

Before we begin, I want to thank you for attending today's event. I also want to thank each of our presenters for being with us today and for sharing their perspectives on our business and why we believe there's truly nothing better in the market than Brown-Forman. So with that, let's get started.

So our first question comes from Bonnie Herzog at Goldman Sachs. Matias, I'll ask you to start this one off. Her question is regarding consumer trends and what we're seeing right now given the slowdown in the hard seltzer category. Also, there's a few questions on our plans with RTDs and the opportunities that we see. So potentially you can address some of that as well. And then maybe also Sophia. Could you follow up on your thoughts on the Jack Daniel's RTD portfolio?

Matias Bentel

Yes, absolutely. Thank you, Sue. Just want to make sure everyone can hear me.

Susanne J. Perram

Yes.

Matias Bentel

Thank you. That's a good question. As you know, RTDs represent a substantial business for Brown-Forman, especially outside the U.S., where our biggest markets like Australia, Germany, Mexico, the U.K. play a significant role. And this is a category that has been subject to high dynamics and, to some degree, fads. And however, we long believed that RTDs has a strong lasting potential. The megatrends of convenience and flavor as well as the low alcohol and health and wellness trends give us confidence that the category will continue to be a growth driver into the future and will continue to support growth.

We continue to monitor consumer trends. And we are testing different products and ideas to address those trends. For example, in the U.S., we launched the Jack Daniel's spirit-based cocktails in May of last year as a category was experienced rapid growth and strong interest from consumers for easy flavor for cocktails and also offer a way to premiumize the RTD segment.

Similarly, in Australia, we have just launched 2 Jack Daniel seltzer expressions, Zesty Lemon and Blood Orange, priced at a premium to the mainstream seltzer indiscernible. We aim to recruit drinkers and expand the Jack Daniel's RTD occasions while capitalizing on consumer well-being and health trends. We believe that the leading -- as the leading RTD trademark in Australia, Jack Daniel's, with its bold brand positioning, we can bring this premium, more complex hard seltzer to the market and lead the premium higher ABV segment of the seltzer category.

We're also investing in growing our RTD portfolio. We recently acquired Part Time Rangers, as you would remember, in New Zealand and are expanding now into Australia. We believe this brand can help diversify our RTD offerings in this particular region as well as broaden our reach into the fast-growing white spirit RTD segment.

The brand has done very well with the new generation of Generation Z consumers, and we believe it's well positioned to take advantage of these trends to just low calories, as we mentioned, lighter and brighter tasting. We find the values of PTR brand connect very well with our corporate environmental and sustainability commitments. As this brand is known to focus on well life conservation and sustainability, especially through charitable donations, supporting conservation and ecosystem preservation.

This brand is currently focused on New Zealand and Australia, especially over the next 12 months, but we believe it has potential to move into other markets in upcoming years.

Susanne J. Perram

Thanks, Matias. Sophia?

Sophia Angelis

Thank you, Sue. So Matias talked about the consumer category trends. And on Jack Daniel's, we're focusing our efforts on 3 key areas. One is a long-term brand building in order to recruit. And we have recently redesigned the package for our RTDs, reinforcing our premium price positioning, bringing consistency across the range and across markets around the world as well as enabling better shelf standout. We have also integrated RTDs for the first time as part of our new creative platform, Make It Count, and investing media behind those efforts in key RTD markets around the world.

The second area of focus is around portfolio development and innovation, and Matias alluded to a number of new products. But I want to emphasize the innovations across mix, pack, ABV format, and we've done a number of innovation initiatives across the globe and across markets.

And then finally, geography and channel is really important in terms of expanding our footprint. So while we have continued growth both in the U.S. and some of the developed, mature RTD market, we're also looking at the opportunity with emerging markets where RTDs are starting to emerge as that consumer trend.

Susanne J. Perram

Thank you, Sophia. Appreciate that. Thank you also to you, Matias. John, so Vivien Azer at Cowen has asked a question about given the recent price increases that you mentioned and just the premiumization trends that we've seen for spirits globally, she specifically asked if we can comment on any category price elasticities or price elasticities for the company's key trademarks.

John V. Hayes

Can you hear me, Sue?

Susanne J. Perram

I can, loud and clear.

John V. Hayes

Good. And hello, Vivien. Of course, we do track elasticity in many of our major markets around the world. And it is a science that we use that we really don't comment on publicly, but recognizing that the competitive variables in particular surround our pricing decisions. And price positioning has always been a way that we have been able to build and position our brands all the way back to Lem Motlow with all goods worth price charged.

So it's no secret that we were on a bit of a pause 2 to 3 years ago as the competitive nature in particular in the United States with American Whiskey. We were balancing that. But over the last -- it's not even just -- it's over the last couple of years, if you think starting with our tequila portfolio and the agave pressures and as the category took off, we have been taking price for the last couple of years and we'll continue to on our tequila brands. Korbel champagne, we took pricing, single-malt scotch, our brands have all been taking pricing. And then most recently, Woodford Reserve and Old Forester and Chambord have all taken price this year.

And brands continue to do remarkably well. And you got to remember, even a brand like Woodford Reserve Double Oak, which in the United States is at a $50-plus price point has become a large brand, more than 100,000 cases in the U.S. So we are taking price, but it is in this, what I'll call, the $20 to $30 price point, which where Jack Daniel's in particular plays in. It's been tough to take price, but that we've decided some of it just within all of the investment that we've been doing and the signs that we're seeing on Jack Daniel's and the health of the brand of the United States as well as, of course, the cost pressures and the inflation. I think inflation up about 5% already in June. So you can see that. And just to improve our margins, we do feel confident that we can take price on Jack Daniel's Black Label as well as the family and, as I said in my remarks, have begun to implement that here in the United States right now as we speak.

Susanne J. Perram

Thank you, John. Matias, any other thoughts on pricing?

Matias Bentel

Yes. Well, I mean, John already mentioned a little bit about the pricing environment in the U.S. and the actions we're taking and how it's taking price across many brands in our portfolio. I would add that we've also implemented price increases in a few of our international markets such as Poland, Brazil, Australia, Turkey and others. And just to close it up, we believe our ability to take price reflects the pricing environment, as John was explaining, as well as the health of our brands, which we are -- we continue to work to improve it and take it to higher levels. And consumer trends such as the demand for high-quality premium spirits. So as we consider all those factors, that's how we think about taking price in different markets.

Susanne J. Perram

Thank you, both. Marshall, there's a few questions actually just in regards to the comments you made in the role of super premium brands and GTR. So as that channel has certainly had its challenges over the last 18 or so months. Can you talk about your outlook for the GTR channel and the role that super premium brands are going to have in helping it rebound?

Marshall B. Farrer

Sure. Yes. Thanks, Sue. We view the travel retail as the on-premise of the off-premise. And that's mainly for its ability to generate shopper experiences but also longer selling interactions or brand imprint. And so it's ideal for super-premium-plus brands. And I'd say it's at the very heart of Brown-Forman's brand-building efforts and by really increasing the penetration of our brands and reaching more consumers globally everywhere. As travelers physically return back to travel retail, I think we're going to continue to build in the promotions of our brands. We have strong customer partnerships. And the focus is really on the super-premium-plus channel. And that is where travel retail over-indexes.

It is returning to growth, but there -- I'd say it's a mixed bag. Places like Dubai still significantly down from its 2009 passenger count. But a lot of Europe is seeing a lot of growth right now. And so we will be partnering with the retailers to try and take advantage of that.

The offers are tighter right now. Retailers really leaned into the brands that generate most amount of profit for them. And so new-to-world brands are going to have a more difficult time, I would say, in finding space in travel retail, but there's still plenty of opportunity, and we anticipate being able to grow our super premium products there as well as our major brands as the recovery continues. But it's a multiyear recovery globally.

Susanne J. Perram

Thank you, Marshall. Appreciate that. So the next question, John, I'll ask you to start out on this one. It comes from Bryan Spillane at Bank of America. He's asking in the U.S., in the last 20 years, we've seen a generational shift from beer and wine to spirits, and it's really been gains led by the millennials and continues to gain momentum. Could you share your observations on what you see for Gen Z and how they may shape the preference over the next 20 years?

John V. Hayes

All right. I wish I could go out 20 years and see, but we'll see how that goes. But I'd start with saying, the categories we compete in, in particular, American whiskey single-malt scotch have been around for generations and continue to find new ways to remain relevant. So I'll say that our categories, I think, are going to be here hundreds of years from now. But there's no doubt that there's been this shift right now that's been going on for quite a few years but gotten a little bit more rapid, what I'll call, around convenience and flavor in particular. And so the convenience, a lot of that driven by the pack size that are going on. Think about the cans, the slim cans that are going on right now. And that is, I call it the blur between beer, wine and spirits that participate in that convenience-led that the Gen Z consumers want. And they certainly want to experiment with flavor as well. So you're seeing this blur that's going on right now. But the spirits, I think, will continue to remain very strong.

I'd say another one is the area around sustainability. And Matias talked about this. Our Part Time Rangers is a brand, I think, that's a great example of taking all that's going on within Gen Z around flavors, convenience, sustainability, health and wellness people like right now of, I'll call it, drinking better, not drinking as much. So I think we believe that, that trend will continue, and we're going to have to stay on top of the -- what the consumer is looking for. And that's even just changed dramatically in the last couple of years, again, led by convenience and flavor experimentation.

Susanne J. Perram

Any other thoughts from the group? Lawson, you've got insights you might want to share on in Gen Z?

Lawson E. Whiting

No. I mean I think John largely said it right. I do think it is interesting, and I think this will continue as the younger consumers really have gravitated towards tequila and in whiskey. John mentioned that. But they're moving away from the less flavor and less premium categories like vodka. I mean vodka, particularly in the U.S., has had a really hard time over the last decade.

And I think that will continue to continue to play out as you can -- within tequila, if we just take that as the example category. There are things, as producers, that you can do with tequila with different types of barrels, different aging cycles, things like that, that can really make it taste different and better. And then consumers are going after that, and that's led by the Gen Z and certainly the younger generation of consumers. And so one more reason I think our category is pretty well positioned for long-term growth because I think those trends are going to stay for a while.

Susanne J. Perram

Thanks for your thoughts there. Thomas, so there's a question that came in from Stephen Powers at Deutsche Bank. And he asked if you could elaborate on your thresholds for financial attractiveness as we make the decisions to migrate to owned distribution in a particular market.

Thomas Hinrichs

Thank you, Sue. Happy to. Let me try it this way. The impact from moving to our owned distribution can be measured in numerous ways. As I shared in my remarks, when comparing a developed market such as the U.K. to an emerging markets such as Russia, owned distribution can fuel share growth, strengthen our position faster, realized and unlock full potential of our full portfolio and will enable us to capture more of the value chain.

This is just to name a few of the criteria we are assessing and impacts we are expecting and have seen in the past. RTC changes are each unique, but collectively help to boost performance, have our full portfolio grow faster and become more competitive while building superb organizations.

Susanne J. Perram

Thank you for that. Appreciate it. Alex, there was a question that came across for you. This also came from Bryan Spillane from Bank of America. He asked -- well, first, he wants to say good morning, and, thank you for the insightful presentation. But his question says, how does

Brown-Forman ensure that its partnership with various partners and suppliers are aligned with our own -- sort of the company's ESG goals, particularly from an environmental perspective.

Alejandro Alvarez

Thanks, Sue. So for us, we have partnerships, and we have suppliers, and we look at both of them a little differently. But in general, we are most often with organizations and suppliers where we have a long-term relationship. And having that long-term relationship and that investment in the relationship allows us the opportunity to understand their sustainability views and programs.

For suppliers specifically, we have built ESG into the selection process. So that includes understanding their goals and how they align with our goals. And in some cases, even the suppliers may come to us or look at us to help develop their strategies so that we can continue to partner. So we truly believe that together, ourselves, our partners and suppliers, we strengthen our partnership and increase our ability to achieve our sustainability goals.

Susanne J. Perram

As long as we are on the topic of ESG, there was one, Ralph, that did come in regarding our aspects of diversity. So we highlighted gender and race. So the question is, are we focused on other aspects of diversity beyond the race and gender dimensions that you discussed during the presentation.

Ralph E. de Chabert

So thank you for the question, Sue. And one way to answer that question is to indicate that we really do appreciate that diversity takes many forms and that setting goals for each aspect of diversity and inclusion, it's really a complex process. So what we did was we made a deliberate decision to start with gender globally and race in the U.S. But -- and it's important to say that it is not to the exclusion of our critical work on other elements of diversity and inclusion.

Now for example, I mentioned our ERGs in my prepared remarks. As a way for employees to engage with each other and the organization across a variety of dimensions, veterans, Blacks, Hispanics, Asians, women, LGBTQ+ individuals, experienced professionals, ethnic diversity, individuals who choose to refrain from drinking alcohol and young professionals, all to ensure that all of our employees at Brown-Forman feel they belong and that their contributions are really valued. Back to you, Sue.

Susanne J. Perram

Thank you, Ralph. Lawson, it wouldn't be a meeting or a call with analysts if there wasn't a question on tariffs. So there is a question that's come through about there being a lot of discussion on the prospects of tariff relief. And we've been consistent here that at least a portion of that potential relief will be reinvested. We mentioned that on our earnings call yesterday. So of all the initiatives that people have heard from us today, the question is which ones would be the highest priority to receive the investments where we to receive tariff relief today.

Lawson E. Whiting

Okay. Well, look, that's a nice tariff question because that's not really asking when tariffs are going away. It's more what are we going to do with the funds when they become available or better yet, what's your next, fast or few incremental ideas that you want to go focus on. And I think that's actually relatively easy that we know we're going to continue to invest in the Jack Daniel's consumer connections broad-based media that we've been talking about now for, I don't know, 2, 3, maybe even longer than that years. And we're getting close to our goals, but that's still going to have to be the first priority for this company to continue to drive family of brands forward. And it's working quite well, we think. So we'll continue with that.

The second priority for me would probably be continuing to invest in a lot of what Marshall talked about earlier this morning, and it's about the development of the super-premium portfolio outside of the United States. We've already got a dramatic, really nice growth happening inside the United States with that portfolio, we need to see it be bigger and more meaningful outside. And so discussion -- I know I went into it yesterday on the earnings call around dedicated teams that go after these opportunities, I think, are very exciting in building for the next generation in a lot of ways. And so that would be my second priority for sure.

Susanne J. Perram

Thanks for sharing those thoughts Lawson. Kirsten, so from everything that our attendees have heard today, and something that you highlighted, culture has been differentiated and a defining attribute of Brown-Forman. But as we accelerate our expansion globally as well as into new categories. The question is, how do we maintain that cultural consistency, yet still remain adaptive and responsive to new ideas and new perspectives?

Kirsten M. Hawley

Thank you, Sue. Well, consistency does matter and especially this idea of cultural consistency because employees want to know what can I count on? What do they know will be true across how we behave and the actions we take and the decisions we make. And consistency from team-to-team, market-to-market, geography-to-geography, that matters in understanding what are the values that guide our behaviors. And it really is our values that describe our cultural consistency, and you would have heard Lawson mention these earlier today, you have trust, respect, teamwork, integrity, excellence, and they are the consistency that you can find.

They matter a lot around here because they're the price of admission, and we build them into how we screen new hires for employment. We expect our leaders to demonstrate these across the world, and so we embed them into our leadership development programs, and even our reward and recognition systems are built upon our values foundation. But values shouldn't get in the way of new ideas and new perspectives. And if you dig into the way we define these values in our business, you would find that being excellent includes continuous improvement. Being respectful includes listening to different ideas and different perspectives.

If you were to dig into what we mean by teamwork, it's about how we respond to failure and learn from mistakes. And so I think if you consider our track record around innovation, continuous improvement, process improvement, success, change management, the way we've navigated the challenges of the last 18 months, the consistency of our values helped get us through, but it was our openness to new ideas that also helped us be successful. Our values are consistent, but they are enablers of new ideas, new perspectives, discussion, debate and ultimately, good decisions that are in the best interest of Brown-Forman.

Susanne J. Perram

Thank you for that. Sophia, so that one has come across regarding the Jack Daniel's brand. And the question then asks why are you reenergizing, and that is the word the he used, the brand if you're so confident and not worried about brand health?

Sophia Angelis

Thank you, Sue. And I hope you can hear me better this time.

Susanne J. Perram

I can hear you much better. Thank you.

Sophia Angelis

All right. Thank you. So I think for a brand like Jack Daniel's, that is more than 150 years old, as brand stewards, as long-time brand stewards, our role is to nurture, grow the brand for the long term, like all iconic brands. And from time to time, really reenergize those brands in order to remain both relevant and engaging to the next generation of consumers. And really staying relevant and engaging will enable recruitment, which remains our #1 priority at the moment . And it requires an in-depth understanding of changing consumer needs and motivations as they discover and purchase premium spirits brandies. And it also requires the relevant messaging that will connect with hearts and minds of consumers and this exactly what we are doing with the launch of the new creative platform that is making the rounds.

Susanne J. Perram

Thank you, Sophia. Leanne, there is a question that's come through regarding the cash on our balance sheet. The question from -- is from Ann Gurkin at Davenport. She asks, can you share any details as to the expected use of the cash on our balance sheet?

Leanne Cunningham

And I think for those that listened yesterday, this continues to be our long-term philosophies, will guide us through the decision-making. The timing, we will trigger when we feel like that we are in the right position to make that decision. But those decisions are going to be based off of ensuring we're fully investing back behind our business because that's the greatest return that we can generate is to support the brands and the business that we have. Again, we've often said our second highest priority is about returning cash to shareholders through our regular and increasing dividends. And then we do. We are always opportunistically looking for acquisitions that we believe will create value in our hands. And then, fourth, again, is returning cash to shareholders opportunistically through special dividends or repurchases.

Those are the filters and the dimensions by which we think about making the decisions that we make. At this time, we continue to also believe it's an uncertain and volatile environment, and we want to make sure that the company is well positioned to capture the opportunities that are ahead of us, whether it be growing our business or through one of those other filters. So I think we just continue on our long trusted and true framework that has guided us.

Susanne J. Perram

Thank you. Campbell, there's been a question that's come across here that's asking, you've been in your role now for, I guess, about 6 to 7 weeks. The question asks, what changes will you look to make as Board Chair?

Campbell P. Brown

Thanks, Sue. Look, I mean not a whole lot. I mean as you've heard today, Brown-Forman is in a very good place. Our culture here is compelling. It's allowing us to retain and attract incredible talent. This is a wonderful place to have a career. The strategies that we've shared today are so sound and consistent with our long-term objectives of remaining a strong independent growth investment opportunity for people. And my role will continue to be around balancing the long-term perspective with the excellent strategies that come before us. I'll work with Lawson on our Board agendas to make sure that our highest priorities are getting the kind of airtime and the input from our Board of Directors so that we can feel confident and strong and supportive as we go out and execute against them.

I think the biggest change, honestly, is an obvious one, it's the location. My family and I call Louisville home. This is where I've raised my kids on present. And for a long time, this role has been kind of housed out overseas. And so it's -- I think it's great for the company. I'm very happy to bring it back to Louisville, Kentucky. And I'm hoping that I can -- by being here and working on Dixie Highway and be a member of this community, I can help reinforce and elevate our ambitions with the people that matter most, and that's the folks that we interact with here and everywhere else. At some point, I'm going to be getting on a plane, and I really look forward to going back out and reintroducing myself to all of you as well as to all of our employees that make this place run so well every day.

Susanne J. Perram

Thank you for that, Campbell. We do have one more question here. Sophia, I'm going to let you take a start at this, but your microphone has been a little iffy. So Matias, if you would be able to give any support if we can't hear Sophia clearly enough, I'd ask you for that. But the question is around share of voice. And the question is asking how we can maintain our share of voice, particularly when the on-premise reopens.

Sophia Angelis

Thank you, Sue. So I apologize for technical difficulties and hopefully, this one will be better. So I think this is an interesting challenge, right, that I think many brands and companies will face as the on-premise reopens. And I think, ultimately, we will need to be very thoughtful about balancing the impact and the performance of the on-premise channel with our desire to maintain the gains, the significant gains that we've made over the past couple of years on share of voice.

And it's important to note that the on-premise is reopening, but is doing so in a way that's uneven and staggered. And so that gives us a little bit of time to think about, fine-tune that balance between our broad reach media activities and the on-premise experiential initiatives that will and are already coming in order to continue to grow our position in a very important channel. Our priority remains to inch a level of share of voice versus our competitors and maintain those gains, as I've said, share of voice gains. Once those share of voice gains have been -- goals have been achieved, local markets through their brand business planning process and then identify what are the best initiative that we'll achieve there wherewithals .

Susanne J. Perram

Thank you. You were a little in and out, and it looks like we've lost Matias' video here. So -- there you are, Matias. Anything else that you would like to add to that, Matias. So sorry, I didn't have a chance to -- do you have any other thoughts on share of voice?

Matias Bentel

Yes. Building on what Sophia was saying, we don't see on-premise necessarily competing against our share of voice ambitions. Both are very important, very critical. But within our brand expense, we also look at other areas of spend. And we look for efficiencies in areas like promotional materials and especially on what we call fixed cost or nonworking dollars, right? So we have been doing some really good work there. And there are good opportunities to continue to find efficiencies and reallocate to share of voice and on-premise as it reopens. So I don't think it's a question of one versus the other because we have plenty of opportunities to actually increase investment behind both, and both are very important.

Susanne J. Perram

Thank you for that. Lawson, there's a question that's come through regarding your thoughts on our wine portfolio. So we've done a lot of talking today about our premium-plus spirits portfolio. And I know John did mention in his presentation about Sonoma-Cutrer and Korbel, but can you give us your thoughts on the part that those wine brands play in our brand portfolio?

Lawson E. Whiting

Yes. Yes. On indiscernible. This is not good?

Susanne J. Perram

No. This is not good. Okay. Yes. This is live and in action.

John V. Hayes

I know. Do you want me to help with that, Sue?

Susanne J. Perram

John, that would be great.

John V. Hayes

Just from a stand point of -- as I said, wine is not a major category for Brown-Forman internationally. In fact, it's really just it's here in the United States that we've, of course, had a long relationship with Gary Heck and the Heck family on Korbel, which is a leading brand in the sparkling wine category. So it certainly does help us in the United States, in particular, national accounts in places like that in a really fast-growing category right now in the sparkling wine area. So we're proud to be the partners with Korbel.

And then Sonoma-Cutrer. We all know why we got out of the wine business is essentially the margin side of it was just not attractive for us any longer, except for this jewel that we have in Sonoma-Cutrer, which is one of the leading, in particular, chardonnay brands. But we've been innovating in Pinot Noir and other expressions, and although Sonoma-Cutrer hit hard in the on-premise in the United States, it's bouncing back well. And example, too, that we've just launched in testing, talking about Gen Z, again, is we've launched Simply Cutrer, which is a canned version of Sonoma-Cutrer that early, it's just like a couple of weeks, but indication is could be really something for us.

So it's not big for Brown-Forman corporate, but the wine -- those 2 wine brands fit well for us here in the United States. And I don't think, though, we're going to be seeing that Brown-Forman is going to get active in pursuing big time line business other than these 2 great brands that we have.

Lawson E. Whiting

Yes. So I ran across the hallway to Kirsten's office. So hopefully, you can hear me better now. I apologize.

Susanne J. Perram

That's indiscernible at its best.

Lawson E. Whiting

I very rarely have problems with that. So I don't know what is going on today, but Zoom has been difficult to deal. I didn't hear what John said. So hopefully, I don't contradict it in some way, but I'll tell you, obviously, we've gotten ourselves out of the vast majority of the wines business. 10 years ago, we had a huge wine business, but ultimately decided that the returns weren't there, that the consumer loyalty wasn't there. And the place to play in wine is really at a much more premium price point, which is really Sonoma-Cutrer for the most part.

I wouldn't say no to ever investing in another wine brand that sort of has those same characteristics. It needs to be big. It needs to be very premium. It needs to be consumer-driven where there's pull as opposed to constantly the push that you have to really do to be successful in the vast majority of the wine business. And so it's not our priority. But at the same time, I think we could pair up Sonoma-Cutrer possibly with some brands, as I say, that are similar to it and continue if we think it can make it into a good business for us, we would do it. So not a priority, but not saying no forever either.

Susanne J. Perram

Very good. Thank you. All right. So either Lawson or Matias, I pose this to either of you. So in our remarks, we've been talking -- we've made mention about many of the vodka flavors being a fad and how they have since trailed off. The question is, particularly with the latest introduction of Jack Daniel's Apple, why do believe that flavored whiskey will not be one of the flavor fads like we saw with vodka?

Lawson E. Whiting

Let me start because I don't know if Matias is now having a little bit of trouble. But a couple of things on there. Vodka -- a few things came with vodka all -- that sort of all came at the same time. They went down a proliferation of flavors where some of those brands were having literally double-digit number of flavors out of one time, and they went down these very unnatural flavors, bubble gum and birthday cake and all the different things that were out there that I really think hurt the category actually pretty badly. And then the vodka dynamics in the U.S. really changed anyway with it. And so a lot of those actually went away. And as it was the onset earlier that the whiskey -- flavored whiskey is now bigger than flavored vodka, which who would have ever thought about 10 years ago.

We are being very choiceful in the number of flavors that we do. We've been in this now for 10 years, and we're just really launching our third flavor internationally now. And so I think we've been very choiceful and slow and the types of flavors that we have, particularly, Honey and Apple are very sort of natural fruit, a little bit appealing to the healthier side of things, all that. So they just fit, I think, for today's times. And we'll continue to look at more flavors in the future for Jack Daniel's, but I think it's going to be very slow. It will be a number of years before we pull out another one. Do you want to try some of that, Matias?

Matias Bentel

Yes. And I promise I won't contradict you, Lawson. I was going to say exactly the same. Just maybe adding on what you were saying is whiskey is such a strong category right now because consumers are attracted to whiskey and what flavors do on top of that is to make it more accessible, and opens up whiskey to consumers that maybe wouldn't have thought about whiskey before. And that, I think, is driving the momentum behind whiskey flavors and flavored whiskeys. And we'll probably continue to do that for a long time. As you said, we are being very thoughtful. We have just launched our third flavor. But most of our flavored whiskey competitors, some have more flavors, maybe 5 or 6, but not 20, right? So I think as whiskey competitors, we are all being thoughtful and learning from vodka, and I'm happy about that.

Susanne J. Perram

All right. It looks like we may have time for maybe 1 or 2 more questions. John, I'm going to put this one over to you. It's somewhat -- a little bit into how the -- our emerging brands portfolio is doing in the U.S., but in particular, 2 of our more -- the recent additions to that portfolio being Fords Gin and Slane Irish Whiskey. Can you just give us some insights into how those brands are performing here in the U.S. in the emerging brands portfolio?

John V. Hayes

Sure Sue. I'll start with Slane, which I think it's about 5 years now that we've built a beautiful distillery in Slane, Ireland that we're very proud of. Leading into COVID, almost all of our focus was the on-premise. And so when COVID hit Slane, it did get hit pretty well. But we did pivot into the off-premise right now, and our emerging brands team was very agile, and it's back into growth right now. And so we're very bullish on the long-term prospects for Slane and the Irish Whiskey category.

Fords, a similar story, although we had just acquired it right before then and Simon Ford, and what was the 86 company, are masters at building in the on-premise, and again -- and in particular, in major metro areas like New York and L.A. And so we certainly took another big hit on that one, but similar story to Slane is accelerated our work into the off-premise for Fords. And it is an award-winning gin in that category at the right price point. And our distributors and the retailers now, which really hadn't had it that much, are really getting behind it. We're seeing really nice growth for Fords and have, I mean, really high expectations for that brand on the long -- even in the short term within the gin category. It's positioned beautifully.

So those 2 brands, very excited. And of course, we've talked about our single malt scotch brands, which didn't get because they're much more off-premise in the United States, and they just continue to grow, in particular, GlenDronach, but our repackaging and repositioning of BenRiach has been a hit. So very excited about our emerging brands portfolio here in the United States.

Susanne J. Perram

Thank you for that. Marshall, I'll follow up on one that ties in to the emerging brands group in the United States. So we've obviously talked about the success here, and you have mentioned about using that model as we look internationally. Could you say a bit more though about the organizational resources behind the super premium brands that you talked about today? And does that -- do those organizational resources take away from our focus on Jack Daniel's?

Marshall B. Farrer

Yes. Sure, Sue. So we are somewhat emulating what the U.S. led with several years ago, and we found it was very successful there, and it began to generate some really strong momentum for the brands. And the main reason was that you had dedicated organizational focus. And when you have a portfolio that's dominated by a brand like Jack Daniel's, and sometimes it's hard to get everyone to focus across brands that need a little bit more hand selling, need a lot of walking into front doors of on-premise and small retail and whatnot.

And so the U.K. and Germany are our lead markets, and we have created dedicated organizations covering all major metropolitan areas and giving us really strong focus against those brands. We're also rolling it out on more of an e-commerce-based approach across the rest of Europe. And so that takes less resource for certain. But we're going to surface some really, I think, strong areas of resonating for the brands. And so that will help us really identify the next market. So I think we know that Poland and France would be sort of Tier 2 markets that we can come to right after these first. But probably 60% of the size of prize comes out for sure out of the U.K. and Germany.

But it will not impact our focus on Jack Daniel's. In fact, I think there will be renewed focus on Jack Daniel's to some extent because the experts that know how to build those brands will be even more focused, and they won't have their energy diverted, and they'll be calling on the right accounts as well. So we think there's going to be efficiency coming out of both sides and it should be quite productive. Early results, very early in, but we're pleased and excited about it.

Susanne J. Perram

Fantastic. Thank you, Marshall. With that, we'll look to bring our Investor Day to a close. I'd like to thank each of our presenters that were with us today and to thank each of our attendees for spending so much of your time with us today.

I also want to take the opportunity to thank the Investor Day team at Brown-Forman that worked so incredibly hard over the past couple of months to create today's event. We hope that it provided each of you with a better understanding of our long-term strategy and why we're so enthusiastic about our future. Lawson started today by sharing that Brown-Forman is a 151-year-old company created by 1 entrepreneur, an innovator in Louisville, Kentucky. And that entrepreneur was George Garvin Brown. And today, September 2, is his birthday. So please join us, and all those that camped out in front of the Old Forester distillery for the last few days for their bottle of this year's birthday bourbon, in saying happy birthday to our founder, happy birthday, George.

We wish everyone an enjoyable weekend, especially those in the U.S. as we're going to be celebrating the Labor Day weekend here. And with that, we will conclude our 2021 Investor Day. Goodbye.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.