



BOARD OF DIRECTORS MEETING

Zoom Webinar, CA

December 8, 2020

9:00 a.m

- A G E N D A -

1. Roll Call
2. Approve Minutes of Meeting Held June 9, 2020 - **Board Action Required**
3. Board Changes - **Board Action Required**
4. Member Relations – Ian Blue
Election of New Members — **Board Action Required**
5. Guest Speaker:
Mike Thompson – Congressman for California's 5th Congressional District
6. Chairman’s Report
7. President’s Report
8. Committee/Departmental Reports Presentation
 - (a) Finance & Administration — John Sutton / Steve Hayes
 - (b) Public Policy — Suzanne Groth
 - (i) California State Relations Tim Schmelzer
California State Relations Update - California Wildfire Relief & Advocacy & CAL/OSHA Emergency COVID-19 Regulations
 - (ii) Federal Relations Charles Jefferson
Federal Relations Update - 2020 Election & Extension of Craft Beverage Bill
 - (iii) Public Policy Committee Report ... Tracy Genesen
Public Policy Update -TTB Nutrition Ruling & Industry Impact
 - (iv) State Relations Steve Gross
 - (c) Technical Advisory Committee — Tim Ryan / Tracy Genesen
 - (d) Environmental Affairs — Chris Savage / Allison Jordan
 - (e) International Public Policy — Randall Lange / Charles Jefferson
 - (f) International Marketing — Honore Comfort
California Wine Export Update - California Wines International Brand Refresh
 - (g) Communications — Rick Tigner / Nancy Light
9. Unfinished Business
10. New Business
11. Adjournment

Wine Institute

MINUTES

MEMBERSHIP/BOARD OF DIRECTORS MEETING

June 9, 2020

Pursuant to call and written notice in accordance with the bylaws of this corporation, the Annual Meeting of Wine Institute Members in joint session with the Board of Directors was held virtually on Tuesday, the 9th day of June 2020, at 9:00 a.m.; Harry H. Wetzel, Chairman of the Board, presiding.

QUORUM

Chairman Harry H. Wetzel commenced the meeting by asking Maluri Fernandez to determine quorum based on virtual meeting attendance. The attendance of Directors was reviewed and it was announced that a quorum was present.

APPROVAL OF MINUTES

On motion made, seconded and unanimously carried, the minutes of the Annual Membership Meeting held on June 11, 2019, at Solage Resort & Spa, Calistoga, California, were approved as mailed.

On motion made, seconded and unanimously carried, the minutes of the Board of Directors Meeting held on March 10, 2020, at the Sutter Club, Sacramento, California, were approved as mailed.

APPROVAL OF ACTIONS OF DIRECTORS AND OFFICERS

Harry H. Wetzel presented the following resolutions:

On motion made, seconded and carried, the following resolution was unanimously adopted:

WHEREAS, The officers of this corporation in the conduct of the business of the corporation since the last Annual Meeting of Members, have expended various sums of money, made contracts, and otherwise performed various acts;

NOW, THEREFORE, BE IT RESOLVED, By the members of the Board of Directors duly assembled this 9th day of June 2020 that all the acts and actions so taken, and all things done and performed by the officers and each of them, be and they are hereby in all respects approved, ratified, and confirmed as of the dates taken or done, respectively.

On motion made, seconded and carried, the following resolution was unanimously adopted:

WHEREAS, The officers and directors of this corporation, in the conduct of the business of the corporation since the last Annual Meeting of Members, have expended various sums of money, made contracts, and otherwise performed various acts;

NOW, THEREFORE, BE IT RESOLVED, By the members in Annual Meeting duly assembled this 9th day of June 2020, that all acts, actions so taken, and all things done and performed by the officers and each of them, the directors, be and they are in all respects hereby approved, ratified and confirmed as of the respective dates taken or done.

FUTURE BOARD MEETINGS

Harry H. Wetzel announced the dates of future board meetings for fiscal year 2020–2021 as follows:

September 8, 2020 *At the discretion of the Chairman of the Board, a 4th regular Meeting of the Board of Directors may be held on the second Tuesday of September.*

December 6 - 8, 2020
March 8 – 9, 2021
June 6 – 8, 2021

ELECTION RESULTS

Mr. Brian Harvey of Deloitte & Touche, Certified Public Accountant for Wine Institute, announced the names of those elected to the Board of Directors for the ensuing fiscal year.

The results of the election of directors in the various districts and at-large having been announced, the following were declared elected as directors of Wine Institute to serve for the ensuing year and until their successors have been duly elected and qualified.

| <u>District Number</u> | <u>Director</u> | <u>Alternate</u> |
|------------------------|---|---|
| 1 | Kaj Ahlmann | Vacant |
| 2 | Julie Pedroncelli St. John Louis M. Foppiano Steven W. MacRostie Katie Wetzel Murphy | Carmen Castaldi Eric Lent Vacant Vacant |
| 3 | Suzanne Groth David R. Duncan Michael Maher Dennis Cakebread Robin Baggett | Mike Reynolds Hugh Davies Delia Viader Chris Hall Paul Leary |
| 4 | William R. Cooper | Earl R. Ault |
| 5 | Scott Scheid | Lawrence T. Lohr |
| 6 | Gretchen Roddick Laura Booras Nicholas Miller Gary Eberle | Karen Steinwachs Maeve Pesquera Greg Martellotto Jean Pierre Wolff |
| 7 | Stephen Kahle | Linda McWilliams |
| 8 | Steven Millier | Vacant |
| 9 | Randall Lange | David Phillips |
| 10 | Steve Schafer | William J. Nakata |

At Large Directors

Director

Alternate

Corey Beck
Giancarlo Bianchetti
David Bowman
James E. Coleman
Matt Deegan
Cindy L. DeVries
Michael Drobnick
John G. Franzia, Jr.
Joseph S. Franzia
Matthew J. Gallo
Tobin A. Ginter
Peter N. Larson
James A. O'Malley
John Sutton
Rick Tigner
Robert R. Torkelson
Brian J. Vos
Michael Walker
Christine Wentz
Jolene Yee

Ken Minami
Steven Chen
Carolyn Wasem
TBD
Sam Glaetzer
Rodrigo Maturana
Matthew Towers
Daniel J. Leonard
Chris Mifsud
Stephanie Gallo
Timothy Burgess
Roger J. Trincherro
David Perata
Keith Bauman
Katie Jackson
Anthony Torres
Jeffrey Dubiel
Tiffanie De Liberty
Amy Hoopes
Cheryl Indelicato

VACANCIES ON THE BOARD

On motion made, seconded and unanimously carried, William J. Nakata was elected an Alternate Director on the Board of Directors to fill the vacancy existing in District No.10.

ELECTION OF NEW MEMBERS

Harry H. Wetzel called on Ian Blue to present the following new members to be elected:

On motion made, seconded and carried, the following firms were unanimously elected to active membership in Wine Institute effective July 1, 2020:

BoaVentura Winery, Livermore
Bodega de Edgar, Paso Robles
Boeger Winery, Placerville
Desire Lines Wine Co., Sonoma
Fairwinds Estate, Calistoga
Fults Family Vineyards, Lower Lake
Gandona Estate, St. Helena
Giornata, Paso Robles
Grey Wolf Cellars, Paso Robles
Guyomar Wine Cellars, Templeton
Heibel Ranch Vineyards, Angwin
J. Dirt Wines, Buellton
The Last Wynn, Fallbrook
Majuscule Wine, Napa
NABU Wines, Thousand Oaks
Naughty Boy Vineyards, Potter Valley

Poe Wines, Napa
Rancho Guejito Vineyard, Escondido
Stressed Vines, Santa Rosa
Urban Press Winery, Sonoma
Waters Edge Wineries, Rancho Cucamonga

On motion made, seconded and carried, the following firms were unanimously elected to active associate membership in Wine Institute effective July 1, 2020:

AEB USA
(Application sponsored by Woodbridge Winery & Peltier Station)

CHAIRMAN'S REMARKS

See below.

Harry H. Wetzel Remarks
Chairman of the Board of Wine Institute
Membership/Board of Directors Meeting
June 9, 2020

My chairmanship over these last twelve months has been eventful, to say the least. When Chris passed me the gavel last June, it appeared that an office move, and a budget deficit, would be the big issues.

Fast forward to March, when the pandemic was just beginning to unfold in the U.S. We could not have anticipated the extent to which it would impact our world, our lives and our businesses.

What an unusual year this has been. If ever the value of Wine Institute has been apparent to me, and I hope to all members, it has been during these crises.

Wine Institute's response on Coronavirus has been immediate and impactful. Every area of the organization stepped up to provide essential resources, guidance, advocacy and information and continues to do so. Wine Institute's work kept us open and able to make, sell and ship wine. Weeks of work were spent developing health and safety protocols and making the case with Governor's office that wineries can reopen in a way that will be safe for guests and employees. And we finally received word last Friday that tasting rooms may reopen starting June 12, if their county laws permit.

In addition to providing the protocols to get us ready, Wine Institute prepared essential documents - liability waivers, employee health policies and more -- to help ensure that wineries won't be the target of lawsuits or become associated with the spread of the virus. Alexander Valley Vineyards opened to visitors in late May when Sonoma County approved the variance for wine tasting with dine-in meals. We've been offering wine tasting and a vineyard hike with lunch by appointment. We look forward to resuming more regular visitation but plan to take it slow with safety as the top priority.

In mid-March AVV quickly began working on increasing Direct to consumer sales. The years of work by Wine Institute in the DTC arena helped us achieve stunning sales increases, first with our existing customers and then, using facebook boosts and google ads, we added over 500 new customers. Of course, this was offset by steep declines in the tasting room and in more traditional three tier markets, especially the ones where we have historically done well in restaurants. And even through this pandemic, other important work has continued at Wine Institute as you'll hear in the department reports.

Craft Beverage savings is more important than ever. The savings from 2018 & 2019 were very significant for Alexander Valley Vineyards and we invested in remodeling our offices. We will be needing those savings this year and next. The WI budget challenges I mentioned earlier have grown more severe – not due to Coronavirus or its economic impacts, which may be coming -- but because of the unanticipated combination of a dues reduction and flat or declining wine sales.

Bobby and the advisory board must continue to work on this to ensure that Wine Institute has the budget it needs to support the key priorities we all agreed to in the recent strategic plan update. We need to recruit more members, and every Board member has a role in this. I will stay engaged in that effort in Sonoma County.

It has been a pleasure getting to know Bobby and the team over my five years as an officer. I have always appreciated how well California wineries are represented by Wine Institute, and that appreciation has only grown. I have greatly enjoyed working with the other officers, Board members and all of the Committees and members. You understand that if you want to have a voice, you need to take a seat at the table and contribute. It has been a privilege to do so.

I am excited to see John Sutton take over the reins as WI chair in the coming minutes. After working with him in the past few years I know he will be a great Chairman. Our officers are a dedicated bunch and they will serve you well. I know there are big challenges ahead, but I'm confident that we can meet them by working together as we always have.

I thank you for your support and friendship.

PRESIDENT'S MESSAGE

Bobby Reported as follows:

Bobby Koch Report
Membership/Board of Directors Meeting
June 9, 2020

Good morning. Needless to say, I hope this is the only Board of Directors meeting that we will ever have to do virtually. It's way better to be together.

We last met as a Board in Sacramento, on Tuesday, March 10, just as COVID-19 was heating up. And the following Sunday, March 15, Governor Newsom called for all bars, pubs and wineries to close and everything began to change for us.

Tim, Tyler, Tracy and I were on the phone with the Governor's office that afternoon letting them know our concerns on the impact this could have and how we planned to interpret and implement the closure announcement.

Wineries are essential businesses because we supply other essential businesses (grocery stores and food outlets). Our interpretation was that tasting rooms would close, curbside pickup would be allowed, and the day-to-day operations of wineries and vineyards would continue.

The next day, seven Bay area counties (Alameda, Contra Costa, Marin, San Mateo, Santa Clara, Santa Cruz and San Francisco) issued Shelter in Place orders.

These counties, and all others, embraced how we interpreted and implemented the Governor's announcement. The WI team did a fabulous job here and on all the other work that has been done since March 15.

COVID-19 has been a shock to the world, and our nation, and has impacted every single winery.

I know you have recognized how your respective work colleagues have stepped up, under enormous stress, and personal and family disruption and performed at a high level. The same holds true at Wine Institute.

I want to take a moment to let you know how proud I am of every single one of my colleagues, and how honored I am to lead this great organization.

We're going to hear from the department heads who will recap some of the work that was done the last three months and, equally important, take time to map out the work that lies ahead. Each report will go 5-10 minutes.

On a daily basis, we strive to help our members, all of our members. Since the Governor's announcement on March 15 and the pandemic's immediate impact on daily life, this simple desire has become a calling for us.

We have provided valuable information daily and we will continue to do so. We know that conditions will be challenging in the months ahead.

I appreciate the members who have taken the time to provide positive feedback on our work, which I in turn pass on to the team. It is meaningful to get and to share positive feedback.

I'm pleased that tasting rooms can reopen. And there's no doubt, on premise sales will come back.

I thought it was important early on in March for the entire story to be told, after reading headlines and articles in mainstream papers, not just industry newsletters, that wine sales were up close to 70% compared to same time period last year.

As you well know, the increase was off-premise, mainly grocery store sales, with a handful of wineries benefiting but that was only part of the story.

On-premise sales were decimated, tasting rooms were closed and the overwhelming majority of the 10,000 wineries in the US were suffering. And they still are.

We asked Jon Moramarco, managing partner of bw 166 and editor of The Gomberg-Fredrikson Report to do some projections for us. He provided a complete, balanced and very painful forecast of 6 billion dollars in lost sales for U.S. wineries this year.

It was important, and still is, for public policy makers in Washington, Sacramento and in all the states to know how COVID-19 is impacting the wine industry.

We are hospitality. Just like restaurants and hotels, and other attractions, this has been devastating for us.

If there is additional sector-specific support, wineries must be included in any travel/hospitality assistance.

And this is very important. What the industry is going through now is going to impact Wine Institute's budget moving forward.

Every June, we bring a budget forward for your approval. And rarely do I take much time to discuss it. But this year is different.

A little history first.

Prior to the start of FY17/18, the Finance & Administration Committee and, then the Board, adopted a 25% dues reduction in Formula A, which is based on percentage of sales. It is one of two dues formulas we have.

A 5% dues reduction per year, over 5 years.

We're entering year 4 of 5.

At the time, the assumption was that we'd have 3% annual sales growth so this would be sustainable.

It is not working out that way.

Four years ago, member dues totaled \$14 million. For the upcoming FY, member dues will be \$13.3 million.

The budget squeeze today is not because we lost a major dues-paying member. We have not lost a single major member and we've been adding new members over the last several years.

We are in this challenging financial situation because of the dues reduction. Member dues overall have been in decline since the dues reduction began.

Member dues for the upcoming FY will be \$400,000 less than this year and \$700,000 less than 4 years ago.

The COVID-19 pandemic has not impacted our revenue **whatsoever**. But it is going to.

Gomberg-Fredrikson recently projected that sales in 2020 will decline 14% in value. And FY21/22 dues, dues a year from now, will be calculated on 2020 sales.

And we're scheduled to reduce Formula A in FY21/22 another 5% for a fifth and final time.

While dues are being reduced, Wine Institute delivered a massive federal excise tax reduction in 2018 with **every single winery benefiting**. It is a far larger reduction than beer and distilled spirits were able to accomplish.

For 2018, 19 and 20, the federal excise tax reductions for CA wineries will total close to \$250 million, a quarter of a billion dollars in tax relief.

This translates into thousands, if not tens or hundreds of thousands, of dollars in annual excise tax savings for each member of Wine Institute. And for about 20 of our members, the annual excise tax savings are well over a million dollars per winery.

Domestically produced wine sales in 2019 totaled over \$51 billion, of which \$23.5 billion was winery revenue.

We're investing \$13.3 million this year to help protect and grow that \$23.5 billion in winery revenue.

And, again, that's \$700,00 less than four years ago.

Our head count is the lowest it has been in over 25 years. 33 full time employees.

At the same time, our work has gotten more complex and the stakes increase every year.

We are facing major policy challenges in many areas — alcohol and health, the attack on moderate consumption, nutrition and ingredient labeling, retaliatory tariffs, unfavorable trade conditions and increased environmental oversight — and the list is only going to get larger as a result of COVID-19.

States across the country are struggling with huge budget deficits and excise taxes are always at the top of the list as revenue sources.

Last year, we went through a strategic planning process. We identified our priorities. Public Policy, Communications, Environmental, Member Support, and International Marketing.

This is what we care about.

Moving forward, we need to ensure that we have adequate resources to accomplish what you've asked us to do in the public policy arena.

One of the actions we're taking, in order to have adequate resources, is to freeze all Wine Institute employee salaries in the next FY.

In the coming weeks and months, we need to focus on our budget situation.

The Officers and I will work to come up with options that we can discuss in September when we meet again.

With that all said, the Officers and I and the Finance & Administration Committee urge adoption of the FY20/21 budget. It is a balanced budget that will be presented later this morning for approval.

There is an important role for all members moving forward that is also budget related. And that is recruiting wineries to join Wine Institute.

There are many small, medium, and large wineries which are benefiting from all the advocacy work that you fund, that you pay for.

These wineries are on the sidelines, they are free riders.

It is far more effective for you to deliver the message that it's time get off the sidelines, **vintner to vintner**, instead of it coming from Wine Institute staff. And you can also highlight the great work that is being done.

It shouldn't be a hard sell. We have opened 46 states for DTC. This is the lifeline for thousands of non-member wineries.

We also know from public data the excise tax savings non-member wineries enjoyed in 2018 and 2019 because of the Wine Institute's work on the Craft Beverage bill. And 2020 savings will be similar.

In the coming weeks, we will be reaching out to everyone on the Board for help on this.

Because of our budget situation, this needs to be the **Year of Recruitment and New Members**.

I want to thank Hank for a great year as Chair. He's been through a lot this past year, yet unselfishly, devoted the time and attention to our work and helped us through the challenging budget process. He went above and beyond what is expected of a Chair and for that we are all grateful.

A virtual meeting is not really structured to give Hank the right kind of sendoff as Chair, so we are going to do this the next time we're all together in person.

I'd like to close with a few words about the events of the last two weeks. In the midst of a pandemic, unlike anything any of us have ever seen, we all witnessed, right before our eyes, the tragic, senseless death of George Floyd while in police custody on May 25.

What has transpired since then has been remarkable to take in. It has made us all pause and watch, and think, and listen and hopefully listen some more — and begin to determine how best to take action as individuals, as companies and as a community for positive change.

We all have a role.

We are going to begin that conversation at Wine Institute at a staff level. And I know all of you are doing the same. And I look forward to discussing and sharing our thoughts and listening to yours when we're all together again.

Thank you so much.

2020-2021 BUDGET

Harry H. Wetzel presented the budget after which the following action was taken:

On motion made and seconded, the following resolution was adopted:

BE IT RESOLVED, That a membership expense budget in the total sum of \$14,696,112 is hereby adopted for the period effective as of the 1st day of July 2020 and ending on the 30th day of June 2021; and

BE IT FURTHER RESOLVED, That said budget shall constitute and be an appropriation and be the authority for the expenditure during the aforesaid ensuing period of the total estimated revenue therein contained.

PUBLIC POLICY

Tracy Genesen reported on Wine Institute's response to the COVID-19 crisis. Wine Institute communicated daily with members to keep them up to date on COVID-19 guidance and provided members with tools to navigate the unprecedented circumstances. Wine Institute facilitated member engagement with legal experts through webinars and supplemental exemplars on workplace health and safety for production facilities, employment law and business disruption insurance. Further, Wine Institute worked closely with industry participants, member companies and legal experts to create the California Winery Tasting Rooms Reopening Protocols and accompanying webinar presentation, which focused on the practicalities of reopening winery tasting rooms as well as potential legal issues that could arise. In response to member requests, Wine Institute provided sample documents, such as a liability waiver and an infectious and communicable disease policy, for wineries to use as they begin to reopen doors to guests. Lastly, Tracy presented on Wine Institute's early advocacy efforts before TTB (Alcohol and Tobacco Tax and Trade Bureau) and CA ABC (Alcohol Beverage Control). Wine Institute's advocacy efforts led to critical regulatory relaxations for the industry during the COVID-19 crisis.

TECHNICAL ADVISORY COMMITTEE

Tracy Genesen reported on the Wine Institute Technical Advisory Committee's current work on the nutrition labeling initiative. The Technical Advisory Committee met with TTB leadership on May 21, 2020, to request that TTB revise their procedure for nutrition calculation. Specific requests were that TTB expand tolerances to match FDA (Food and Drug Administration) rule, approval to allow the use of calculators and/or databases, eliminate the carbohydrate by difference method. Further, at the May 21 meeting, the Technical Advisory Committee requested that TTB offer input into the FDA Citizen Petition for Carbohydrates in Wine, which was filed with FDA on June 8, 2020.

CALIFORNIA STATE RELATIONS

Tim Schmelzer provided an update on California State Relations. First, he reviewed the pre-pandemic legislative agenda that was expected to be expansive and has now been limited due to the Legislature shrinking the topics they are working on. Current issues include labor, taxation, and environmental issues. Next, regulatory issues were discussed, including those dealing with Water Quality, the ABC, and CDFA's (California Department of Food and Agriculture) cannabis appellation program. Tim also reviewed the COVID-19 activities the Sacramento Office engaged in to help wineries continue operations. Finally, Tim gave a brief preview of the November Election, specifically highlighting the Split Roll Initiative (Proposition 15).

STATE RELATIONS

Steve Gross reported on work the State Relations Department has been doing since the March board of director's meeting. He first outlined the work the team has done to create three resource documents: a State-by-State Closures for Restaurants, Bars and Off-Premise licensees; the Restaurant and Bar Reopening Rules; and the State-by-State ABC Licensee Guidance documents. Next, he summarized the Kentucky DTC (direct-to-consumer) shipping law that was passed recently, and then briefed the board on the 38 state approvals of the virtual wine tasting program that was begun to allow wineries to ship small format bottles (50ml and 100ml) to consumers via DTC shipments. A summary of recent work to expand the ability of restaurants to include wine along with food in order for take-out, curbside pickup and delivery was provided as well. Finally, he outlined the projected state budget shortfalls from across the country resulting from the COVID-19 crisis, highlighting the work that needs to be done to dispel false impressions that all wineries were able to make up for their lost sales in restaurants and tasting rooms via DTC and off-premise sales. He stressed how important this work will be, done in coalition with others in the hospitality sector, in avoiding the wine industry being targeted for excise tax increases to fill massive state budget deficits.

FEDERAL & INTERNATIONAL PUBLIC POLICY

Charles Jefferson updated on the federal response to the COVID-19 pandemic and Wine Institute's activities to ensure wineries benefit from federal assistance. This assistance has come in the form of the Paycheck Protection Program (PPP) and federal excise tax deferral which were discussed. Wine Institute's priorities for the upcoming stimulus legislation were also discussed, including efforts to extend or make permanent the Craft Beverage excise tax legislation. On the international trade front, Jefferson provided an update on the ongoing US-UK Free Trade Agreement negotiations and Wine Institute's efforts to secure greater market access through the agreement. A brief summary of the 9th annual International Wine Technical Summit (IWTS) was also provided. Wine Institute jointly hosts the IWTS each year with the US Department of Commerce to address technical barriers to trade in wine. Regulators from more than 20 countries participated in this year's virtual IWTS.

COMMUNICATIONS

Nancy Light reported on member and industry resources that Wine Institute created to assist wineries in response to the pandemic including a COVID-19 landing page and almost daily news updates. She also shared background on the economic impact analysis that Wine Institute commissioned from Jon Moramarco, bw166 and details on publicity and social media program that highlighted member wineries offers for Down to Earth Month in April and virtual wine experiences and tastings.

ENVIRONMENTAL AFFAIRS & CALIFORNIA SUSTAINABLE WINEGROWING ALLIANCE (CSWA)

Allison Jordan noted the work of the Environmental Committee; the Air, Water, General Regulatory and Market Issues Working Groups; and two ad hoc groups focused on Crop Protection and COVID-19 Health & Safety. She also described 3 grant projects focused on targeted education, sustainability research/education and promotion, and regulatory compliance and recognition. Currently, 92% of

California wine is made in a Certified California Sustainable Winery and over 45% of winegrapes are from certified vineyards (including CSWA's program, Lodi Rules, Napa Green and SIP Certified). Jordan recognized the 2020 Green Medal recipients: J. Lohr Vineyards & Wines (Leader), Bonterra Organic Vineyards (Environment), Clif Family Winery (Community) and Pisoni Family Vineyards (Business). In the coming fiscal year, CSWA will publish the 4th edition Code of Sustainable Winegrowing and the 2020 California Wine Community Sustainability Report, launch a new certification website for trade and consumers, and continue to work with International Marketing, Communications and other Wine Institute departments to promote the industry's leadership in sustainability.

INTERNATIONAL MARKETING

Honore Comfort, VP International Marketing, reported on the impact of COVID-19 in wine markets around the world, the success of recently developed webinars and virtual tastings in connecting with trade and consumers, the new California Wine Education and certification program, and plans for the upcoming year including global digital advertising campaigns and major retail promotions. Detailed international marketing plans for FY20-21 will be presented to Wine Institute members at the upcoming virtual Export Forum on July 15, 2020.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:53 am.

Respectfully submitted,

Maluri Fernandez, Assistant Secretary

Wine Institute

MINUTES OF MEETING

BOARD OF DIRECTORS

June 9, 2020

Pursuant to call, a meeting of the Board of Directors of Wine Institute was virtually held on Tuesday, June 9, 2020; Harry H. Wetzel, Chairman of the Board, presiding. The meeting was called to order at 10:54 am.

QUORUM

The roll reviewed based on virtual meeting attendance and the Chairman announced that a quorum was present.

REPORT OF THE FINANCE & ADMINISTRATION COMMITTEE

On behalf of the Committee, which serves as the Permanent Nominating Committee for Wine Institute, Harry H. Wetzel presented the following nominees to serve as officers of Wine Institute for the 2020-2021 fiscal year:

| | | |
|----------------------|---|---------------|
| Chairman | - | John Sutton |
| First Vice Chairman | - | Suzanne Groth |
| Second Vice Chairman | - | Rick Tigner |
| Treasurer | - | Randall Lange |
| Secretary | - | Matt Gallo |

On motion made, seconded and unanimously carried, the nominations were closed and the Secretary was directed to record the unanimous vote of the Directors, for each of the persons for the respective offices for which they had been nominated, to serve until their successors have been duly elected and qualified.

NEW CHAIRMAN TAKES OFFICE

In verbal passing of the gavel, Mr. Wetzel made the following comments:

It's been a pleasure to chair over the past 12 months. It's certainly been odd times but I've enjoyed every minute of it. I look forward to continuing to work with all the staff at Wine Institute in the years to come. Thank you very much.

NEW CHAIRMAN'S REMARKS

In accepting his chairmanship, Mr. Sutton made the following remarks:

First, I want to thank Hank for his leadership over the past year, and in particular, over the past 3 months after the forced shutdown of significant parts of our industry and the economy as a whole. The past several months haven't been easy on anybody. Wine Institute's actions during the pandemic under Hank's leadership have been invaluable.

I can only hope to carry on the dedication and passion for Wine Institute and its membership that Hank displayed over the past year. Thank you Hank, for your dedicated service to Wine Institute.

I want to thank Wine Institute's Board of Directors, my fellow officers and Wine Institute's membership for your trust and faith in me in taking on this crucial role at this particular point in time. It is truly an honor to serve as chair during what is obviously a very uneasy and difficult time for the industry and the country in general.

During the COVID-19 pandemic and any associated recession, it is more important than ever that Wine Institute take the lead in serving our membership and our industry, as a whole. The value of Wine Institute and the hard work of Bobby and Wine Institute's staff has never been more obvious and critically important. People tend to pull together during tough times and that has never been more evident with Wine Institute's actions during the pandemic.

Wine Institute has kept pace with rapidly changing developments and has issued over 40 covid-19 related updates to membership. Wine Institute has worked hard since the pandemic began to ensure wineries receive appropriate financial and regulatory relief and other assistance from federal and state officials.

In addition, Wine Institute has hosted a series of health and safety-based webinars following the pandemic, each of which had close to 500 attendees. Wine Institute also worked with our membership to develop protocols to guide the reopening of winery tasting rooms in a manner that prioritizes the safety of our customers and employees. This is just a small list of recent critical and value-add activities Wine Institute has provided to our membership during a time of great uncertainty and need.

As we move into a new fiscal year, Wine Institute will continue to work on a number of important industry issues, including (1) making permanent the provisions of the craft beverage modernization act, (2) ensuring that the 2020 us dietary guidelines maintain the existing definition of moderation, (3) developing a framework for our membership around nutritional and ingredients labeling, and (4) coalescing around what role Wine Institute should play in combating the ever escalating attacks on the moderate consumption of alcohol.

The officers, working closely with Steve and Bobby, will take a close look at our forecasted revenues in light of a tougher growth market to ensure that Wine Institute remains on solid financial footing in the future. As we each do in our own businesses, the organization will likely need to make some difficult spend decisions while protecting the critical services Wine Institute and its staff delivers to our membership each and every year. We have a challenging budget situation and we will need to consider all revenue generating options in addition to looking at costs.

Wine Institute has a significant role to play in helping and advising our industry on the "new normal" in terms of best practices and the anticipated onslaught of new legislation. Our industry is going to have to adjust some of its practices and adapt to a new working environment, and with Wine Institute's help, we will accelerate out of this pandemic and recession stronger than ever. We are all currently operating under extremely stressful circumstances - and Wine Institute, its staff, me, and my fellow officers - are all here to help you in any way we can during these unprecedented times.

I thank you for this opportunity and I'm excited to accept this challenge. Now let's proceed to the business at hand which is to pass two resolutions.

EMPLOYMENT OF CERTIFIED PUBLIC ACCOUNTANT

On motion made and seconded, the following resolution was unanimously adopted:

BE IT RESOLVED, That Deloitte Touche be and they are hereby engaged as independent auditors for this corporation's fiscal year commencing with the 1st day of July 2020 and ending on the 30th day of June 2021, to serve at the pleasure of the Board of Directors, but in no event beyond the next annual meeting of members.

AUTHORIZING APPOINTMENT OF ASSISTANT SECRETARIES AND ASSISTANT TREASURER

On motion made and seconded, the following resolution was unanimously adopted:

BE IT RESOLVED, That the President of this corporation be and he is hereby authorized to appoint one or more Assistant Secretaries and an Assistant Treasurer, whose duties shall be as prescribed in the bylaws of this corporation.

DIRECTOR REPRESENTATION ON THE FINANCE AND ADMINISTRATION COMMITTEE

Chairman Sutton told the Board that the bylaws call for three "At-Large Directors" and three "District Directors" to be elected to the Finance and Administration Committee.

After nominations were placed, the following action was taken:

It was moved, seconded and unanimously carried that Cindy L. DeVries, Robert R. Torkelson and Michael Walker, be elected to represent the "At-Large Director" category on the Finance and Administration Committee.

It was moved, seconded and unanimously carried that Steven MacRostie, Nicholas Miller, and Delia Viader, be elected to represent the "District Director" category on the Finance and Administration Committee.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:03 am.

Respectfully submitted,

Maluri Fernandez, Assistant Secretary



Agenda Item No. 4

MEMBER RELATIONS REPORT BOARD OF DIRECTORS MEETING December 8, 2020

Membership

New Members in Q2: We have received fourteen new winery member applications and two new associate member applications since the last board meeting. The applicant winery members are: Donald Patz Wine Group, Lindquist Family Wines, Littorai, Terrill Cellars, Theopolis Vineyards, and Treasury Wine Estates (Beaulieu Vineyard, Beringer Vineyards, Cellar 360 Paso Robles, Cellar 360 Sonoma, Chateau St. Jean, Etude Wines, Provenance, Stags' Leap Winery, Sterling Vineyards). The applicant associate members are: Donahue Fitzgerald LLP and Union Bank.

New Members in Q1: An election for nine new winery members and two new associate members was held via fax/email in place of the September Board Meeting. The approved applicant wineries are: AvinoDos Wines, E16 Winery, Fresh Vine, Herzog Wine Cellars, Lodi Vintners, McBride Sisters Collection, Napa Appellations Company, Skinner Vineyards, and ToyMaker Cellars. The applicant associate members are: Benchmark Vineyard Management and Uncorked Compliance LLC

Membership/Board of Directors Meetings

June 2020: Due to the COVID-19 pandemic, Wine Institute hosted its first-ever virtual Board Meeting for our 86th Annual Membership & Board of Directors Meeting. The meeting was attended by more than 140 attendees and more than 61 members of the board and alternates. Twenty-one new winery members and one associate member were approved for membership.

March 2021: The date for the Spring Board Meeting is March 9, 2021. This meeting is traditionally held in Sacramento with a legislative reception the night prior. The meeting will be held virtually if we are unable to meet in-person.

June 2021: The 87th Annual Membership & Board of Directors Meeting is scheduled to be held at The Ritz-Carlton at Half Moon Bay on June 6-8, 2021. We were able to move our contract and deposit for the June 2020 meeting to the 2021 dates without penalty.

December 2021: The Winter Board of Directors Meeting will be held at The Lodge at Pebble Beach on December 5-7, 2021. We were able to transfer our deposit and contract for our December 2020 Meeting to our 2021 dates without penalty.

Industry Events, Member Outreach & Member Benefits

In 2020, we have enrolled 34 members into Wine Institute's exclusive discount shipping program with Fedex. We currently have 745 member accounts linked to the Wine Institute discounts and members continue to save an average of more than \$16,000 per year in shipping costs each year thanks to our program. This year our alliance program is enjoying 7% growth over last year, with revenue exceeding \$11.5 million.

In August, Member Relations sent a recruitment email blast to more than 2,500 recipients at non-member wineries highlighting both our work to support the industry through the COVID-19 pandemic and potential savings for becoming members. Member Relations continues to prioritize recruitment of large non-member California wineries, including recent meetings with NakedWines.com and supporting efforts to recruit Treasury Wine Estates.

Member Relations worked closely with Communications and other departments to organize a webinar in September addressing issues related to the ongoing California wildfires. Topics focused on property and crop insurance, workplace health and safety guidelines, and regulatory issues. More than 100 members attended, and we enjoyed strong engagement from the audience.

Wine Institute Calendar

2020

December 6-8 Winter Board of Directors Meeting (Virtual Meeting)

2021

March 8-9 Sacramento Board of Directors Meeting

June 6-8 87th Annual Membership and Board of Directors Meeting,
The Ritz-Carlton at Half Moon Bay

December 5-7 Winter Board of Directors Meeting, The Lodge at Pebble Beach



Agenda Item No. 4

**RATIFICATION OF BALLOT VOTE
THE BOARD OF DIRECTORS ELECTED BY BALLOT VOTE 9 NEW MEMBERS
(NO SEPTEMBER 2020 BOARD MEETING HELD)**

1. New Members to be Approved for Membership

- | | |
|--------------------------------------|---------------------------------------|
| 1. AvinoDos Wines | Napa (Napa Co.) |
| 2. E16 Winery | Santa Rosa (Sonoma Co.) |
| 3. Fresh Vine | Napa (Napa Co.) |
| 4. Herzog Wine Cellars | Oxnard (Ventura Co.) |
| 5. Lodi Vintners | Acampo (San Joaquin Co.) |
| 6. McBride Sisters Collection | San Luis Obispo (San Luis Obispo Co.) |
| 7. Napa Appellations Company | Napa (Napa Co.) |
| 8. Skinner Vineyards | Somerset (El Dorado Co.) |
| 9. ToyMaker Cellars | Napa (Napa Co.) |

2. New Associate Members to be Approved for Membership

- 1. Benchmark Vineyard Management**
Paso Robles, CA
Sponsors: Scheid Winery, Hope Family Wines
Summary: Vineyard management, consulting
- 2. Uncorked Compliance, LLC**
Paso Robles, CA
Sponsors: Zenaida Winery, Barr Estate Winery
Summary: Compliance services



Agenda Item No. 4

1. New Members to be Approved for Membership

- | | |
|------------------------------------|-----------------------------------|
| 1. Donald Patz Wine Group | Windsor (Sonoma Co.) |
| 2. Lindquist Family Wines | Santa Maria (Santa Barbara Co.) |
| 3. Littorai | Sebastopol (Sonoma Co.) |
| 4. Terrill Cellars | Lower Lake (Lake Co.) |
| 5. Theopolis Vineyards | San Francisco (San Francisco Co.) |
| 6-14. Treasury Wine Estates | |
| 6. Beaulieu Vineyard | Rutherford (Napa Co.) |
| 7. Beringer Vineyards | St. Helena (Napa Co.) |
| 8. Cellar 360 Paso Robles | Paso Robles (San Luis Obispo Co.) |
| 9. Cellar 360 Sonoma | Sonoma (Sonoma Co.) |
| 10. Chateau St. Jean | Kenwood (Sonoma Co.) |
| 11. Etude Wines | Napa (Napa Co.) |
| 12. Provenance | Rutherford (Napa Co.) |
| 13. Stags' Leap Winery | Napa (Napa Co.) |
| 14. Sterling Vineyards | Calistoga (Napa Co.) |

2. New Associate Members to be Approved for Membership

- 1. Donahue Fitzgerald LLP**
Oakland, CA
Sponsors: Lynmar Estate; Joullian Vineyards & Winery
Summary: Legal Services
- 2. Union Bank**
Walnut Creek, CA
Sponsors: HALL Wines; Amicus Cellars
Summary: Banking Services



Agenda Item No. 8(a)

Financial Statements

For The Four Months Ended October 31, 2020

Includes the approved budget for fiscal year 2020/2021

If you have any questions regarding these statements please contact
Steve Hayes at (415) 356-7529
shayes@wineinstitute.org

Assets

| | |
|----------------------------------|----------------------------|
| Cash | |
| Petty Cash | 300.00 |
| Cash - WI | 1,939,288.66 |
| Cash - Interational | 0.00 |
| Cash - Free the Grapes | <u>301,656.87</u> |
| Total Cash | 2,241,245.53 |
| Inventory | |
| Wine Inventory | <u>50,879.97</u> |
| Total Inventory | 50,879.97 |
| Investments | |
| Investments - Comm. Paper | 3,999,218.75 |
| Rabbi Trust - Deferred | <u>379,842.81</u> |
| Total Investments | 4,379,061.56 |
| Receivables | |
| Members Accounts Receivable | 661,386.24 |
| Associate Members A/R | 64,500.00 |
| Allowance for Doubtful A/C | (43,042.12) |
| Miscellaneous A/R | 489.36 |
| Int'l Program Fees A/R | 123,300.00 |
| Int'l Tradeshows A/R | 0.00 |
| Allowance for Doubtful A/C - MAP | (2,625.00) |
| Grant Receivable | 55,538.33 |
| MAP Receivable | <u>51,662.36</u> |
| Total Receivables | 911,209.17 |
| Deposits & Prepays | |
| Deposits | 208,720.10 |
| Prepaid Insurance | 27,243.50 |
| Prepaid Rent | 101,898.53 |
| Prepaid Expenses | <u>103,045.00</u> |
| Total Deposits & Prepays | 440,907.13 |
| Fixed Assets | |
| Furniture & Fixtures | 716,326.22 |
| Leasehold Improvements | 278,786.81 |
| Accumulated Depreciation | <u>(723,532.03)</u> |
| Total Fixed Assets | <u>271,581.00</u> |
| Total Assets | <u><u>8,294,884.36</u></u> |

Liabilities

| | |
|-----------------------------------|---------------------|
| Accounts Payable | |
| Accounts Payable - WI | <u>122,343.34</u> |
| Total Accounts Payable | 122,343.34 |
| Other Liabilities | |
| Sales Tax Payable | 0.00 |
| Unearned Mem Dues Revenue | 703,760.56 |
| Bank of America Line of Credit | 0.00 |
| Accrued Expenses | 6,792.62 |
| Vacation Accruals | 720,704.83 |
| Deferred Rent | 360,096.00 |
| Wages Garnishment Payable | 0.00 |
| Flexible Spending Account | 14,292.44 |
| Dependent Care Assistance Program | 5,520.15 |
| Free the Grapes | 301,656.87 |
| Deferred Compensation | 379,842.81 |
| Payable to Wineries | 0.00 |
| Payable to FAS | 2,090.38 |
| VAT | 11,813.73 |
| 2019 Event Income | 17,158.48 |
| Security Deposits | <u>0.00</u> |
| Total Other Liabilities | <u>2,523,728.87</u> |
| Total Liabilities | <u>2,646,072.21</u> |

Net Assets

| | |
|-------------------------------------|----------------------------|
| Beginning Net Assets | |
| Net Assets | <u>4,835,720.40</u> |
| Total Beginning Net Assets | 4,835,720.40 |
| Change in Net Assets | <u>813,091.75</u> |
| Total Change in Net Assets | <u>813,091.75</u> |
| Total Net Assets | <u>5,648,812.15</u> |
| Liabilities & Net Assets | <u><u>8,294,884.36</u></u> |

Wine Institute
Statement of Revenues and Expenditures
7/1/2020 through 10/31/2020

| Statement of Earnings | | | | | | |
|---|-------------|-------------------|------------|-----------------|------------|-----------------|
| | Prior Year | 2020/2021 | 2020/2021 | Current Period | 2020/2021 | YTD |
| | Actual | Budget | YTD Budget | 10/31/20 Actual | YTD Actual | Budget Variance |
| Revenue | | | | | | |
| Member Dues | 13,791,118 | 13,298,384 | 4,432,795 | 1,169,505 | 4,310,367 | (122,428) |
| Associate Member Dues | 168,750 | 155,000 | 51,667 | 0 | 164,250 | 112,583 |
| Interest Income | 65,892 | 75,000 | 25,000 | 750 | 1,513 | (23,487) |
| Miscellaneous Income | 425 | 1,000 | 333 | 0 | 40 | (294) |
| Total Revenue | 14,026,185 | 13,529,384 | 4,509,795 | 1,170,255 | 4,476,169 | (33,625) |
| Expenses | | | | | | |
| Executive | 1,878,776 | 1,823,051 | 607,684 | 129,921 | 562,052 | 45,632 |
| S.F. State Relations | 680,752 | 681,509 | 227,170 | 52,532 | 205,624 | 21,546 |
| S.F. Legal | 598,765 | 526,338 | 175,446 | 53,426 | 216,486 | (41,040) |
| Washington D.C. | 1,167,235 | 1,188,365 | 396,122 | 93,883 | 364,787 | 31,335 |
| Regional State Relations | 2,822,498 | 2,830,361 | 943,454 | 149,530 | 667,828 | 275,626 |
| Sacramento | 914,945 | 925,862 | 308,621 | 69,589 | 279,204 | 29,416 |
| California PAC Fund | 220,326 | 215,000 | 71,667 | 0 | 206,108 | (134,442) |
| International Public Policy | 543,416 | 618,477 | 206,159 | 39,714 | 152,148 | 54,011 |
| Supp. Fund, Tech. & Environmental Com | 362,799 | 343,450 | 114,483 | 13,043 | 76,894 | 37,589 |
| Communications | 1,113,287 | 1,079,005 | 359,668 | 82,626 | 288,492 | 71,177 |
| Environmental Affairs | 752,384 | 721,260 | 240,420 | 195,500 | 286,902 | (46,482) |
| Finance & Administration | 2,861,521 | 2,593,279 | 864,426 | 231,603 | 665,967 | 198,460 |
| Total Expenses | 13,916,703 | 13,545,957 | 4,515,319 | 1,111,368 | 3,972,492 | 542,827 |
| Net Excess/Deficit Before International Marketing | 109,482 | (16,573) | (5,524) | 58,887 | 503,678 | 509,202 |
| International Marketing | | | | | | |
| Revenue | 1,173,828 | 1,165,000 | 388,333 | 51,900 | 583,425 | 195,092 |
| Expenses | (1,173,828) | (1,150,157) | (383,386) | (76,748) | (274,011) | 109,375 |
| Total International Marketing | 0 | 14,843 | 4,948 | (24,848) | 309,414 | 304,466 |
| Net Excess/Dedicit with International Marketing | 109,482 | (1,730) | (577) | 34,040 | 813,092 | 813,668 |



Agenda Item No. 8(b)(i)

CALIFORNIA LEGISLATIVE & REGULATORY SUMMARY
BOARD OF DIRECTORS MEETING
December 8, 2020

2021 California Election Results

Assembly: The Assembly partisan makeup is almost unchanged after the election with only one seat switching from Democrat to Republican. The makeup of the Assembly next year will be 1 Independent, 19 Republicans, and 60 Democrats.

Senate: The Senate is shifting even further blue with two seats flipping from Republican to Democrat for a partisan makeup of 9 Republicans and 31 Democrats.

Proposition 15 – Split Roll: This proposition, which Wine Institute strongly opposed, failed with the final tally at 48% YES and 52% NO. While this is certainly good news and encouraging, Wine Institute staff is concerned that the Legislature will find other ways to raise revenues by taxing businesses in the upcoming legislative session.

2021 Legislative Issues

Recycling/Single-Use Packaging: Wine Institute expects to see renewed efforts next year to create a comprehensive single-use packaging system addressing recyclability, recycling rates, and source reduction of packaging material. The legislation will at a minimum focus on plastic packaging but could be expanded to other packaging materials and single-use products. Wine Institute staff is working with our members to create a system or systems that will work for all wine packaging – glass bottles, aluminum cans, bag-in-box, etc.

Charitable Promotions and Sales: CA ABC has taken the position that connecting a charitable contribution to the sale of an alcohol beverage (i.e., 20% or \$5 of the sale of a bottle of wine goes to charity X) is a violation of law as a premium, gift, or free good in connection with the sale of alcohol. In response to the COVID-19 pandemic, ABC has declared that they will not enforce this for sales or promotions for the benefit of a bona fide charitable organization providing relief related to COVID-19. While Wine Institute does not agree with the general interpretation that this type of activity is a violation of law, the Legal Subcommittee and Public Policy Committee recommend introducing legislation to make it clear charitable promotions and sales are allowed under the Business and Professions Code.

Additional Tasting Rooms: Wine Institute has been working for several years to allow 02-Winegrowers to have an additional duplicate license for a total of two. This would give wineries the opportunity to have three tastings room – one at their production facility and two offsite at

their duplicate premises. Given a shown need for additional tasting room facilities in response to COVID-19 and the wildfires, Wine Institute is hopeful to pass the legislation this year. The Legal Subcommittee and Public Policy both voted to approve this legislative proposal.

Taxation – State and Local Revenue: The measures taken to prevent the spread of COVID-19 have led to a significant reduction in state and local tax revenue, leaving significant shortfalls in state and local budgets. Last year, the Legislature introduced but failed to pass legislation increasing “high earner” income taxes, instituting a wealth tax, instituting a “head count” tax on “large employers,” and more. Wine Institute staff is expecting a rash of tax bills to fill the holes in the state budget and allow for local jurisdiction to increase local taxes, with the biggest concern being a potential attempt to increase the alcohol beverage excise tax.

Labor and Employer Liability Legislation: While it is unclear exactly what proposals may come forward this year, Wine Institute staff expects a significant number of new labor related bills to be introduced this year. Of particular interest will be bills related to the COVID-19 pandemic and bills related to workers operating in active wildfire zones.

Wildfire Prevention and Mitigation: Wine Institute has been reaching out to other organizations to understand priorities around wildfire prevention and opportunities in which Wine Institute could engage. Conservation groups are requesting \$2 billion from the state budget to increase the use of prescribed fire as a tool to prevent catastrophic wildfires. Livestock organizations are looking to increase the use of prescribed grazing on state lands and eliminate barriers to its use. Local governments are looking to increase available funding for fire prevention work (e.g., prescribed burning and forest management) and home hardening. Additional research funding would also be valuable to ensure fire prevention efforts are targeted where they will be most effective and unintended consequences will be minimized.

Regional and Statewide Regulatory Issues

Winery Order: Wine Institute has been meeting with State Water Resources Control Board (SWRCB) members to discuss the draft Winery Order. A revised draft of the Winery Order should be released for public review on December 1st; however, Wine Institute has been provided a high-level overview of what is likely to be included in the revised draft. Currently the SWRCB is planning to consider adoption of the statewide Winery Order on December 15th. Wine Institute has asked that the board adoption hearing be delayed until early 2021. Wine Institute’s remaining concerns with the proposal include the tier structure, monitoring, and fees tied to the tier structure.

Ag Order 4.0: The Central Coast Regional Water Quality Control Board has been holding hearings to discuss its Ag Order 4.0 for irrigated agriculture on the Central Coast. The draft Order will place nitrogen application limits on irrigated agricultural lands and create additional planning, monitoring, and reporting costs for irrigated agricultural lands on the Central Coast. Wine Institute provided testimony requesting modifications to recognize the low rates of nitrogen applications on vineyards and the need for recognition of vineyards enrolled in sustainability certification systems and allow for simplified compliance options for those vineyards. The board has held four days of hearings during September and October and will meet again December 9-10.

Region 2 Vineyard Order: Wine Institute recently met with the Executive Officer and Assistant Executive Officer of the San Francisco Regional Water Quality Control Board and obtained an

agreement for the Board to delay the start of group monitoring by one year and delay the group monitoring report deadline by six months, to January 2024, due to the recent fires.

Neonicotinoid Mitigation Measures: The Department of Pesticide Regulations (DPR) is developing regulations that will limit the use of neonicotinoids to limit effects on pollinators. We signed onto comments that CAWG submitted which explained the importance of the PD/GWSS program and the use of neonicotinoids to control glassy-winged sharpshooters. Wine Institute joined CAWG for a meeting with DPR on November 5th to discuss potential changes to the proposed regulations to limit the impact on treatments under the PD/GWSS program.

Advanced Clean Truck Large Entity Reporting – The California Air Resources Board (CARB) has adopted regulations requiring the reporting of medium- and heavy-duty truck use by companies with more than \$50 million in revenues or that own more than 50 medium- and/or heavy-duty truck. Wine Institute has met with CARB staff to gain clarification on the specific reporting required under the recently adopted Advanced Clean Truck regulation. Wine Institute has developed guidance for companies subject to the large entity reporting requirements.

Criteria Air Pollutants and Toxic Air Contaminant Reporting Regulations: CARB met November 19th. The board meeting included adoption of amendments to its regulations for Reporting of Criteria Air Pollutants and Toxic Air Contaminants, which will require additional reporting of emissions from permitted sources, including wineries. The amendments both reduce the reporting threshold and add hundreds of additional chemicals to the list of what requires reporting. Two specific changes that will affect wineries are the need to report emissions from composting and wastewater operations. The regulations were adopted by CARB, however there are additional changes that will be released shortly for a fifteen-day comment period before the regulations are submitted to the Office of Administrative Law for final approval.

Zero-Emission Forklift Regulation: CARB held a workshop in October to update the public on its regulatory concept to require the transition of most forklifts in California to zero-emission. The proposed regulations are planned to be brought to CARB's hearing in 2022 with full implementation (i.e., forklift replacement) required by 2035. CARB staff are planning to form working groups to take input as the regulations are developed. Wine Institute participated in the workshop.

CA ABC Administrative Emergency Decisions: Wine institute is in the process of drafting comments of concern to California ABC on regulations that would grant ABC the authority to issue an emergency decision temporarily suspending a license, temporarily suspending specific privileges, or temporarily imposing conditions on a license in situations defined by ABC as involving an immediate threat to the public health, safety, or welfare. In May 2020, ABC released emergency regulations nearly identical to the permanent regulations being proposed now. The reason given by ABC for issuing the emergency regulations was based on violations of the COVID-19 health and safety orders, but the emergency regulations were not limited to the COVID-19 pandemic. As a result of comments submitted by Wine Institute and others, ABC amended the emergency regulations to only apply to violations of federal, state, and local orders issued during a state of emergency. These emergency regulations remain in effect; however, ABC is now putting forward the more expansive regulations as permanent regulations.

Wildfire Response

ABC Regulatory Relief: At the request of Wine Institute and the Napa Valley Vintners, ABC has made available expedited relief mechanisms to assist wineries impacted by wildfires, including moving production, storage, and tasting room operations.

Multi-State Coordination: Wine Institute continues to work with representatives from Oregon and Washington on issues of multistate concern, specifically around federal relief (WHIP+), crop insurance, research funding, and wildfire prevention.

Legislative Hearings on Wildfire: Wine Institute monitored a hearing of the Assembly Natural Resources Committee on “Expanding the Use of Prescribed Fire Including Cultural Burning to Reduce California’s Wildfire Risk.” Speakers at the hearing testified to the challenges preventing the broader use of prescribed fire. Those challenges include the lack of liability protection and insurance for individuals initiating prescribed burns, CEQA planning costs for prescribed burns, and permitting costs for prescribed burns. The Assembly Agriculture Committee also held a hearing regarding wildfire impacts on California agriculture November 18th, which Wine Institute monitored. The speakers included Karissa Kruse with Sonoma County Winegrowers and Arnulfo Solorio with the Napa Valley Farmworker Foundation.

California Environmental Dialogue: Wine Institute Sacramento Office and Environmental Department staff participated in the California Environmental Dialogue discussion around wildfire resilience. Following the meeting, Wine Institute reached out to some of the speakers to explore opportunities for collaboration to reduce fire risk in California’s wine regions.

Wildfire Economic Impact Assessment: Wine Institute is working with Jon Moramarco to estimate the economic loss caused by the 2020 wildfires for the purpose of governmental advocacy.

COVID-19 Response

Indoor Operations: In August, the Governor announced a four-tiered approach to reopening that would allow tasting rooms to reopen indoor operations at limited capacity if their county met specific COVID-19 metrics. Since August, the trends had been mostly positive with winery regions slowly beginning to open indoors. Unfortunately, the trends are moving in the opposite direction: as of December 1st, 51 of California’s 58 counties, representing 99.1% of the State’s population is in the most restrictive (purple) tier. As a result, the overwhelming majority of tasting rooms and restaurants in the state are limited to outdoor operations.

Cal/OSHA COVID-19 Emergency Regulations: In response to a petition submitted by Worksafe and various labor organizations, the Cal/OSHA Standards Board drafted emergency regulations for workplace COVID-19 prevention. The emergency regulations were made public on November 12, the Board adopted the regulations on November 19, the Office of Administrative Law approved the regulations on November 30, and the regulations took effect immediately. Wine Institute joined in expressing objections to the regulations by co-signing multiple coalition letters in opposition. The Wine Institute Sacramento Office is working with the Wine Institute Legal Team and other employer-based organizations to strategize on next steps to challenge these now final regulations. At this time, it is unclear how quickly enforcement will proceed. During the Cal/OSHA Standards Board hearing on the regulations, senior staff recognized that some employers would need extra time to comply, and that enforcement efforts would consider “good-faith” efforts. Regardless, all California employers are expected to comply with these regulations and should be implementing the new requirements.

Limited Stay at Home Order: On November 19, a limited stay at home order was announced requiring that non-essential work, movement, and gatherings stop between 10pm and 5am in counties in the most restrictive (purple) tier. The order takes effect at 10pm Saturday, November 21, and remains in effect until 5am December 21. Work in the food and agriculture industry, including beverage production, is deemed essential work and can continue under the order. It is advised that employees traveling to and from work during the hours of 10pm and 5am be issued documentation stating that they are an essential worker. The Wine Institute Legal Team in consultation with the Wine Institute Sacramento Office are working to update a previously drafted “essential worker” document for winery employees.

Travel Advisory: On November 13th, the state issued a travel advisory, along with Oregon and Washington, urging people entering the state or returning home from travel outside the state to self-quarantine, and urging against non-essential out-of-state travel.

Enhanced Face Covering Guidance: On November 16, the state also released enhanced face covering guidance, mandating that face coverings be worn state-wide when outside of the home, including in most work settings, with limited exceptions. Employers are required to provide face coverings to workers or reimburse workers for the reasonable cost of obtaining them. Additionally, in newly updated tasting room guidance, the State is recommending that employees that must come within 6 feet of customers be encouraged to wear dual face coverings (i.e., a mask and a shield).

Temporary Structure Guidance: The State recently issued more detailed guidance for temporary structures that would be acceptable for outdoor businesses. Among the clarifications, the guidance allows for the use of 2 non-adjacent walls.

Other Issues

Healthy Soils Week: Wine Institute is hosting a webinar highlighting healthy soils practices in vineyards at 9:00 am on December 3rd as part of Healthy Soils Week, which CDFA is hosting November 30 – December 5. Additionally, Wine Institute provided CDFA with videos highlighting vineyard activities to improve soil health that are available on CDFA’s website.

Pierce’s Disease/Glassy Winged Sharpshooter Board: CDFA’s PD/GWSS Board met November 9th and got updates on Spotted Lantern Fly and the area wide treatment for GWSS in the Southern San Joaquin Valley. Trap finds of GWSS have increased significantly this year within the area wide program.

Winegrower Tax Data: At the request of Jon Moramarco, Wine Institute is working with the Governor’s Office in an attempt to obtain the winegrower tax data that has historically been provided (since 1948!) to support the analysis in the essential Gomberg/Fredrikson Report. This year, Jon was informed that the data will no longer be made available. California statute clearly allows the Governor to release such information in the event a Department is reluctant.



Agenda Item No. 8(b)(ii)

FEDERAL RELATIONS
BOARD OF DIRECTORS MEETING
December 8, 2020

CRAFT BEVERAGE MODERNIZATION AND TAX REFORM ACT (S. 362 / H.R. 1175)

Wine Institute's top priority for the current lame duck legislative session is to secure permanence or a multi-year extension for the provisions of the Craft Beverage Modernization and Tax Reform Act (S. 362 / H.R. 1175). The current law is set to expire at the end of this year if Congress does not act before December 31st.

We have worked closely throughout the year with our industry coalition partners representing brewers, distillers, cidermakers, and mead producers to broaden cosponsor support, expand engagement from supply chain partners, and escalate grassroots advocacy by hosting facility tours for Senators and Representatives. Support for making the tax benefits permanent continues to grow and the legislation now has support from 76 Senators and 351 Representatives. This broad, bipartisan support for the Craft bill will be crucial in the final weeks of this legislative session as we press for immediate action. To further build support and momentum, Wine Institute and the Craft Beverage coalition organized a national Day of Action on December 1st to demonstrate grassroots support for the legislation. Despite this significant support, to date Congress has been unable to advance tax legislation given the polarized environment created by the recent election.

In the event that the bill temporarily expires, we are confident that it will be restored retroactively next year. The following Craft Beverage bill provisions which have been in place since January 1, 2018 provide critical benefits for every winery in the country:

- **Applies the excise tax credit to all wineries** - All wineries regardless of size will continue to receive a credit of between \$.535 and \$1 per gallon on the first 750,000 gallons of wine production. The total value of the full credit is \$451,700 per year, based on producing the full 750,000 gallons.
- **Allows sparkling wine to qualify for the tax credit** - Sparkling is eligible to receive the tax credits listed above.
- **Wine containing up to 16% Alcohol by Volume (ABV) taxed at \$1.07 per gallon** - Wines with 14% to 16% ABV were previously taxed at \$1.57 per gallon.
- **Increases the carbonation limit in certain low alcohol wines** (8.5% ABV or less) from .392 to .64 grams of carbon dioxide per hundred milliliters.

COVID-19 AND WILDFIRE RELIEF LEGISLATION

COVID-19 Relief Legislation - Despite growing political pressure to address the worsening pandemic, Congressional leaders have yet to engage in serious negotiations on a new legislative package. There is broad agreement on extending certain programs included in previous pandemic legislation, but Democrats and Republicans cannot agree on an overall price tag for a new bill. Wine Institute continues to advocate for key policies including extending the Paycheck Protection Program (PPP), Employee Retention Tax Credit, and the Restaurants Act.

Restaurants Act (H.R. 7197) – Wine Institute is part of a broad coalition of hospitality industries supporting this legislation which would provide direct payments to restaurants and similar businesses who have suffered losses due to the pandemic. We worked directly with the bill's sponsors to ensure that language was included to allow for winery tasting rooms to qualify for this program. We will continue advocating that the Restaurants Act should be included in any COVID-19 relief legislation.

USDA Coronavirus Food Assistance Program (CFAP) – In September, the USDA announced that winegrape growers would be eligible for financial assistance made available in the CFAP. Winegrape growers can now apply for direct payments to help cover lost sales since April 2020 that are the result of the COVID-19 pandemic. Payment rates and calculations can be found here on USDA's website: farmers.gov/cfap. Interested applicants can learn more about the program in a webinar hosted by USDA here: [CFAP 2 Webinar](#)

Wildfire Relief Legislation - Rep. Mike Thompson and a bipartisan group of Representatives have introduced legislation to reauthorize funding for the Wildfire and Hurricane Indemnity Program (WHIP+). The legislation provides \$3 billion for crop losses that occurred in 2020 and would only apply to harvested grapes found to be damaged. While the legislation does not include changes to expand the program in a way that would benefit more wineries, we do believe it will provide critical relief for many grape growers who suffered losses. The bill has Speaker Pelosi's strong support, and we believe it will be incorporated into broader disaster legislation which we expect to be enacted during the lame duck or early next year.

Smoke Exposure Research Funding – In response to the 2017 and 2018 wildfires, Congress appropriated \$2 million to the USDA Agricultural Research Service in FY2020 to fund research into the impact of smoke exposure on winegrapes. These funds have been granted to academic institutions such as UC Davis to perform specific research. Wine Institute has been working closely with CAWG and other winery and grower organizations to advocate for additional research funding in light of the devastating 2020 wildfires. We expect that the final FY2021 Omnibus appropriations bill will include \$3-3.5 million to fund additional research this year.

WINE AND HEALTH - 2020 DIETARY GUIDELINES

The Departments of Agriculture and Health and Human Services intend to complete work and release the finalized 2020 Dietary Guidelines in December. Throughout the summer and fall, Wine Institute has actively participated in coalition efforts to persuade the administration not to change moderate consumption guidance as recommended by the Dietary Guidelines Advisory Committee (DGAC). The DGAC report released in July, recommended changing the guidance on daily alcohol consumption for men from no more than two drinks per day to no more than

one drink per day. This recommendation was made despite the clear lack of scientific evidence to support such a change.

Together with coalition partners, Wine Institute worked aggressively to educate and inform administration and Congressional staff on the flawed process and lack of evidence contained in the DGAC report. A summary of comments submitted by outside experts is attached to this report. USDA and administration officials have acknowledged the validity of concerns about the process and are carefully reviewing the recommendation in light of the relevant science. Wine Institute continues to press the agencies to reject the flawed DGAC recommendation through outreach from key stakeholders and members of Congress. We believe this effort is having an impact as the agencies take the final steps to release the Dietary Guidelines this month.

FY2021 GOVERNMENT FUNDING

Funding for the federal government is currently set to expire at midnight on December 11th if Congress does not act before then to pass another continuing resolution or an Omnibus Appropriations bill. Congressional leaders are currently negotiating to complete work on an Omnibus bill to fund to government operations through the remainder of the FY2021 fiscal year which runs through September 30th, 2021. If Congress fails to pass a bill or President Trump refuses to sign it, there is the possibility of a temporary government shutdown which would impact important government services at agencies such as TTB. This seems unlikely at this point, but it cannot be ruled out given the unpredictable environment that exists in Washington.

Alcohol and Tobacco Tax and Trade Bureau (TTB) – Wine Institute continues to advocate for increased funding for TTB to ensure the agency can meet the needs of the growing alcohol beverage industry. The agency is focused on upgrading technology and improving processing times at its National Revenue Center which handles all permit applications among other things. TTB has experienced significant delays in permit approval times in recent years. The administration’s budget proposal for FY 2021 requested a modest 5% increase to the agency’s budget up to \$125.8 million. Wine Institute and industry partners have advocated to Congressional leaders for additional funding but it remains to be seen what will be included in the final funding resolution.

ASSESSMENT OF COMMENTS REGARDING 2020 DGAC PROPOSAL TO CHANGE THE DEFINITION OF MODERATE DRINKING

EXECUTIVE SUMMARY

COMMENTS OPPOSING THE PROPOSAL

Dozens of independent experts submitted comments to the Federal Register opposing the Dietary Guidelines Advisory Committee's (DGAC) proposal to change the definition of moderate drinking.

The comments summarized here for reference, generally highlight four themes of concern: the Committee's blatant violations of the NESR protocol, lack of transparency, lack of scientific rigor, and disregard for the vast majority of evidence in its own systematic review, which reaffirms that the current definition of moderate drinking is associated with low risk for most adults and is, in fact, associated with lower risk of death from all causes compared to never drinking.

Additionally, expert comments raised serious concerns regarding the unintended consequences of changing the definition of moderation for men without apparent scientific justification that has been evidence-based policy for 40 years. These include the impact on healthcare providers and clinicians seeking to assist their patients, the confusion that it will cause among the American public in general and more specifically for women, and the broad implications globally and at the World Health Organization.

COMMENTS SUPPORTING THE PROPOSAL

In comments supporting the proposal, three general themes arise, arguing the proposal: 1) "addresses an unfolding public health emergency stemming from alcohol harm" (Alcohol Justice and others); 2) is consistent with efforts in other high-income countries (American Public Health Association and others); and 3) is justified by research that has observed associations between alcohol and some cancers.

These arguments have been thoroughly addressed in previous comments and do not account for:

- Federal data showing that the United States is experiencing significant, measurable, and continuing progress in reducing the harmful use of alcohol.
- Evidence that other countries' drinking guideline reviews suffered from similar flaws as the current DGAC proposal and that lowered guidelines have not resulted in any substantial or sustained reduction in drinking levels.
- As the DGAC authors themselves conclude: "...the effects on alcohol and cancer are reflected in studies of alcohol and all-cause mortality..." (Chapter 11, part D, p. 25). As highlighted in the independent expert opinions summarized below, rigorous review of evidence by prominent alcohol researchers and scientists regarding the relationship between alcohol consumption and all-cause mortality concludes that the correct definition of moderate drinking is up to two drinks per day for men.

CONCLUSION

The DGAC proposal to change the definition of moderation for men is not supported by a preponderance of evidence. In fact, a rigorous review of the evidence within the DGAC's research protocol supports the evidence-based guidance that has driven U.S. policy for the past four decades and is reflected in previous Dietary Guidelines for Americans (DGA).

Now more than ever, the DGA must provide credible, evidence-based information for health care professionals and the general public. The DGAC proposal does not meet the requirements for inclusion in the 2020 DGA.

HIGHLIGHTS OF EXPERT COMMENTS OPPOSING THE PROPOSAL

CARLOS A. CAMARGO, MD, DRPH
EDWARD L. GIOVANNUCCI, MD, SCD
KENNETH J. MUKAMAL, MD, MPH
ERIC B. RIMM, SCD
MEIR J. STAMPFER, MD, DRPH

Harvard University Medical School and School of Public Health

“Unfortunately, gold-standard evidence by which to judge the health effects of limited or moderate alcohol consumption remains elusive, introducing serious difficulty in considering the safety of alcohol consumption. Some existing guidelines, such as the 2015-2020 DGA, succeeded in this task by adopting a transparent and evidence-based approach, while the proposed draft guidance for the 2020-2025 DGAC adopted a selective, inconsistent process that appears intended to support a pre-determined and, in our view, unscientific conclusion.”

DR. CURTIS ELLISON

Professor of Medicine, Boston University School of Medicine

“While the authors of this report give a number of speculations as to why they are advising lower drinking limits for men, the only research paper referenced is one based on data from Australia (MMR). In that paper, the actual risk of total mortality for persons reporting an average of 7 drinks/week with one drink per day is a reduction of 3.9%, while [mortality for] those with an average of 14 drinks/week with daily consumption is an increase of 0.1% (as they state: “less than 1 in 1,000”). And much larger and better conducted cohort studies (e.g., Di Castelnuovo et al) have consistently demonstrated that the risk of higher mortality for drinkers than for abstainers does not occur at levels below 2 drinks/day.”

ANDREW L. WATERHOUSE

Professor of Enology, University of California, Davis

“While the [DGAC report] states that “Ultimately, the Dietary Guidelines for Americans are oriented to health and well-being,” the introduction to the Alcoholic Beverage section focuses almost exclusively on the dangers of heavy drinking, with little description of the benefits of moderate intake that reduce the risk of two of the leading cause of death among Americans: coronary heart disease and diabetes. It appears that the authors of the Guidelines based their conclusions on a single study from Australia, casting aside decades of much larger and better organized studies that have consistently shown that moderate daily consumption of wine and other alcoholic beverages is associated with reduced heart disease mortality, reduced diabetes and lower overall mortality.”

DR. SAMIR ZAKHARI

Chief Scientific Advisor Distilled Spirits Council

“The Committee’s systematic review included just one study that examined differences amongst men consuming one versus two drinks per day. The Committee’s reliance on a single study within its review to justify halving the daily guideline for men and contradicting the true preponderance of scientific evidence defies logic”

DAVID J. HANSON, PH.D.

Professor Emeritus of Sociology, State University of New York, Potsdam

“Redefining “moderate” drinking for men is not supported by the body of scientific evidence. In fact, the advisory panel acknowledged in the report that “only 1 study examined differences among men comparing 1 vs 2 drinks per day.”

JUDGE LINDA CHEZEM

Foley Peden & Wisco, P.A. - Attorneys at Law

“Misrepresenting the levels at which consuming alcohol should be considered immoderate will have serious consequences for education and enforcement actions against harmful behavior like binge drinking and impaired driving.”

DR. CRAIG MCCLAIN

Associate Vice President for Health Affairs, Professor of Hepatology and Nutrition,
University of Louisville

“I have examined very carefully the arguments and conclusions presented in Chapter 11, Part D wherein the 2020 DGAC proposes to change the U.S. definition of moderate drinking, reducing the guideline for men from up to two drinks per day to one drink per day. I could not find a convincing argument, certainly not a "preponderance" of evidence to justify the change. In my opinion, there are not compelling new data to change recommendations from the previous guidelines.”

TIFFANY SIZEMORE-RUIZ, D.O., F.A.C.C., F.A.C.O.I

Diplomate in Internal Medicine, Cardiology, Nuclear Cardiology & Echocardiography

“Unfortunately, the 2020 DGAC’s proposal to change the definition of moderate drinking puts the credibility of these incredibly important doctor-patient interactions at risk, and with shockingly little justification... Advice that is not credible is not helpful to patients or practitioners and will not impact harmful use of alcohol which is of greatest health concern.”

ADAM CHAFETZ

President, Training for Intervention Procedures (TIPS)

“As an expert in the alcohol prevention and training field, I strongly oppose the new guidelines being proposed.. My dad, Dr. Morris Chafetz, the founding Director of the National Institute on Alcohol and Alcohol Abuse (NIAAA) and considered the world's foremost authority on alcoholism and alcohol abuse, would also oppose this change.”

H. WESTLEY CLARK, MD, JD, MPH, DFASAM

Dean’s Executive Professor of Public Health, Santa Clara University

“Even though the DGA are “only guidelines,” they will acquire the imprimatur of regulation and law in the eyes of the community. Unreasonable guidelines that have less science supporting them than face masks in this period of the COVID-19 Pandemic will generate even greater push back from the community of Americans for whom these guidelines are supposed to help. Respect for the autonomy of the public requires the recognition that well-intended nudging based on distorted data undermines respect for government, just as its use undermines respect for people.”

YOUSSEF ALLAMI, PHD

Psychologist, Université of Montréal (Centre de réadaptation en dépendance)

“General Limitations of the DGAC Scientific Report

1. The analytical method defined a priori was not followed. The DGAC had initially planned to conduct thorough analyses on a variety of topics, such as risk of cancer and cardiovascular disease, but this was not done. In fact, only one question out of eight was ultimately addressed.
2. The DGAC recognizes that, due to time constraints, they could not complete their entire mandate. Consequently, it is evident that the conclusions were rushed and do not reflect a thorough analysis of the current situation.
3. Mendelian Randomizations were put on a pedestal, because of a supposed greater confidence in identifying causality. Yet, when applied to alcohol, these studies have fundamental flaws that misrepresent their results.”

DR. RICHARD HARDING

Former member of the UK Government's Sensible Drinking working group

“There are good reasons for having a different guideline for men and women. First, women are a lot less effective at metabolising (sic) alcohol than men, and for the same amount of alcohol ingested, have higher blood alcohol levels. The relationship between alcohol consumption and chronic diseases have different curves for men and women, including those for all-cause mortality. It does not make any sense to have the same guideline for both men and women...

The proposal to reduce the guideline to 1 drink/day for both men and women cannot be justified. The public health challenge presented by alcohol is to formulate a set of policies that fully addresses alcohol-related harm, while at the same time providing evidence-based advice to the general public on sensible drinking, that allows individuals consume alcohol in the context of a healthy dietary pattern, if they so wish. The Report of the 2020 Dietary Guidelines Advisory Committee sacrifices the latter in order to not achieve the former.”

ALISON STEIBER, PHD, RDN

Chief Science Officer
Association of Dietetics and Nutrition

PEPIN ANDREW TUMA, JD

Senior Director, Government & Reg. Affairs
Association of Dietetics and Nutrition

“The evidence indicates that low or light consumption may have benefit while high or heavy drinking is associated with increased mortality... The methodology for estimating alcohol intake suffers from a lack of standardization and specificity. As noted previously, measurement should occur at multiple timepoints to ensure accurate consumption estimation. We also recommend funding additional well-designed studies on alcohol intake, and we note the Committee specifically suggests more Mendelian randomization studies that stratify individuals based on relevant genetic variants before randomization.”

COMMENTS FROM ASSOCIATIONS

THE DUTCH BEER INSTITUTE

“We harbor substantial doubts about whether the content of this report and its conclusions and advice are based on a balanced scientific review of the current state of knowledge on alcohol consumption and all-cause mortality as initially described in the Subcommittee protocol for its systematic review. Although we agree that no evidence currently exists to relax current alcohol guidelines in the Dietary Guideline for Americans, we disagree that there has been a meaningful change in scientific evidence that justifies tightening guidelines for men to one glass per drinking day”

MICHELLE KORSMO

President & CEO Wine & Spirits Wholesalers of America

“The 2020 DGAC indeed reaffirms that moderate drinking is associated with little health risk and is specifically associated with reduced risk of all-cause mortality compared to never drinking. While the Report characterizes this evidence as "limited," the Committee's systematic review found that "approximately half of the studies reported significant findings that low average alcohol consumption ... was associated with reduced risk of all-cause mortality compared with never drinking alcohol" and "only 2 studies reported that low alcohol consumption was significantly associated with greater all-cause mortality compared to never drinking alcohol." In a concerning development, the Committee cited just one study that examined differences in risk amongst men consuming two drinks per day as compared to one drink per day.”

BRETT HEFFERNAN

Brewers Association of Australia

“Indeed, there is significant evidence to demonstrate that lower levels of alcohol consumption are thought to provide protections against coronary heart disease, Type 2 diabetes, ischemic stroke and better cognitive function. The reference paper, Di Castelnuovo et al, 2006, states that: "Consumption of alcohol, up to 4 drinks per day in men and 2 drinks per day in women, was inversely associated with total mortality,"

EDGAR DOWNS

Family Winemakers of California

“We feel that the guidelines should be based upon valid scientific evidence and common sense, if changes are to be made to the current guidelines. The guidelines, first established in 1980, have been based on moderate consumption of alcohol and the reports in 2010 and 2015 reinforce those recommendation. The 2015 report, setting the current consumption levels, was validated with a comprehensive, broad scientific study. The proposed recommendations are the result of one study that explored the relationship between one vs. two drinks per day for adult males.”

MOYA DOLSBY

Executive Director, Idaho Grape Growers & Wine Producers Commission

“The scientific evidence clearly supports maintaining the current guidance on moderate consumption, not changing it. Allowing this flawed process to lead to a change in this guidance does not serve the public interest and will only erode public confidence in the final Dietary Guidelines recommendations.”

RICHARD BERMAN

Executive Director, American Beverage Institute

“Notwithstanding the flawed methodology, support for lowering the daily drink level for men is far from reaching a scientific consensus. Only a single study considered by the committee investigated the health outcome differences between consuming one and two drinks per day for males. The integrity of government advice shouldn’t be compromised by relying on a single undependable analysis. The recommendation also parts with scientific precedent and acknowledgement that men and women react differently to beverage alcohol by advising that both genders abide by the same guideline.”

SALLY GREENBERG

Executive Director National Consumers League

“The National Consumers League recommends that DGAC address the urgent need to educate Americans about the definition of a standard drink as a first step in changing policy on moderate drinking. The issue is certainly not new but efforts to change the recommendation on moderate drinking for men will be impeded unless the definition of a standard “drink” is clearly understood.”

CHRIS NETRAM

VP Tax & Domestic Economic Policy, National Association of Manufacturers

"The Subcommittee violated several procedural safeguards in developing its proposal to change to the longstanding guidance on moderate consumption of alcohol for men. The Departments undoubtedly—and understandably—adopt a presumption of deference to the scientific findings of the Committee. In this instance, however, the Departments should not give deference to the Committee’s recommendations.

DAREN BAKST

Senior Research Fellow in Agricultural Policy, The Heritage Foundation

“The DGAC has provided a new recommended limit of one drink per day for men, as opposed to two. This appears to be misguided and unsubstantiated.”

CHRISTOPHER SNOWDON

Head of Lifestyle Economics, Institute of Economic Affairs (London, UK)

“The existing evidence strongly suggests that the current US guidelines for men and women fall comfortably within the safe level, i.e. the risk is less than not drinking at all. A good case could be made for increasing the threshold to 2 drinks a day for women and 3 drinks a day for men, but there is no case for lowering them.”

MATT DOGALI

President & CEO, American Distilled Spirits Alliance

“By failing to adhere to the NAS guidelines, the DGAC has allowed for a recommendation to come forth that is inconsistent with the body of evidence that it examined. At a time when the Commission was struggling to meet impending deadlines amidst the logistical challenges of COVID-19, the systematic review was abbreviated jeopardizing the integrity of the investigation on this question. Our industry strongly supports the Dietary Guidelines for Americans 2015-2020 edition. We do not promote drinking alcohol for any health benefit; we do not advocate overconsumption of our products. However, we do insist that the Dietary Guidelines reflect an objective review of all available relevant evidence, and the 2020 DGAC Scientific Report does not meet that standard.”

LAURA ABSHIRE

Director of Food and Sustainability Policy, National Restaurant Association

“In the report, the DGAC recommends lowering the daily limit for alcohol consumption for men from two drinks per day to one drink. We understand from our food and beverage supply chain that there are concerns around the strength and quality of science used to develop this recommendation. Given the importance of strong DGA to our members and to all Americans, as well as the need for accuracy of our own ServSafe Alcohol training, we suggest that USDA/HHS review the process and evidence used to justify departure from previous guidelines before issuing any updates to the 2020-2025 DGA.”

JIM MCGREEVY

President & CEO, Beer Institute

BOB PEASE

President & CEO, Brewers Association

“The preponderance of the scientific evidence supports continuation of the alcohol consumption guidelines from the 2015 Dietary Guidelines for Americans. The agencies should not rely on Chapter 11 of the 2020 Dietary Guidelines Advisory Committee Scientific Reports, particularly its recommendation for a change in the consumption guidelines for the following reasons:

1. The recommendation to change the consumption guidelines for men conflicts with the requirements of the 2020 DGAC Charter.
2. The authors of Chapter 11 place unwarranted reliance on out-of-scope Mendelian Randomization (MR) studies to support the recommendation to reduce the consumption guidelines for men.
3. The authors of Chapter 11 did not meet DGAC charter standards for transparency nor strengthen the science base of the process and proposed recommendations.
4. The recommendation to reduce consumption guidelines for men violates the DGAC charter because it deviates from and does not build upon prior Dietary Guidelines.”

LUKE CHAPMAN

Interim President,
Beer Canada

DAN PASZKOWSKI

President & CEO,
Winegrowers Canada

JAN WESTCOTT

President & CEO,
Spirits Canada

"The guideline recommendations being brought forward are not about encouraging sensible drinking. Unrealistically low and impractical, they run counter to the goal of developing and supporting a culture of moderation. The public will follow guideline advice only if they believe it is useful to helping them stay within the boundaries of what most already believe to be reasonable and non-harmful behaviour (sic). The current recommendations fail in this respect, and given the weakness and distortion of evidence, they cannot be considered as legitimate or credible"

FOOD4HEALTH ALLIANCE

“Limitation: Only about 1/3 of the studies (36%) are US-based and less than half of studies accounted for race/ethnicity as a confounder... The majority of studies enrolled middle-aged adults that were primarily white, suggesting good generalizability for that population, but less generalizability for younger, older, and non-white adults.”

JOSH MCDONALD

Executive Director, Washington Wine Institute

“Based on the information provided in the May 26th draft conclusions and at the June 17th public virtual meeting, we are very concerned that the Beverages and Added Sugars Subcommittee did not follow [the required] procedure, and as a result its conclusions are not based on the preponderance of scientific evidence in this area... The scientific evidence clearly supports maintaining the current guidance on moderate consumption, not changing it. Allowing this flawed process to lead to a change in this guidance does not serve the public interest and will only erode public confidence in the final Dietary Guidelines recommendations.”

ELIN MILLER

President, Oregon Wine Council

FAWN BARRIE

Executive Director, Oregon Wine Council

“Our concern lies with what appears to be a procedural misstep by the committee, which was tasked with reviewing evidence presented in 60 research studies examining the relationship between alcohol consumption and all-cause mortality. The last-minute change in the recommended guidelines appears to ignore this scientific evidence which, upon objective review, clearly supports maintaining the current guidance. Further, the last-minute presentation of the final recommendations at the last public hearing failed to ensure transparency in the process, a requirement of the Advisory Committee’s governance. We are deeply concerned that the subcommittee failed to follow established procedure of scientific review and therefore its conclusions are not based on valid scientific evidence, especially as it relates to all-cause mortality.”

ROBERT M. TOBIASSEN

President, National Association of Beverage Importers, Inc.

"As a former federal regulator of the alcohol industry, I am very sensitive to building trust with the consumers by the persuasive evidence you present in explaining the change in position by an agency... Significantly, this is not a public policy that was adopted 40 years ago and has not been reviewed ever since. Rather, this is a public policy that has been continuously reviewed every five years on the current science and medical knowledge. Adoption of the recommendation revising the daily drink standard for men must be founded on science and not a social policy preference or an “aspiration” that the DGAC may have for the consumers of beverage alcohol. Anything less, will cause lasting damage to the future work of the DGAC and will be received with circumspection by the public.”

ROBERT P. KOCH

President & CEO, Wine Institute

“In addition to the departures in methodology and transparency, the change in guidance for men does not appear to be supported by a preponderance of the scientific evidence that the committee did review. The Review included a total of 60 studies. Based on these studies, the weight of the evidence indicates that consumption levels of up to 2 drinks/day for men (and in some studies, 3 drinks per day) is associated with no increased risk of all-cause mortality or in some cases, a reduced risk of all-cause mortality. The evidence thus does not demonstrate a lower risk of all-cause mortality for men consuming 1 drink/day relative to men consuming 2 drinks per day. While the Review purports to have conducted evidence synthesis considering consistency of results, quality of each individual study, and other critical factors, the Report does not discuss how the DGAC incorporated these considerations into its overall conclusions. This is a critical oversight because, as an example, inconsistencies across studies (i.e., differences in the presence or absence of an association or in the magnitude of effect) may be partially or wholly due to differences in methodological design and/or rigor.”

SCOTT DEFIFE

President, Glass Packaging Institute

“The Committee’s Beverages and Added Sugars Subcommittee recommendation to the report that would lower the number of alcoholic drinks for men from two to one per day directly contradicts the findings of the majority of studies reviewed. The Subcommittee did not also take into account the many health related benefits associated with moderate alcohol consumption, in accordance with current consumption guidelines.”

LISA GRAHM KEEGAN

Advisory Board for the Foundation for Advancing Alcohol Responsibility (Responsibility.org),
former Arizona State Superintendent of Public Instruction

“The habits of adults have a massive impact on youth behavior, and those of us in a position to share and promote honest information about alcohol with adults must always adhere only to the best science available. Not doing so breaks a trust and erodes decades of credibility that has resulted in improved behavior. It is a testament to the strength of our public education on adult alcohol consumption that when I share this new recommendation that safe alcohol consumption levels should be the exact same amounts for men and women that people simply laugh. That cannot be a desired outcome of what should be a serious periodic review of dietary recommendations.”

JEREMY DALRYMPLE

Research Associate, The Heritage Foundation

“Approximately half of the studies reported significant findings that low average alcohol consumption (particularly without binge drinking) was associated with reduced risk of all-cause mortality compared with never drinking alcohol, approximately half of the studies indicated no significant relationship, and 2 studies reported that low alcohol consumption was significantly associated with greater all-cause mortality compared to never drinking alcohol.”

GROVER NORQUIST

President, Americans for Tax Reform

“Importantly, the Dietary Guidelines Advisory Committee’s (DGAC) charter, which details the authority, objectives of and scope of the committee’s work, requires that the DGAs “shall be based on the preponderance of scientific and medical knowledge current at the time of publication.” However, as noted below, it appears the Committee has arbitrarily excluded evidence that met the exclusion criteria or relied heavily on a handful of select studies and food pattern modeling as the basis for proposals to modify the current guidelines, some of which have been in place for decades. Further, it appears that inaction has harmed the process as well – the DGAC’s failure to review a series of questions relating to dietary fats and seafood, beverages, alcohol, and added sugar may have limited the Committee’s full review of evidence.”

C. JARRETT DIETERLE

Director of Commercial Freedom
The R Street Institute

Chelsea Boyd

Harm Reduction Research Fellow
The R Street Institute

“While the scientific studies that were included within NESR’s systematic review did not support a change to alcohol consumption guidelines for either adult men or women, the 2020 Dietary Guidelines Advisory Committee inexplicably decided to go beyond the systematic review to include additional recent scientific studies regarding alcohol consumption... Basing consumption recommendations on minimally supported scientific evidence that was outside the systematic review clearly falls far short of the Committee’s responsibility, as stated by USDA and HHS, that the dietary guidelines “reflect the preponderance of scientific evidence.

Transparent, evidence-based policymaking is the hallmark of a healthy and functioning democratic system of governance. It is vital that all levels of government—including federal agencies—strive to meet these ideals. Unfortunately, in this circumstance, it appears that the Committee failed to do so.”

COMMENTS FROM MEMBERS OF CONGRESS

28 MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES

“This recommendation runs directly contrary to the DGAC’s charter requiring that recommendations are based on the “preponderance” of current science. The Committee’s published Nutrition Evidence Systematic Review (NESR) protocol included sixty research studies on the relationship between alcohol and all-cause mortality, the vast majority of which the Committee itself says show benefits of moderate drinking on longevity or show no negative relationship between moderate drinking and longevity. No NESR systematic reviews were conducted for cancer and cardiovascular disease.”

SENATOR TAMMY BALDWIN (WI), SENATOR CORY GARDNER (CO), SENATOR MICHAEL B. ENZI (WY), SENATOR RICHARD BURR (NC) & SENATOR BILL CASSIDY, M.D. (LA)

“[The recommendation included in the DGAC’s final scientific report] stands out as one of the most significant changes from previous iterations of the dietary guidelines. The National Nutritional Monitoring and Related Research Act of 1990 requires that USDA and HHS jointly review and develop the guidelines through a process that ensures the dietary guidelines are based on “the preponderance of the scientific and medical knowledge which is current at the time the report is prepared.

We are concerned that the Subcommittee’s process and the members’ resulting recommendations are inconsistent with this statutory aim and the DGAC’s published procedure for systematic reviews. The Subcommittee’s published Nutrition Evidence Systematic Review (NESR) protocol included 60 research studies on the relationship between alcohol and all-cause mortality, however, the Committee concedes in the report that “only 1 study examined differences among men comparing 1 vs. 2 drinks.” The scientific report states that “precise estimates” used to support the new recommendation for men were taken from external meta-analyses and modeling studies outside of the NESR systematic review.”



PUBLIC POLICY COMMITTEE REPORT
BOARD OF DIRECTORS MEETING
December 8, 2020

Please refer to Charles Jefferson's report on Federal Relations, Steve Gross' report on State Relations, Tim Schmelzer's Sacramento report on California state legislative issues, Charles Jefferson's report on International Public Policy Issues, and Allison Jordan's report on Environmental Affairs.

1. Wine Institute Joins California Agriculture Coalition in Opposition to Cal/OSHA Emergency COVID-19 Regulations

On November 12, Cal/OSHA released draft COVID-19 Prevention Emergency Regulations which impose unnecessary and burdensome regulations in the areas of expanded employer obligated COVID-19 testing, employer investigation of COVID-19 cases and expanded employee quarantine, pay and benefits provisions.

The Cal/OSHA standards board met on November 19 and unanimously passed the regulatory text, which was then sent to the Office of Administrative Law (OAL) for approval after a five-day comment period. OAL has until Monday, November 30 to decide whether to approve the emergency regulations.

In consultation, with seasoned OSHA legal experts David Sarvadi and Manesh Rath of Keller & Heckman, Wine Institute assisted in drafting significant arguments and signed onto the letter submitted by the agricultural coalition. Many key points of Wine Institute's opposition were also included in the comment letter submitted by California Chamber of Commerce.

On November 30, OAL approved these emergency regulations. Wine Institute is working with a broad coalition of agricultural trade associations, the newly added California Restaurant Association and California Business Roundtable on best approaches to quickly challenging these now final regulations. While it is unclear how quickly enforcement will proceed, all California employers are expected to comply with these regulations.

Wine Institute and CAWG will host a compliance webinar and issue guidance for our members on Friday December 4.

2. Continued Monitoring of COVID-19 Circumstances and Updating Member Resources

In light of the upcoming holiday season and the increase of COVID-19 infection rates across the country, Wine Institute is updating and reinforcing the importance of COVID-19 health and safety standards in the workplace. Wine Institute has been working closely with members of the COVID-19 ad hoc Working Group to update the COVID-19 resource page to reflect experiences drawn from member companies over the last nine months.

In late November, Governor Gavin Newsom issued a new Limited Stay At Home Order for all counties currently in the purple tier. Further, CDPH issued updated guidance on face covering use and non-essential travel. In light of these new updates, the Legal Department worked to ensure Wine Institute members are informed of these changing circumstances and released updated resources including an Employee Verification Exemplar for Wine Institute members to distribute to employees permitted to travel for business during the restricted hours.

Wine Institute is committed to keeping our members well-informed of the developing circumstances surrounding the pandemic.

3. Response to California ABC Emergency Administrative Decisions

On October 23, California ABC sent notice to the public of proposed adoption of regulations for emergency decisions for accusations against ABC licensees. This proposed rulemaking seeks to expand previously approved emergency rulemaking, addressing changes in the alcohol beverage industry due to the COVID-19 pandemic, beyond the scope of COVID-19. The proposed rulemaking will authorize the Department to issue emergency decisions without waiting for litigation. Wine Institute has taken a deeper look at the proposed regulatory text and believes that the language is vague and would result in overly broad authority granted to CA ABC.

Wine Institute submitted comments in opposition of the original emergency regulations on May 26, 2020, arguing that the scope of the regulations was beyond the stated emergency. Wine Institute will draft a comment in opposition of this proposed regulatory expansion which will be sent to the Legal Subcommittee for review and recommendation as to whether the comment should be submitted to CA ABC. Comments are due on December 9, 2020.



Agenda Item No. 8(b)(iv)

STATE RELATIONS DEPARTMENT REPORT
BOARD OF DIRECTORS MEETING
December 8, 2020
(Current Information as November 23, 2020)

Overview

The normal legislative and regulatory work of the State Relations department across the country was changed dramatically over the past six months due to the COVID-19 pandemic. In-person meetings, travel and conferences were all curtailed as we shifted to remote and virtual events and outreach methods. The work of the state legislatures and regulators was also altered profoundly as they attempted to work remotely, be responsive to the needs of their constituents and the industry they regulate, and to chart their paths forward through the crisis. We're pleased to report that our team was able to successfully navigate these changed times and provide good coverage on all fronts for our members. Our regional team, along with their contract lobbyists, were able to maintain contact with all of the key decisionmakers across the country who were working on issues of great import to our membership.

In this unique legislative year, there were fewer bills passed than normal, and fortunately the impacts on the wine industry from state legislation is overall very positive. As you will note when reviewing the bills in the summary below, most states pivoted away from normal policy work to focus on the immediate needs of their states in the wake of the pandemic. Our lobbying team was able to maintain access to the legislators and regulators in order to represent our interests on many of these key policy issues, and to help bring home positive results in almost all instances.

Following is a summary of the major legislative and regulatory actions that we have seen in the states this year, with emphasis on those that have occurred since Wine Institute's last Board of Directors meeting. A complete listing of key legislation we are tracking is available to all members through the StateNet portal on the WI Member's Only Website, or you may obtain a printout of the bills at any time by contacting Steve Gross at sgross@wineinstitute.org

COVID-19 Related Actions

Last spring at the outset of the COVID-19 pandemic our department quickly responded with a number of initiatives to help keep members informed of changes at the state level, and to do what we could to positively impact the ability of wineries to continue to make sales in the midst of the dramatic changes that were taking place across the country. Following are a few of the

specific initiatives that we took to address the pandemic and keep our members informed as things changed at the state level.

COVID-19 Closure Matrix: In mid-March we began tracking the “shelter in place” (and other similar measures) being imposed by Governors across the country. A matrix was developed and placed on Wine Institute’s COVID-19 resource webpage so that member wineries, regulators and other industry participants could track the closures and restrictions being imposed on restaurants, bars and off-premise retail operators. As information became available, we posted the new allowances for curbside sales, take-out and delivery rules where applicable. Our team of lobbyists working in 49 states was uniquely positioned to allow us to collect and distribute this information to the industry. We kept this matrix on the website until mid-November, at which time it was replaced by the COVID-19 Restaurant & Bar Reopenings matrix (see below) which duplicates most of the information that was contained in the closures matrix.

COVID-19 State Guidance Documents: Last March we also began the process of reaching out to state regulators seeking specific relief and guidance for wineries during the crisis. This work has continued throughout the year. We asked regulators to consider relief such as extensions of tax payment deadlines, forgiveness of penalties and interest on late payments, extensions for licensing renewals and other similar forms of regulatory help that the states could provide to licensees. We also encouraged that ABC agencies, working with their local governors, consider creative solutions such as the allowances for on-premise licensees to provide wine, beer and spirits with food orders for take-out, curbside pickup and delivery. Over the course of the crisis the states have issued numerous Executive Orders, ABC Guidance documents and media updates on these and many other topics. All such resource documents that we have been able to gather have been posted in one easy to locate webpage that has been made available to the entire industry. This matrix can be viewed by following this link: <http://wineinstitute.org/covid-19-state-guidance>

COVID-19 Restaurant & Bar Reopenings: Since early summer states have been announcing changes to their requirements governing how restaurants and bars do business during the COVID-19 pandemic. Typically, this reopening process began with outside dining only with social distancing protocols, then progressed through stages of capacity related reopenings of indoor service with various social distancing and safety protocols in place. The steady stream of relaxing the rules has now been replaced by a new wave of closures and restrictions as states respond to the new surge of COVID-19 cases this fall. We are continuously updating this information for both restaurants and bars, allowing members to track where and when changes in the on-premise marketplace are happening. This matrix can be viewed by following this link: <https://wineinstitute.org/covid-19-reopenings>

Virtual Tasting Approvals: Last April we began working with other departments to facilitate “virtual tastings” as a new avenue for wineries to interact with their consumers during the pandemic. Following the approval of the use of small-format “samples” by both TTB and the CA ABC, our team in the other states sought approvals from state regulators to allow such tasting events to be approved under the existing DTC shipping programs. At our request, 38 states confirmed that wineries holding a DTC shipping permit in their state can do tastings, using small format bottles if they wish, so long as consumers pay for the wine, which is then reported on regular DTC shipping reports and the taxes are paid as for any other wine shipment.

The Inclusion of Wine in Restaurant Take-out, Curbside and Delivery: Prior to pandemic, Wine Institute was working with various other groups to try and pass legislation that would allow for wine to be included in take-out and delivery by on-premise restaurants. It was felt the delivery trend was a growing opportunity to replace sales that were being lost as consumers

reduced their time dining in full-service restaurants. Before the pandemic 26 states allowed some form of delivery of wine in original containers with a meal delivery. With the onset of the pandemic last spring, states began issuing Executive Orders that included further allowances in states where this was not previously allowed, and many expanded that privilege to include “cocktails to go”, allowing for things such as mixed drinks, draft beer, mimosas and mixed wine drinks to be included with delivery and takeout. We have been working with other organization now trying to make these newly allowed options permanent. Since mid-summer, **Iowa, Ohio** and the **District of Columbia** have made their changes permanent, and other states like **Colorado, Kansas, Massachusetts** and **Michigan** have passed legislation extending the practice for at least a set period pas then end of the current Executive Orders. We will continue this work in 2021.

Taxes and Fees

No states passed an excise tax increase in 2020. States are now facing massive budget deficits in most cases, so we were anticipating some states potentially going after excise taxes in lame duck sessions as they seek to balance their budgets. With a lack of any Federal stimulus to the states at this point, most states have instead chosen to wait until they see if any funds are forthcoming before they finalize new budget plans.

Wine Excise Taxes:

As noted, we did not see any excise tax increases in 2020, and do not anticipate any such taxes passing before the end of the year. **Oregon** was a particular focus of concern this year, as local public health groups (headed up by Oregon Recovers) joined with staff at the Oregon Health Authority in urging the Governor to include an increase on excise taxes for wine and beer as a part of her budget proposal. They are seeking \$243 million in new revenues over the next biennium, which we anticipate would mean approximately \$1 per 750 ml bottle in taxes, although exact costs of the proposal have not yet been released. A different proposal from tax advocates would impose a “minimum unit pricing” scheme similar to what is now being used in Scotland. We will continue our work with the local hospitality industry to fight these, and other tax proposals, in Oregon and around the country.

Local Option Taxes:

The only local option tax to pass in 2020 was the 5% retail tax passed by the voters in **Anchorage, Alaska** last spring. While **Kentucky, Massachusetts, Maine, North Carolina, New Jersey, New Mexico, Virginia** and **West Virginia** all had pending legislation to allow for the imposition of local taxes when the pandemic struck, none of these states passed their bills. We do see the effort to allow for more local taxing authority as a trend we will have to fight in the future as localities seek new sources of revenue.

Fees / markups / Other taxes:

We did not see fee increases in the states this year. In fact, a number of states chose to lower or extend the timeframe on required fees as a means of provided some much-needed relief to their licensees due to the pandemic.

Monopoly Protection / Wholesaler Issues

No states passed a new or expanded monopoly protection (“franchise”) law in 2020. A bill in **Alabama** that would have replaced the patchwork of such local laws with a statewide law failed to pass. In **Georgia** an interim “Senate Alcohol Franchise Law Study Committee” was created with our support, although in the end the committee did not meet due to COVID-19 restrictions which prevented them from holding any in-person hearings, which would have been necessary to address their mandate. A bill in **Massachusetts** related to changes in the beer franchise laws that would create capacity cap exemptions has not yet passed the House, after clearing the Senate in July, but we are watching it closely due to the bad precedent such bills would set for potential wine inclusion down the line. A similar bill in **Oklahoma** failed to pass this year.

Wholesalers continued their push for the expansion of “at rest” provisions in a number of states this year, arguing that some “paper wholesalers” are clearing wines to retail licensees without utilizing traditional wholesale models, and thereby undermining the 3-tier system. We have opposed these efforts arguing that they impede things such as “just-in-time” delivery and add unnecessary costs to the supply chain. Despite our opposition, bills were passed this year in the **District of Columbia** (4-hour at-rest requirement) and changes strengthening to the regulations in **North Carolina** were implemented. Similar bills failed to pass in both **Missouri** and **New York** this year.

Efforts by wholesalers to reclassify certain low-proof spirits drinks in order to change their distribution from state control systems to private wholesale (or from spirits wholesalers to beer wholesalers in the licensed states) were an emerging issue in 2020. Bills accomplishing these goals passed in both **Iowa** and **New Hampshire** this year. We are watching a package of bills that include such changes in **Michigan** which have passed the Senate and are now awaiting action in December in the House. Changes we have requested have been included in this package, but we would still prefer it not pass. Bills on this topic are also moving in **Pennsylvania**, but it looks like the change there will be limited this year to just a few products. This is a topic area we expect to see considerable legislation on in 2021, and to that end we have created a new working group within the State Relations Subcommittee to help us address this issue in 2021.

Privatization in Control States / Other Control State Issues

A bill that would have privatized the sale of wine in **Mississippi**, but still require a winery to pay the existing 27.5% markup in addition to excise taxes and wholesaler margins passed the House, but it was held in Senate Finance when the Chairman of that Committee chose to roll the topic over into the interim Study Committee on the Mississippi Liquor Distribution Corporation. These discussions are still taking place now, with no clear resolution as to what the study committee will be recommending to the legislature in the spring. We have been monitoring and participating in the process where appropriate.

In **Pennsylvania** there are a number of bills seeking to expand the private sale of spirits, primarily in the same manner as wine is now sold by the WEPs (Wine Expanded Permit holders). Other pending proposals would allow beer wholesalers to obtain WEP licenses, as well as bills to increase the number off WEPs. We are still hopeful that a bill allowing for WEP licensees to utilize just a single cash register for checkouts will pass this year, eliminating the requirement that shoppers must go through a separate check-out process for their wine and food purchases,

Direct-to-Consumer (DTC) Shipping

DTC shipping laws took on a much more significant role in 2020 as traditional retail and on-premise channels shut down or were drastically limited during the COVID-19 pandemic and the related shutdowns impacting licensees. Estimates now are that DTC sales from wineries to consumers will top \$4 billion in 2020, an increase of almost 25% over last year. Keeping this channel open for wineries was essential during the shutdowns and expanding the scope of shipping and simplifying the processes remained priorities this year.

Positive DTC change efforts:

Kentucky passed a new DTC shipping law for wine, beer and spirits in 2020, and we have been working with the state on the regulations to implement that law since it became “effective” in July. Unfortunately, our efforts to secure regulatory approval of language that would allow for wineries to utilize the services of fulfillment houses were not successful. We have secured support from the legislature, however, to run a bill in 2021 to rectify that problem. In the meantime, wineries are now able to pre-apply for their permits, which we hope will be made active in the very near future, allowing them to ship into Kentucky as it become the 46th legal shipping state.

Our efforts to pass new shipping laws in **Alabama**, **Delaware** and **Mississippi** in 2020 were not successful. Our **Alabama** bill passed out of the House for the first time, but it was derailed in the Senate. In **Delaware** the focus of legislation moved to COVID-19 and away from policy bills last summer. We will be continuing our efforts in both of these states in 2021. In **Mississippi**, our efforts to pass a workable DTC shipping bill were derailed by legislation supported by the ABC that creates a new “special order” program that we feel is unworkable. It will require a consumer to have wine shipped to a retailer in the state for pickup, the package store must still pay all; state excise and sales taxes, fees and surcharges as if the wine was sold by the Department. This will make the pricing of these special orders unworkable. A similar unworkable system was passed in **Utah**, where consumers can request that the DABC enroll them in a winery’s DTC “subscription program” (wine club), whereby the winery would ship the wine to the DABC, which would then collect an 88% markup before allowing the consumer to pick up the wine at a local store. We anticipate neither of these programs will satisfy consumers who want DTC shipping, so we will be back with traditional DTC shipping bills there in the future, most likely in 2022 after we can prove these two systems are not successful.

Our efforts to remove the 250,000-gallon capacity caps on the DTC shipping statutes in **New Jersey** and **Ohio** are moving forward. In **New Jersey**, our bills have leadership support this year which resulted in an informational hearing being held in October. We are very enthusiastic about our chances there in the coming months, and we are working with FreeTheGrapes which is providing key media and consumer outreach support. In **Ohio** we have been working behind the scenes this year to garner support for our bill from groups which have opposed us in the past. Having accomplished that goal, we now have our bill language submitted to legislative bill drafters in anticipation of introduction very soon. FreeTheGrapes is also supporting our efforts here. Our effort to remove the wholesaler exclusion in **Indiana** that prevents any winery with a wholesaler from selling DTC into the state failed to get a hearing when that state adjourned their policy work last spring due to the pandemic.

In both **Alaska** and **Minnesota** we were hoping to have a traditional DTC shipping bill adopted that would secure additional shipping privileges while putting into statute the ability of our wineries to continue shipping. Both states deferred on policy bills and failed to pass our legislation. We will continue these efforts in the future. We faced a similar outcome in

Arkansas and **Rhode Island** where we were hoping to remove the on-site requirements in their shipping laws. We will attempt to pass workable permit bills in each of these states in 2021.

Common Carrier focused bills:

Bills that would put unreasonable restrictions on Common Carriers continue to be of concern to us, as the carriers are the key to our successful DTC programs in all of the states. In addition to legislation, regulators are also doing rulemakings that can impact the carriers. This was the case in **Oregon** this year, when after the legislature failed to act on deliveries, the OLCC issued a rulemaking on the issue. Of special concern has been the conflating of “shipping” with “delivery” as the regulators and legislators in the states try to deal with the newer phenomenon of app-based delivery platforms that are now handling “delivery” from local retailers in ways that impinge upon the traditional rules that govern “shipment” by a common carrier. Keeping the rules separate and working with the carriers to ensure that any changes being proposed do not jeopardize our winery DTC programs has become a substantial part of our work over the past several years, and it will likely stay that way going forward.

Retailer to Consumer DTC, etc.:

Retailer to consumer DTC shipping remains a key issue in many of the states. Litigation is underway in more than a dozen states where out-of-states are challenging the laws that allow in-state retailers to delivery while preventing out-of-state retailers from doing the same. In the wake of last year’s *Tennessee Wine* case at the US Supreme Court, retailers have sought to use that decision to bolster their argument that such laws discriminate in the same manner that the Court had ruled in favor of wineries in the *Granholm* case. Currently we are waiting for the US Supreme Court to rule on the writ of certiorari in the **Michigan** case out of the 6th Circuit. While no state passed retailer DTC shipping in 2020, this issue is going to be before state legislatures in the future.

New this year is the push by the Brewers Association and the American Craft Distillers to push for DTC shipping for beer and spirits through the legislatures. Following the passage of the **Kentucky** bill this year, we anticipate that these groups will be pushing their agenda in other states in the coming years. While we support their ability to ship, we are watching closely to ensure that any changes to allow them to ship don’t inadvertently have negative impacts on existing winery DTC shipping privileges.

Bottle Deposit Laws / Environmental Legislation

We are seeing increased levels of activity on environmental legislation that would directly impact wine sales. While bottle deposit laws used to be the primary focus, we are now seeing a push for much broader plans that would cover the life-cycle of wine products and its related packaging. There were more than 100 such bills this year, far more than in past years.

Bottle Deposit laws

No new states added wine to their bottle bills, but we saw such efforts in 2020 to either expand existing laws or enact new programs in **Connecticut, Hawaii, Illinois, Massachusetts, Maryland, Michigan, New York, Pennsylvania, Rhode Island, Tennessee, Vermont** and **Washington**.

Efforts to repeal the bottle deposit laws, or to at least remove wine from the existing laws, were introduced in both **Maine** and **Iowa**. Neither of those bills passed, but both states appear likely

to continue discussions about their programs going forward. Both states also had proposals that would have increased the amounts of the handling fees paid on the containers to recyclers, with the **Maine** bill passing to increase the handling fee from 3-cents to 5-cents per container.

Advanced Disposal Fees (ADF), Product Stewardship, etc.:

In **Washington**, a bill that would have required a mandatory level of post-consumer content in plastic containers (including 187 ml plastic bottles) passed the legislature, but it was vetoed by the Governor last summer because of the cost of implementing the program during the COVID-19 pandemic. We had been able to get bag-in-the-box containers excluded from that bill, but not the 187 ml bottles. We are facing similar proposals in other states, along with calls for broader programs such as Expanded Producer Responsibility (EPR) and “product stewardship” proposals, all of which impact all types of packaging. We saw such bills in **Connecticut, Hawaii, Massachusetts, Maine, New York, Vermont, Washington** and **Wisconsin**. To help us address all of these new proposals coming from the various states, we have created a new working group within the State Relations Subcommittee to help us in formulating our responses to the various packaging proposals we anticipate seeing in 2021 and beyond.

Other Environmental bills:

Bills to require labeling related to GMO, organic, and other food-safety related issues were introduced in **Hawaii, New Jersey** and **New York**. None of these were successful, but we continue to work in opposition to such state-level labeling requirements.

Licensing, Trade Practices and Market Access

As is usually the case, the bulk of the legislative focus in 2020 was related to local licensing issues, with trade practice rules and market access laws also well represented across the country as top legislative priorities. Due to COVID-19 much of the focus of the legislators shifted away from these traditional topics and towards more immediate responses to the pandemic, but we did see some movement on bills that is worth noting.

Wine in food stores:

A bill that would have allowed **Mississippi** grocery stores to sell wine failed to pass (currently they are limited only to selling “light wine” that is under 5% ABV). That bill would have also allowed the same entity to hold up to 6 retail licenses instead of the current one-license limit. A bill to allow for the sale of wine in **New York** has failed to pass again this year. As noted above, efforts in **Pennsylvania** to increase the amount of wine that can be sold by a WEP and to allow the use of a single register haven’t yet moved, although they remain in session there and could still act on the bill. Our efforts to allow **Tennessee** grocery store to sell all of the same wines that can be sold in package stores failed to pass this year.

Sunday sales, blue laws:

Bills to allow for expanded sales of wine on Sundays were under consideration in a number of states. They failed to pass in **Kansas, Maryland, Minnesota, Missouri, New York, Ohio** and **West Virginia**.

Bills that made the entire states of **Mississippi** and **West Virginia** “wet” were passed and signed this year. Now, local jurisdictions must hold an election to “go dry” rather than simply

following state law to allow for alcohol sales. In West Virginia only one town and one country have opted to vote back to “dry”.

Licensing:

While most licensing bills are local bills that don’t directly impact wineries, they do impact the ability of retailers to reach consumers and therefore the amounts of wine than can be sold in the various channels. As noted above when discussing COVID-19 related bills, many states have made accommodations for licensees to expand their premise to allow outdoor dining, sales via take-out and delivery where not previously allowed, and to allow for “cocktails to go” which in most cases also includes wines by the glass and mixed wine drinks. Most states have made accommodations in this manner, so I won’t list each one here, but will note that many of these remain temporary rules. Exceptions to the temporary rules would be the **Iowa, Ohio and District of Columbia** delivery rules. Also the “streetery” outside dining provisions in the **District of Columbia** that were made permanent to allow expanded dining and pop-up locations for restaurants.

In **Louisiana**, legislation to allow for 3rd party delivery companies to make deliveries on behalf of restaurants and retailers was passed and took effect last summer.

Finally, in the wake of the residency issues litigated in the *Tennessee Wine* case last year, a number of states changed their laws related to residency. We saw such bills pass in **Maryland, Pennsylvania and West Virginia**. Bills on this topic were introduced, but failed to pass, in **Indiana** and Oklahoma.

Trade Practices:

Due to the interruptions in normal legislative processes due to COVID-19 most states failed to deal with purely policy driven issues such as trade practice rules in 2020. That said, there were a few exceptions where bills did pass, which are summarized here. In **Colorado**, legislation dealing with the ABD’s ability to impose fines and penalties did pass into law. In **Iowa** a bill dealing with cross-ownership and tied house issues related to the owner of the Kum & Go markets was passed and signed allowing that owner to hold both a winery license as well as their retail licenses. In **Illinois** rules as to what services a manufacturer or wholesaler may supply to a retail licensee were passed. In **Michigan** a package of bills dealing with branded and logoed items, tastings at non-profit events, and limited refunds was passed. And finally, a bill in **Washington** (based on a similar law previously passed in California) allowing for posting on social media of events related to a retailer premises.

Advertising Practices:

Legislation in **New Jersey** that would have allowed a restaurant that offers BYOB service without a liquor license to advertise that service, as well as allowing them to charge corkage has been introduced. In **New York**, multiple bills prohibiting alcohol advertising within 1000 feet of any school or playground have been introduced. And in **West Virginia**, a bill that takes away the authority of the ABC Commissioner to regulate alcohol advertising was passed. The bill also removed restrictions on the various advertising mediums that can be used to advertise wine. In **New Orleans, Louisiana** the public transportation system banned the advertising of alcohol and a few other adult-oriented products from their vehicles and premises. A challenge to that ruling, which was made in a closed meeting without industry testimony, is ongoing.

DUI / BAC

Efforts to lower the BAC from .08 to .05 failed to pass in **Hawaii, Michigan, New York** and **Vermont**. There had also been discussion of the issue in **Oregon** that didn't go anywhere this year.

Outreach and Administrative

Due to the travel limitations imposed by COVID-19, we have done only virtual events over the course of the past six months. Most organizations have now adapted to the crisis by holding these virtual events, and we are doing the same. The **State Relations Subcommittee** met virtually on November 18, 2020 to do our planning for the 2021 legislative session. It was a productive meeting. Our team has also participated in numerous events hosted by other organizations, including those for **NABCA, NCSLA** and **SLLF**. Tyler Rudd spoke at the **NCSLA** conference. Steve Gross provided keynote presentations for **Sovos-ShipCompliant's annual DTC conference** and for **Avalara's User's conference**, as well as presenting at **NABCA's Administrator's Conference**. Steve also provided a guest lecture at **Berkeley School of Law**, while Annie Bones did the same for a class at **Sonoma State University**. We continued to provide updates to members via the News Briefs and through our bi-weekly reports throughout the period.



TECHNICAL ADVISORY COMMITTEE REPORT
BOARD OF DIRECTORS MEETING
December 8, 2020

Please refer to Charles Jefferson's report on Federal Relations, Steve Gross' report on State Relations, Tim Schmelzer's Sacramento report on California state legislative issues, Charles Jefferson's report on International Public Policy Issues, and Allison Jordan's report on Environmental Affairs.

1. Ongoing Commitment to Wildfire Relief

Wildfires are perhaps the single biggest threat to the California wine industry. In response, Wine Institute has developed a comprehensive, coordinated plan to assist the industry in tackling this complex set of issues. Each Wine Institute Department is playing a role in this initiative.

Wine Institute Technical Advisory Committee and Wine Institute's Legal Department are focusing on measurement, mitigation, and prevention in the area of wine grapes impacted by smoke exposure.

Wine Institute is working towards consistent methodological approaches to measuring smoke exposure and coordinating activities with FIVS and other organizations to create a global collaborative effort. The second key objective, mitigation, includes researching, monitoring, and identifying innovative smoke exposure prevention techniques and processes as well as fermentation techniques to mitigate the smoke impact. Lastly, we are exploring evolving research that is looking at ways to safely treat wine grapes that would mitigate or prevent smoke impact.

2. TTB Nutrition Calculator Launch on Member Hub

TTB recently announced a new ruling on nutrition labeling and advertising for wine which will significantly reduce the burden on wineries that choose to voluntarily provide nutrition information. Wine Institute has been advocating for this change for many years because it will allow wineries to provide voluntary nutrition information to consumers in a cost effective and efficient way. This ruling aligns TTB's procedures with the FDA's menu labeling requirements. In response to this announcement, Wine Institute Technical Advisory Committee has been working to reconfigure the Wine Institute Nutrition Calculator to be in compliance with TTB rulings and procedures. The new calculator was unveiled at the Legal Subcommittee and Public Policy Meetings held in early November and is now available on the Member Hub of the Wine Institute website. The Legal Department has begun to draft a "Frequently Asked Questions" document to accompany the calculator to assist members with the use of this new tool.

3. Collaboration Efforts with Industry Enological Suppliers

Wine Institute Technical Advisory Committee has formed a task force for the purpose of working collaboratively with industry suppliers to gain a mutual understanding of industry enological needs and innovative products being offered by suppliers.

In the first task force meeting, held in early November, participants discussed the framework for exchanging information and how best to prioritize new enological tools entering the market.

4. Evaluation of Voluntary Ingredient Labeling for Wine

Members of Wine Institute Technical Advisory Committee have embarked on a deep dive evaluation into ingredient labeling for wine. The Ingredient Labeling Project will focus on technical definitions and analysis as well as labeling practicalities in the context of the current regulatory landscape. The initial meeting in August focused on the scope and goals of the project which were presented to the Legal Subcommittee at the November Quarterly Meeting.



Agenda Item No. 8(d)

ENVIRONMENTAL AFFAIRS DEPARTMENT
BOARD OF DIRECTORS MEETING
December 8, 2020

Environmental Committee

The **Environmental Committee** held its 1st and 2nd quarterly meetings via Zoom on August 17 and November 10. Agenda items included regular Committee Business; updates from the Technical Committee, Crop Protection Steering Committee, CSWA and Sacramento and Working Group reports, among other topics. The Committee is also developing a three-year strategic plan, and staff joined the Chair and Working Group Co-Chairs for planning calls on October 27 and November 30.

In addition to regular conference calls of the **Water, Air, General Regulatory and Market Issues Working Groups**, staff assisted members with Basecamp, participated in the COVID-19 Health & Safety Working Group, reviewed sustainability aspects of the draft statewide winery general permit and Region 3 vineyard order, implemented CSWA's Third-Party Program for the Region 2 Vineyard WDR, and provided input on the EU Farm to Fork initiative among other activities. In addition, the Environmental Affairs/CSWA team worked with Wine Institute and the California Association of Winegrape Growers to develop and disseminate English and Spanish versions of the [COVID-19 Harvest Protocols](#), including via a webinar featuring health and safety experts on July 7, followed by *Trucking Protocols*.

The **Crop Protection Steering Committee** – a joint effort with the Wine Institute Technical Advisory Committee – met several times to implement its strategy to proactively and cohesively address issues related to crop protection materials. Activities over the past six months include working with Katherine Bedard and the Crop Protection Steering Committee to draft a proposal for the Technical Assistance for Specialty Crops (TASC) grants to assist with MRL monitoring, communication, research and education; and with Communications to update the glyphosate webpage and identify experts to help respond to media inquiries and provide technical guidance.

California Sustainable Winegrowing Alliance (CSWA) Board of Directors

The CSWA Board of Directors held two quarterly board meetings via webinar on July 23 and November 11. At the July meeting, agenda items included review of preliminary year-end financials for FY 2019/2020, an update on the status of CSWA's antitrust policy involving outside legal counsel, discussion of certification-related issues, an update on the 4th edition

Code process, and other board business. The Board approved the concept of listing brands under a Winery's page on the consumer/trade website and the board the overall approach of the strategy and the overarching strategic priorities.

At the November meeting, among other agenda items, the board approved a new slate of officers: Peter Work - Chair, Michael Boer - Vice Chair, and Katie Jackson - Secretary/Treasurer and approved a new anti-trust policy; approved the 4th edition Code; addressed a number of CCSW issues and previewed the new trade and consumer website; were updated on the Food Sustainability Assessment - Sustainable Ag Initiative benchmarking project; and set the next meeting date for February 10.

CSWA is working on a five-year strategic plan (2021-2025) and held several internal staff meetings and a planning session with the Board of Directors on November 11.

Workshops/Meetings/Events

Staff represented Wine Institute at meetings of the **National Grape Research Alliance Board of Directors** (NGRA), the **NGRA Executive Committee**, **NGRA Natural Resources and Environment Theme Committee**, **FIVS Environmental Sustainability and Economic Sustainability Committees** and the **California Environmental Dialogue**. Over the past quarter, we also participated in meetings of **Wine Institute's Public Policy, Technical Advisory and Environmental Committees** and **Legal Sub-Committee** and provided briefings on Environmental Affairs and CSWA activities as relevant. In addition, we represented CSWA on the **Stewardship Index for Specialty Crops** and participated in numerous calls and meetings.

Since the last board meeting, CSWA has hosted **three (3) self-assessment/certification webinars** for **700+ participants**.

In addition, Wine Institute and CSWA staff presented at or participated in the following **workshops, meetings and events**:

- June 11 – Participated in a Wine Institute/CAWG-sponsored Spotted Lantern Fly webinar.
- June 18 – Attended 2020 Bâtonnage Forum including a session titled [“Women of Color, Wine & Feminism.”](#)
- July 1 – Met with Sweden's government-controlled retailer [Systembolaget](#) regarding their Sustainability Platform to provide comments based on member and staff feedback.
- July 9 – Allison Jordan presented on CSWA's efforts during a Women of the Vine & Spirits “How California Wine is Leading the Way in Sustainable Winegrowing” [webinar](#) along with Steve Lohr and representatives from Napa Green and SIP-Certified.
- July 15 – Allison presented CSWA's efforts on a Porto Protocol [webinar](#) focused on sustainability certifications, along with representatives from Portugal and Chile.
- July 16 – Held a call with researchers at UC Berkeley about new powdery mildew treatments under development.
- Aug 22 – Attended webinar workshop held by LIVE Certified about their updated carbon foot-printing calculator for wineries and vineyards.
- Aug 20 – Lisa Francioni Hai recorded a presentation for the American Society of Agronomy Sustainable Agriculture Conference and participated in live Q&A.
- Sep 2 – Participated in a webinar, “Europe and California: How are they advancing a green vision amid COVID-19,” which provided insights into the EU's Farm to Fork Initiative, which may have implications for crop protection materials, carbon footprints, and sustainability certifications.

- Sep 10 – Met with CEO of the American Society of Agronomy to discuss possible collaboration on educational webinars for Certified Crop Advisors.
- Sep 15 – Attended “Brands for Good: Accelerating Culture Change;” a virtual conference hosted by Sustainable Brands.
- Sep 24 – Allison briefed Vinmonopolet importers on California Wines and the industry’s sustainability programs via webinar.
- Oct 21 – Participated in National Academy of Sciences webinar entitled “Exploring the Impact of Climate Change on Food Systems: Influences on Nutritional Quality, Safety, and Availability of Food: A Planning Meeting.” (Other invited participants included USDA representatives, academic institutions, and ag groups including several CA wine associations, Western Growers and the CA Almond Board.)
- Oct 27 – Allison presented on a viticulture certification panel featuring speakers from Equalitas, the European Commission, DG Agri, the OIV, FEDEROC and Vinmonopolet, which was part of a oriGin/United Nations FAO-hosted series on the UN’s Sustainable Development Goals and links to geographical origin. (On the webinar, Vinmonopolet announced that they will begin recognizing selected certification programs, including Certified California Sustainable Winegrowing.)
- Nov 5 – Allison presented on a panel entitled *Coming “Clean” About Sustainable, Organic, Natural and Traditional Wine: What Do These Terms Really Mean and How Can Producers Who Embrace Them Work Together* moderated by Kimberly Noelle Charles, Charles Communication and other with panelists Brian Freedman, *Food & Wine Digital*, Forbes.com, *Departures online*; Stevie Stacionis, Bay Grape; and Peter Work, Ampelos Cellars during Wine Institute’s annual MarCom event.
- Nov 11 & 12 – Participated in calls about the REGEN1 effort to develop a marketplace to reward growers for implementing regenerative ag practices (cover crops, reduced tillage, etc.) to provide feedback on their draft vineyard questions and a call geared toward growers and grower organizations about the initiative.
- Nov 18 – Allison presented for the Nordic Monopolies’ Water Stress and Human Rights webinar, which was attended by approximately 150 monopoly wine buyers, importers, etc., focusing on California’s sustainability programs and water conservation practices.
- Nov 18 – Allison and Nancy co-presented on California wine country and sustainability to a group of influencers as part of California Grown’s Agri-Tour.
- Nov 16-20 – Allison recorded a presentation for the virtual U.S. Sustainable Ag Summit and staff participated in numerous sessions of the annual U.S. Sustainable Ag Summit and the Vineyard Team’s annual Sustainable Ag Expo.
- Nov 27 – Allison presented during the final plenary of the [Future of Wine](#) conference.
- Dec 3 – Moderated a panel for a [California Winegrowers Cultivate Healthy Soils](#) webinar – co-hosted by CSWA, Wine Institute and CAWG – as part of the California Department of Food and Agriculture’s Healthy Soils Week.

Certified California Sustainable Winegrowing

Vineyard, Winery & Wine Stats (as of July 2020):

- Number of Certified California Sustainable Vineyards: 2,247
 - 204,122 (32% of 635,000 total Statewide acres; an additional 15% are certified to Lodi Rules, Napa Green and/or SIP-Certified)
- Number of Certified California Sustainable Wineries: 171
 - 255 million cases made in a Certified Sustainable Winery (80% of the 316 million statewide cases)*
- Number of wine cases that will use the Certified California Sustainable circular logo on wine labels:
 - 6.23 million cases (2017, 2018, 2019, & 2020 vintages)

- For an updated list of the certified wineries, vineyards and a newly developed wine list, visit: <http://www.sustainablewinegrowing.org/certifiedparticipants.php>.

Other Certification Activities:

- Updated the public lists of [Certified California Sustainable list for vineyards, wineries and wines](#).
- Finalized design and content, and continued development of the new Certified California Sustainable website for trade and consumers, which will include a searchable database of vineyards, wineries and wines.
- Reviewed label proofs and Wine Label Notification Forms for participants planning to use the logo for the 2020 vintage.
- Processed certification applications and audit reports, fielded questions and provided technical assistance to growers, vintners and auditors for the June and July deadlines.
- Completed staff review audit reports for 2020 (over 350 reports) and provided a sample of reports to the Certification Review Panel. Participants were notified of approval, invoiced, and sent certificates and signs. Auditors received specific feedback on their reports for 2020.
- Made requested updates to participants' accounts in the SWP online system and responded to auditor and participant questions. Provided one-on-one support for several growers, auditors and winery staff who were preparing for the extended certification deadlines as well as the 2021 certification cycle.
- Completed the Certification Strategy and Workplan for 2021-25.
- Began preparing for the December Auditor Training and updating the Certification Guidebook and guidance/program materials for 2021, including a redesign of the certificate and updated Audit Report.

| |
|-----------------------|
| Grant Projects |
|-----------------------|

CSWA has three current grant projects funded by CDFA Specialty Crop Block Grants.

1. A **2.5-year \$220,000 2017CDFA SCBG**, awarded in Nov 2017 for a project entitled, "Increasing Viability of California Winegrowers through Targeted Sustainability Education". The grant funds educational workshops/webinars and hands-on technical training for winegrowers on sustainable practices that positively impact the triple bottom line, as well as new educational resources, case studies, and videos. Over the past quarter, CSWA conducted the following activities:
 - Finalized resource uploads to new CSWA Online Resource Library.
 - Worked on final grant deliverables, including updating CSWA communication materials (e.g., brochure, powerpoint presentation).
 - Submitted the project's final report and invoice to CDFA and received a close out letter from CDFA.
 - The grant project is now completed and CSWA exceeded deliverables.
2. A **2.5-year, \$300,000 multi-state project** entitled "Sustainability Research, Education and Promotion to Enhance U.S. Winegrowers' Competitiveness" was funded by a 2018 SCBG. The project will help underwrite trade and consumer research, information sharing via U.S. Sustainable Winegrowing Summits, and development of new promotional materials and events. Project partners include CAWG, Wine Institute, Long Island Sustainable Winegrowing, New York Wine and Grape Foundation, Oregon Wine Board, LIVE Certified, Washington Winegrowers Association, and Washington State Wine. Over the past quarter, CSWA conducted the following activities:

- Held [Consumer & Trade Perceptions of Sustainable Wine webinar](#) on June 5 and worked with Wine Institute Communications to disseminate a [news release](#) with links to the [webinar recording](#) and [presentation deck](#).
 - Finalized the joint U.S. Sustainability Principles and messaging points for use in communications, and began development of a project brochure, web page and other communications.
 - Began planning for the [U.S. Sustainability Summit](#) and Trade Tasting, to be held in April, including canceling New York venues and transitioning to a virtual event.
 - Completed a CDFA financial audit and subsequent corrective actions, including updating subcontracts with all project partners, making revisions to the project's Scope of Work and updating the budget.
3. **A 2.5-year, \$234,889 2018 SCBG regulatory compliance and recognition project** to fund training workshops, outreach and resources to promote adoption of sustainable winegrowing best management practices; to assist winegrowers in staying compliant with the myriad of current and upcoming regulations; and to seek alternative compliance pathways for growers participating in sustainability programs. Over the past quarter, CSWA conducted the following activities:
- Co-hosted a COVID-19 Harvest Protocols Webinar on July 7 with Wine Institute and CAWG, with input from legal experts, to develop a Harvest Protocols workbook for vineyards and wineries; and worked with WI Communications to disseminate a news release with links to the [webinar recording](#) and [presentation deck](#).
 - Updated [Wildfire Preparedness](#) document from 2016 and assisted with Wine Institute's Wildfire Information & Resources Webinar on September 16.
 - Continued working with consultants on development of an Integrated Winery Water Quality Tool, an online Regulatory Compliance Tool and a reporting tool to help wineries in Region 5 comply with the Irrigated Lands Program.
 - Met with Region 3 Water Board staff on Oct 14 to discuss the draft Ag Order 4.0 and how certification might provide an alternative compliance pathway.
 - Participated in a meeting with the Region 2 Water Board and received updates from the Third-Party Qualified Professionals on the status of Farm Plan verification for the Region 2 vineyard WDR and shared the compiled list with the Region 2 Water Board, and continued to respond to questions from growers and Qualified Professionals about the Farm Plan requirements.
 - Participated in a workshop July 22 held by the State Water Board about the draft statewide winery WDR, in which sustainability certification programs are included for potential regulatory recognition.
 - Developed new Grant Opportunities web page to highlight grant opportunities for growers/vintners.

Other Grant-Related Activities:

- Developed, secured project partners, and submitted 2 Specialty Crop Block Grant concept proposals: 1) A \$320,531, 2.5 year project proposal submitted by Wine Institute that focuses on winery packaging, titled: "Wrapped Up in Sustainability: Research and Outreach on Carbon Footprints and Recyclability of Wine Packaging." 2) A \$321,393, 2.5 year project proposal submitted by CSWA and focused on sustainability goals and innovations, titled: "Enhancing Sustainable Winegrowing Education and Communications through Industry-Wide Goals for Key Sustainability Areas."
- Submitted quarterly invoices for all 3 grant projects for period ending June 2020 and September 2020, as well as bi-annual project reports.

Communications/Other Projects

2020 Green Medal: Sustainable Winegrowing Leadership Awards:

In lieu of an in-person ceremony, in coordination with *Wine Business Monthly*, the 2020 Green Medal Winners were recognized on winebusiness.com site (see <https://www.winebusiness.com/news/?go=getArticle&dataId=238495>), and recipients received their customized medal and video. CSWA also began preparing for the 2021 Green Medal Awards, which will be launched in January and recipients will be announced in the summer.

4th Edition Code:

Over the past year, CSWA undertook a significant review process in preparation for publication of the 4th edition *California Code of Sustainable Winegrowing*. Each chapter was initially reviewed by staff and consultants, reviewed twice by the Joint Committee during 15 webinars and reviewed by subject matter experts upon request. The final draft was also available online for public comment for more than 30 days. The 4th edition Code was approved by the CSWA Board of Directors at the November 2020 board meeting and will be released by the end of the year.

Sustainable Ag Initiative Benchmarking Project:

CSWA worked with SureHarvest to benchmark CCSW to the Farm Sustainability Assessment, a tool from the Sustainable Agriculture Initiative ([SAI Platform](#)), an internationally-recognized ag assessment that helps standardize international assessments and certifications.

Communications:

- Responded to media inquiries and conducted interviews on sustainability, certification, and climate change for the following outlets: *Grape Encounters* radio program, Podcast *Good Together* and lifestyle site *Shondaland* (Hearst Digital Media).
- Worked with Communications and International Marketing to develop Discover California Wines blog content related to sustainability.
- Submitted an article about California's leadership in sustainability for American Chamber of Commerce in Norway's Summer Wine Guide. See "[California Wineries Lead the Way in Sustainable Winegrowing.](#)"
- Helped respond to media inquiries and to promote California Wine Month.
- Worked with the International Marketing Team as they develop their California Wines educational course, and to brief Wine Institute staff and consultants on sustainability topics.
- Developed a Communications Strategy – including a new CSWA newsletter, Year-In-Review and promotion of upcoming workshops, and scheduled future meetings for certification comms strategy, social media strategy and retailer / trade outreach – and began updating numerous CSWA materials, such as the brochure and presentation deck.
- Finalized details for Allison to teach a sustainability course for the Executive Wine MBA program at Sonoma State University next spring.
- Presented during numerous conferences and events (see events listed above).



Agenda Item No. 8(e)

INTERNATIONAL PUBLIC POLICY REPORT
BOARD OF DIRECTORS MEETING
December 8, 2020

International Agreements

US-UK Free Trade Negotiations: Trade negotiations between the United States and the United Kingdom continue to advance. In addition to elimination of tariffs on wine, negotiators are discussing a Wine Annex, using the text of the US-Mexico-Canada agreement as a base. The Annex could include agreements on mutually recognizing of wine making practices, common labeling elements and more. The Office of the Trade Representative has not announced additional negotiation rounds since and it is likely negotiations will not resume until the inauguration of President-elect Biden and the confirmation of his Trade Representative.

Trade Issues

United Kingdom: Brexit Update - Currently the UK is following all EU laws, rules, and regulations until December 31, 2020. The next year will be complex for the UK government since they will create their own agricultural and wine policies, while negotiating their future trade relationship with the EU and creating a free trade agreement with the USA. Wine Institute ensured that California wine exports will benefit from the current EU rules via the [US-UK Agreement on Trade in Wine](#). We are working with the Technical Advisory Committee to ensure all aspects of certification and labeling for wine exports to the UK and the EU are compliant.

Canada: Market Access – This summer, Canadian and Australian trade officials announced a partial settlement of the Australian WTO case regarding market access provisions that discriminate against imported wine. This case is a follow-on case to the one brought by the US in 2017 regarding grocery store sales in British Columbia. The settlement means Canadian producers will no longer be exempt from Canada’s federal alcohol excise tax and Ontario agreed to end certain policies that provided preferential access to grocery stores for Ontario wines. Issues related to provisions in Quebec were not a part of the settlement and will continue to be subject to the ongoing WTO dispute settlement process.

China: Retaliatory Tariff Exclusions - Wineries report that their Chinese importers have received tariff relief after applying to China’s tariff exclusion process. Importers may request relief of 25% ad valorem of the total current 54% ad valorem tariff. If your winery is exporting to China, please contact Charles and Katherine for more information on how importers can apply. China implemented this system after the Phase 1 agreement with the United States, as a way for China to fulfill its promise of importing more American agriculture.

European Union: Retaliatory Tariffs on Wine – As expected, the EU announced in mid-November that it would begin retaliating immediately against the US as a result of the WTO decision in the ongoing civil aircraft dispute. The EU issued a list of targeted products and fortunately table wine was not included, but brandy, vermouth and other spirits including vodka and rum are being targeted with a 25% tariff. We view this as a significant positive development and a strong endorsement of the wine for wine principle by the EU. Wine Institute and our EU industry colleagues at CEEV issued a joint statement recognizing this important step and calling on the US to also end its retaliatory tariffs on EU wines. The next phase in this tariff dispute could come in earlier January when the Trump administration could decide in its final days to implement additional tariffs against French products as a response to France's proposed digital services tax (DST). Champagne has been mentioned as a potential US target, but this seems unlikely at this point. Wine Institute staff continue to have regular dialogue with US trade negotiators and will monitor this situation closely.

European Union: Green Deal and Farm to Fork – In the coming years, is expected to advance many new sustainable and/or environmental proposals, as well as providing additional financial support to its wine and winegrape sectors to achieve these goals. The initiatives will focus on "a fair, health and environmentally-friendly food system." Wine Institute will monitor any developments from this initiative that could affect wine exports.

- The Commission announced that it will “examine ways to harmonize voluntary green claims” and it will propose a sustainable food labeling framework that covers the nutritional, climate, environmental and social aspects of food products. Expected in 2024.
- Proposal for a legislative framework for sustainable food systems in 2023
- Reduction of pesticides and encouragement of biologics in 2022-2023. This work is in addition to the strict crop protection substance review projects that are reducing limits to the level of detection.
- Action Plan for Organic Farming in 2021-2026

European Union: Nutrition and Ingredient Labeling – Wine Institute continues to closely monitor progress on new nutrition and ingredient labeling regulations for wine in the European Union (EU). The EU wine industry has proposed a framework for the new mandatory labeling regulations that the EU is likely to adopt with the following key components:

- Mandatory, on-label energy/calorie disclosure using linear text or E= symbol
- Energy/calorie info can be from actual analysis of wine **or from generally accepted data based on “typical values”**
- Producers have the option to disclose additional nutrition info
- Calorie and nutritional info will be based on 100ml (3.4 oz) serving size for table wine
- Ingredient list may be disclosed off label electronically
- Processing aides and natural substances used to adjust grape composition are not treated as ingredients

The process for formalizing these regulations has been delayed due to the COVID-19 pandemic and ongoing budget negotiations within the EU to determine funding levels for the Common Agriculture Policy (CAP) which will be the vehicle for these legislative changes. Despite these delays, we expect the new labeling regulations to come into force in approximately two years.

Crop Protection Substances: Wine Institute submitted a proposal to the USDA for a “Technical Assistance for Specialty Crops” (TASC) grant, which will provide timely information on changes to Maximum Residue Limits in foreign markets. The grant will also provide funding

of research projects to determine the economic impact of lowered MRLs and into alternate substances or practices when an important MRL is lost. Additionally, it will cover workshops to instruct the CA wine and winegrape industries about the changes.

National Trade Estimate: The 2020 Wine Institute “National Trade Estimate” submission will be used to set official U.S. trade policy, inform negotiations, and compiled in a final report. This year we strongly objected to countries such as China placing retaliatory tariffs against wine in trade disputes unrelated to wine. New this year we asked the United Kingdom to eliminate export certificates. Several trade barriers carried over this year such as concerns with the EU’s strict crop protection substance approval process and confiscation of traditional terms for wine. You can read the full report  [here](#).

International Organizations

World Health Organization: Global Alcohol Strategy – On November 16th, the WHO Secretariat released an initial “zero” draft of its Action Plan to Accelerate Adoption of the GAS. This is in response to the resolution passed earlier this year by the WHO Executive Board out of concern that not enough had been done to implement the GAS since it was first released in 2010. The draft action plan retains a significant focus on policies long supported by the WHO including the “best buys” – tax increases, restrictions on sales, and restrictions on marketing. In addition, it also moves into new areas such as suggesting the WHO should create an international standard for alcohol labeling, should focus on reducing total alcohol consumption, and also reiterates the need for an international framework convention to govern alcohol sales similar to the one that exists for tobacco. A web-based consultation on the zero draft is underway and Wine Institute will be working through FIVS and IARD to respond. The WHO goal is to have the Action Plan finalized and approved by the Executive Board in Feb. of 2022.

International Wine Technical Summit (IWTS): The IWTS is a joint Wine Institute/U.S. government partnership to encourage export markets to adopt good regulatory practices for wine. Due to COVID-19, and the related complications in international travel, the next IWTS will take place in the first week of June in a virtual format. The USDA grant that supports the project has been extended until September 30, 2021.

APEC Certification: Wineries exporting to certain Asian and Pacific markets totaling nearly \$80 million in value can now benefit from reduced paperwork and cost savings due to a joint project between Wine Institute and the U.S. Government. On June 5, 2020, TTB announced the availability of the Asia-Pacific Economic Co-operation (APEC) Model Wine Certificate which combines three typical export certificates into one document. The single certificate is a culmination of Wine Institute’s leadership within APEC Wine Regulatory Forum project since 2011, helping regulators in these important export markets understand that wine is a safe product from a food safety perspective and that certain food requirements should not apply to wine. The APEC certificate will be appropriate for certain markets, such as Mexico, South Korea, and Vietnam. Exporters to China should continue to use the current “Consolidated” Wine Export Certificate.

World Wine Trade Group (WWTG): On November 18th, Wine Institute participated in the second virtual WWTG meeting held this year under the New Zealand Chairmanship. During the meeting, Australia, Argentina and Canada stepped forward to lead specific working groups which will focus on several key areas all aimed at helping ensure the WWTG takes a more strategic approach to dealing with trade barriers and organizational challenges such as how to expand membership. The WWTG will focus in the coming year on key issues such as the EU’s Green Deal and work on alcohol labeling at the CODEX Alimentarius Commission.



Agenda Item No. 8(f)

INTERNATIONAL MARKETING &
CALIFORNIA WINE EXPORT PROGRAM REPORT
BOARD OF DIRECTORS MEETING
December 8, 2020

Global Initiatives & Branding Campaign

- **Webinars & Virtual Programs** - Continued the successful [Behind the Wines](#) weekly webinar series hosted by Elaine Chukan Brown for an international audience of wine trade and media. Episodes featured notable California winemakers and growers, international wine writers and leading trade discussing CA wines within a global context. Recent guests included Jancis Robinson, MW, and wine writers Oz Clarke, Esther Mobley of the SF Chronicle, and Kelli White. The inaugural season of *Behind the Wines* concluded with a four episode series of interviews with winemakers and growers reporting on the 2020 harvest in regions across California. The final episode on November 17 featured 10 winemakers in five separate sessions with each session focusing on a different region, theme and wines. The webinar program has generated a database of over 3,000+ international trade in over 25 countries with thousands of unique viewers. Wine Institute launched several other educational webinar series targeting specific markets and audience groups including *Inside California Winemaking* for Asian markets, and a series of Market Intelligence webinars for Export Program members.
- **Virtual Tours to California for LCBO Buyers, Nordic Monopolies & Sommeliers from Japan** – During this time when trade and media are not able to visit, virtual tours have become a successful alternative. Completed a six-day virtual tour over a four week period for the California category buyers for the LCBO. The tour included virtual visits to 40 wineries which featured pre-recorded videos, live walk throughs of vineyards and cellars, wine pairing lunches, and live tastings with the winemaker at each winery. The buyers tasted 90 wines during the tour, and purchased 28 new wines that are not currently in the market – for a 33% uptake rate. Wine Institute is in the process of completing three additional tours before the end of the calendar year – one for the head buyers for the three Nordic monopolies (Systembolaget, Vinmonopolet, and ALKO) and two tours for leading sommeliers from Japan which is being conducted in partnership with the Japan Sommelier Association.
- **Global Digital Agency** – Following a thorough RFP process and agency review, hired Sacramento-based [Mering](#) as the new Global Digital Agency for California Wines. The agency will be responsible for developing global strategy to promote California wines to consumers and trade, and robust campaigns that will be executed locally to drive awareness, engagement, and sales in key markets. Campaign metrics will include Improved reporting and analytics, along with market specific goals for audience growth and engagement. We will launch a global digital advertising campaign targeting key consumer groups in early 2021. The campaign will include a global focus on sustainability with 8 week flights in leading international markets in March, April, and May with fully integrated campaigns tied in with retail and restaurant programs.

- **California Wines Education & Certification Program** – Preparing to launch the first phase of the new California Wines Education & Certification Program in early 2021. The program includes a rigorous 4-tier certification program developed in alignment with WSET, Institute of Masters of Wine, and other recognized wine education programs globally. Educational content for the program is being developed by a 20+ member panel of wine educators, MW's and MS's including Jancis Robinson, Tim Gaiser, Evan Goldstein, Virginie Boone, Sarah Schneider, Madeline Triffon and many others.
- **Global Costco Partnership** – The global partnership with Costco continues with programs planned in nine countries through the fiscal year, including Australia, China, South Korea, France, Spain, Italy, and Taiwan. Programs to date have yielded strong results and exceeded sales expectations in every market. A recent two-week program in Taiwan sold over 3,500 bottles of CA wine with a weekly sales lift of 380% and 880% respectively. Programs in the UK, Spain, and China have driven similarly strong results and sales growth for California wines. Upcoming programs include advertorials, in-store displays, category promotions, and road-show style programs.
- **California Wines Brand Refresh** – Preparing to launch the new California Wines brand and communications campaign for international markets in early 2021. The brand work was initiated in August 2019 with a Challenger Brand strategy workshop led by EatBigFish. The new logo for California Wines will roll out in January 2021 along with a refresh of the Discover California Wines website. The new brand guidelines and updated advertising and collateral will begin to roll out in global markets starting in Q1 2021 and continuing as programs launch in different markets including retail promotions, restaurant programs, print and digital advertising and ultimately tastings, events, and international trade exhibitions.
- **US Wine Exports Decline First Half 2020:** U.S. wine exports, more than 95% from California, are currently trending down by 9.48% in Value and up +0.17%% in Volume according to Trade Data Monitor reports for the calendar year through September 2020. COVID-19 has severely impacted exports and wines sales in several leading global wine markets along with fluctuation in exchange rates, retaliatory tariffs and increased competition in key markets all had an impact on the year's results. The top 10 export markets for California wines in 2019 were: the European Union's 28-member countries, \$427 million; Canada, \$424 million; Hong Kong, \$113 million; Japan, \$92 million; China, \$39 million; South Korea, \$27 million; Nigeria, \$24 million; Mexico, \$19 million; Philippines, \$18 million; Dominican Republic, \$16 million; and Switzerland, \$15 million. Of these markets, exports to Canada and South Korea continue to trend up in sales value by 6.2% and 72.83% respectively. Other Asian markets, specifically Japan, Hong Kong and China show double digit declines through the first three quarters of 2020. The UK remains relatively flat in export sales value and significant growth in volume due in part to increases in bulk shipments and local bottling.

USDA/Foreign Agriculture Service/Market Access Program/SF Office

- **MAP Budget Allocation:** Wine Institute's Market Access Program (MAP) allocation from USDA for the next program year starting July 1, 2021 will remain essentially flat compared to the current year's allocation. Wine Institute continues to receive the highest ranking as a cooperator. Due to the COVID19 crisis, Wine Institute will be able to roll over any unused MAP funds from the prior FY19-20 program year into the current year for a one-time exception. These additional funds will be used to supplement current year MAP programming.

- **Virtual Export Committee Meeting Planned for December 10:** The California Wine Export Committee will hold a virtual meeting on December 10, 2020. The committee will review the new California Wines brand campaign and digital media strategy, as well as review progress in developing the California Wines Education Program website and launch plans. Wine Institute International Representatives will present a market update including the current impact of COVID on the market and their strategies and promotion plans for California Wines through the end of the program year on June 30, 2021.
- **Export Program Membership Down in FY20-21, Retain 96% of LY Dues Revenue:** Wine Institute Export Program membership has renewed 85% the prior year membership base while retaining 96% of member dues revenue. Member recruitment goals for FY20-21 are to match last year's membership base of 190 members. New member recruitment efforts include revised member benefits and recruitment materials, the new Export Mentor program, and member outreach efforts.



Agenda Item No. 8(g)

COMMUNICATIONS COMMITTEE REPORT
DISCOVER CALIFORNIA WINES U.S. PROGRAM
BOARD OF DIRECTORS MEETING

December 8, 2020

Media and Member Outreach

Press Releases/Statements/News Alerts: We issued a record 68 member and media communications since the June Board meeting in addition to developing and updating numerous webpages, talking points, statements and other background documents.

- 11/25/2020 - [Cal/OSHA COVID-19 Emergency Prevention Emergency Regulations](#)
- 11/25/2020 - [News Briefs: Take Action Dec. 1 to Save Craft Beverage Tax Savings](#)
- 11/24/2020 - [New Nutrition Calculator Launched](#)
- 11/20/2020 - [COVID- 19 Update: New Restrictions and Employer Obligations](#)
- 11/17/2020 - [Wine MarCom 2020: Marketing & Communication Strategies for a Changing Landscape](#)
- 11/16/2020 - [Register for Wine Institute's Winter Board of Directors Meeting](#)
- 11/16/2020 - [Challenging 2020 Harvest Will Yield High Quality California Wines](#)
- 11/12/2020 - [News Briefs: Winter Virtual Board Meeting, Tuesday, Dec. 8](#)
- 11/10/2020 - [Wine MarCom 2020 Available to View](#)
- 11/09/2020 - [EU & U.S. Wine Sectors Call for Negotiated Solution to Aviation Dispute](#)
- 11/04/2020 - [Wine Institute Board Update](#)
- 11/02/2020 - [FINAL REMINDER: RSVP for Wine MarCom 2020, Nov. 5, 10 a.m. to 1 p.m.](#)
- 10/29/2020 - [News Briefs: MarCom Webinar Nov. 5](#)
- 10/23/2020 - ["Behind the Wines" Inaugural Season Concludes with "The Harvest Sessions"](#)
- 10/22/2020 - [REMINDER: RSVP for Wine MarCom 2020, Nov. 5, 10 a.m. to 1 p.m.](#)
- 10/21/2020 - [California Wines Brings Seasonal and Holiday Themed Livestream Series](#)
- 10/15/2020 - [News Briefs: California Legislative Update](#)
- 10/12/2020 - [Record Trade Partners for California Wine Month](#)
- 10/08/2020 - [RSVP for Wine MarCom 2020, Nov. 5, 10 a.m. to 1 p.m.](#)
- 10/06/2020 - [President's Message on TTB Ruling on Nutrition Labeling & Advertising](#)
- 10/05/2020 - [News Briefs: New TTB Ruling on Nutrition Labeling and Advertising](#)
- 10/02/2020 - [Wine Institute Urges Congress to Extend Critical Wildfire Assistance](#)
- 09/28/2020 - [New TTB Ruling on Nutrition Labeling and Advertising](#)
- 09/11/2020 - [Wildfire Relief Webinar Sept. 16 Registration](#)
- 09/09/2020 - [Contact Congress to Pass the Craft Beverage Modernization and Tax Reform Act](#)
- 09/09/2020 - [Sept. 9 Day of Action Planned to Urge Congressional Passage of Craft Beverage Modernization & Tax Reform Act Before Year-End Deadline](#)
- 09/03/2020 - [California Wine Month Harvest at Home Regional Wine Series on Facebook Live & Instagram Live](#)

08/31/2020 - [News Briefs: Renew FDA Food Facility Registration by Dec. 31, 2020](#)
08/31/2020 - [California Wine Month Launches with Virtual Events & Offers](#)
08/28/2020 - [Wildfire Preparedness & Recovery](#)
08/24/2020 - [News Briefs: Dietary Guidelines Comments Submitted by Wine Institute](#)
08/20/2020 - [Be a Part of CA Wine Month 2020](#)
08/17/2020 - [Wine Institute Membership Program](#)
08/17/2020 - [Energy Emergency Executive Order Issued by Governor Newsom](#)
08/14/2020 - [Virtual Wine Experience Webinar Recording Available](#)
08/13/2020 - [Wine Institute Statement on Alcohol Consumption in U.S. Dietary Guidelines](#)
08/12/2020 - [Spanish Translation of COVID-19 Harvest Protocols Available](#)
08/12/2020 - [Webinar Recording: Creating Virtual Wine Experiences](#)
08/11/2020 - [Submit Virtual Events Now for California Wine Month in September](#)
08/10/2020 - [Reminder: Call to Action on U.S. Dietary Guidelines Change](#)
08/05/2020 - [Call to Action on U.S. Dietary Guidelines Change](#)
08/07/2020 - [PAC Dues Notification](#)
08/07/2020 - [News Briefs: FAQs from Harvest Protocols Webinar](#)
07/31/2020 - [Be a Part of CA Wine Month 2020](#)
07/29/2020 - [CWM 2020 Virtual Events Webinar Invite Reminder](#)
07/24/2020 - [Wine Institute Urges End to Wine Tariffs](#)
07/23/2020 - [News Briefs: Webinar—Creating Engaging Wine Experiences](#)
07/16/2020 - [CA Wine Month 2020 Toolkit](#)
07/13/2020 - [COVID-19 Update: Statewide Closure of Indoor Tasting Rooms](#)
07/13/2020 - [Kentucky DTC Shipping Delayed](#)
07/10/2020 - [News Briefs: Robert Ivie In Memoriam, Harvest Protocols, CWM](#)
07/09/2020 - [COVID-19 Harvest Protocols for California Vineyards & Wineries](#)
07/02/2020 - [COVID-19 Update: Paycheck Protection Program Extended](#)
07/01/2020 - [CSWA Harvest Protocols Webinar July 7, 2020](#)
07/01/2020 - [COVID-19 Update: Order to Close Indoor TR's in 19 Counties](#)
06/29/2020 - [COVID-19 Update: TR's Not Impacted by Gov. Order to Close Bars](#)
06/26/2020 - [News Briefs: Tasting Room Reopening Resources, PD/GWSS Referendum Approved, CCPA Enforcement](#)
06/25/2020 - [Wine Institute Applauds APEC Model Wine Certificate](#)
06/19/2020 - [COVID-19 Update: Face Mask Mandate, Meal Requirement Removed](#)
06/17/2020 - [California Winery Tasting Rooms Begin to Reopen in Time for Summer Sipping](#)
06/15/2020 - [News Briefs: New Chairman, New Members, Board Meeting](#)
06/11/2020 - [John Sutton Elected New Wine Institute Chairman 2020-2021](#)
06/09/2020 - [COVID-19 Update: PPP Improvements, Ag Worker Guidance](#)
06/08/2020 - [CSWA Consumer & Trade Research Shows Increased Demand for Sustainably Produced Wine](#)
06/05/2020 - [Governor Approves Tasting Room Re-openings](#)
06/03/2020 - [Spotted Lanternfly Webinar: Thursday, June 11 at 10:00am, PST](#)
06/01/2020 - [California Wine Cocktails for Summer](#)
05/29/2020 - [News Briefs: ABC Defines "Meals" for Dine-In Guidance](#)

Media Response – We responded to 156 media inquiries during this period, mainly related to the coronavirus and wildfire impact on wineries including wildfire and opening status, smoke exposure issues and economic impact. Inquires came from the Wall Street Journal, Fox News, USA today, KQED, Scripps, and most major news organizations including international outlets.

2020 Harvest Release and Report – We issued our [news release and report](#) on the 2020 harvest on Nov. 16 which included recaps from sixteen California wine regions. Our goal was to acknowledge the wildfires and other challenges but report on the excellent quality wine being produced from California this year as well as resiliency of the wine community. The report and accompanying release also announced the Nov. 17 “Winemaker Sessions” finale webinar of

International Marketing's "Behind the Wines" webinar series and served as a springboard for a proactive communications campaign on the 2020 vintage.

Wine MarCom 2020 Webinar – The sixth annual Wine MarCom workshop, hosted by the Communications Committee, was held as a webinar on Nov. 5th, attended by about 200 members and regional association staff. The event included sessions with wine journalists, social media influencers and photography experts and a panel discussion exploring sustainable, organic, biodynamic and natural wine definitions, what they mean and how we can best communicate with trade, media and consumers. We issued a [news release](#) to trade media highlighting key take-aways from the sessions.

Wine Institute Website – We developed landing pages and extensive content on WI resources and guidance for [COVID-19](#) and [2020 Wildfires](#) and created webpages to accommodate the new Nutrition Facts Calculator for labeling and advertising. We also updated the webpage for glyphosate and wine working with WITAC.

Unified Symposium 2021 – As a member of the Program Development Committee, Nancy managed development of a session in the Marketing & PR track on "Changing the Way We Sell Wine" that will be presented on Thursday, Jan. 28, 2021. Honore Comfort is moderator.

Issues Management

Coronavirus (COVID-19) – Working with Wine Institute staff, we continued to issues updates on regulatory updates, compliance guidance and advocacy maintain webpages as a comprehensive resource for all wineries.

2020 California Wildfires – The Communications team worked extensively with national, international, local and wine media to provide accurate information and context on the impact of CA wildfires on the industry and vintage. We coordinated with Wine Institute staff, CAWG, regional associations, Visit California and others to develop and maintain accurate industry talking points which were shared with members and regularly updated. We also issued an Aug. 28 member News Alert on wildfire resources and relief and supported the Sept. 16 member webinar hosted by Bobby with insurance, health and safety experts.

Discover California Wines (DCW) U.S.

DCW Lifestyle Publicity –Reach of WI's lifestyle PR effort doubled in FY2019/20 to more than 4 billion impressions in media coverage. See [highlights](#) of the campaign, which bolsters the organization's advocacy efforts by providing opportunities generate coverage of our core messages about the people, places, culture and sustainability of California wine in consumer-facing outlets..

California Wine Month 2020 – We issued a [news release](#) and conducted more than dozen radio, television and social media interviews for the 16th annual celebration in Sept. with more than 50 virtual wine and regional events and offers and [34 retail, restaurant, media and association partners](#). See: [Discover California Wine Month website](#) and Governor Newsom's [official commemoration](#).

Virtual Wine Experiences Webinar – We hosted 250 members and regional association executives for [webinar](#) on best practices for hosting virtual events and shared ideas on harvest-related virtual and live experiences for California Wine Month and beyond.

DCW U.S. Social Media – Our social media following on Facebook, Twitter and Instagram grew 34% last fiscal year to 61K followers and 3.8 million impressions. Recipe-driven Pinterest monthly views grew to 229K from 5K in 2018. We issued an [Oct. 22 news release](#) on the extension of successful social media Livestream events developed for California Wine Month through November with a holiday theme. The new series of 14 events includes interviews on wine, food and wine pairings and cooking classes, in collaboration with California Grown, with recognized food and wine influencers.

2020 Specialty Crop Block Grant Awarded – Wine Institute was awarded a 2020 SCBG for our proposal to fund a campaign highlighting California wine as part of the active, well-balanced California lifestyle. The grant provides \$448,000 in matching funds for domestic lifestyle communication activities that support Wine Institute policy goals and our members. The grant period is from Nov. 2020 – April 2023.

CA Grown Influencer Agri-Tour – Allison and Nancy participated in a virtual tour with 16 of California specialty crops hosted by CA Grown for 16 food influencers from California and four other states. We provided “Instagram-able” California wine background and details on CSWA punctuated with a tasting of three wines and mention of the Wine Country Table which was sent to all participants. Nancy serves on the Executive Committee of the CA Grown Board.

International Brand Refresh – Nancy and the team worked with Honore to provide input and support on the CA Wines brand refresh including new brandmark review, updates to the global website, review of educational platform content and coordination on social media, PR and development of content and assets.

Discover California Blog - We issued six editions of the monthly [blog](#) incorporating food, lifestyle, sustainability and wine messaging and developed new, more flexible blog format that will enhance SEO and allow us to create additional blog posts from repurposed or new content.