



WINE INSTITUTE 2021 YEAR IN REVIEW



Adaptation and Optimism

The past year brought the wine community closer together as we navigated through uncertain times with innovation, sustainability and a strong harvest. We were presented with challenges including the ongoing COVID-19 pandemic and the statewide drought, but as we progress with 2022 we're filled with hope and optimism for our shared future. This is

especially the case given that California winegrowers experienced a **fantastic harvest** with many predicting that the 2021 vintage will be one of the best in recent memory.

Just as California wineries adapted to 2021's curve balls with remarkable resilience, Wine Institute has been flexible and agile to meet each new challenge and critical issue. I was reminded several times last year how important it is to have a strong articulated mission and strategic plan:

- Our organization continues to be a strong advocate on key public policy issues at the state, federal and international levels.
- With a unified voice, we inform relevant audiences about the benefits of California wine.
- We are constantly improving our sustainable practices to be able to responsibly produce world-class wine for generations to come.
- We are growing existing and building new export markets to keep California wine robust as a global brand.
- We actively engage and support members in their overall needs every single day.

Throughout our Year in Review are proof points of our commitment to these actions. Reflecting on what we have accomplished together in 2021 with our members and partners, it is clear the role of Wine Institute has never been more essential. I encourage you to read on and please feel free to share this with your colleagues.

Robert P. Koch
President and CEO

2021 By The Numbers

1,000+
WINE INSTITUTE MEMBERS



86%
OF CALIFORNIA WINE
PRODUCTION



80%
OF U.S. WINE
PRODUCTION



95%
OF U.S. WINE
EXPORTS



80%
OF CALIFORNIA WINES
PRODUCED BY
CSWA-CERTIFIED
WINERIES



\$536 million
APPROPRIATED BY THE CALIFORNIA
LEGISLATURE FOR WILDFIRE
PREVENTION AS A RESULT OF WINE
INSTITUTE ADVOCACY



\$300+ million
FEDERAL EXCISE TAX DOLLARS SAVED TO
DATE BY CALIFORNIA WINERIES DUE TO
PERMANENT ENACTMENT OF THE CRAFT
BEVERAGE MODERNIZATION ACT



Zero
STATE EXCISE TAXES INCREASED THANKS
TO WINE INSTITUTE'S COLLABORATIVE
EFFORTS WITH HOSPITALITY COALITIONS



Zero
RETALIATORY TARIFFS
TARGETING U.S. WINE
IN THE EU OR U.K.



\$4.2+ billion
GENERATED BY WINERIES AS A RESULT
OF CONSUMER DIRECT SHIPMENTS



Six
STATES BENEFITING FROM WINE
INSTITUTE DTC WORK: AL NOW OPEN;
WINERIES OF 250,000 GALLONS+ CAN
NOW SHIP TO OH; KS, KY, LA AND TN CAN
CONTINUE TO USE FULFILLMENT HOUSES



\$650,000
SECURED BY WINE INSTITUTE FOR A USDA
FIVE-YEAR FAS GRANT TO MANAGE
CHANGES TO CROP PROTECTION MAXIMUM
RESIDUE LIMITS



11%
INCREASE OVER LAST YEAR FOR
TOTAL U.S. WINE EXPORTS,
REACHING \$1.44 BILLION IN VALUE



1,800
REACHED VIA 15 CSWA-HOSTED WORKSHOPS
AND WEBINARS ON SUSTAINABLE
WINEGROWING, WILDFIRE PREPAREDNESS
AND EMPLOYEE HEALTH AND SAFETY



3,200
STUDENTS CURRENTLY ENROLLED IN
CAPSTONE CALIFORNIA, A
COMPREHENSIVE ONLINE WINE EDUCATION
PLATFORM ON CALIFORNIA WINES



100+
NEWS ALERTS AND BRIEFS
ISSUED BY WINE INSTITUTE IN 2021
TO KEEP MEMBERS INFORMED



131 million
POTENTIAL AUDIENCE REACH OF WINE
INSTITUTE'S ANNUAL CALIFORNIA WINE
MONTH MEDIA RELEASE

Addressing Ongoing Critical Issues

- Wine Institute aggressively advocated for a **\$10 billion extension of the Wildfire and Hurricane Indemnity Program-Plus (WHIP+)** that will provide winegrape growers direct payments for financial losses incurred in 2020 and 2021 from wildfires, droughts, excessive heat and other natural disasters.
- We also pressed for an additional **\$5 million from the U.S. Department of Agriculture** for research to study the effects of smoke exposure on grapes and finished wine.
- Wine Institute was a key advocate in the California legislature appropriating **\$536 million in early wildfire prevention funding**.
- We conducted **webinars on wildfire preparedness and insurance**, and regularly engaged with wineries regarding assistance programs.
- Wine Institute worked to reduce obstacles to **help prevent catastrophic fires**, specifically regulatory burdens associated with prescribed burns.
- Wine Institute expanded its role in the **West Coast Smoke Exposure Task Force** where we collaborate on the commercial impact of current winegrape smoke related research with land grant university researchers in California, Oregon and Washington. We work with them to set commercial priorities for future research into smoke exposure measurement, mitigation and prevention.
- Addressing the shortage of insurance coverage due to wildfire risk, Wine Institute successfully advocated for the passage and enactment of legislation to ensure that **structures on agricultural properties were eligible for coverage** under California's FAIR Plan. New policies became available beginning February 1, 2022, as a result of our work to encourage quick adoption of revisions to comply with the law.
- Wine Institute created a **wildfire communications hub for members**. This dedicated [website section](#) includes wildfire workplace health and safety guidelines, information on insurance and regulatory issues, wildfire preparedness strategies and a list of laboratories equipped to test for smoke exposure.



The Only Organization Advocating for California Wine at the State, Federal and International Levels

- 2021 marked the first anniversary of the Craft Beverage Modernization Act becoming permanent law. The excise tax savings for California wineries have already **exceeded \$300 million to date** and those savings will continue to grow every year with the first permanent wine federal excise reduction in more than 80 years.
- Wine Institute has led advocacy and collaboration with the European Union (EU) and United Kingdom (U.K.) wine sectors to ensure that U.S. wines have **not been targeted with retaliatory tariffs in ongoing trade disputes**.
- We secured a **\$650,000 grant from USDA's Foreign Agricultural Service** to fund a five-year program to help manage changes to crop protection substance Maximum Residue Limits (MRLs) in winegrapes for key export markets. This included the EU, which aims to reduce the use of crop protection substances 50% by 2030.
- Wine Institute hosted the virtual International Wine Technical Summit (IWTS), a forum for industry and government regulators to discuss regulatory practices for wine which **promotes a safe international trade environment free of unnecessary trade barriers**. More than 80 delegates participated from key markets such as Canada, Brazil, Kenya, Nigeria, Thailand, Vietnam and India.
- **No new excise taxes** were passed in 2021, thanks to our collaborative efforts with hospitality coalitions in relevant states — despite serious threats in Hawaii, Illinois and Oregon. The Oregon tax proposal alone would have increased excise taxes by \$10 per gallon.
- Most states that had previously prohibited their on-premise licensees from selling alcohol via take-out and delivery with the purchase of a meal **made exceptions during COVID-19 to allow such sales**. Wine Institute worked to expand these allowances, to make them permanent wherever possible and to ensure that single servings of wine by the glass, along with mixed wine-based drinks like sangria and mimosas, are included whenever a state is also allowing to-go sales of cocktails.



The Only Organization Advocating for California Wine at the State, Federal and International Levels *(cont'd)*

- We worked with the California legislature to **pass a bill for additional tasting rooms** — one at the production facility and two offsite at duplicate premises. We were also successful in passing a bill that allowed for sales-based charitable contributions.
- We helped **defeat a host of bills that would have economically harmed our industry**, including a cumbersome plastics recycling measure, a huge water quality regulation overreach and an expensive expansion of mandatory paid sick leave.
- Wine Institute helped **secure beneficial environmental-related wins**, including significantly reducing the scope of the Central Coast Water Board's recently adopted General Waste Discharge Requirements for Discharges from Irrigated Lands (Ag Order 4.0).
- Wine Institute weighed in on the proposed **California state cannabis appellation regulations and had changes adopted**. We also created a working group on federal cannabis legislation and provided substantive comments on the Cannabis Administration and Opportunity Act.
- Wine Institute negotiated an **exemption for bag-in-the-box** from a Washington state plastics bill, helped stall the majority of Expanded Producer Responsibility (EPR) programs despite great pressure across New England and in Western states and worked to ensure that no states have expanded their bottle bills to include wine.
- Wine Institute's direct-to-consumer (DTC) shipping work supported **winery-to-consumer shipments of over \$4.2 billion in 2021** according to Wine & Vines Analytics/ShipCompliant, proving the importance of this distribution channel. We saw **Alabama DTC shipping open and now have just three remaining states**. We preserved the use of fulfillment houses in Kansas, Kentucky, Louisiana and Tennessee. Ohio was also opened to shipping for wineries over 250,000 gallons for the first time.



Educating, Defining and Telling the Story of Sustainability Leadership

- The California Sustainable Winegrowing Alliance (CSWA), a non-profit organization created by Wine Institute and the California Association of Winegrape Growers, released the **2020 Certified California Sustainable Winegrowing Annual Report and the 4th Edition California Code of Sustainable Winegrowing**, marking a dozen years since the launch of the Certified California Sustainable Winegrowing program and nearly 20 years since the release of the first edition of the Code. CSWA certification continues to grow and now includes 33% of California vineyards, as well as wineries that produce 80% of California's wine.
- CSWA completed two **2.5-year Specialty Crop Block Grant projects totaling nearly \$535,000** to assist wineries and vineyards with regulatory compliance, and to jointly promote sustainable winegrowing with the New York, Oregon and Washington wine industries.
- This year we **reached 1,800 winegrowers via a dozen CSWA workshops**, including the 2021 U.S. Sustainable Winegrowing Summit, which brought together 464 attendees from 16 states and 19 countries. We also hosted webinars on certification, wildfire preparedness and employee health and safety.
- CSWA **launched a new Certified California Sustainable Winegrowing website** for trade, media and consumers to help them find sustainable wines, wineries and vineyards and learn how sustainable vineyards and wineries are making wine in an environmentally and socially responsible way.
- Wine Institute and CSWA developed **interactive tools to evaluate and implement sustainable practices for winery water quality**. These tools assist wineries in understanding their options for complying with the Statewide Winery General Order.
- Wine Institute's **10th annual Down to Earth Month in April** — which provides a valuable opportunity to promote and educate media and consumers about the California wine community's sustainability leadership — featured virtual and in-person activities, a member toolkit, television coverage across the state, radio interviews, more than 200 online print stories and social media attention.
- Acknowledging a **strong commitment to sustainability leadership**, we presented the prestigious **Green Medal award** to O'Neill Vintners & Distillers, Trinchero Family Estates, Shannon Ridge Family of Wines and Boisset Collection, recognizing their commitments to sustainability in Leader, Business, Environment and Community categories, respectively.



Creating Innovative Approaches to Market California Wines Around the Globe

- Wine Institute **developed and launched Capstone California**, the comprehensive online wine education platform dedicated to California wines, including a professional four-tier certification program that is translated into Japanese, French, German, Polish and Russian. About 3,200 students were enrolled from 68 countries at the end of 2021.
- We converted the **largest annual trade event in the U.K. for California wines** into Essential California at Home — a two-day virtual trade tasting and conference for 150 influential trade and media. Over 200 different wines were sampled from 100 wineries and the online program included live tasting webinars, regional videos and winemaker seminars.
- Wine Institute replaced its longstanding California Wine Fairs in Canada with a **month-long nationwide program of retail promotions**, print and television advertising, online and social media campaigns, virtual trade tastings and winemaker webinars.

- We **developed a new brand platform for California Wines** with the global **“Golden State of Mind” campaign** and launched a digital advertising campaign.
- Wine Institute **introduced Virtual Tours to California**, which allowed the world’s leading sommeliers to meet, visit and taste with winery members.

Keeping Members Informed and Demonstrating California Wines’ Well-Balanced Lifestyle

- Wine Institute **kept members informed** on key matters, issuing more than 100 **News Alerts and News Briefs**, and also responding to more than 225 media inquiries.
- During our annual **California Wine Month celebration in September**, we issued a dynamic multimedia news release highlighting more than 60 member events and offerings, anchored by a dedicated landing page. The release generated nearly 4,000 views with a potential audience reach of 131 million, and our social media activity generated 525,000 combined impressions across multiple platforms. We also hosted an agritour for creators featuring multiple growing regions.



BEHIND EVERY WINE IS
A GOLDEN STATE OF MIND.



AS ALIVE AS THE PLACE THEY'RE GROWN

