

The International Exhibition Co-operative Wine Society Limited

Minutes of the 145th Annual General Meeting

Held on 10 June 2019 at 5.30 pm

At the Queen Elizabeth II Conference Centre, London W1R 6EL

In the Chair: Sarah Evans (Chairman)

Present: Tim Wright (Deputy Chairman)
Alan Black (Committee Member)
Ken Brown (Committee Member)
Paula Carter (Committee Member)
Katherine Douglas (Committee Member)
Michael Findlay (Committee Member)
Steve Finlan (Committee Member and CEO)
Thomas Foster (Committee Member)
Ricard Giner-Sariola (Committee Member)
Eleanor de Kanter (Committee Member)
Mike Thompson (Committee Member)

Also Present: Liz Cerroti (Head of Service and the Member Experience)
Karen Coates (Head of IS)
Tim Grist (Head of Operations)
Pierre Mansour (Head of Wine)
Belinda Spies (Head of Finance)
Valentine Steadman (Company Secretary)
Approximately 486 members

In attendance: David Beer (Audit Partner, PricewaterhouseCoopers)

The Chairman welcomed the members to the 145th Annual General Meeting of The Wine Society. The Chairman introduced members of the management team and the new CEO, Steve Finlan.

1. Report and Accounts for the year ended 25th January 2019

The Chairman addressed the meeting and proposed the adoption of the Accounts for the year ended 25th January 2019. Before the vote, members were invited to put their questions to the Committee.

Fourteen members asked questions which were answered by the Chairman, the CEO and the Head of Wine. There follows a summary of the questions and answers.

- Q A member remarked that The Wine Society has had a number of events and wine tastings aimed at members of his age or much younger. He asked for feedback as to how successful these had been.
- A *The CEO confirmed that the tasting events had gone well this year and had been very successful with members. There had been more events than usual. Those attending tended to spend 40% more wine and 30% more on the average case price. This has encouraged The Wine Society into increase the events and double them.*

Q A member observed that the presentation of the Annual Report had changed and questioned how many had downloaded it as opposed to requesting a copy. She commented that many organisations had reviewed their annual accounts to make them more interesting and relevant and usual outcome was to have two documents instead of one. The member also commented that more work on diversity needed to be done with respect to the Committee's membership.

A *The Chairman replied that the cost of producing and sending these documents was high. It was better to have a summary of the financial statements in the Annual Review and use the remaining space for something else. The focus was on the facts that members of The Wine Society needed to know, for assurance that The Society was financially sustainable, and that the best use was made of The Society's money. The Chairman also pointed out that the Committee was more diverse than the membership as a whole.*

Q A member asked what The Wine Society was doing to help with the reduction of greenhouse gas emissions and the climate change problems.

A *The Chairman said that Management was very aware that the use of cardboard boxes, glass, temperature-controlled warehouses and delivery vans have an impact. Some steps, such as solar panels, have been taken but there is more to do. Making deliveries more efficient would be one example, bearing in mind that next day deliveries were not environmentally friendly.*

The CEO explained that there had been a lot of activity in the business to look at energy impact and suppliers. While this was not yet part of the corporate strategy, Management would be looking into making the business more sustainable, which would include packaging and increasing delivery from The Society's own vans.

Q A member observed that, looking at the balance sheet, both the accumulated profit account and sales discount account had reduced during the year. The member enquired as to the reason for this.

A *The Chairman replied that these accounts reduce when a member dies: if the share is cancelled the value of their share is paid out by The Society. In many cases share is not cancelled when a member dies and the value in their share remains in the business. The Chairman did not know the specifics this year and will get back to the member.*

Postscript: In 2018, we paid out 605 shares, which totaled £87,811. This was made up as follows: Share account (605 x £20) £12,100, plus accumulated profit £33,690, plus sales discount £42,021. No dividend was declared and there was no sales discount.

Q A member asked whether there had been a change in the sales policy, resulting in more postal mailshot. The member commented that this would be expensive. What was the thinking on this and was there a cost benefit behind this?

A *The Chairman explained that The Society was trying to balance emails and postal mailings. She confirmed that the mailing numbers had not gone up and that management was mindful of the costs. The Society would be increasing its emails but this required investment in technology.*

The CEO confirmed that the balance of mail and email would be looked at when the website is re-platformed. The aim was to allow members to have choice on how The Society communicates with them and to put them in control of this. This would help to reduce costs. However, it would take some time to put this in place, possibly around September 2020. The CEO asked members to bear with management in the meantime.

Q A member asked when the tipping point of the website would be reached. Was The Society behind or ahead on its plans?

- A *The CEO replied that 72% of The Wine Society's business was made through the website and that this was growing. Management was on a journey to manage changes to the website carefully, to reduce printed materials, improve navigation and manage the needs of all members. The aim was to make the website as friendly as possible for all members.*
- Q A member observed that the strength of The Wine Society was its printed materials. Some members do want it, but it would be bad for the environment if everyone printed these off on their home printers. The member asked management to bear this in mind.
- A *The Chairman agreed that many members like the printed material, especially the list. Some members asked for three copies; one for home, one for work and one to carry around with them!*
- Q A member asked whether The Wine Society's logo would be changed.
- A *The Chairman replied that, yes, changes were planned. No more could be said at this stage. Members would be welcome to comment on whether they liked it at this time next year.*
- Q A member congratulated The Wine Society on its excellent presentation and thanked the Committee for a good year during the last financial year. This was the member's 50th consecutive AGM.
- A *The Chairman thanked the member for his comments.*
- Q A member commented on the large number of growers and suppliers in The Society's supply chain, as well as a high level of transient and seasonal labour. He observed that the Modern Slavery statement on the website had not been updated in the last two years. He asked what audits had been carried out and what the findings were.
- A *The Head of Wine replied that The Wine Society had zero tolerance to human trafficking and slavery. Suppliers have to sign up to a code of practice, which includes clear requirements on adhering to local and national legislation for the employment of staff. The Society's buyers visit suppliers more than other wine merchants. An independent and certified audit is also carried out to look at all processes and focus on those products that have higher risks, including those with The Society's name. In general, most audits come back with a positive report. Most actions are usually around bottling and wine production as opposed to labour processes.*
- Q A member asked whether tests are carried out to compare returns on different types of mailshots, printed and emails.
- A *The Chairman replied that this was done. The CEO confirmed that analysis was carried out on the outcome of every email sent every week, in terms of which were opened and responded with a sale. It is more difficult with printed materials, but management tracks the sale of particular products, such as those that are part of a mailing or mixed case promotion. It is noted that the more email sent, the more responses were made. Some members like receiving all materials by email whereas others prefer to receive fewer. The IT systems, to be put in place, will allow members to manage this themselves, as part of a preference centre.*
- Q A member reported that he found the En Primeur offer very successful, including the ability to store in bond so that duty does not have to be paid until the wine is drawn down. He found it very satisfying to be able to drink a £75 bottle at a cost of £35. The member asked whether it would be possible to sell wines, purchased in excess, back to The Society to fund the next En Primeur.

- A *The Chairman replied that this had been considered before but that it was a grey area as to whether it was possible under The Society's Rules to sell back to The Society or to other members. The Rules do not prohibit this although buying with intention to sell is not allowed. If the member has a surplus or wine is stocked in reserve after the death of a member and the family does not want it, the Chairman suggested that the member or his or her family approach The Society who may be able to recommend options, such as an auction house.*
- Q A member asked if there was a way to facilitate the recycling of the cardboard boxes, indicating that he found it difficult to break them up. He suggested reducing the quality of the boxes to save costs and the environment.
- A *The Chairman agreed that the boxes were difficult to pull apart but that they had to be strong to avoid breaking the bottles. The Wine Society had managed to limit breakage to a minimum, so it was important to keep them robust. However, she agreed that instructions on taking the boxes apart would be helpful for the members and this would be made available in the future.*
- Q A member expressed disappointment that there were so few English sparkling wines, only three from The Society, and asked why there were so few.
- A *The Head of Wine agreed that English sparkling wines were good but, commercially, English sparkling wines do not offer good value similar to champagnes. For that reason, The Society lists few. The Wine Society has extended its range over the last few years and there was an Exhibition English Sparkling wine for members to sample at the tasting event after the AGM.*

Following the end of members' questions, the Chairman proposed the adoption of the Report and Accounts for the financial year ended 25th January 2019. The proposal was approved on a show of hands without objections.

2. **Appointment of Auditors**

The Chairman explained that, following a review of seven audit firms, PricewaterhouseCoopers LLP had been appointed by the Committee on 26th September 2018 to fill a casual vacancy in accordance with The Society's Rule 47.3. This proposal now required the approval of the members.

The Chairman proposed the appointment of PricewaterhouseCoopers as auditors of The Wine Society. The proposal was approved on a show of hands without objections.

3. **The Committee's remuneration**

The meeting considered the remuneration of the Committee in line with a recommendation that the Committee Honoraria be reviewed each year by the Annual General Meeting. Under Rule 40.1 of The Society, the fees paid to those members who serve on the Committee (other than the Chief Executive) are decided by the members of The Society in General Meeting.

A paper on the proposals for the remuneration of the Committee was tabled at the meeting, together with a paper on the Committee attendances during the year 2018/2019.

It was proposed that an increase of 2.5% is applied to each category of fees for the year ending 31 January 2020. This was in line with the increase in salaries awarded to staff at the 2019 pay review and was referenced to annual inflation in the year to October 2018.

It was agreed, on a show of hands and without objections, that the Honoraria awarded to the Committee for the year ending 31 January 2020 would be as follows:

- Chairman: £38,130 per annum
- Deputy Chairman: £19,065 per annum
- The other Elected Members: a maximum amount of £46,391. Each Elected Member will receive an amount based on their attendance at Committee and Subcommittee meetings during the year and not all of the maximum amount may necessarily be distributed.

Co-opted Members (other than the Chief Executive) were to be paid at the same rate per meeting as calculated for the Elected Members.

4. Vacancies for Elected Members of the Committee

It was reported that Alan Black and Katherine Douglas were retiring by rotation. This meant that two vacancies would arise for Elected Members on the Committee.

Katherine Douglas had indicated that she would retire from the Committee at the end of the Annual General Meeting. The Committee and members thanked her for her valuable contribution to The Society's affairs during her period of service on the Committee.

Alan Black and Eleanor de Kanter were standing for re-election and election respectively. Notices for nomination for election/re-election for both Alan Black and Eleanor de Kanter were tabled at the meeting.

There were no other nominations for election to the Committee. Therefore, the Chairman declared that Alan Black and Eleanor de Kanter were elected to the Committee.

5. Co-opted Members of the Committee

As required by Rule 27.3, the meeting confirmed the following co-option appointments:

- 5.1 Michael Findlay for a term of one year from 24th January 2019
- 5.2 Thomas Foster for a term of one year from 17th January 2019
- 5.3 Eleanor de Kanter for a term of one year from 23rd June 2018

The Chairman declared the meeting closed at 6.30 pm.