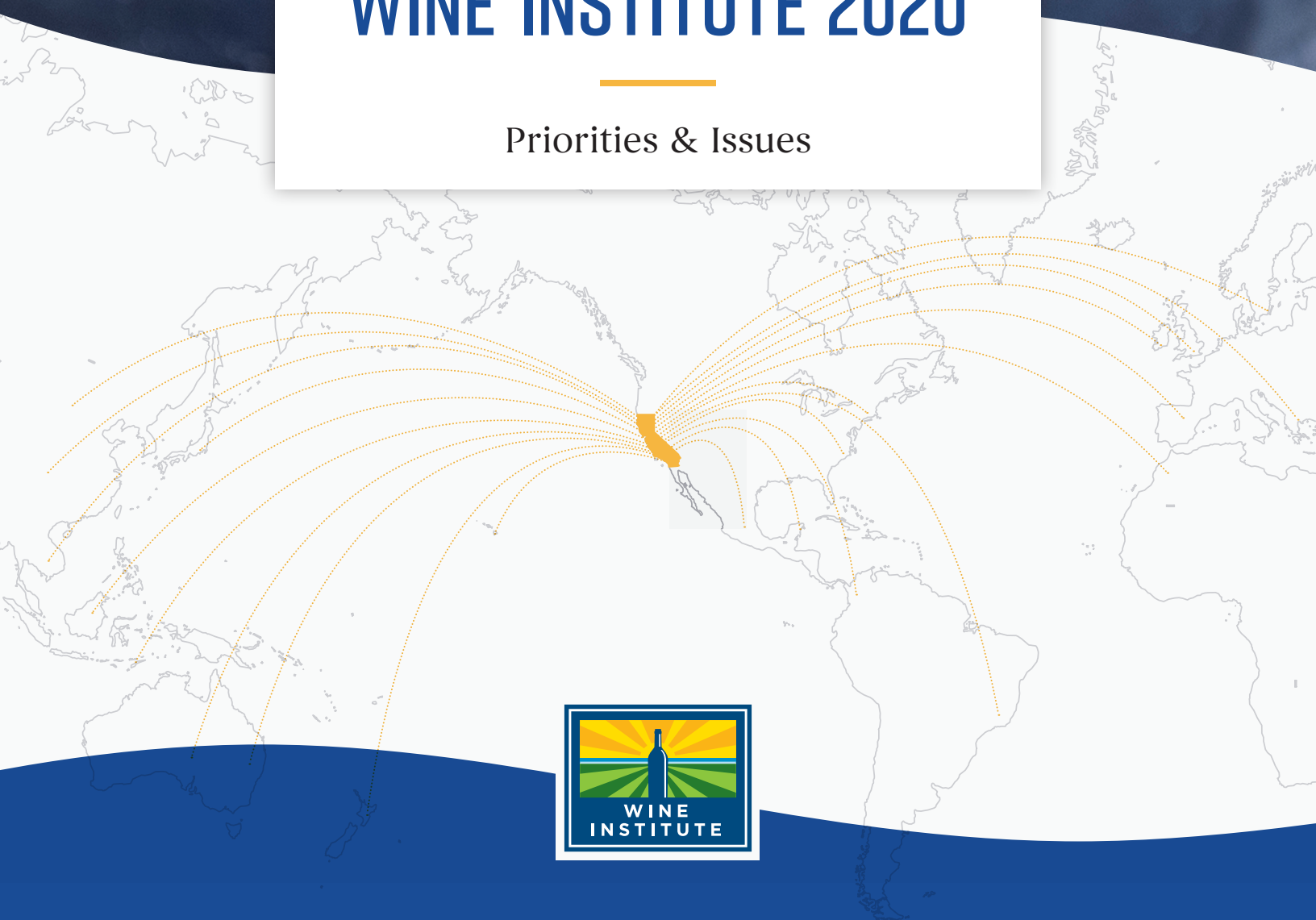




WINE INSTITUTE 2020

Priorities & Issues



What We Accomplish Together

As we head into a new decade, I'm pleased to share this publication highlighting our work and plans for the coming year. Last year, Wine Institute continued to deliver bottom-line value to all California wineries by reducing and defeating taxes, navigating complex regulatory issues, addressing trade challenges, promoting California wine globally and ensuring that we are recognized as leaders in environmental stewardship and responsible marketing.

Wine Institute membership returned to our record high of 1,000 members at our December Board meeting and we are pleased that so many wineries recognize the benefits of our work. We extend an open invitation to all California wineries to join and help us to accomplish ambitious goals in state, federal and international advocacy in 2020.

Renewal of *The Craft Beverage and Tax Modernization Act* in late December *extends the \$75 million plus annual savings on excise taxes for all California wineries*, regardless of size, for another year and includes a much-needed adjustment eliminating additional administrative burdens for bonded wineries and fulfillment centers claiming the tax credit on behalf of wineries. Preserving the cuts, and, ideally, making them permanent, is the top priority of our Federal Relations team in 2020.

Wine Institute *defeated legislation* that would have granted virtually unchecked regulatory and fee authority to the State to enact a recycling program for all single-use containers, including wine bottles and other wine packaging. Our member working group and Sacramento office are engaged in crafting an effective solution to wine bottle recycling in our home state.



Of dozens of proposals to increase excise taxes and fees in the states last year, including a serious threat in Illinois, *we successfully defeated all* with the exception of a seven-cent increase that passed in Connecticut over our opposition.

Trade issues have been a priority. We achieved expanded market access in Canada, reached an agreement with Japan to eliminate tariffs on U.S. wine and forcefully articulated our position that wine should not be targeted in trade disputes that do not involve wine, and that all tariffs on wine traded between the U.S and EU should be eliminated.

A new website was launched at WineInstitute.org to share in-depth information and member resources on these and dozens of other initiatives and issues where our organization is providing leadership.

Please check it out, and take a few minutes to review this publication and share with colleagues and fellow vintners to show what we can accomplish together. Thank you for your membership!

A handwritten signature in blue ink that reads "Bob Koch" with a checkmark at the end.

Robert P. Koch
President & CEO
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Our mission is to initiate and advocate public policy that enhances the ability to responsibly produce, promote and enjoy wine.

Wine Institute Priorities

1. Reduce burdensome taxes and regulations on wine at the federal level and in all 50 states
2. Create a fair and open market for wine in the U.S.
3. Advocate for science-based laws and regulations
4. Educate policy leaders, media and consumers about the benefits of California wine
5. Promote the economic, cultural and lifestyle attributes of California wine
6. Ensure a level playing field for U.S. wine exports
7. Grow California wine exports around the world
8. Continue leadership in environmental stewardship and social responsibility
9. Respond to issues and reputational threats on behalf of the wine industry
10. Provide compliance guidance and other tools to members





OUR INDUSTRY

California is America's number one wine producer and the fourth largest in the world

The Golden State's 4,000 wineries and 5,900 winegrape growers are world leaders in sustainable winegrowing. We are deeply committed to contributing to local, state and national economies by producing world class wines that bring pleasure to meals and social occasions for wine drinkers around the world.

IN CALIFORNIA

Employs 325,000 Californians

Generates \$57.6 billion annually in economic activity

Attracts 24 million tourist visits to California wine regions each year

85% of California wine is made in a Certified California Sustainable Winery

40% of California's winegrape acreage is certified sustainable



IN THE US

Tallied an estimated \$40.2 billion in retail sales in 2018

Three of every five bottles sold in the U.S. are produced in California

Employs 786,000 Americans

Pays \$35 billion in wages annually

Generates \$114 billion in annual economic activity



AROUND THE WORLD

California wine exports grew nearly 60% in value in the past decade

Generated export revenues of \$1.46 billion in 2018

Golden State wines are exported to 142 countries

Top markets are the European Union, Canada, Hong Kong & Japan



Wine Institute is the only US organization advocating for wine at the state, federal and international levels

Wine Institute's **CALIFORNIA STATE RELATIONS DEPARTMENT** in Sacramento is the leading voice for California wineries in public policy issues around the state. It advocates at the state and regional level on a broad array of issues, including policy related to alcohol beverage control, labor, litigation liability, regulatory reform, taxation, water, air quality, land use, agriculture, crop protection materials, recycling, and much more.

Responding to Statewide Winery General Order: Wine Institute pushed back on plans to adopt a new statewide winery wastewater regulation and proposed an alternative approach that is science-based, practical, and reflects our industry's existing efforts to protect and improve water quality.

Wine Institute is currently awaiting a response from the State Water Board to our alternative proposal.

Defeating CalRecycle Single-Use Packaging: Wine Institute was successful in defeating legislation that would have granted virtually unchecked regulatory and fee authority to the State to enact a recycling program for all single-use containers, including wine bottles and other wine packaging. Wine Institute has formed a working group to propose an alternative that would result in better recycling outcomes and lower regulatory burdens.

Stopping Anti-Business Labor & Tax Bills: Wine Institute was instrumental in stopping a number of anti-business labor and tax measures introduced in the California Legislature, including bills to further expand California's paid sick leave law, expand employer liability, increase the corporate tax rate, eliminate tax incentives, and create a California estate tax.



Recycling remains one of Wine Institute's top priorities in Sacramento in 2020.



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As part of our mission to initiate and advocate for public policy, Wine Institute is the only wine trade organization that works actively in all 50 states at the legislative and regulatory levels. **OUR STATE RELATIONS DEPARTMENT** handles this work in the states outside of California, led by a team of six regional Counsels/Directors, whose work is overseen and supported by the San Francisco office.

Success in Preventing Tax Increases: Many states considered excise tax increases to fill budget deficits and we prevented the vast majority in 2019. In Illinois, the Governor proposed an excise tax increase on wine from \$1.39/gal to \$2.05/gal to help fund his massive \$42 billion Capital Improvements Plan. Working with local industry partners we were able to keep this proposal from inclusion in the final package. Proposed tax increases in Alaska, Hawaii, Maine, Montana, Oregon and Wyoming were also defeated. The only exception was in Connecticut, where the Governor had called for a 15-cent per bottle deposit fee for wine and spirits, and

the local retailers and wholesalers embraced an excise tax as an alternative to the bottle bill. A 10% increase, from \$0.72/gal to \$0.79/gal, was passed over our opposition. We were also part of a coalition that defeated a 5% local retail alcohol tax at the ballot box in Anchorage, AK.

Holding the Line on DTC Shipping: Many states saw legislation supported by local wholesalers and retailers trying to crack down on the common carriers who are our key partners in DTC shipping. We were able to stop all of these bills from passing this year, ensuring that wineries and carriers who are following the DTC shipping rules can continue to ship.

Preventing Expansion of Bottle Bill Deposit and Fee & Labeling Laws: Two other areas of success in 2019 were preventing passage of any bills that would have expanded the inclusion of wine bottles in bottle deposit laws. Such proposals were defeated in Connecticut, Florida, Illinois and West Virginia, and bills in Massachusetts, New York and Pennsylvania failed to move in 2019 and will carry over into 2020. We also stopped onerous proposals on environmental fees and labeling in Hawaii, New York, New Jersey and Missouri.

The National Conference of State Liquor Administrators (NCSLA) honored Wine Institute VP of State Relations Steve Gross' contributions to the NCSLA and the beverage alcohol industry by inducting him into its Hall of Fame at the annual conference in Louisville, KY.



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ADVOCACY & POLICY

Our **FEDERAL RELATIONS TEAM** based in the nation's capital ensures that our members' voices are heard in legislative and regulatory debates across Congress and numerous government agencies, including the Department of the Treasury and TTB, USDA, Health and Human Services and the Environmental Protection Agency.

Craft Beverage Modernization & Tax Reform Act Benefits Extended Through 2020:

Wine Institute led the effort last year to enact a one-year extension of this critical legislation. As a result, all wineries regardless of size will be eligible to claim the producer tax credit and capture the additional excise tax savings that went into effect in 2018. Wine Institute also worked to secure a technical correction that will allow bonded wine cellars and fulfillment centers to once again claim the tax credit on behalf of wineries. We will continue to build support for and advocate aggressively for the Craft Beverage tax reductions to be made permanent before they expire on Dec. 31, 2020.

Protecting Federal Funding for Key Programs: In 2019, Wine Institute led an effort among industry partners to secure congressional approval of \$119.6 million for the Tax & Trade Bureau's (TTB) budget, which ensures that all

functions of the agency will continue to operate without disruptions to commercial operations in the year ahead. Five million dollars is dedicated to further expedite approvals and amendments for permits, COLAs, and formulas. In addition, Congress authorized \$192 million for the prevention and mitigation of diseases and pests that attack specialty crops and \$2 million for research to examine the effects of wildfire smoke on winegrapes.

2020-2025 Dietary Guidelines for Americans: The U.S. Departments of Agriculture and Health and Human Services are working jointly on the next volume of the Dietary Guidelines,

which offer recommendations on food and beverage intake to promote healthy eating habits and reduce chronic disease. Past editions have cautioned adults over 21 years of age who choose to drink alcohol to consume in moderation. The Federal Relations staff is closely tracking the deliberations of the outside advisory panel of scientists tasked with reviewing current research and updating recommendations in the new decade. Release of the publication is expected by the end of the year.

Expanding Wine Industry Political Engagement: The Wine Institute Political Action Committee (PAC) is an important tool that allows Wine Institute to engage in the political process by supporting elected leaders and candidates for federal office who understand the value and positive impact of our agriculture-based industry. The PAC supports candidates who take the time to understand the many challenges of operating a business within the highly regulated alcohol marketplace. Contributions to Wine Institute's PAC increased by 10 percent in 2019. We are grateful to our PAC donors.



Charles Jefferson

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Michele Famiglietti

SENIOR DIRECTOR, FEDERAL RELATIONS

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Wine Institute Washington Meeting participants meet with Rep. Mike Thompson (D-Napa Valley), the Co-founder and Co-Chair of the Congressional Wine Caucus, a key legislative group working to support the wine industry.

Wine Institute PAC Contributions

CALENDAR YEAR 2019

PLATINUM LEVEL - \$5,000

Barbara Banke, Jackson Family Wines
Arthur Ciocca, The Wine Group
Constellations Brands, Inc. PAC
David Duncan, Silver Oak Cellars
James Evans, The Wine Group
Dennis Groth, Groth Vineyards & Winery
Bobby Koch, Wine Institute
Fritz Lance, The Wine Group
Dan Leonard, Bronco Wine Company
Ken Lizar, The Wine Group
Jerome Lohr, J. Lohr Vineyards & Wines
Steve Lohr, J. Lohr Vineyards & Wines
Richard Mahoney, The Wine Group
Jeff O'Neill, O'Neill Vintners & Distillers
James Page, The Wine Group
Brott Ritzel, The Wine Group
Victor Strader, The Wine Group
John Sutton, The Wine Group
Anthony Torres, Trinchero Family Estates
Brian Vos, The Wine Group
Fred Weibel, Weibel Family Winery

GOLD LEVEL - \$2,500 - \$4,999

Jeff Dubiel, The Wine Group
Gary Heck, Korbel Champagne Cellars
Matthew Henderson, The Wine Group
Chris Indelicato, Delicato Family Wines
Jay Indelicato, Delicato Family Wines
David Johnson, The Wine Group
David Phillips, Michael-David Winery
Michael Phillips, Michael-David Winery
John Quinlivan, The Wine Group
Stewart Resnick, The Wonderful Company
Rick Tigner, Jackson Family Wines
Robert Torkelson, Trinchero Family Estates
Roger Trinchero, Trinchero Family Estates
Hank Wetzels, Alexander Valley Vineyards
Dan Zastrow, The Wine Group

SILVER LEVEL - \$1,000 - \$2,499

Kendra Altnow, Langetwins Family Winery and Vineyards
Robin Baggett, Alpha Omega and Tolosa Winery
Keith Bauman, The Wine Group
Armando Bautista, The Wine Group
Corey Beck, Francis Ford Coppola Presents
Joseph Brogan, The Wine Group
Matt Brooks, The Wine Group
Craig Calders, The Wine Group
Greg Coleman, E. & J. Gallo Winery
Jim Coleman, E. & J. Gallo Winery
Allen Day, The Wine Group
Paul Dolan, Truett Hurst Winery
Gary Eberle, Eberle Winery
Michele Famiglietti, Wine Institute
Matthew Gallo, E. & J. Gallo Winery
Robert Gallo, E. & J. Gallo Winery
Stephanie Gallo, E. & J. Gallo Winery
Suzanne Groth, Groth Vineyards & Winery
Brad Harrison, The Wine Group
Margie Healy, Korbel Champagne Cellars
Charles Jefferson, Wine Institute
Aaron Lange, Langetwins Family Winery and Vineyards
Joseph Lange, Langetwins Family Winery and Vineyards

Marissa Lange, Langetwins Family Winery and Vineyards
Philip Lange, Langetwins Family Winery and Vineyards
James McDonald, The Wine Group
Kevin McMillen, The Wine Group
Kristin Mesker, The Wine Group
Darin Miller, The Wine Group
Bob Mullen, Woodside Vineyards
James Parker, The Wine Group
Gretchen Roddick, Hope Family Wines
Stephen Roden, The Wine Group
Samuel Sebastiani, La Chertosa Wines
Eric Smith, The Wine Group
Glenn Spyskma, The Wine Group
Patrick Terrell, The Wine Group
Carolyn Wentz, Wentz Family Estates
Christine Wentz, Wentz Family Estates
Eric Wentz, Wentz Family Estates
Philip Wentz, Wentz Family Estates
Timothy Wiesner, The Wine Group

BRONZE LEVEL - UP TO \$999

Kaj Ahlmann, Six Sigma Winery
Earl Ault, Cedar Mountain Winery
Phillips Baily, Baily Winery
Dawn Bardessono, Benchmark Consulting
Kara Beaman, Alexander Valley Vineyards
Katherine Bedard, Wine Institute
Tyler Blackney, Wine Institute
Claude Blankiet, Blankiet Estate
Ian Blue, Wine Institute
Bill Cooper, Cooper-Garrod Estate Vineyards
Hugh Davies, Schramsberg Vineyards
Steve Fredricks, Turrentine Brokerage
Tracy Genesen, Wine Institute
Susan Gregory, Wine Institute
Steve Gross, Wine Institute
Gene Guglielmo, Emilio Guglielmo Winery
George Guglielmo, Emilio Guglielmo Winery
Kevin Hall, Alexander Valley Vineyards
Steve Hayes, Wine Institute
Michael Honig, Honig Vineyard & Winery
Randle Johnson, Califia Wines
Laurie Jones, The Wine Group
Allison Jordan, Wine Institute
Stephen Kahle, Woof 'N Rose Winery
Shin Kao, Wine Institute
Thomas Kenefick, Kenefick Ranches Winery
Vicky Keramida, KERAMIDA, Inc.
Teri Lawrence, Viaggio Winery
Nancy Light, Wine Institute
Pam Lock, Ecluse Wines
David Lucas, The Lucas Winery
Kathleen Maas, Pear Valley Vineyard
Steven MacRostie, MacRostie Winery & Vineyards
Michael Maher, Harlan Estate Winery
Ed Matovcik, Intervine
Nicholas Miller, The Miller Family Wine Company
Steve Millier, Millaire Winery
Elizabeth Milliken, Spotteswoode Winery
Bill Nakata, ASV Wines
Ralph Panella, Oak Farm Vineyards
Jim Pedroncelli, Pedroncelli Winery
Julie Pedroncelli St. John, Pedroncelli Winery
Laurel Quady, Quady Winery
Tim Schmelzer, Wine Institute
Zachary Scott, Scott Laboratories, Inc.
Vikki Watkins, Wine Institute
Katherine Wetzels, Alexander Valley Vineyards



For nearly 35 years, Wine Institute has led the effort to expand opportunities for California wineries by removing trade barriers and promoting export sales in key markets around the world

Our Washington, D.C. based **INTERNATIONAL PUBLIC POLICY TEAM** engages daily with key international organizations and U.S. trade officials to protect and advance wine industry interests in global markets.

Expanding Market Access in Canada: Following several years of advocacy, Wine Institute succeeded in gaining access to British Columbia grocery stores for California wines. As a result of the new U.S.-Mexico-Canada Agreement, the Canadian government has amended its regulations to end the discriminatory policy that only allowed British Columbia wine in grocery stores. Following this action, the province of Ontario has also taken steps to end discriminatory policies and expand grocery store sales of California wine.

Japan Trade Agreement Boosts Exports: At the urging of Wine Institute, the U.S. government secured an agreement with Japan to eliminate

tariffs on U.S. wine. The first tariff reduction in a major export market since South Korea in 2012, exporters to Japan saw wine tariffs begin to shrink on Jan. 1, 2020 and will reach zero in 2025. The tariff on bulk wine was eliminated immediately when the agreement took effect. We are working with the U.S. government on a full agreement with Japan which would include a wine annex to address technical trade barriers.

Growing Exports to the United Kingdom: While the process for the United Kingdom's separation from the European Union has been delayed several times, Wine Institute worked to secure an agreement between the UK and the U.S. to ensure a smooth transition for the wine trade. The U.S.-UK Wine Agreement rolls over the benefits that wineries currently enjoy exporting to the EU and creates a new certificate for the UK market. Once the UK regains sovereignty, we will work with the U.S. government on a free trade agreement to eliminate tariffs, certification requirements and export barriers.

Breaking Down Trade Barriers: Wine Institute continues to pursue a proactive approach to addressing trade barriers. Brazil and Uruguay proposed onerous requirements for laboratory testing and certification regarding the use of water in winemaking, despite this being a common practice globally. The International Wine Technical Summit (IWTS), a partnership between Wine Institute and the U.S. government, invites wine industry and government representatives to discuss best practices in wine regulations, and this year focused on why water is sometimes used to make wine. Due to the IWTS and the work of the World Wine Trade Group, both Brazil and Uruguay removed the onerous requirements.

Fighting Retaliatory Tariffs: Wine continues to be targeted with retaliatory tariffs in trade disputes involving China and the EU. Wine Institute has long supported the position that wine should not be targeted for retaliation in trade disputes involving products other than wine and we continue to urge the U.S. government to adhere to this principle.



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The IWTS, held in Livermore, CA, in June, was attended by international regulators and industry members from 15 countries.



The **INTERNATIONAL MARKETING TEAM**, based in San Francisco, runs Wine Institute's Export Program for California wineries and supports sales of California wines around the world with a robust program of marketing and sales promotion activities.

New Funding & Research: Wine Institute was awarded \$16 million in new ATP funds last year to support export programs in priority markets: Europe, the U.K., Canada, Japan, China, Hong Kong, Nordics and Mexico. Promotional activities include international trade shows and missions, master classes and tasting events for trade, media and consumers, as well as hosting dozens of groups for in-depth California wine country visits. To evaluate the effectiveness of new programs, a five-year Global Consumer Tracking Study will measure changes in consumer awareness, perception, and purchases of California wine in nine key global markets. We are also conducting new market research on consumer behavior and sentiment towards California wines and their competitors in the U.K., Europe, Canada, South Korea and Mexico.

Export 2020 Conference to Feature Jancis Robinson, MW: On Feb. 18, 2020, Wine Institute will host a one-day conference exploring current issues and opportunities in the global wine trade and featuring speakers and guests from across UK/Europe, Asia, and North America. The conference



will open with a keynote by Jancis Robinson, MW in conversation with Elaine Chukan Brown discussing the role of California wine in global markets. Additional speakers include George Soleas, President & CEO, LCBO; Ken Ohashi, MW; Andrew Catchpole, Editor, *Harper's Wine & Spirit*; and Sara Norell, VP of Assortment, Purchasing, & Procurement, Systembolaget.

Wine Institute Hosts First-Ever UK Buyers Trip to California: More than 80 wineries participated in Wine Institute's first buyer's trip to California with 15 leading importers from the UK and Ireland who traveled to California specifically seeking new wines to sell in their market. Response to the program was overwhelmingly popular with wineries requesting similar programs for other markets. Media response and interest from the trade was high, and attendees tasted over 300 wines from across California. To be considered for participation, wineries answered a short survey to assess the availability of their wines and their willingness to support the wines in the markets.

In November, Wine Institute hosted a wine & food pairing seminar for 500 consumers in partnership with the Japan Sommelier Association, one of the largest consumer wine seminars ever held in Tokyo.



Honore Comfort
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New Program Leadership & Canada Director: Honore Comfort joined Wine Institute in April, bringing extensive wine background as well as planning and brand management, association management and international marketing experience to the role. Danielle Giroux has been named the new Director for California Wines, Canada, to replace Rick Slomka who is retiring at the end of June, 2020. Previously at Colio Estate and Vicor, Giroux started in her new role in January.



Our teams work together to reduce unnecessary regulatory burdens on wineries and provide members with tools and guidance on compliance

The **LEGAL DEPARTMENT** is committed to ensuring that our membership is promptly notified of legal and reputational threats to the industry, well positioned to challenge unnecessary and costly regulations and equipped with the best tools to fully comply with federal and state laws.

Providing Guidance Through Online Resources & Webinars: Throughout the year, the Legal Department addresses member inquiries and provides resources on a range of compliance issues, including ADA, Prop 65, wine club renewals and the California Consumer Privacy Act (CCPA). Wine Institute works actively on early identification and responses to litigative and media sources on key issues.



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Preserving Standards of Fill (SOF): Wine Institute submitted a comment to TTB opposing elimination of SOF for wine, NPRM 182. The comment focused on the need to preserve federal uniformity, arguing that elimination would result in many state-specific sizes causing consumer confusion, business disruption, cost concerns in license states and shelf space scarcity issues in control states.

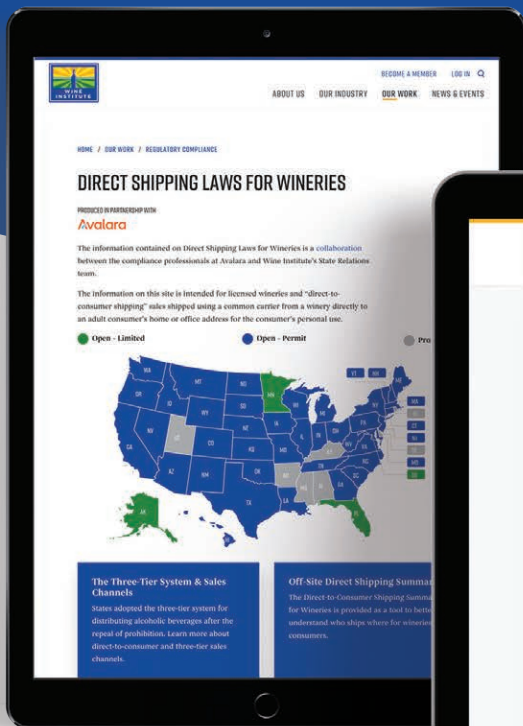
Advocating for Streamlining & Simplifying TTB Labeling & Advertising Regulations: Wine Institute submitted a 38-page response to TTB's NPRM 176 (Parts 4, 5, & 7). The comment covered a range of issues affecting member businesses and the wine industry in general. In particular, the comment addressed grape origin designation, aggregate and closed packaging issues, secondary geographical references, and definitions of misleading or deceptive advertising practices.

Wine Institute's Technical

The Technical Advisory Committee (TAC), comprised of industry executives with technical expertise from member wineries, works with Wine Institute staff to enhance the California wine industry's ability to successfully address quality, safety, compliance and technical trade issues. The TAC works in partnership with Wine Institute General Counsel Tracy Genesen assisted by Wine Institute's Communications staff. The current TAC Chairman is Dr. Tim Ryan of E.& J. Gallo Winery.

The TAC contributed to several significant accomplishments in 2019 including:

- Assisted in drafting Wine Institute comment on NPRM 176
- Monitored nutrition and ingredient labeling in Europe
- Actively participated in WTO



Advisory Committee

- Continued to develop working relationship with TTB Scientific Services Division
- Established new workable limit for lead in wine in Codex

In 2020, the TAC are looking to focus on:

- Defending current winemaking/winegrowing practices
- Studying advances in wine science (new materials, methods, challenges)
- Monitoring and evaluating global developments
- Providing guidance on regulations
- Developing resource library of best practices to mitigate risks
- Continued alignment with other associations

Wine Institute Label Service

Expedites Approvals: Wine label applications to the Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of the Treasury (TTB) may be submitted to Wine Institute by members for review. Careful screening of members' wine labels has resulted in an approval rate of more than 90 percent. Wine Institute also assists members with requests for accelerated review of Certificates of Label Approval applications (COLAs), formula applications, and trade/fanciful name searches on TTB's database and through ShipCompliant's LabelVision software. We also act as advocates for individual members before the TTB, requesting second reviews of controversial labels and negotiating use-up approvals.

For more information:



Susan Gregory
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Guidance for Direct-to-Consumer & Wholesale Compliance:

Wine Institute and Avalara (formerly Compli) collaborated to launch a comprehensive resource on all state shipping compliance rules for wineries that sell through the three-tier system (members only) and direct-to-consumer (DTC). Together these tools consolidate state-by-state wholesale and DTC rules, documents and forms into a single place to help wineries navigate the state laws for all types of distribution.

For more information:



Annie Bones
STATE COMPLIANCE SPECIALIST

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The California wine industry supports the responsible consumption, marketing and production of wine

Environmental and sustainability issues are a major focus for Wine Institute. Concerns such as ever-increasing regulations, limited natural resources, climate change, drought, reduced-risk pest management, air and water quality, reliable and cost-effective energy, as well as labor and community issues all impact a winery's bottom line and the long-term vitality of the industry.

ENVIRONMENTAL AFFAIRS STAFF coordinates experts and resources to help the Institute respond to these complex and challenging issues. They also oversee the California Sustainable Winegrowing Alliance to promote broad adoption of sustainable practices and to position the industry as a leader in sustainability in public policy and market arenas.

Proactively Address Environmental Issues: The Environmental Committee continues to be incredibly active, covering air, water, general regulatory and market issues and working with the Technical Advisory Committee on crop protection issues. In addition to supporting the Committee, Environmental Affairs staff provides guidance on environmental compliance issues, helps respond to and inform members of environmental policy developments, and seeks regulatory recognition for the industry's sustainability efforts.

Certified California Sustainable Continues to Grow: The first wines bearing the Certified California Sustainable logo began to appear in the market in 2018 and 2019, helping wineries address trade and consumer interest in sustainability. More than 85% of California wine is now made in a Certified Sustainable Winery and

nearly one million certified wine cases bear the new wine logo. A new consumer website is in development.

Outreach to Other Wine Regions, Trade & Media Bolsters California Wines Leadership: CSWA collaborated with partners from New York, Oregon and Washington, to host the inaugural U.S. Sustainable Winegrowing Summit. The CSWA team also presented about the California wine industry's sustainability commitment at conferences and events throughout California as well as in Kennewick, Washington, Indianapolis, DC, Milan, Montreal and Rome and briefed 14 key international wine trade and media delegations visiting the state about the industry's sustainable winegrowing efforts.

Consumer Research Shows Strong Interest in Sustainability: CSWA and multi-state partner organizations commissioned Wine Intelligence to conduct consumer research, which indicated high interest in purchasing sustainably produced wine in the future, a favorable perception of sustainable certification programs and certification logos, and a willingness to

pay more for sustainably produced wine, particularly by Millennials and Gen Z. CSWA leverages the industry's investment in sustainability to generate grant funding and is currently managing two grants focused on targeted education and regulatory compliance and regulation.



Wine Institute and the California Sustainable Winegrowing Alliance hosted a group of trade and media from the Nordics on a week-long "Grapes to Glass" tour of California wine regions, the first devoted to highlighting the state's strong commitment to sustainable winegrowing.



Allison Jordan
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The annual California Green Medal recognizes the leadership of wineries and vineyards committed to sustainability. The 2019 Award Recipients, from left to right: Nate Weis, Director of Winemaking, Silver Oak Cellars (Leader Award); Allison Jordan, Executive Director, California Sustainable Winegrowing Alliance (CSWA) and VP of Environmental Affairs, Wine Institute; Kurt Gollnick, Chief Operating Officer, Scheid Family Wines (Environment Award); Karen Ross, Secretary of the CDFG; Jason Smith, President/CEO, Smith Family Wines (Community Award); Kellie Hoppe, Lab Technician, Domaine Carneros (Business Award).

Certified California Sustainable By the Numbers



2,097

VINEYARDS CERTIFIED

184,818

ACRES (29%) OF THE 637,000 TOTAL CALIFORNIA WINEGRAPE ACRES ARE CERTIFIED SUSTAINABLE

+50%

INCREASE IN THE NUMBER OF CERTIFIED SUSTAINABLE VINEYARDS IN 2019



149

WINERIES CERTIFIED

255M

CASES (85%) OF THE 301M WINE CASES PRODUCED IN CALIFORNIA, 85% ARE MADE IN CERTIFIED SUSTAINABLE WINERIES

+4.2%

INCREASE IN THE NUMBER OF CERTIFIED SUSTAINABLE WINERIES IN 2019



CERTIFIED SUSTAINABLE WINE

972,174 Cases

AND COUNTING USING THE NEW LOGO ON THE WINE LABEL

“

The number of certified vineyards, wineries and wines is growing, along with interest and recognition in the marketplace as indicated by consumer research conducted earlier this year. California vintners and growers are at the very heart of what we do and their efforts are having a ripple effect on other wine regions and industries.”

—ALLISON JORDAN,
EXECUTIVE DIRECTOR, CSWA

LEARN MORE ABOUT CERTIFIED SUSTAINABLE
View a detailed description of what it takes for vineyards, wineries and wine to be CERTIFIED SUSTAINABLE at wineinstitute.org/certified-sustainable

RESPONSIBILITY & ENJOYMENT

Our focus on **WINE, FOOD, TRAVEL AND LIFESTYLE** underscores California wine's environmental stewardship, contributions to the economic and cultural vitality of communities and the pleasure it brings to meals and social gatherings.

Promoting California Wines in the US: Wine Institute's *Discover California Wines* campaign highlighting the world-renown wine, food, travel and lifestyle of the Golden State. Supported by specialty crop block grants, the campaign targets media, trade and consumers through PR, social media, statewide celebrations, a consumer website, new newsletter and a new book, *Wine Country Table*.

Statewide Celebrations Generate Media Coverage: California Wine Month in September, timed to the annual harvest, and Down to Earth Month in April, with sustainability focused events, generated a potential 1.4 billion media impressions in 2019 in print, broadcast and online media outlets. Lifestyle publicity, combined with social media, also generated extensive coverage and engagement with our California wine "backroads" travel series, new *Wine Country Table* book and holiday ebook on California Wine Cocktails.

Chef Eric Lee kicked off California Wine Month 2019 in late August on Fox 40 TV, Sacramento preparing a recipe from the new cookbook paired with wines. The annual celebration was highlighted in 24 national and local television and radio segments last fall.



Social Channels Continue to Grow: California wines social media reach continues to grow as a vehicle for delivering compelling content to younger adult consumers about California wines, wineries, food, lifestyle and sustainability. Combined impressions on Facebook, Twitter and Instagram nearly doubled in 2019 to 3.3 million, engagements (comments, likes and shares) totaled 126,000 and total followers reached 54,000, up 42 percent. Pinterest monthly views were 350,000.

New Book & Newsletter: Wine Institute's latest book, *Wine Country Table*, is a region-by-region culinary tour of the state featuring sustainably focused wineries, farms and recipes with wine pairings. The book inspired our new newsletter "Discover California" highlighting a monthly recipe and sharing what's new in wine and sustainability in the trendsetting Golden State.

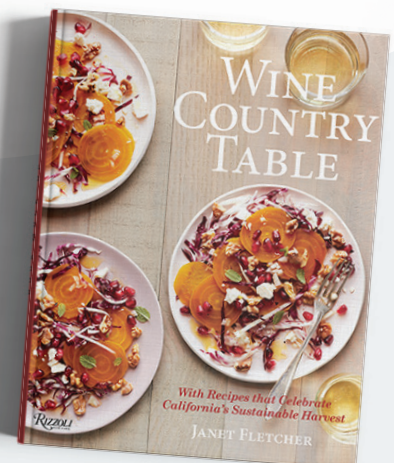


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Published by Rizzoli in 2019; by Janet Fletcher; photographs by Robert Holmes and Sara Remington; in collaboration with Wine Institute.

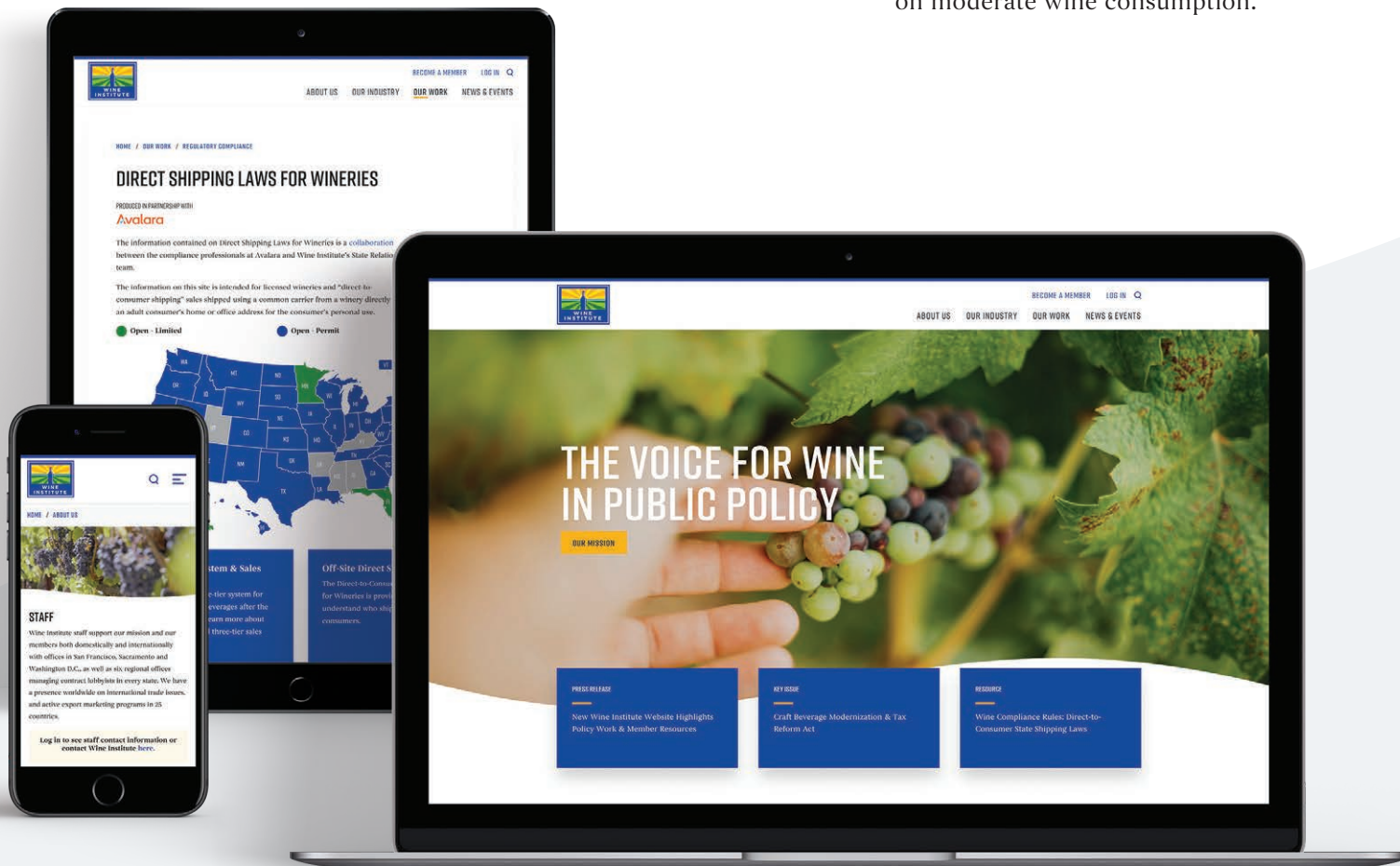


Wine Institute’s Code of Advertising Standards, the California Sustainable Winegrowing Program, referral to the U.S. Dietary Guidelines recommendation on alcohol consumption and support of the Free the Grapes! Wine Industry Code for Direct Shipping are evidence of a strong commitment to **SOCIAL RESPONSIBILITY.**

Wine Institute Website Gets an Upgrade: Our redesigned website at WineInstitute.org launched in 2020 to share comprehensive content on Wine Institute’s public policy initiatives, California wine statistics and economic impact, DTC and compliance issues and news, events and resources for members in a fresh, easy-to-use format.

Responding to Issues that Impact Wine: Wine Institute is prepared to respond to issues that threaten to negatively impact wine and California wineries and works with technical and scientific experts to respond to media on a range of issues from wine ingredients and processing materials to crop protection materials.

Balancing Messaging on Moderate Wine Consumption: Wine Institute is responding to global efforts to ignore or challenge decades of evidence-based research on wine and moderation. We are working with science, communications and legal experts, as well as TTB and the FTC, for guidance on how best to provide sound, balanced and credible information to consumers and media on moderate wine consumption.



The new Wine Institute website includes members-only resources throughout, the latest news on policy and compliance issues and a dedicated “dashboard” which offers a one-stop shop to access tools and information on events, committees, member discounts and more.

Wine Institute unites the strength of its members to create an environment where wineries can thrive

Join our 1,000 members and have a voice at the table to shape the important issues of the day. We are active in all 50 states, Washington, D.C. and internationally, tracking and responding to proposed legislation and regulations, advocating for favorable market conditions and promoting the contributions of California wineries of all sizes across our state. Wine Institute membership saves your business money so you can focus on what you do best: producing world-class wines.

Smart Advocacy: From a historic new tax cut for wineries in 2017 to expanding DTC shipping to 45 states and counting, we track the maze of legislation and regulations across the U.S. that impacts every element of your business.

Fedex Shipping Discounts: Enjoy exclusive benefits through the FedEx Advantage® shipping program, which last year saved members on average \$16,500. Small- and mid-sized wineries especially benefit from this program which offers rates normally provided to high-volume shippers.

Label Pre-Approval Service: Receive personalized support with TTB label approvals and requests for expedited

approvals, formula approvals, trade name searches, second reviews of labels and negotiating use-up approvals. Careful screening of members' wine labels has resulted in an approval rate of well over 90%.

Legal Guidance: Access our experienced, full-time legal counsel and receive publications and communications on changes in local, state, federal and international laws that affect members' businesses.

Members-only Resources: Enjoy exclusive access to tools on the members' website including a nutritional calculator for menu labeling, Compliance Rules for Wineries portal, state tax rate lookup tool, legislation tracker and more.

Music Licensing Support: Choose a compliant route to onsite music with the help of Wine Institute's music licensing guidelines, and save up to 20% off a BMI Music License for a winery tasting room.

Profile & Event Listings: Share events and a winery profile on our updated, global consumer website, which reaches consumers and trade in the U.S. and 10 countries through translated and localized websites.

Webinars & Workshops: Attend events on topics including compliance, direct-to-consumer shipping, marketing and communications, sustainable winegrowing, and others of interest to members.

News & Information: Stay informed of major developments and events affecting the wine industry through regular News Briefs and "news you can use."



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How to Join

WINERY MEMBERS

Membership is open to all bonded California wineries that are producing or selling wine in the state. Dues are based on a percentage of sales and/or gallons sold, starting at just \$300/year for small producers, and may be paid on a monthly, quarterly or annual basis.

ASSOCIATE MEMBERS

Companies whose products and services are generally available to the wine industry may become Associate Members. Annual membership is \$1,500/year and applicants must be sponsored by two active winery members.

Visit wineinstitute.org/join to complete the membership application. All applicants are approved by the Wine Institute Board of Directors.

ABOUT OUR MEMBERS

Wine Institute unites the collective strength of its members to ensure the best possible environment for producing and enjoying wine. We represent over 1,000 members, with small, medium and large wineries from every region of California.

BOARD & COMMITTEES

Our 80-member board includes vintners, of all sizes, representing each of California's diverse winegrowing regions. The board is supported by the work of numerous committees and working groups. All members are invited to attend our quarterly board meetings and participate in committee meetings, and no winery has more than two votes on our board.

2019-2020 OFFICERS

Hank Wetzel
Alexander Valley Vineyards
Chairman

John Sutton
The Wine Group
First Vice Chairman

Suzanne Groth
Groth Vineyards & Winery
Second Vice Chairman

Rick Tigner
Jackson Family Wines
Treasurer

Randall Lange
LangeTwins Family Winery
and Vineyards
Secretary

**Our work
benefits every
winery in
California**

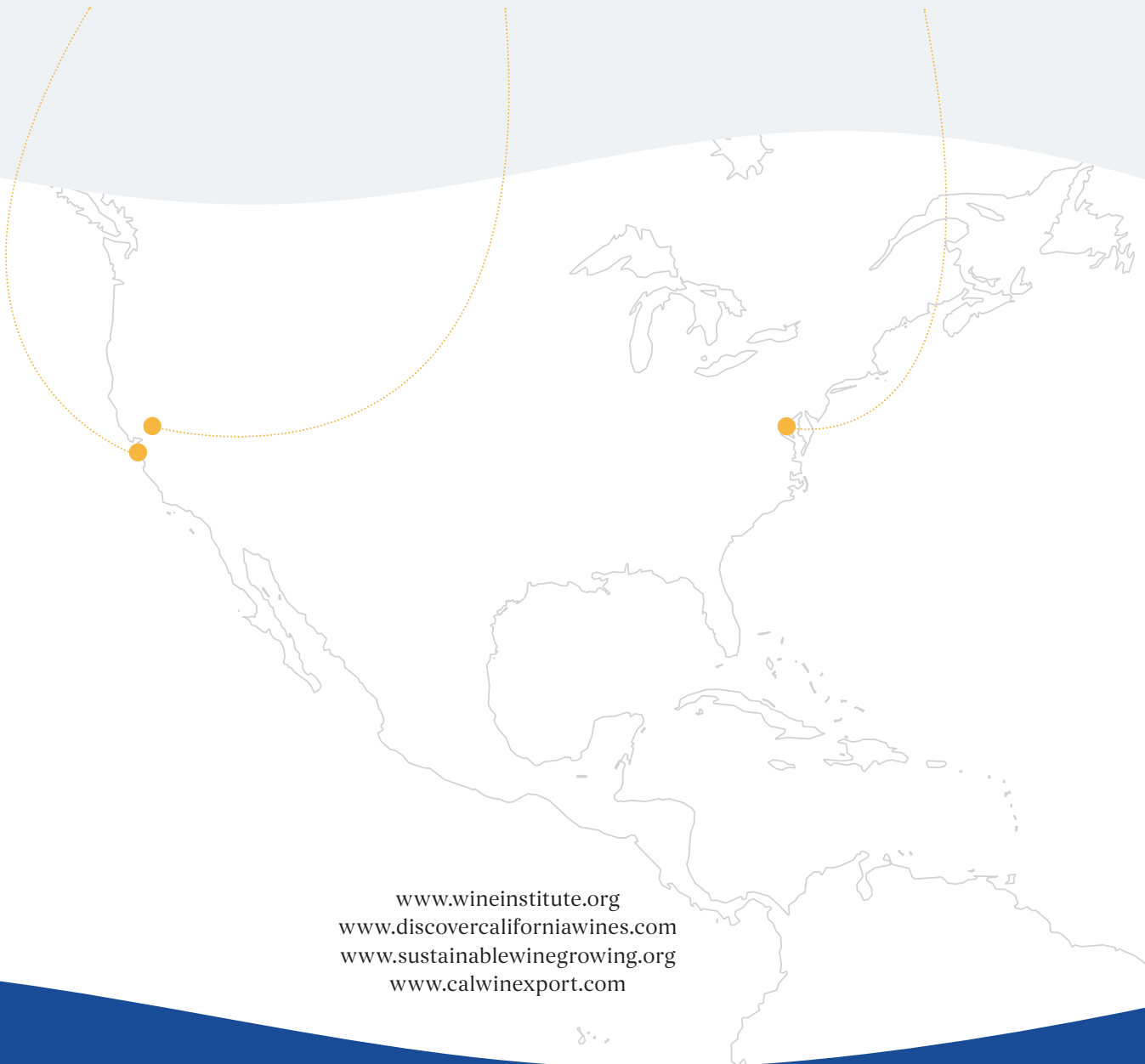




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