



MEMBERSHIP/BOARD OF DIRECTORS MEETING

(California Room, Sutter Club)

(1220 9th Street, Sacramento, California)

March 8, 2022

9:00 a.m.

- A G E N D A -

1. Roll Call
2. Corporate Business:
 - (a) Approve Minutes of Meeting Held December 7, 2021 — **Board Action Required**
 - (b) Bank of America Line of Credit Resolution — **Board Action Required**
3. Board Changes — **Board Action Required**
4. Member Relations – Ian Blue
Election of New Members — **Board Action Required**
5. Guest Speaker: Ricardo Lara – Insurance Commissioner, State of California
Insurance Availability for Wineries
6. Chairman's Report
7. President's Report
8. Committee/Departmental Reports
 - (a) Finance & Administration - Suzanne Groth / Ted Rose
 - (b) Public Policy - Rick Tigner
 - (i) California State Relations - Tim Schmelzer
Overview of Recycling Measures, Smoke Exposure/Wildfire Efforts, and 2022 Legislative Overview
 - (ii) Public Policy Committee Report - Tracy Genesen / Tim Ryan
 - (iii) State Relations - Steve Gross
State Legislative Update — **Board Action Required**
 - (iv) Federal Relations - Charles Jefferson
 - (c) International Public Policy - Matt Gallo / Charles Jefferson
Update on the WHO Global Alcohol Action Plan, EU Nutrition & Ingredient Labeling and Health Warning Labels, and the World Wine Trade Group
 - (d) Technical Advisory Committee - Tim Ryan / Tracy Genesen
 - (e) International Marketing - Honore Comfort / Allison Jordan
Update on the Climate Initiative Project by International Marketing & Environmental Affairs
 - (f) Environmental Affairs - Chris Savage / Allison Jordan
 - (g) Communications - Randall Lange / Natalie Wymer
9. Guest Speaker: Jon Moramarco - Managing Partner, BW 166 LLC
State of the Industry
10. Unfinished Business
11. New Business
12. Adjournment

Wine Institute

MINUTES OF MEETING

BOARD OF DIRECTORS

December 7, 2021

Pursuant to written notice heretofore given, a meeting of the Board of Directors of Wine Institute was held at 9:00 a.m., Tuesday, December 7, 2021, at The Lodge at Pebble Beach, Pebble Beach, California; Suzanne Groth, Chairman, presiding.

ATTENDANCE

The following directors were noted present: Robin Baggett, Giancarlo Bianchetti, Hugh Davies, Debra Dommen (Alternate of Ben Dollard), Michael Drobnick, Jeffrey Dubiel, Matthew J. Gallo, Tobin A. Ginter, Suzanne Groth, Cate Hardy, Stephen Kahle, Ana Keller (District No. 2 Alternate), Amanda Kent, Randall Lange, Daniel J. Leonard, Lawrence T. Lohr, Steven MacRostie, Mark Merrion (Alternate of Cheryl Indelicato), Nicholas Miller, Steven Millier, Michael Reynolds, Kyle W. Ray, Gretchen Roddick, Scott Scheid (District No. 5 Alternate), Viviann Stapp, Sean Sullivan (Alternate of Alex Ryan), Rick Tigner, Michael Walker, Christine Wentte, Jolene Yee.

Absent Directors: Kaj Ahlmann, Laura Booras, Dennis Cakebread, James E. Coleman, Matt Deegan, Gary Eberle, Peter N. Larson, Robert R. Torkelson, Katie Wetzel Murphy.

Alternate Directors Present: John Allbaugh, William R. Cooper, Chris Mifsud, Matthew Towers, David Phillips, Aly Wentte.

The following ex officios were noted present: Dennis D. Groth, Margie Healy, Gary B. Heck, David B. Kent, Jerome J. Lohr, Steven W. Lohr, Dianne S. Nury, Bertram Silk, John Sutton, Carolyn Wentte, Eric P. Wentte, Philip R. Wentte, Harry H. Wetzel.

Absent ex officios: Raymond S. Chadwick, Arthur A. Ciocca, Gregory J. Coleman, Paul E. Dolan III, Margaret L. Duckhorn, Fred T. Franzia, Joseph E. Gallo, Robert J. Gallo, Christopher D. Indelicato, Jasper A. Indelicato, Thomas B. Klein, Walter T. Klenz, Richard L. Maher, James H. Niven, M. S. Nury, Jeffrey B. O'Neill, Louis (Bob) Trincherro.

Wine Institute Staff Present: Terri Beirne, Tyler Blackney, Ian Blue, Annie Bones, Honore Comfort, Noelle Cremers, Michele Famiglietti, Maluri Fernandez, Tracy Genesen, Steven J. Gross, Katie Jacoy, Charles Jefferson, Sally Jefferson, Allison Jordan, Shin Kao, Geralyn Lasher, Hunter Limbaugh, Carol Martel, Justin McGuirk, Edward Rose, Tyler Rudd, Tim Schmelzer, Joe Trone, Natalie Wymer.

APPROVAL OF MINUTES

On motion made, seconded and carried, the minutes of the meeting held June 8, 2021, were approved as mailed.

BOARD CHANGES

On motion made, seconded and unanimously carried, Matt Stanton was elected an At-Large Alternate Director to Michael Walker on the Board of Directors to replace Tiffanie De Liberty.

Delicato Family Wines recently acquired Francis Ford Coppola Winery. Since Coppola held an At-Large seat and Delicato already holds the maximum of two At-Large Director seats, this created an At-Large Director vacancy. As a result, the following changes to the Board of Directors were voted on.

On motion made, seconded and unanimously carried, Debra Dommen was elected as an At-Large Director representing Treasury Wine Estates.

On motion made, seconded and unanimously carried, Jane Froyd was elected as Debra Dommen's At-Large Alternate and Ben Duemler was elected to replace Debra as Ben Dollard's Alternate on the Board of Directors.

ELECTION OF NEW MEMBERS

At each Board meeting new members are presented for election to membership. Because a September Board meeting was not held, new members could not be elected. In order to officially add them to the membership list, a ballot vote was conducted of the Board of Directors which needs to be ratified.

On motion made, seconded and unanimously carried, the September 27, 2021, mail ballot of the Board of Directors to elect the following firms to active membership in Wine Institute effective October 1, 2021, was ratified:

Cruse Wine Co
Nicholson Vineyards & Winery
Repris Wines
S. R. Tonella Cellars
Wild Diamond Vineyards

On motion made, seconded and unanimously carried, the September 27, 2021, mail ballot of the Board of Directors to elect the following firms to active associate membership in Wine Institute effective October 1, 2021, was ratified:

California Soda Company
(Application sponsored by Foxen Winery and Brick Barn Winery)

On motion made and seconded, the following firms were unanimously elected to active membership in Wine Institute effective January 1, 2022:

I. Brand & Family
Madre Wine Co.
Paskett Winery
Sjoebloom Winery
Wentworth Vineyard and Ranch

CHAIRMAN'S REMARKS

See below.

Suzanne Groth Remarks
Chairman of the Board of Wine Institute
Board of Directors Meeting
December 7, 2021

"It is not given to human beings-happily for them, for otherwise life would be intolerable-to foresee or to predict to any large extent the unfolding course of events"

Winston Churchill shared these words as part of the Eulogy he delivered for former Prime Minister, Neville Chamberlain in 1940. This quote was applicable then but became even more prescient later in his career and lifetime.

The last 23 months have been hard. I suppose that is the understatement of the decade. I remember at the time of the 2014 Earthquake, in Napa Valley, thinking that we hardy vintners had survived much worse, we could certainly use a broom, sift through broken glass and pick up the barrels and move on. Honestly, after the wine was mopped up, the glass in the recycling bin, we vintners met for dinner at a local bistro to drink the grand bottles from our cellars that didn't break. We toasted to our good fortune and got about the business of harvest.

Then came the fires of 2016 in Cobb, Sonoma County, 2017's Atlas Fire started in the very last days of harvest. The onslaught of fire and related power outages continued with 2018 and finally in 2020 the August Complex lightening sparked incidences that would last through September and cancel harvest for many of us. For the first time in my family's 40 years of farming we walked away from cabernet sauvignon on the vine finding it unsalvageable.

This is to say nothing of the challenges of Covid-19 since March of 2020. The challenges that this presented for ourselves and employees in the vineyard and cellar and the forced closure of part or all of our businesses and those of our partners and customers throughout the world. We all felt cut off and quite adrift these last two years.

Like many of you, I spent much of 2020 and 2021 not traveling for business, I had some extra time on my hands. Presented with this and the many other emotions and political strife in the US occurring in our streets and in the news daily I looked for some inspiration in books that had been on my to-read list for many years. My first biography I picked up was called *Milady Vine*, an autobiography about the Baron Phillippe de Rothschild, of Mouton Rothschild fame. An important figure of the wine world. I'd been looking forward to learning of his marketing skills as he navigated rescuing his family's neglected Bordeaux estate and lavished his lifetime on this winery. Arguably his biggest claim to fame culminated in the 1973 reclassification of Mouton from second to first class in the Bordeaux ranking system that had endured since 1855. But I also admired that he was the first Bordeaux house to abandon the system of selling his wine in bulk to negotiants and allowing them to bottle and get his wine to market. He pioneered bottling at the Chateau in 1924 shocking his neighbors. But his most inspiring marketing move for me was the unique artist label series created for each vintage created by some of the greatest artists of his time such as Picasso, Chagall, Motherwell and Warhol. I learned from his book that this man was a race car driver, poet, theatrical producer, a soldier serving France in WWII, but he was also a wealthy playboy that boasted of his female conquests in nearly every chapter.

I needed more substance. I picked up a biography on Winston Churchill, *The Splendid and the Vile*, chronicling his years as Prime Minister during WWII between 1940 and 1941 known as the London Blitz period. 34,000+ civilian citizens of the UK were killed in a relentless bombing campaign from Hitler's Luftwaffe. Churchill is famous for his rousing speeches that kept the British buoyed up in the face of these horrific nightly attacks. Churchill was, of course, quite famous for his long working hours and his copious consumption of Champagne. His cognac fueled nights are legendary. He would stay up until 3am strategizing about defenses, counter attacks and speech writing. I think our mutual love of wine made me love him more.

I took comfort these last two years in reading about the accomplishment of my fellow humans. And I'm inspired to not let the events of the day deter me from accomplishing good work in my family's vineyards and my business of making the best wine possible every each and every vintage. And the leadership from these inspiring individuals remind me that we can accomplish great things when we work together.

I believe that Wine Institute members are collectively working to help make a difference to our whole industry. This especially applies to a few different areas with issues that require our collective strength and the work of Wine Institute.

This past year required an incredible amount of effort on fire safety, proactive land management to prevent fires, funding and leadership on smoke exposure technology and education.

- Work by Wine Institute helped provide relevant short- and long-term government funding, insurance education and options, smoke testing opportunities and forming a FIRES working group to help advance member priorities in the areas of measurement, mitigation and prevention of smoke exposure on wine grapes. I know that Bobby and Tracy will also address ongoing work in these areas.

The California and State Relations teams, both of which we'll hear from later this morning, have very effectively managed tax, shipping and legislation on recycling issues across the country.

- It is important to note that no states have imposed excise tax increases this year. As a reminder Wine Institute is the only wine trade organization that works actively in all 50 states at the legislative and regulatory levels.

For many of our members who are active in various markets outside the U.S., we continue to address international sales taxation and regulation issues.

- As just one example, Wine Institute has been working in coordination with FIVS to address the alcohol excise duty in the U.K., which is now in a public consultation period.
- Additionally, in making sure members have up-to-date, relevant information and understand various market opportunities, Wine Institute has developed an Export Program Member communications strategy.

Wine Institute also has a profound effect on how we make and sell wine.

- Our policy and legal teams have helped to ensure a fair and level playing field at the federal and state levels, whether working closely with TTB and the U.S. Department of Treasury on a variety of issues or those in Sacramento on relevant legislation and orders, including ABC privileges and different aspects of compliance. In 2020 and 2021 they have advocated for our industry for temporary changes to assist our access to market and for our restaurant partners during this challenging time of restaurant closures.

Before I close, I'd like to acknowledge our wine community's leadership on diversity and thank you for your support for one of our members' – the McBride Sisters' #SHE CAN program – which we had an opportunity to hear about earlier this year.

- Nurturing a talented and skilled group who will help drive the future and sustainability of our wine community for the better is essential. Additionally, we're currently witnessing an era of a dramatically different consumer thinking and behavior in our industry – one we've not seen before- and multicultural consumers. This is an opportunity to make a real difference and diversify our own workforce. This will make our businesses stronger.

The work we do together at Wine Institute is worthy and benefits our industry as a whole. It is worth our time, it is worth great effort and we have work yet to do.

PRESIDENT'S REPORT

Bobby Koch Report
Board of Directors Meeting
December 7, 2021

Good Morning.

We last met in person on March 10, 2020 - 636 days ago.

We were progressing forward with our new Strategic Plan and our five key objectives: Public Policy, Communications, Environmental, Membership Support/Outreach and International Marketing.

We missed the 6th pillar - help members manage through a global pandemic.

We are a public policy organization. Being flexible and agile is a must because with public policy, new issues come up, out of the blue, and the playing field can change in an instant. That can often be daunting and difficult to manage.

The Sunday after that March 2020 Board meeting, Governor Newsom called for all bars, pubs, and wineries to close. That same Sunday afternoon, Tim, Tyler, Tracy and I were on the phone with the Governor's office letting them know the impact this could have and how we planned to interpret and implement their closure announcement.

Our interpretation was tasting rooms would close, curbside pickup would be allowed, and the day-to-day operations of wineries and vineyards would continue. We also informed our members of our interpretation.

That was the first of many ways we have worked to be of help to our members every single day since the pandemic began.

I know you have recognized often how your colleagues at your wineries have stepped up and performed at an even higher level since the pandemic began.

I, too, am proud of every single one of my colleagues on the Wine Institute team, who like you, had the added stress of the pandemic to deal with - but they pressed on and continue to do so.

And I appreciate the engagement and participation of our members on so many issues which has helped us get things done.

Early on, we created Covid-related working groups, provided regular updates, held webinars on workplace and employee health and safety, tasting room and harvest protocols, employment law, insurance coverage for business disruption, vaccines protocols, and Cal/OSHA emergency regulations to name a few.

And we've worked to ensure wineries were eligible and received financial and regulatory relief on the state and federal fronts.

Hundreds of wineries took advantage of programs like the Paycheck Protection Program, and we kept members informed about the details of these critical programs, including hosting a webinar with SBA (Small Business Administration) officials attended by several hundred.

We used our network of state lobbyists to create one of the first, and most comprehensive, tracking sites for restaurant, bar and retailer closings and restrictions. This morphed into a reopening site as things progressed.

Our site was used by regulators, media and other trade associations, as well as by members.

Early on, we received approvals from 38 states to allow wineries to do "virtual tastings" using DTC (Direct to Consumer) shipping rules to allow small format "tastings" by working with state regulators, the California ABC (Alcoholic Beverage Control) and TTB (Tobacco Tax and Trade Bureau).

Direct to consumer provided a lifeline for many in our membership and sales to consumers were up by 27% to \$3.7 billion in 2020 and remain high.

During the pandemic, both Kentucky and Alabama have been opened for direct shipping, bringing the total of legal states to 47. The Ohio capacity cap was also removed, allowing wineries over 250,000 gallons to direct ship.

A critical issue that our departments focused on - from policy to legal to communications and more - was wildfires and related items, such as insurance and smoke exposure.

We engaged with membership to secure additional wildfire prevention funding in the state budget as well as winning passage of several bills to reduce the regulatory burdens associated with prescribed burns and conducted a wildfire preparedness webinar.

We facilitated a wildfire insurance webinar hosted by the Insurance Commissioner and continue to work to find solutions to this important issue.

The same can be said with respect to the federal response to wildfires. Wine Institute engaged with wineries regularly on federal assistance programs like the WHIP+ program which was just recently reauthorized and federal funding for smoke exposure research has been secured.

We continue to seek funding for smoke related research and coordinate with other regional groups in California and other states. Tracy will share all that's being done.

I want to acknowledge some other public policy successes. We're closing in on the first anniversary of the Craft Beverage Modernization Act being made permanent.

In the year leading up to last December, Wine Institute was in constant communication with wineries about ways to engage in that vital effort despite the lack of in-person meetings or lobbying. Hundreds of California wineries participated in multiple "Days of Action" and helped generate thousands of grassroots calls and emails to Congress.

The Craft Beverage bill is now permanent law. It's \$80 million per year in savings for California wineries alone. There are 100 CA wineries whose annual FET (Federal Excise Taxes) bill has been reduced \$300,000 or more each year.

Every winery gets relief on their first 750,000 gallons, and for 20 of our members, the excise tax savings is over a million dollars a year.

The annual savings for every winery here today, less one or two, exceed the annual dues to Wine Institute. And in just about all instances, far exceed Wine Institute dues.

We defeated the DGAC's (Dietary Guidelines Advisory Committee) proposal to change the definition of moderate consumption from no more than 2 drinks per day for a man to no more than one drink a day. The science did not support the change but that did not stop the USDA (United States Department of Agriculture) /HHS (U.S. Department of Health and Human Services) outside Advisory Committee from making this recommendation that was ultimately rejected by the two agencies.

With the help of the technical committee, we successfully persuaded the TTB to change how we can provide caloric and other nutrition information in a way which will not be expensive or burdensome for wineries. TTB modified their regulations to mirror those of the FDA (U.S. Food and Drug Administration).

No longer do wineries have to engage in expensive batch by batch testing to comply with TTB regulations. The ruling harmonizes TTB's regulations with FDA's tolerance levels of plus or minus 20% for calories.

Members can now utilize the Wine Institute nutrition calculator to provide information on labels and in advertising as well as for menu labeling.

We defeated the U.S. Treasury Departments' initial proposal to eliminate all standards of fill. This would have meant any sized container for wine would be allowed. It was the previous Administration's effort to deregulate.

This would have been a disaster for us in the states which rely on Federal standards and forced the reopening of state direct shipping laws. Instead, Treasury approved three new wine sizes: 200, 250 and 355 milliliters.

We consulted frequently with membership and passed California legislation to grant additional ABC privileges, including AB (Assembly Bill) 1267, which allows for sales based charitable contributions, and SB (Senate Bill) 19, which allows for an additional offsite tasting room.

We weighed in on the proposed California state cannabis appellation regulations and had changes adopted.

And we also created a working group on the Federal cannabis bill and provided substantive comments to the authors.

We worked with the Environmental Health and Safety committee in formulating comments on Waste Water Discharge Requirements and created compliance materials for members to ease the regulatory burden.

We actively engaged with regional and statewide wine associations, both in and out of state, to address COVID, wildfire, and other policy issues including labor legislation and regulations and recycling proposals.

And on the international front, we've worked to keep exporting wineries apprised of the many changes taking place in the UK as a result of Brexit, which had the potential to cause significant disruptions in one of our top export markets.

We've also worked over the last year to raise awareness about significant changes to labeling requirements coming to the European Union.

New, mandatory nutrition and ingredient labeling requirements will soon be finalized. For the first time in a market this size, mandatory information will be provided off-label through new electronic labels.

For marketing, we designed, developed and launched Capstone California -the global online wine education platform for California wines, available to all Wine Institute members at no charge.

We also introduced Virtual Tours to California for the world's leading sommeliers to meet, visit, and taste with winery members.

Legal has also been working on members' behalf. We've recently formed a working group to address legal boundaries around digital marketing platforms.

Legal is working to address issues regarding "clean" wine and we have an upcoming meeting with TTB to share our concerns and seek clarity on health-related statements.

And recently, we issued a member advisory in response to FTC (Federal Trade Commission) Warning Against Fake Reviews and Misleading Endorsements.

On the Environmental front, over these months, we've reached over 1,200 winegrowers via a dozen CSWA workshops- including the 2021 U.S. Sustainable Winegrowing Summit and webinars focused on certification, wildfire preparedness and employee health and safety.

We've reached another 500+ winegrowers, trade and media through more than a dozen presentations at conferences and events, including Wine Future 2021, and the 2nd Transatlantic Wine Law & Policy Symposium .

Certification continues to grow, with 33% of California vineyards Certified California Sustainable Vineyards, 80% of California wine is made in a Certified California Winery.

There is a heightened focus on Climate and the role we can have which we'll discuss later this morning.

Over the past months, we had two consumer education campaigns.

For our annual California Wine Month, which offers us an opportunity to provide visibility and educate on California wine to consumers, influencers and media, we highlighted more than 60 member virtual and in-person events and offerings and featured various member wineries in broadcast, social channel posts and influencer tours.

As part of our current Holiday Campaign, we're featuring events and offers for December, thanks to the engagement of our members. These opportunities help keep California wines front and center during the holidays.

This is a snapshot of what's been happening as we continue to push through the pandemic.

All this work is a result of our great team and members who support us through our committees and working groups.

We have a fantastic team, delivering real results that help every winery in California and I thank them and all of you.

Since we were last together, we've had some new team members join Wine Institute, and I'd like to introduce those who are here today:

Noelle Cremers joined Wine Institute's Sacramento Office in March 2020 as Director of Environmental & Regulatory Affairs after 15 years as an environmental policy advocate with the California Farm Bureau Federation.

Ted Rose joined us as VP of F&A in December 2020. Ted started his career in public accounting at Deloitte, and for the last 20 years has held senior positions in both the for-profit and nonprofit sectors. He holds a Master in Professional Accounting.

Joe Trone joined Wine Institute as Senior Accounting Manager in January of 2021 after spending 10 years working at two national accounting firms. Joe is a certified public accountant (CPA), who prior to joining Wine Institute serviced clients as an assurance senior manager in the non-profit, and public sectors.

Justin McQuirk started in September and comes to us with a wealth of alcohol beverage law and class action defense experience. Prior to joining Wine Institute, Justin held the position of Senior Counsel in the San Francisco office of Reed Smith LLP - and worth mentioning, his experience includes time as a producer at Fat Possum Records in Oxford, Mississippi.

Natalie Wymer joined Wine Institute in April after serving as communications vice president with SunPower (NASDAQ:SPWR). She served in the Clinton Administration as communications director for the White House Climate Change Task Force during the U.N. Climate Change Conference in Kyoto; Communications Advisor to Energy Secretary Bill Richardson; and deputy chief of staff to Labor Secretary Robert Reich.

Thank you to Maluri, Shin and Ian for their work in making our Board meetings successful.

Happy Holidays to all!

UPDATE ON CALIFORNIA STATE RELATIONS

Tim Schmelzer and Noelle Cremers reported on California legislative and regulatory matters impacting Wine Institute members, including issues related to the Board of Equalization's release of wine industry tax data, Cal/OSHA's response to COVID-19, wildfire mitigation efforts and property insurance availability, the statewide Winery Order, and activities of the Environmental, Health & Safety Committee and the Crop Protection Working Group. The Board unanimously approved a legislative proposal to clarify the Board of Equalization's authority to release winery excise tax data.

UPDATE ON STATE RELATIONS

Steve Gross reported to the Board on an action item being forwarded by the Public Policy Committee. This language will be used in Oregon as we work to negotiate with other interest groups as we seek to choose between the EPR style law passed last summer as a part of SB 582 and the inclusion of most of our wine containers in the Oregon Bottle deposit law. The text of the policy statement is as follows:

WINE INSTITUTE DRAFT POLICY STATEMENT ON OREGON'S BOTTLE DEPOSIT LAW

Wine Institute will support the inclusion of wine containers in the Oregon bottle deposit law ("bottle bill") only under the following conditions:

1. the program to implement the bottle bill is operated by an independent beverage industry entity with a limited role of government in program operations;
2. the independent beverage industry entity works to enhance the positive environmental impacts of the bottle bill and creates innovative ways to improve the consumer experience of returning beverage containers;
3. the unredeemed deposits remain with the independent beverage industry entity to reduce costs and/or improve the recycling infrastructure of the program;
4. the program implemented by the independent beverage industry entity can accommodate all 750ml or less metal, glass and plastic bottles and cans of wine; and
5. the cost data, as available, indicates that the Oregon bottle bill is the preferable economic choice for recycling wine containers, over the program to be implemented in Oregon under the Oregon Plastic Pollution and Recycling Modernization Act (SB 582, enacted 2021).

The item was approved unanimously by the Board on a voice vote.

UPDATE ON TECHNICAL ADVISORY COMMITTEE

Tracy Genesen presented an update on Wine Institute's role in the West Coast Smoke Exposure Task Force. In that role, Wine Institute led a collaborative effort—including Oregon Wine Board, Oregon Winegrowers Association, Washington Wine Commission, and Washington Winegrowers—to create an

industry-led steering committee focused on global research strategies for measurement, mitigation, and prevention. The steering committee will help evaluate existing research, identify research with commercially viable outcomes, identify and pursue grant and other funding opportunities, and communicate developments and results to the industry.

POLITICAL ACTION COMMITTEE (PAC): Secretary, Robin Baggett, made the following remarks.

Robin Baggett began his PAC remarks by highlighting the relationships built in Washington, DC and the wonderful work done by Wine Institute. Wine Institute continues to work with key lawmakers on a range of important issues particularly the Craft Beverage Modernization Act which resulted in tremendous savings for our members. He let the board know that our political action committee has received close to \$150,000 in contributions, so far, this year. Of the \$150,000 in contributions, The Wine Group collectively donated over \$100,000 this year.

Robin urged the board to continue to donate with the goal of doubling the current contributions by the end of the year. Wine Institute has worked to make it easier to contribute to the PAC. The PAC now accepts contributions by check or credit card. In closing, Robin emphasized the importance of the WIPAC then thanked the board for their time.

GUEST SPEAKERS ADDRESS ON "POSITIONING CALIFORNIA WINES IN A SUSTAINABLE FUTURE"

A special presentation on "Positioning California Wines in a Sustainable Future" was made by guest speaker John Heckman, executive director of the North American Anthesis Group and Wine Institute leaders Allison Jordan, vice president, Environmental Affairs and executive director, California Sustainable Winegrowing Alliance and Honore Comfort, vice president, International Marketing. The group shared the current climate state and goals for a climate action initiative, which will be further developed over the coming months. A copy of the presentation will be made available on the Member Hub. Members were invited to reach out to Allison or Honore for more information or if interested in joining the Climate Action Advisory Group.

ADJOURNMENT

Prior to meeting being adjourned, Chairman Suzanne Groth presented Hank Wetzel, past 2019-2021 Chairman, with his Wine Institute plaque and gavel to commemorate his chairmanship. After there being no further business, the meeting was adjourned at 11:53am.

Respectfully submitted,

Maluri Fernandez, Assistant Secretary

BANK OF AMERICA LINE OF CREDIT RESOLUTION

RESOLVED, That in the event that interest or principal of the business loan with Bank of America is not paid when due, the Board will (a) immediately increase assessments in an amount sufficient to pay any past due interest or principal to the bank, and (b) collect the proceeds of the increased assessment prorated on previous year's dues and apply them to pay the bank in full.



Agenda Item No. 4

MEMBER RELATIONS REPORT MEMBERSHIP/BOARD OF DIRECTORS MEETING March 8, 2022

Membership

New Members in Q3: We have received seven new winery member applications since the last board meeting. The applicant winery members are: Amevive, Belo Vino Winery, Copia Vineyards and Winery, Inglenook, Lightpost Winery, Mira Winery, Mommenpop, and San Rucci Winery.

Membership/Board of Directors Meetings

December 2021: The Winter Board Meeting was held at the Lodge at Pebble Beach on December 7, 2021, our first in-person Board Meeting since March 2020. More than 160 people attended the meeting and related events. Ten new members were approved for membership, including the ratification of five applicant wineries from Q2.

June 2022: The 87th Annual Membership & Board of Directors Meeting is currently scheduled to be held on June 19-21 at The Ritz-Carlton, Half Moon Bay. This meeting was originally contracted for June 2020, but we were able to move our dates to 2022.

December 2022: The 2022 Winter Board of Directors Meeting dates are December 4-6, 2022. We are reviewing a contract to host the meeting at The Inn at Spanish Bay and for the golf tournament to be held at Spyglass Hill GC.

2022-2023 Board of Directors Election

The 2022-2023 District Director Board seats were calculated based on our membership list as of February 1, 2022. The distribution of District Director seats remains unchanged for the coming upcoming election:

D1 (Northern): 1
D2 (Sonoma): 4
D3 (Napa): 5
D4 (SF Bay): 1
D5 (Monterey Bay): 1
D6 (Central Coast): 4
D7 (Southern California): 1
D8 (Sierra): 1
D9 (Northern Interior): 1
D10 (Southern Interior): 1

All current At-Large Directors, District Directors, and Alternate District Directors must be re-nominated to continue serve on the Wine Institute Board for the 2022-2023 term during our June Board Meeting. District Director candidates must be nominated by their local regional vintners' association or by self-nomination. A notice of election and nomination forms will be emailed to each Regional Association and each WI member in early March; nominations are due back no later than April 15th. Ballots will be mailed by Deloitte & Touche on April 22nd and must be returned to by Deloitte by May 20th. Deloitte & Touche will announce and confirm the results of the election at the June Board Meeting.

Industry Events, Member Outreach & Member Benefits

Member Relations had a virtual presence at industry events this quarter, including the Direct-to-Consumer Wine Symposium. Member Relations is working with Finance & Administration and Communications on a renewal and recruitment mailing to accompany our Year in Report (YIR) publication. The key officials at current WI members will receive the YIR along with their dues renewal notice for FY 22-23, while key contacts at all non-member wineries in CA will receive the YIR along with a recruitment note from Bobby.

In the last year, 17 members have enrolled in our FedEx discount program. 817 WI members have FedEx accounts enrolled in the program and 559 of those accounts are active. Members saved an average of more than \$9,200 on shipping last year thanks to WI discounts, in addition to savings from the full waiver of the Adult Signature Required fee (currently \$7.15 per shipment).

Wine Institute Calendar

2022

March 7-8	Sacramento Board of Directors Meeting
June 19-21	88 th Annual Membership and Board of Directors Meeting, The Ritz-Carlton, Half Moon Bay
December 4-6	Winter Board of Directors Meeting, TBA



Agenda Item No. 4

1. New Members to be Approved for Membership

- | | |
|--------------------------------------|-----------------------------------|
| 1. Âmevive | Santa Maria (Santa Barbara Co.) |
| 2. Bel Vino Winery | Temecula (Riverside Co.) |
| 3. Copia Vineyards and Winery | Paso Robles (San Luis Obispo Co.) |
| 4. Inglenook | Rutherford (Napa Co.) |
| 5. Lightpost Winery | Morgan Hill (Santa Clara Co.) |
| 6. Mira Winery | Napa (Napa Co.) |
| 7. Mommenpop | Napa (Napa Co.) |
| 8. San Rucci Winery | Warner Springs (San Diego Co.) |

RICARDO LARA

INSURANCE COMMISSIONER

California Department of Insurance



Ricardo Lara is California's eighth Insurance Commissioner since voters created the elected position in 1988. Commissioner Lara previously served in the California Legislature, representing Assembly District 50 from 2010 to 2012 and Senate District 33 from 2012 to 2018.

As Senator he expanded protections for disaster survivors from losing their homes to insurance cancellation and nonrenewal. He wrote the nation's first climate insurance law, SB 30, to engage the insurance industry in the fight against climate-linked environmental disasters like wildfires and sea level rise. He is one of California's most effective environmental champions, working to improve health

conditions and rein in air pollution. Commissioner Lara received the United Nations 2017 Climate and Clean Air Award with former Governor Edmund G. Brown Jr. and the California Air Resources Board for his work to reduce super pollutants.

Commissioner Lara authored the Health4All Kids Act, which now covers more than 250,000 California children with full-scope health care regardless of their immigration status. He also authored laws that help prevent prescription drug abuse and crack down on patient brokering and fraud involving Californians recovering from substance abuse disorders.

Raised in East Los Angeles by immigrant parents, Commissioner Lara made history in 2018 by becoming the first openly gay person elected to statewide office in California's history. Commissioner Lara earned a BA in Journalism and Spanish with a minor in Chicano Studies from San Diego State University.

Agend Item No. 8(a)



Financial Statements

For The Seven Months Ended January 31, 2022

Includes the approved budget for fiscal year 2021/2022

If you have any questions regarding these statements please contact
Ted Rose at (415) 356-7533
trose@wineinstitute.org

Wine Institute
Balance Sheet
As of 1/31/22

Assets

Cash	
Cash - WI	2,188,055
Cash - International	176,127
Cash - Free the Grapes	252,978
Total Cash	2,617,160
Inventory	
Wine Inventory	32,160
Total Inventory	32,160
Investments	
Investments - Comm. Paper	3,500,306
Total Investments	3,500,306
Receivables	
Members Accounts Receivable	826,789
Associate Members A/R	50,625
Allowance for Doubtful A/C	(34,514)
Miscellaneous A/R	222
Int'l Program Fees A/R	392,200
Allowance for Doubtful A/C - MAP	(6,750)
Grant Receivable	185,293
MAP Receivable	14,665
Total Receivables	1,428,531
Deposits & Prepaids	
Deposits	628,933
Prepaid Insurance	64,854
Prepaid Rent	104,838
Prepaid Expenses	126,899
Total Deposits & Prepaids	925,523
Fixed Assets	
Furniture & Fixtures	705,494
Leasehold Improvements	278,173
Accumulated Depreciation	(800,754)
Total Fixed Assets	182,913
Total Assets	8,686,591

Liabilities

Accounts Payable	
Accounts Payable - WI	308,843
Total Accounts Payable	308,843
Other Liabilities	
Unearned Mem Dues Revenue	438,459
Vacation Accruals	714,488
Deferred Rent	286,440
Flexible Spending Account	14,926
Dependent Care Assistance Program	7,055
Free the Grapes	252,978
Payable to FAS	176,127
Total Other Liabilities	1,890,474
Total Liabilities	2,199,317
Net Assets	
Beginning Net Assets	
Net Assets	4,875,657
Total Beginning Net Assets	4,875,657
Change in Net Assets	
Total Change in Net Assets	1,611,618
Total Net Assets	6,487,274
Liabilities & Net Assets	
Liabilities & Net Assets	8,686,591

Wine Institute
Statement of Revenues and Expenditures
7/1/2021 through 1/31/2022

Statement of Earnings						
	Prior Year	2021/2022	2021/2022	Current Period	2021/2022	YTD
	Actual	Budget	YTD Budget	1/31/22 Actual	YTD Actual	Budget Variance
Revenue						
Member Dues	13,507,645	13,821,527	8,062,557	1,261,703	8,196,571	134,014
Associate Member Dues	156,000	164,250	164,250	1,500	165,250	1,000
Interest Income	2,965	10,000	5,833	0	254	(5,579)
Miscellaneous Income	1,465	1,000	583	0	0	(583)
Total Revenue	13,668,074	13,996,777	8,233,224	1,263,203	8,362,075	128,852
Expenses						
Executive	1,873,078	2,221,463	1,241,918	148,566	1,188,531	(53,387)
S.F. State Relations	567,267	687,523	401,055	60,228	385,166	(15,889)
S.F. Legal	634,563	683,507	398,712	67,685	393,245	(5,468)
Washington D.C.	1,001,132	1,213,635	668,579	95,911	581,876	(86,703)
Regional State Relations	2,751,965	2,845,371	1,659,800	425,180	1,414,299	(245,501)
Sacramento	877,104	945,631	551,618	67,840	519,458	(32,160)
California PAC Fund	220,923	240,000	233,750	0	236,865	3,115
International Public Policy	491,274	647,298	377,591	51,671	293,998	(83,593)
Supp. Fund, Tech. & Environmental Committees	290,134	364,250	221,333	316	64,530	(156,803)
Communications	1,087,472	1,077,424	628,497	53,801	519,853	(108,645)
Environmental Affairs	702,352	744,308	434,180	31,577	393,011	(41,169)
Finance & Administration	3,080,580	2,795,412	1,266,747	161,642	1,268,700	1,954
Total Expenses	13,577,843	14,465,822	8,083,780	1,164,418	7,259,530	(824,250)
Net Excess/(Deficit) Before International Marketing	90,232	(469,045)	149,444	98,785	1,102,545	953,101
International Marketing						
Revenue	1,015,625	1,212,000	707,000	392,525	1,083,460	376,460
Expenses	(1,069,323)	(1,211,283)	(706,582)	(47,992)	(574,388)	132,194
Total International Marketing	(53,698)	717	418	344,533	509,072	508,654
Net Excess/(Deficit) with International Marketing	36,534	(468,328)	149,862	443,319	1,611,618	1,461,755



Agenda Item No. 8(b)(i)

**CALIFORNIA LEGISLATIVE & REGULATORY SUMMARY
MEMBERSHIP/BOARD OF DIRECTORS MEETING
March 8, 2022**

Overview

The top California political news of 2022 is the “Great Resignation” within the California Legislature. Out of 120 members (40 Senators and 80 Assemblymembers) at least 31 will not be returning after the election with some leaving before the end of the term – 2 have been appointed to other positions, 3 have resigned, 7 have termed out, 8 are not running for reelection, and 11 are running for a different office. While the Democrat vs. Republican dynamic is not expected to change (Democrats will maintain a super majority in both houses) the sheer number of open seats is likely to lead to a battle between progressive and more moderate ideologies. The outcome of this election will have an impact on policy for years to come.

This year, the state is again experiencing a huge budget surplus. The Legislative Analyst’s Office estimates the state has \$31 billion in excess of ongoing commitments to allocate in the 2022-23 fiscal year. The large budget surplus should help the wine industry as we endeavor to convince lawmakers to dedicate more resources towards the prevention of the devastating wildfires that have plagued wine country. In addition, Wine Institute has introduced legislation and will be making a budget request for smoke exposure research funding.

COVID-19 issues remain front and center. With the Omicron variant surging in late December through January, state officials took several actions impacting businesses. The California Department of Public Health issued a face covering mandate that lasted two months ending February 15. The Legislature passed, and the Governor signed, legislation to reinstate COVID-19 paid sick leave. In addition, the Governor recently announced an “endemic plan” as the state moves toward a future where we expect to coexist with the virus. At the direction of the Governor through an Executive Order, Cal/OSHA will be readopting the COVID-19 Emergency Temporary Standard in March for a third time that will remain in effect through the end of the year. In addition, the legislature has introduced a bill to establish a workplace vaccine mandate.

Recycling policy is once again a major policy focus this legislative session. However, with an initiative to address the recycling of single-use plastics already qualified for the November 2022 ballot, any major proposal will face a tough road to passage. Advocates for and against the initiative are working on a legislative solution to remove the initiative from the ballot, which is likely to lead to a “material neutral” proposal, meaning it will include glass, aluminum, and paper. Additionally, several proposals have been introduced to reform and expand the bottle bill, including a proposal to add wine and spirits products in aluminum containers into the program.

We expect to see continued action in the environmental arena in the upcoming year, both in the legislature and regulatory agencies. The legislature has introduced numerous bills aimed at responding to the drought and looking to make California's water system more resilient to droughts. The North Coast Regional Board is developing a Vineyard Order requiring additional action by vineyard owners and managers on the North Coast. The Regional Boards will begin requesting wineries to submit their notices of intent to comply with the Winery Order that was adopted in early 2021. This process will last beyond 2022 and will stretch to early 2024 for some wineries. The legislature is again taking up the issue of oak woodland conservation and is proposing to create a statewide requirement for mitigating oak woodland conversions, which is currently left up to county discretion. Finally, we expect there to be significant legislative and regulatory action around efforts to limit carbon emissions. There is legislation to create a carbon tax; to limit the availability of offset credits in the state's cap-and-trade program; and numerous bills to promote efforts to capture, utilize, store, and sequester carbon. In the regulatory arena, the Air Resources Board will be adopting regulations to increase purchasing requirements for medium- and heavy-duty electric vehicles by large businesses.

In alcohol policy, we had a tremendously successful year in 2021, securing passage of three key bills to expand our privileges: SB 19 to allow 02 license holders to open an additional offsite tasting room, AB 239 to allow wineries to refill wine containers at their duplicate license premises, and AB 1267 to allow for charitable promotions to be tied to sales of an alcoholic beverage. All three bills became effective on January 1, 2022. This session, the spirits industry is pursuing the expansion of direct-to-consumer privileges but is facing an uphill battle against distributors and unions. Additionally, there will be continued conversations around deliveries of alcohol beverages to-go.

2022 Legislation

Alcohol Policy

SB 620 (Allen) – Direct-to-Consumer Shipping for Spirits: This bill would authorize direct-to-consumer sales of distilled spirits products in limited and differing quantities based on the size of the distilled spirits producer.

SB 846 (Dodd) – Alcohol Beverage Deliveries and “Beverages to Go”: The bill establishes rules for the delivery of alcohol beverages, including deliveries by third party delivery companies. Notably, it removes the requirement that alcoholic beverages can only be ordered to go from on-sale licensees in conjunction with a meal and be picked up by the consumer.

AB 1617 (Stone) – Wine Label Requirements Santa Cruz Mountains: This bill would require any wine bottled on or after January 1, 2024, labeled with an American Viticultural Area established pursuant to federal law that is located entirely within the “Santa Cruz Mountains” viticultural area to bear the designation “Santa Cruz Mountains” on the label.

AB 1734 (Bennett) – Alcohol Beverage Sales: This bill would authorize the holder of a beer manufacturer's license, winegrower's license, brandy manufacturer's license, distilled spirits manufacturer's license, craft distiller's license, any rectifier's license, or any importer's license, that holds more than one of those licenses for a single premises, to maintain a designated area

upon that premises where retail sales authorized under any of those manufacturer's licenses may occur.

Wildfire Policy

AB 2213 (Aguiar-Curry) – Smoke Exposure Research Funding: This bill would create an advisory committee at the California Department of Agriculture (CDFA) to distribute funds to researchers to investigate methods to measure and mitigate for smoke exposure in winegrapes. The committee would be made up of four vintner representatives, four winegrape grower representatives, and one public university representative. In addition to AB 2213, Wine Institute is working to get \$5 million included in the state budget for smoke exposure research to be distributed under the system outlined in AB 2213.

AB 2610 (Friedman) – Vegetation Management Grants: This bill would require the Wildlife Conservation Board to create a grant program to implement vegetation management treatments to reduce fire risks.

AB 2874 (Cooley) – Wildfire Prevention: The bill is a spot bill but will be amended to specify actions to create fuel management goals to reduce fire risks.

AB 2889 (Wicks) – Wildfire Mitigation Plans, Undergrounding Electrical Distribution: This bill would require electrical corporations with more than half of their territory in a high fire-threat district to include in their wildfire mitigation plans a multiyear undergrounding plan for their systems.

Environmental Policy

SB 260 (Wiener) – Climate Corporate Accountability Act: This bill would require the State Air Resources Board to develop and adopt regulations requiring United States-based partnerships, corporations, limited liability companies, and other business entities with total annual revenues in excess of \$1,000,000,000 and that do business in California to publicly disclose to the Secretary of State their greenhouse gas emissions.

SB 1206 (Skinner) – Hydrofluorocarbon Sales Restrictions: This bill would prohibit the sale of bulk hydrofluorocarbons above set limits of global warming potential. Ultimately, sales would be prohibited if the hydrofluorocarbons have global warming potential above 600 after January 1, 2030.

SB 1219 (Hurtado) – State Water Resources Control Board Dissolution: This bill would dissolve the State Water Resources Control Board on January 1, 2025, and create a blue-ribbon commission to develop recommendations for a modernized set of water agencies for California.

SB 1404 (Stern) – Oak Woodlands: This bill would create a statewide mitigation standard for conversion of oak woodlands if a project would remove three or more oak trees. Currently, counties have the authority to determine whether a project has a significant effect on the environment and to require mitigation.

AB 1001 (Garcia) – CEQA Environmental Justice and Mitigation: This bill would require projects with air or water quality impacts to take certain mitigation measures in affected disadvantaged communities and require Environmental Justice principals be considered by public agencies when implementing CEQA.

AB 2106 (Robert Rivas) – Water Quality Permits: This bill would require the State Water Resources Control Board to evaluate California’s stormwater program and report on the state’s progress towards achieving beneficial uses and compliance with water quality standards. The report is required to make recommendations to the legislature on how to ensure permitting of stormwater discharges protects and supports the attainment of beneficial uses and compliance with water quality objectives.

AB 2802 (Muratsuchi) – Carbon Tax and Dividend: This bill states the legislature’s intent to create a carbon tax and dividend program. The program would charge entities that create air pollution emissions and distribute the revenues to communities affected by air pollution.

AB 2862 (Muratsuchi) – Cap-and-Trade Offset Credits: This bill states the legislature’s intent to limit the use of offset credits under California’s cap-and-trade program.

AB 2944 (Petrie-Norris) – Greenhouse Gases, Carbon Capture, Utilization, and Sequestration: This bill states the legislature’s intent to streamline the process to obtain a permit for building carbon capture, utilization, and sequestration projects to help the state meet its climate change goals.

Recycling Policy

SB 38 (Wieckowski) – Beverage Container Recycling Program: This bill would replace the current CalRecycle operated Beverage Container Recycling and Litter Reduction Act (Bottle Bill) with a beverage manufacturer run and operated Beverage Container Recycling Program. The bill passed the Senate last year and has been awaiting a hearing in the Assembly since June 2021. The bill does not propose adding wine and spirit containers to the newly created program.

SB 54 (Allen) – Plastic Pollution Producer Responsibility Act: This bill is expected to be a vehicle for an alternative to the plastics recycling ballot measure (see below). If a deal on recycling is not reached in the coming months, SB 54 will not move forward, and the proponents of the ballot measure will take the issue to the voters. Current indications are that the bill will exempt containers covered by the bottle bill, but otherwise be “material neutral.” Thus, the bill would likely place new recycling requirements on plastic, aluminum, and glass wine containers.

SB 451 (Dodd) – Beverage Container Recycling Program: This bill would authorize the Department of Resources Recycling and Recovery to establish a recycling pilot program for the collection and recycling of beverage containers.

AB 478 (Ting) – Thermoform Plastic Containers: This bill would require the total thermoform plastic containers sold by a producer or purchased in a certain quantity in the state to contain, on average, specified amounts of postconsumer thermoform recycled plastic.

AB 2026 (Friedman) – Plastic Packaging: The bill would prohibit a manufacturer, retailer, producer, or other distributor that sells or offers for sale and ships purchased products in or into the state from using expanded or extruded polystyrene packaging to package or transport products.

AB 2779 (Irwin) – Wine and Spirits Containers: This bill would add wine and spirits sold in aluminum beverage containers to the bottle bill.

Labor Policy

SB 114 (Budget) – COVID-19 Supplemental Paid Sick Leave: SB 114 reinstated the requirement for employers with 26 or more employees to provide up to 80 hours of COVID-19 supplemental paid sick. The bill is retroactive to January 1, 2022, and extends through September 30. Signed by the Governor.

SB 410 (Leyva) – Cal/OSHA Regulations: This bill would exempt any occupational safety and health standard and order from the standardized regulatory impact analysis requirement.

SB 1044 (Durazo) – Natural Disaster Retaliation: This bill would prohibit an employer, in the event of a natural disaster from taking or threatening adverse action against any employee for refusing to report to, or leaving, a workplace within the affected area because the employee feels unsafe due to the natural disaster. The bill would also prohibit an employer from preventing any employee from accessing the employee's mobile device for mobile telecommunications to use for emergency purposes during a natural disaster. If declared a national or state emergency, wildfires would be a natural disaster subject to this bill.

SB 1162 (Limon) – Pay Data Reporting: This bill would require a private employer that has 100 or more employees hired through labor contractors to submit a pay data report to the Department of Fair Employment and Housing.

AB 1041 (Wicks) – Employment Leave: This bill would expand the population that an employee can take leave to care for to include a non-family member designated by the employee.

AB 1949 (Low) – Bereavement Leave: This bill would make it unlawful for an employer to refuse to grant a request by an eligible employee to take up to 5 days of bereavement leave upon the death of a family member.

AB 1993 (Wicks) – COVID-19 Workplace Vaccine Mandate: This bill would implement a workplace vaccine mandate. The bill applies to employers of all sizes, does not include a test out option, and has an effective date of January 1, 2023.

AB 2182 (Wicks) – Family Responsibilities: The bill would add "family responsibilities" as a protected class under the Fair Employment and Housing Act and make it unlawful for an employer to fail to provide a reasonable accommodation because of an unforeseen closure or unforeseen unavailability of a minor child or care recipient's school or care provider.

AB 2188 (Quirk) – Cannabis Use: This bill would make it unlawful for an employer to discriminate against a person in hiring, termination, or any term or condition of employment, or otherwise penalize a person, if the discrimination is based upon the person's use of cannabis off the job and away from the workplace.

AB 2243 (E. Garcia) – Heat Illness and Wildfire Smoke: This bill would require Cal/OSHA, before January 1, 2024, to submit to the standards board a rulemaking proposal to revise the heat illness standard to include an ultrahigh heat standard for employees in outdoor places of employment for heat in excess of 105 degrees Fahrenheit. The bill would similarly require a rulemaking proposal to revise the wildfire smoke standard to reduce the existing air quality index threshold for PM2.5 particulate matter at which control by respiratory protective equipment becomes mandatory.

Taxation Policy

Winery Excise Tax Data: Per the Board of Equalization (BOE) discussion below, legislative language has been crafted to provide clarity with regard to the BOE's ability to make public winery excise tax data for purposes of economic analysis. The legislative language was approved at the December Board Meeting. We are evaluating the best opportunity to pursue amending this language into an existing bill during the 2022 legislation session.

SB 113 (Budget) – COVID-19 Economic Tax Relief: This bill was signed in conjunction with SB 114, the COVID-19 Supplemental Paid Sick Leave Bill to restore certain business tax incentives, including the net operating loss deduction and the research and development tax credit. Signed by the Governor.

AB 1400/ACA 11 (Kalra) – Single Payer Health Care: AB 1400 would have established a state run single-payer health care program and ACA 11 would have been the funding mechanism. ACA 11 would have raised approximately \$163 billion in taxes annually through a combination of business, payroll, and income taxes. AB 1400 failed passage in the Assembly and is dead for the year.

AB 1951 (Grayson) – Manufacturing Sales and Use Tax Credit: This bill would allow qualifying taxpayers to receive a complete sales tax exemption, as opposed to the partial sales tax exemption under current law, for the purchase of manufacturing or research and development equipment. Additionally, the proposal would eliminate the \$200 million cap on equipment purchases for a unitary group and would expand eligibility for taxpayers to claim the exemption.

Cannabis Policy

AB 1646 (Chen) – Cannabis Beverages Packaging: This bill would authorize cannabis beverages to be packaged in clear containers.

AB 2155 (Villapudua) – Cannabis Beverage Regulation: This bill states the intent of the Legislature to enact legislation that would regulate cannabis beverages as a unique cannabis product.

AB 2210 (Quirk) – Cannabis and Alcohol Sales: This bill would authorize the Department of Cannabis Control to issue a state temporary event license to a retail licensee authorizing onsite cannabis retail and consumption at an event held at a venue that is licensed by the Department of Alcoholic Beverage Control pursuant to the Alcoholic Beverage Control Act.

2022-2023 State Budget

Governor’s Proposed Budget: Governor Newsom released his proposed budget on January 10. The budget includes numerous items of interest to California wineries. The budget includes a proposed \$22.5 billion for efforts to address climate change. Within the proposed climate change funds, the Governor is proposing \$1.2 billion for wildfire and forest resilience, \$750 million for drought response, and \$417 million for climate smart agriculture programs. Of particular interest to wineries is a proposed \$85 million for the Food Production Investment Program, which provides grants to food and beverage production facilities to adopt energy efficient and renewable energy technologies; \$250 million for tax credits for businesses headquartered in California making investments in activities and technologies that mitigate climate change; and \$65 million to improve California’s recycling efforts. The budget also includes \$1.2 billion for port-related projects to increase goods movement capacity and \$40 million to enhance California’s ability to issue commercial driver’s licenses to increase the supply of truck drivers. The budget also includes \$3 billion for payments to the unemployment insurance fund, which will reduce the need for future employer taxes to address pandemic related costs to the fund and \$45 million to support tourism recovery in California.

Winegrape Smoke Exposure Budget Request: Wine Institute is working with the legislature to include \$5 million in the state budget to fund research into how to measure, mitigate, and prevent smoke impacts on winegrapes.

Regional and Statewide Regulatory Issues

Cal/OSHA COVID-19 Prevention ETS: The current COVID-19 Prevention Emergency Temporary Standard (ETS) was readopted for a second time in December and will expire on April 14. The Governor has issued an Executive Order to allow the Cal/OSHA Standards Board to readopt the ETS for a third time in March and allow for the ETS to remain in effect until December 31, 2022. While Cal/OSHA is expected to propose changes for the third readoption, those changes are not yet known. The ETS was originally adopted in November 2020 and sets enforceable standards that employers must implement with regards to COVID-19 worker health and safety.

Board of Equalization (BOE): Since 2019, and despite 86 years of providing unredacted excise tax data, the BOE began to anonymize the winery excise tax data it provides to support preparation of the Gomberg/Fredrikson Report. By doing so, the data lost a substantial amount of its analytic value, as there is no geographic indicator in the data. We have been working with BOE staff to rectify this issue, but it was ultimately recommended that the Board itself would need to act on the matter. The Board ultimately decided to include zip-code information with the data in instances where it wouldn’t identify an individual taxpayer. While this is an improvement, it is believed that legislation may ultimately be necessary to obtain information in enough detail

to support the detailed economic analysis upon which our industry has become accustomed. To that end, legislative language was approved by the Board in December.

Department of Insurance: This Fall, the Department of Insurance hosted a discussion of proposed changes to their regulations that would require insurers to credit property owners for their fire hardening efforts. The intent of the changes is to encourage insurers to offer more policies in wildfire-prone areas. The meeting was dominated by comments from insurers and consumer advocacy groups. In general, all parties supported the concept of the regulations, but offered varying technical changes to ensure the changes would have their desired effect. A subsequent draft of the regulations, which will go through a formal rulemaking process, should be forthcoming soon.

Winery Order: The State Water Board adopted a new Winery Order in early 2021, which will require most wineries to obtain a new water quality permit by 2024 at the latest. Wine Institute has been working with State Board staff as they implement the new Order. The State Water Board is planning to send letters in the spring to between 100-200 wineries that are not currently in the Water Board's online California Integrated Water Quality System (CIWQS) permitting system and the oldest and/or largest wineries in that category are being prioritized to receive letters in the first mailing. The letters will include a survey to help wineries determine if they're subject to the Winery Order and explain how to comply with the new Order. These letters are likely to be sent in April. Ultimately the State Board plans to send letters to all wineries not currently in the CIWQS database to alert them to the requirements of the Winery Order.

Irrigated Lands Regulatory Program Technical Report: The Irrigated Lands Regulatory Programs (ILRP) administered by Regional Water Boards require reporting of nitrogen applications by farmers producing crops on irrigated lands. However, ILRPs allow for exemptions from nitrogen application reporting requirements for situations where little nitrogen is applied and no or very little nitrogen percolates below the root zone. Wine Institute is exploring the possibility of developing a technical report that would prove this fact and allow vineyards a streamlined compliance path for ILRP such as Ag Order 4.0 on the Central Coast and the Vineyard Order currently under development in the North Coast Region.

Notable 2022 Ballot Initiatives

Private Attorney General Act (PAGA) Reform Initiative: The Private Attorney General Act (PAGA) was enacted in 2004 to help the California Labor Agency to enforce California's labor laws. It allows employees to sue for any Labor Code violation as if they were the state. Because it deputizes private attorneys to file lawsuits on behalf of those employees, it has been abused. Attorneys can leverage PAGA's penalties to get big settlements even if the claims have no merit. The employer ends up paying a hefty sum with much of the money going to the attorneys and very little going to workers or the state. The initiative, filed by a coalition of business interests, would take enforcement out of the hands of private attorneys by replacing PAGA with alternative enforcement mechanisms through the state with 100 percent of the penalties going to workers.

Taxpayer Protection Act: Filed by the California Business Roundtable, this proposal would increase voters' power over taxes by, among other things, requiring statewide voter approval for

any tax increase approved by the Legislature and governor, and prohibiting state agencies from imposing taxes or tax-like regulations unless approved by the Legislature and the voters. In addition, the initiative restricts, and places requirements on local tax measures. The initiative was filed on October 1, 2021.

Split-Rate Property Tax Surcharge: The Service Employees International Union (SEIU) United Healthcare Workers West filed two separate measures that would impose a split-rate property tax increase. Both measures would increase the property tax rate on commercial, residential, industrial, vacant, and mixed-use real property with “full cash value” of \$4 million or more, and properties valued at \$5 million or more would face an even steeper rate. Exemptions are included for commercial agriculture property, protected open spaces, properties restricted by deed for low-income occupants, and others. The initiative was filed on October 6, 2021.

California Recycling and Plastic Pollution Reduction Act: Filed by Recology, environmental groups, and others, this measure would require CalRecycle to adopt regulations that reduce the use of single-use plastic packaging and enact a maximum one-cent per item fee on single-use plastic packaging and food ware, with revenue from the fee distributed to CalRecycle, the California Natural Resources Agency, and local governments. This initiative has qualified for the November 2022 General Election ballot.

Miscellaneous

West Coast Smoke Exposure Task Force: Wine Institute participates as a member of the West Coast Smoke Exposure Task Force Steering Committee. The Task Force was formed by organizations representing vintners and winegrape growers in California, Oregon, and Washington to address concerns around smoke exposure in winegrapes and assist winegrape growers and wineries with the challenges around smoke exposure. The Task Force is currently working to prioritize research efforts to measure, mitigate, and prevent smoke damage in winegrapes. The Task Force Steering Committee met in late January and made decisions around its structure and agreed that only the member-based organizations would have a vote on the steering committee. Committee chairs of the Task Force would be allowed to participate in the steering committee but would not have a vote. The Research Committee of the Task Force is currently developing a research road map to identify smoke exposure research priorities.

Specialty Crop Block Grant: Wine Institute submitted a proposal for a Specialty Crop Block Grant to fund the development of employee health and safety training videos for vineyard and winery employees. Announcement of grant awards will be made in the fall, if Wine Institute receives a grant, video development will occur in 2023 with availability to wineries in 2024.



Agenda Item No. 8(b)(ii)

**PUBLIC POLICY COMMITTEE REPORT
MEMBERSHIP/BOARD OF DIRECTORS MEETING
March 8, 2022**

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. Treasury Department's Competition Report

In response to a July 2021 Executive Order on "Promoting Competition in the American Economy," the Treasury Department, in consultation with the DOJ and FTC, issued a report on February 9, 2022, entitled "Competition in the Market for Beer, Wine, and Spirits." Wine Institute provided summaries of the report, key portions that have implications for the wine industry, and comments that Wine Institute submitted to TTB in August 2021 pursuant to its request for information. Notably, views expressed in the report are consistent with Wine Institute's stated positions on wholesaler consolidation, Direct-To-Consumer wine shipping, franchise laws, and trade practice priorities and enforcement. Areas where the report varies from Wine Institute's positions and policies include proposals for mandatory nutrition, ingredient, and allergen labeling; standards of fill; labeling preapproval; and the impact of the Craft Beverage Modernization Act. The report also raises issues relevant to the wine industry regarding standards of identity and winemaking practices, as well as post-and-hold laws. Wine Institute will be seeking member input and engaging with TTB and FTC on priorities and next steps in the coming weeks.

2. 2020 Census Update to FTC Demographic Standard for Marketing & Advertising

As new data gets released from the 2020 Census, Wine Institute anticipates making updates to its Ad Code and perhaps increased audits from FTC. Currently, the Wine Institute Ad Code provides that wine advertising should not appear in any media where more than 28.4 percent of the audience is underage (determined by using reliable, up-to-date audience composition data). That percentage was based on data from the 2010 Census showing that 71.6 percent of the U.S. population was 21 years or older. The FTC included the Census-based age demographic as a key recommendation in its 2008 and 2014 reports on "Self-Regulation in the Alcohol Industry." When FTC releases the updated age demographics, Wine Institute will also issue new compliance documents and guidelines to its members.

3. California's Mandatory Responsible Beverage Service Training

Responsible Beverage Service (RBS) training under California law will become mandatory on July 1, 2022. All California "on-premises" licensees—including winery tasting rooms—will need to have their staff (alcohol servers and managers) trained and certified in RBS no later than August 31. New staff will have 60 days from the date of initial employment to receive certification. All alcohol servers and managers will need to register with the California ABC, take an approved RBS training course and pass an online exam. The ABC has created an FAQ webpage and a portal webpage with a list of approved training providers. Wine Institute is also working to develop a members-only web page to assist in RBS compliance.



Agenda Item No. 8(b)(iii)

STATE RELATIONS DEPARTMENT REPORT
MEMBERSHIP/BOARD OF DIRECTORS MEETING
March 8, 2022
(Current Information as February 22, 2022)

Overview

All of the states except for Montana, Nevada, North Dakota and Texas are meeting in regular session this year. Louisiana is the only state meeting in 2022 to have not yet started their legislative session at this time. Our team of 6 Regional Counsels/Directors and their contract lobbyists are off to a very fast start analyzing and responding to the myriad of issues being introduced. We have contract lobbyists on retainer in every state but North Dakota this year, and their ability to provide us with immediate access to legislators and regulators, even in those states where such work continues remotely, is a key factor in our successful state lobbying work.

While the focus of the last two years was very much on the COVID-19 pandemic and each state's immediate response to those challenges, this year feels as if we are getting back to a more "normalized" legislative agenda. **We are once again seeing traditional issues like taxes, market access, trade practice, wholesaler/monopoly protection and DTC shipping issues come back to the fore.** Much of the work to provide licensees with relief such as drinks-to-go, license fee forgiveness, expanded premise allowances and other measures has been completed. Legislators and Regulators now appear to be shifting focus back to the issues that were set aside during the pandemic, as well as responding to new issues.

Our work related to **environmental issues** was long focused on stopping the expansion of **bottle deposit bills**, and of keeping wine bottles out of any of the existing programs. While that work continues, we are facing a very strong push for states to enact various forms of **product stewardship** which makes producers responsible for the life cycle of their products. The most common form we are seeing are **Expanded Producer Responsibility (EPR)** programs, but each state is proposing programs that are slightly different from the others. No state is considering a truly producer run plan similar to what industry has embraced in Europe and elsewhere, so we are having to fight these programs that would create large bureaucracies to operate them. There were EPR bills passed last year in Oregon and Maine which we are working to address as they are implemented, and you will find information on other bills in the following report. We are also seeing a dramatic increase in bills that would mandate the levels of **Post-Consumer Recycled Content (PCRC)** in both bottles and plastics, some of which are passing. A New Jersey bill passed in January setting a potentially unreachable 35% PCRC requirement for glass bottles in 2024, and of 50% for plastics beverage containers by 2047. We are working to oppose similar bills in other states, along with a host of other environmental proposals.

Our work to secure **DTC shipping benefits** for wineries paid off during the pandemic, as the 2021 winery DTC figures released by Sovos/ShipCompliant and Wine & Vines Analytics showed this channel to have grown to \$4.2 billion last year. This proved a lifeline to many wineries during COVID, and we are working hard to protect and expand these opportunities. Like we did in Ohio in 2021, we are hoping to open New Jersey to DTC shipping for wineries over 250,000 gallons. We are also hoping to pass DTC shipping bills in both Delaware and Mississippi, two of the three remaining states that still prohibit shipments. And like

last year, we are working to secure the ability of wineries to use **fulfillment houses** to pick and pack their shipments, which is an area of close scrutiny and enforcement by the states right now.

In the following report you can also find details on **privatization proposals** in states like Mississippi and Pennsylvania, the efforts to expand **wine in grocery stores** sales in Colorado and Maryland through the initiative and legislative processes, and many other **licensing, market access and trade practice** issues. This is but a small sampling of the more than 1,000 bills that are being actively tracked by our team across the country. We are working hard to make sure that any bills or regulatory actions that would impact member wineries are getting our full attention, and to make sure that members are kept aware of those items that are most important and likely to become new laws.

Our **new State Relations team alignment** is now in place, with Sally Jefferson taking over as Director, Western States following Katie Jacoy's retirement last December. Geralyn Lasher has taken over the Great Lakes region from Sally, and Tyler Rudd has picked up New Mexico as a part of the realignment. All are in place, working with their new lobbying teams, and doing the good work of representing our members in their regions.

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

Taxes and Fees

No states have passed a tax increase in 2022. We are seeing quite a bit of tax activity, but with this being an election year in most of the states, raising taxes is less likely to move forward in most instances.

Wine Excise Taxes:

While no states have yet to increase excise taxes, there are a number of proposals on the table. On a positive note, we are sponsoring bills in **Kansas** and **Minnesota** that would bring the state ABV rates for table wine into conformity with the new TTB levels, defining table wine for tax purposes as between 7% and 16% (vs. the current 7-14%).

We are fighting efforts by the local industry to obtain tax benefits in **Arizona** where a proposal would provide a tax credit to small producers for approximately 65% of their excise tax payments. In **Washington**, there is a proposal to exempt wineries under 50K/gal production from taxes on the first 20K/gal sold in the state. In both instances, we have offered nondiscriminatory options that would let all producers, regardless of location and/or size, benefit from an equal portion of their sales into the states,

Georgia is considering an interesting proposal to remove their gallonage-based excise tax and replace it with a 1% increase in the sales tax. In **Massachusetts**, three bills have carried over from 2021 that would increase excise taxes: the first would double taxes, the second would triple the rates, and the third would double the tax but then increase the rate every five years based on the CPI. In **New York**, two bills from 2021 have carried over that would increase excise taxes: the first doubling the existing rates, and the second increasing rates by 70% now, and then increasing annually based on the CPI. We are working closely with others in the hospitality sector to avoid any tax increases,

Local Option Taxes:

Vermont is currently the only state with legislation pending to allow for additional taxes on alcohol at the local level. We continuously watch for such bills, as they can be very hard to defeat,

Sales and Drinks Taxes:

Efforts to pass two separate "**10-cent per drink**" bills in **Hawaii** have failed to move after being indefinitely deferred in their respective committees in early February. There is still on the table a **25-**

cents per drink bill in New Jersey on all on-premise sales, that would only apply in the largest cities which have over 200 licensees.

On the **sales tax** front, there is a move in **Iowa** to make monthly sales tax reporting only apply to larger companies, allowing smaller payers to file less frequently. In **Mississippi**, there is a proposal to increase the statewide sales tax from 7% to 8.5% as a part of doing away with the income tax. Also, as noted above, **Georgia** is considering replacing their gallonage excise tax with an across-the-board increase of 1% in the sales tax.

Fees / Markups / Other Taxes:

Ready to Drink (RTD) reclassification has been a big push by DISCUS and individual distillers this year, where a push for “equivalency” is once again front and center in their arguments. Their goal has been both to reduce the tax rates at which these products are sold, and to expand the retail and distribution options available in order to bring them to a wider market. Bills have been introduced already in 9 states (**Alabama, Arizona, Hawaii, Maryland, Nebraska, Pennsylvania, Vermont, Washington** and **Ohio**), and we are aware of drafts in 3 more (**Kentucky, Minnesota** and **Oklahoma**) at this time. We are anticipating the introduction of more bills as the sessions progress. The ABV rates in these proposals range from 7% up to 16%, with the average being somewhere around 10%. Typically, they are seeking a tax rate nearly equal to the wine tax rate, although some have sought rates equal to beer. **To better address these bills, we will be recommending to the board, at the upcoming meeting, a proposed new position outlining our opposition on RTD reclassification.**

Monopoly Protection / Wholesaler Issues

We are pleased to report that no bills have so far been introduced that would enact new wine monopoly protection (“franchise”) laws in any of the states. There are still some wholesaler related issues that we are tracking. Both **Illinois** and **New York** have legislation related to minimum purchase requirements and delivery fees that have carried over from 2021. Pending legislation in **Massachusetts** would expand their current law as it relates to brand acquisitions, and we are opposing that effort. A bill in **Missouri** would remove the 3-year residency requirement currently applied to all wholesalers. A bill in **New Jersey** would reduce the price posting requirements for companies selling fewer than 60 units per month in the state. At our request, an **Oklahoma** bill to do away with beer price posting is now being amended to do away with price posting for all types of alcohol. A number of “at rest” proposals have carried over in **New York** from 2021, and we are watching closely to make sure they don’t move in a way that would negatively impact members. There are also a number of beer related wholesaler issues on the table, including things like price posting and exclusive territories in various states that we are watching for any potential amendments that could impact wine.

Privatization in Control States / Other Control State Issues

Mississippi is grappling again this year with competing proposals to address their warehousing and distribution challenges. The House has passed legislation that would privatize the entire system, while the Senate has again passed legislation that would outsource the warehousing operations to a third-party as is being done in other control states. This same scenario led to a stalemate last year, and it remains unclear if they will move off of their positions in 2022. In the meantime, the performance of the existing system is very poor, and the media is increasingly critical of the state’s control system.

In **Pennsylvania**, legislation to privatize the PLCB has been introduced by Republicans, who are hoping to gain momentum on their plan should they gain the governorship in November, to go along with their current control of the legislature. Legislation to privatize **Somerset County in Maryland** has been introduced as well. There is also a bill in **Virginia** that would privatize their state store system, while maintaining the control of the wholesale functions for spirits. And finally, there is also a proposal to privatize **Vermont’s** control system.

In **New Hampshire**, a bill that would legalize the sale of cannabis has passed the House and is now before the Senate. In a unique spin, the bill would put all sales, regulation and tax components of the program within the NH Liquor Control Commission.

Direct-to-Consumer (DTC) Shipping

As noted above, the winery DTC shipping channel generated \$4.2 billion in sales during 2021, proving the importance of our work in this area over the past three decades. Below you will find a summary of our work in this area for 2022, as we try and expand shipping opportunities into new states, secure the rights of wineries to continue shipping into legal states, and to address challenges such as restrictions on the use of fulfillment houses. The emergence of DTC shipping bills to allow distillers, brewers and retailers to have similar privileges to wineries is posing some challenges for us as well; you will find those bills discussed below.

Positive DTC Change Efforts:

Wine Institute is sponsoring legislation that would open **Delaware** to DTC shipping, as well as bills that would open **New Jersey** to shipments from wineries over 250,000 gallons production, and to remove the restriction in **Indiana** preventing any winery with a wholesaler from shipping. We have introduced a bill in **Alabama** to streamline the licensing procedures for the new law that was passed there in 2021. We are supporting bills to create reasonable licensing structures in **Alaska** and **Minnesota** with increased case limits, as well as bills to remove the on-site visit requirement in **Rhode Island**. We are also supporting bills that would reduce the license fee in **Nebraska** by half, that would remove Iowa's \$5,000 annual bond requirement, and that would remove the quantity limits in **New Hampshire's** shipping law. All of these efforts are underway, and each would improve the ability of our members to ship into the impacted states. Our two bills that would have opened **Mississippi** to DTC shipping died in committee in early February, before they could be amended to improve their tax rates.

Potentially Anti-DTC Shipping Efforts:

While we work to make the improvements noted above, we must also respond to efforts to curtail the shipping privileges of wineries. We are also opposing legislation in **Massachusetts** that would impose unworkable "wine of your own production" language, and in **Iowa** that would remove the exemption currently granted DTC wines from the bottle bill requirements. We have argued that a plan to exempt **New York's** in-state wineries from payment of excise taxes on the wines they sell and ship within the state are unconstitutional. And in **Utah** we are opposing a bill to further their unworkable plan of having the state be the clearinghouse for all DTC shipping, while imposing an 88% markup and fees on each shipment into the state. Each of these bills would negatively impact current privileges, and we are watching for additional bills of a similar nature which might also have a chilling effect on DTC shippers.

Common Carrier/ Fulfillment House Focused bills:

We are opposing legislation that would adversely impact common carriers in **Oklahoma** and **Tennessee**. We've recently been helping member wineries straighten out a fulfillment house issue in **Michigan**. We are continuing our efforts to work with the **Louisiana** ATC to clarify their rules to allow for fulfillment house shipments, this coming in the wake of cease and desist orders that were sent last September, and then rescinded temporarily at our request.

Beer, Spirits and Retailer to Consumer DTC, etc.:

During the pandemic, brewers, distillers and retailers all realized that they want to have a DTC system similar to that enjoyed by the wineries, and have launched major efforts to achieve these goals. The retailers continue to focus primarily on litigation (where they have yet to find much success), while now pushing bills in a handful of states to open up out-of-state shipping for them. The distillers are making the biggest push, currently supporting bills in 13 states to gain DTC shipping privileges. Beer is currently just

included in a few of those bills, but we are aware that this is a bigger priority for the craft brewing industry than it has been in the past, so we expect to see more activity there as well.

Delivery, Take-Out and Curbside Sales by On- and Off-Premise Retailers:

As noted in the overview, most states have addressed the expansion of their delivery and take-out rules in order to allow on-premise locations to provide alcohol along with their food orders in these circumstances. This year, a number of states that had previously chosen to limit the time-frame of such programs are now considering new laws to make them permanent. **Delaware** passed legislation that was signed on 2/22/22 making their provisions permanent. The biggest fight on delivery is coming in **New York**, where the Governor has included delivery as a part of her budget, much to the dismay of the package stores who thought they had stopped this last summer. We are continuing our support for these efforts, seeking to have wine by the glass included in those bills that are allowing for cocktails to be delivered. Another element getting a great deal of attention is the use of third-party providers to assist in the ordering and delivery processes, and states are dealing with these issues in a variety of ways.

Bottle Deposit Laws / Environmental Legislation

In 2020 we created the **State Relations – Environmental Working Group (SR-EWG)** within the State Relations Subcommittee to assist our team with analysis of environmental proposals. 2022 has brought a surge in the number of Expanded Producer Responsibility (EPR) program proposals, along with other forms of product stewardship and single-use packaging legislation. At the same time, traditional pushes for bottle deposit law expansion also continue. Details of some of the major issues can be found below.

Bottle Deposit Laws

Six states are currently considering legislation to create new **bottle deposit laws that would include wine (Illinois, Kentucky, New Hampshire, Rhode Island and West Virginia)**. None of these yet appear to have momentum, but we are still working in opposition. Four states with existing bottle deposit laws are looking to **expand their laws to include wine (Massachusetts, Michigan, New York and Vermont)**. Of these, the New York and Vermont laws are currently of the most concern. An effort to expand **Oregon's** law to include only wine sold in cans has been amended, at our request, to make the deadline for inclusion July 1, 2025, which is the same date that all wine packaging must go into either the EPR program passed in 2021, or into the bottle deposit program. We continue to work with the Oregon wine industry and other partners as we sort out our best options in that state. We are also watching proposals in **Massachusetts** and **Pennsylvania**, although neither of those laws would include wine bottles at this time.

In **Iowa**, where wine is already included in their bottle deposit law, there are more than a dozen bills that would modify, expand, repeal and/or replace their current program. We are closely engaged on these bills as they have a direct impact on how our members sell their products in Iowa. Several of the bills would also remove the exemption for wines shipped DTC into the state, which at this point still appears unworkable under the current program structure.

Extended Producer Responsibility (EPR), Product Stewardship, Single-Use Packaging Restrictions, Post-Consumer Recycled Content (PCRC), Advanced Disposal Fees (ADF), etc.:

EPR bills are this year the biggest single issue impacting our work in the states, as we attempt to better understand these complex proposals, and to determine their potential impacts on wineries. In the wake of **Oregon's** passage of S 582 last year, and the passage of a less impactful (on wine) bill in **Maine** last year as well, we are seeing other states now trying to pass such legislation. Twelve states are now considering bills: **Hawaii, Illinois, Kentucky, Massachusetts, Maryland, New Jersey, New York, Pennsylvania, Rhode Island, Virginia, Vermont and Washington**. All of these bills have differing structures and coverage, but none of them appear to be viable programs that industry can support. There are draft programs still in preparation in **Colorado** and other states, that we are awaiting final language on. The **New York** bill is of particular concern because it is contained in the Governor's budget proposal, and it has strong support in both chambers of the legislature. We believe we have stopped the **Washington** proposal, which at the outset of the session appeared to have a very good chance for

passage. Our thanks to the members of the **Environmental Working Group** who have provided us with crucial analysis and feedback as we navigate these complex and ever-changing proposals.

We are also dealing with many bills related to the **Post-Consumer Recycled Content** of both plastic and glass containers. **A New Jersey bill from 2021 was actually passed and signed by the Governor in January of 2022.** Under that new law, both glass and plastic wine containers will have to meet stringent new PCRC requirements beginning in 2024, with the PCRC percentages escalating on through 2047. A similar bill in **Hawaii** that is moving quickly has been amended so that it applies only to products in their bottle deposit program, thereby exempting all wine other than “mixed-wine” containers. We are also opposing such bills in **Maryland, Maine, New York and Washington.**

Legislation that would severely restrict, or even ban in some cases, the sale of any **single-use plastics packaging** is under consideration in **Hawaii, Massachusetts, Michigan, New York, Rhode Island and Washington.**

The **Advanced Disposal Fee** already in place in **Hawaii** is the subject of multiple bills, several of which would raise the current 1.5-cents fee up to 5-cents. We also are watching for proposals in **New England** that would impose ADF on all packaging as an alternative to bottle deposit law expansion.

Other Environmental Bills:

We are following a few other environmentally oriented bills, including a **GMO labeling** bill in **New Jersey.** There are bills that would impact the sale and use of plastic bags, cups, food containers and such in **Arizona** and **Kansas** this year, and both **Massachusetts** and **Rhode Island** are considering bills that would prohibit the sale of 50 ml spirits containers due to their environmental impacts.

Licensing, Trade Practices and Market Access

As always, the bulk of the bills that we see are related to local licensing and regulatory issues. While many of these proposals don't directly impact our members, they do impact the ability of our retail partners to sell wine, so we track them closely to determine potential areas where we need to impact the legislation.

Wine in Food Stores:

In both **Colorado** and **Maryland**, it appears likely that voters may have the chance to determine if wine can be sold at all grocery stores in the state, rather than just at the quite limited number where it is now available. Signature gathering is underway in Colorado at this time, sponsored by the major grocery chains. In Maryland, the group Marylanders for Better Wine and Beer Law are seeking to have their measure put before the voters by the legislature. A similar referendum, but this one for Baltimore County only, is also under consideration. **Minnesota** may also consider such a vote in November if proponents are able to pass their bill in the legislature calling for the vote. In **Massachusetts**, previously discussed efforts to remove/change the limits on the number of licenses that can be held by a single grocery store chain are moving forward in the legislature, and perhaps may go before voters in the fall as well. A bill in **Mississippi** that would have allowed for the sale of wine in all grocery stores died in committee in early February. **New Jersey** is considering legislation to increase the number of licenses that can be held by a grocery chain from the current 2 up to a total of 10. **New York** has two bills that carry over from 2021 that would allow for grocery stores to sell wine, with a tradeoff allowing cooperative purchasing for package stores. **West Virginia** is again considering an odd bill that would allow any grocery store, without obtaining an alcohol permit, to sell up to 1,000 bottles of West Virginia produced wines.

In **Pennsylvania**, legislation to increase the amount of wine sold in the Wine Expanded Permit stores (grocery stores) from 4 bottles to 12 bottles per transaction is pending. There is also legislation there that would remove the requirement that wine sales be sold through a separate cash register, and to allow for displays of wine on endcaps and elsewhere in the store area, other than just a designated alcohol sales area. A final bill there would extend the sales hours past the current 11:00 pm cut-off time, and instead follow the general closing time for alcohol sales in each community.

Sunday Sales, Blue Laws:

Legislation to normalize the hours of sale on Sundays is being considered in **Iowa**, and to allow for earlier opening in **Kansas** on Sunday. Similar legislation to allow for a 10:00 am opening for package stores in **New York** is also under consideration. Legislation that would have allowed for retail sales on Sunday in **Mississippi** died in Committee in early February. We are continuing to support the efforts.

Licensing:

The majority of bills introduced each year involve local licensing issues. A few of particular note to our members that we are following are worth including here. In **Iowa**, there are several bills that would allow for “automatic license renewal” so long as a licensee (including an out-of-state winery) is in good standing with the state and that it has not changed its circumstances in a material manner. We believe this would be a good model for adoption elsewhere. Legislation in **Kansas** would remove the residency requirements for all alcohol licenses in conformance with the *Tennessee Wine* case. Legislation in **Kentucky** would allow restaurants to permit and charge for corkage on wine brought in by customers. There is legislation in **Massachusetts** to allow communities to set their own limits on the number of licenses issued there, rather than the current population quota system. There is also legislation pending to allow for centralized warehousing by licensees.

The **New York** SLA has approved the licensing of alcohol sales in movie theaters, so long as the purchase is made at a concession area outside of the theater area. Legislation in **Oklahoma** to allow off-premise retailers to sell cold wine, beer and spirits is under consideration. We are watching legislation in **Pennsylvania** that would allow spirits to be sold in a manner similar to the Wine Expanded Permits (WEPs) by grocery stores. The use of self-dispensing machines for alcohol in **Michigan** has passed the House, and is now before the Senate.

Trade Practices:

Legislation in **Florida** that would remove the state-level container size requirements in favor of federal definition has passed the House and is now before the Senate. We are continuing to oppose a rulemaking by the **Illinois LCC** that allows for cooperative purchasing; the proposal is now before the Joint Committee on Administrative Rules. There are also cooperative purchasing bills pending in **Massachusetts** and **New York** which we are opposing.

Legislation dealing with tied-house provisions are pending in **Indiana, Kansas, Michigan** and **Vermont**. Stocking and rotation rules are being debated in **Illinois** and **Massachusetts**. In **Nebraska**, there is legislation dealing with Primary American Source that we have concerns with as it applies to DTC shipping and reporting that would be onerous. We have similar concerns over a primary source proposal in **New York**. There is also legislation in **New York** that dramatically lowers the threshold of market share to 40% for a seller and 30% for a buyer under consideration, which allows for private rights of action, which we are opposing.

Advertising Practices:

The Texas ABC issued a notice related to the activities of **Third-Party Providers (TPPs) related to digital advertising and alcohol retailers** last fall. The TABC has said that they consider any digital advertising accessed through a retailer’s website to be the same as physical advertising, and that suppliers may not pay for placement in such digital advertising even if there is a TPP acting as an intermediary. We are working with the Legal Subcommittee as they delve further into this new area. The TABC is now expected to issue follow-up guidance on this subject in March, breaking their ruling into two sections: 1) those TPPs that interface between consumers and retailer sellers of alcohol; and 2) those TPPs that are interfacing between Suppliers/Wholesalers and retailers. Breaking down the ruling into the Business-to-Consumer vs. Business-to-Business categories will likely help to both simplify and clarify their new rules. Other states are watching this process closely, and we anticipate that a number will quickly follow suit in this area.

We are also following legislation that would **ban or restrict outdoor alcohol advertising**. A ban on billboard advertising has been proposed in **Massachusetts**; a bill in **New York** would expand the required distance from schools, playgrounds, churches, etc. from 500 to 1000 feet, effectively prohibiting most outdoor advertising in New York City. We continue to support the Outdoor Advertising Association's voluntary 500-foot ban in such circumstances.

We are supporting a number of bills in **New Jersey** that would allow non-licensed restaurants that provide BYOB services to their customers to begin advertising that fact, and to charge corkage if they so choose.

DUI / BAC

Legislation to **lower the BAC from .08 to .05** is again under consideration in **Hawaii**, where both the Speaker of the House and the Senate President have introduced bills on behalf of the Maui County Council. The Senate version of the bill was passed out of its first committee on 2/18/22 by a vote of 5 to 2. We consider these to be serious threats this year. **New York** also has carryover .05 legislation that did not move in 2021. **New York** is also considering legislation to further criminalize higher BAC offences as "criminal intoxication" between 0.25 and 0.30, and as "aggravated criminal intoxication" when above 0.30, making such violations a felony. **Oklahoma** and **Missouri** have first offence interlock legislation filed this year, while **Colorado** has a bill to allow first offenders to voluntarily choose an interlock in favor of a suspended license.

Outreach and Administrative

After presenting to the **WI Board of Directors meeting in December**, our team returned home to focus on the start of the legislative sessions around the country. Wine Institute shut down travel during January and February due to the Omicron virus surge, so we continued our legislative work remotely during that period. During that time, however, a number of events were held remotely that we participated in. Steve Gross provided a keynote to the **DTC Symposium** in January, which was a fundraiser for FreeTheGrapes which was attended by over 500 wine industry professionals. Steve also participated remotely in **NABCA's Winter Board of Directors meeting**. Our team held meetings with the **Environmental Working Group** to address the many EPR and PCRC bills on the docket this year, and we participated in the **Legal Subcommittee** and **Public Policy Committee** meetings during February. Weekly calls with members of the **State Relations Subcommittee** were held to update members on key legislative and regulatory actions in the states. **Bi-weekly reports** are shared with the staff and approximately seventy-five members who have requested to be on the distribution list. We have coordinated with the Communications department to provide updates to members via the **News Briefs**, as well as working with other departments in formulating responses to media inquiries and outreach efforts.

MEMBERSHIP/BOARD OF DIRECTORS MEETING MARCH 8, 2022

Motion to be presented by Steve Gross

Proposed WI Position on legislation to reduce the tax on distilled spirits based RTDs:

- ABV must be 5% or under.
- New 5% or under ABV distilled spirits based RTD tax rate must be significantly higher than wine.
- Wine must get a tax reduction too.
- If done in accordance with these three principles, WI will not oppose efforts to expand the retail distribution options for distilled spirits based RTDs.



Agenda Item No. 8(b)(iv)

FEDERAL PUBLIC POLICY
MEMBERSHIP/BOARD OF DIRECTORS MEETING
March 8, 2022

FY 2022 BUDGET AND APPROPRIATIONS

Congress recently approved a third short-term extension of federal funding at FY 2021 levels which will expire on March 11. In the interim, Appropriations Committee Chairs are negotiating over top-line spending levels and possible policy provisions. Wine Institute has advocated for an increase in TTB's budget from \$124 million in 2021 to \$149 million in 2022 to address expanded oversight of imported alcohol resulting from the *Craft Beverage Modernization and Tax Reform Act*; increased annual funding of \$5 million for USDA to fund smoke exposure research; and \$196 million for the Specialty Crop Pest Program at USDA. The final budget will likely include an increase of a little over five percent for TTB, increased funding of \$5 million for smoke research related to wildfires and a flat budget for the Specialty Crop Pest Program.

SUPPLY CHAIN DISRUPTIONS

Wine Institute has worked successfully to engage the California congressional delegation and Administration officials to address the supply chain crisis. Senator Alex Padilla (D-CA), John Garamendi (CA-3), Salud Carbajal (CA-24), Michelle Steel (CA-48) and others have engaged senior White House officials and the Federal Maritime Commission, hosted hearings and introduced legislation. USDA has responded by coordinating with Oakland Port Authority officials and is opening a pop-up station on a 25-acre site to expedite loading / unloading of shipping containers to assist U.S. agriculture exports. Legislation introduced by Representative John Garamendi (CA-3) has passed the House with strong, bipartisan support in two legislative packages in recent months. The ***Ocean Shipping Reform Act*** expands regulatory oversight of ocean carrier business practices. Ocean carriers and port authorities would be required to certify that late fees comply with federal regulations or face penalties. The carriers would also be required to file quarterly tonnage reports for each vessel that enters a U.S. port and be prohibited from rejecting reasonable export bookings and contracts from U.S. exporters. Wine Institute's Public Policy Committee has agreed to support the legislation. A companion bill has been introduced in the Senate, and support is growing.

WILDFIRE RELIEF

In addition to the \$5 million in USDA smoke exposure research referenced above, Wine Institute continues to push for the reopening of the ***Wildfire & Hurricane Indemnity Program (WHIP+)***.

In late January USDA Secretary Tom Vilsack announced that applications for the \$10 billion extension of WHIP+ would open this spring. Winegrape producers along with other farmers and ranchers who sustained financial losses as a result of wildfires, drought, excessive heat and other natural disasters in 2020 and 2021 will be eligible to apply. The program will open first to ag producers who currently hold a crop insurance policy. Wine Institute is coordinating with USDA and will host a webinar with agency officials in advance of the rollout.

COVID-19 RELIEF

Wine Institute and association partners in the hospitality sector are continuing to urge Congress to replenish the **Restaurant Revitalization Fund** with an additional \$60 billion. If enacted, the legislation would provide a second round of grants for eligible winery tasting rooms, breweries, distilleries, restaurants, bars and other on-premise operators to cover operating losses incurred during the pandemic. The grants are intended to cover payroll and employee benefits, mortgage and rent, utilities, supplies, personal protection equipment and cleaning materials, construction of outdoor seating and debts to suppliers. The legislation now has support from 43 senators and 234 representatives, including Senators Dianne Feinstein (D-CA) and Alex Padilla (D-CA) as well as forty House members from California.

CANNABIS LEGISLATION

In early February Senate Majority Leader Chuck Schumer (D-NY), Senate Finance Committee Chair Ron Wyden (D-OR), and Senator Cory Booker (D-NJ) circulated a letter to colleagues seeking input on the **Cannabis Administration and Opportunity Act**, legislation to legalize, regulate and tax cannabis before its introduction this spring. Leader Schumer also stated publicly during a home state event that he would make enactment of the legislation a key priority. Wine Institute is closely tracking discussions as the bill sponsors prepare for formal bill introduction later this year. At this point it is unclear if the legislation can gain enough support to advance in the current session.

EXECUTIVE ORDER ON PROMOTING COMPETITION IN THE AMERICAN ECONOMY

In response to President Joe Biden's executive order directing federal agencies to identify recommendations to reduce the escalation of corporate consolidations and increase competition, the Treasury Department released a report entitled **Competition in the Markets for Beer, Wine and Spirits** in late January. The report noted two trends in the alcohol sector: significant growth of small producers and distributor / retailer consolidation. The report offered significant commentary on global brewer and wholesaler practices and recommended that the Justice Department and Federal Trade Commission (FTC) evaluate vertical consolidation; consider revisions to merger guidelines; and study industry practices related to pricing, innovation and distribution in the beer sector. The report also encouraged TTB to examine nutrition and ingredient labeling policies, category management, tying arrangements and trade practices by larger companies. The 63-page report can be found here: [Competition in the Markets for Beer Wine and Spirits](#). TTB has yet to indicate if or when they will act on any of the recommendations in the report. Wine Institute will be engaging directly with TTB in the coming weeks to learn more about how they intend to respond.



Agenda Item No. 8(c)

INTERNATIONAL PUBLIC POLICY REPORT
MEMBERSHIP/BOARD OF DIRECTORS MEETING
March 8, 2022

RETALIATORY TARIFFS

United Kingdom: The Biden Administration has taken a number of important steps in recent months to rebuild US trading relationships with both the EU and UK. In addition to resolving the long-running Boeing-Airbus dispute over aircraft subsidies, the parties have also made significant progress to resolve the ongoing dispute over steel and aluminum tariffs. The UK has threatened to place a 25% retaliatory tariff on U.S. wine in addition to the current tariff on U.S. whiskey and bourbon. Given the importance of this market for U.S. wine exports, Wine Institute has been actively engaged in urging the Biden Administration to swiftly resolve the dispute before tariffs significantly harm U.S. wineries. The U.S. and the EU recently announced a resolution to the steel and aluminum dispute, and this is expected to pave the way for a similar deal between the U.S. and the UK. We will continue to monitor this issue closely and work to ensure U.S. wines are not targeted in this key market.

TRADE ISSUES

European Union: New Labeling Requirements – Wine Institute continues to closely monitor progress on *new mandatory nutrition and ingredient labeling regulations* for wine in the European Union (EU). The regulations, which encompass mandatory on label calorie disclosure and mandatory off label ingredient lists, have been finalized and a two-year transition period has begun. The new requirements will become mandatory for all wine entering the EU market as of December 8, 2023. It is expected that many EU wine producers will begin complying with the new requirements later this year. To facilitate this the EU wine sector has launched the <https://www.u-label.com/> platform. The system will generate, for a fee, EU compliant electronic labels which European consumers can access by a QR code. The WITAC continues to study this development and the impact of e-labels on trade.

European Union: Beating Cancer Plan and Alcohol Health Warning Labels – The full European Parliament recently voted to adopt a report on the EU's Beating Cancer Plan (BECA). Importantly, prior to the final vote a number of critical amendments supported by the EU wine sector were adopted which removed some of the most problematic language from the report. The amendments that passed will focus the report back on the harmful use of alcohol as opposed to consumption per se, and de-link moderate alcohol consumption and cancer. Despite the success of some of the amendments, the report still contains problematic recommendations around taxation and marketing. Over the next two to three years, the European Commission will advance work on a possible mandatory alcohol health warning label, in addition to reviewing

alcohol taxation and marketing. Due to the Parliamentary amendments any health warning label is unlikely to include a cancer reference or suggest there is no safe level of alcohol consumption.

France: Packaging Reuse Decree – Wine Institute is closely monitoring development of new regulations in France requiring the reuse (as distinguished from recycling) of certain packaging including glass wine bottles. In July 2021, France issued a decree setting minimum quotas on the proportion of reused packaging placed in the French market annually between 2022-2027. The minimum reuse quota covers glass, cans and cases and refers to all packaging, whether produced in France or imported. Under the decree, the minimum reuse quotas for packaging placed in the French market are 1.5% in 2022, 5% in 2023, and 10% in 2027. The decree represents one of a series of decrees from the French government representing a broader push on plastics and the circular economy. Exactly how and when the proposal will be implemented is not clear at this time. Wine Institute will continue working with the USDA Foreign Agricultural Service and the US Embassy in Paris to understand and communicate potential impacts on US wineries.

Grant-Funded Projects: Wine Institute continues its work to oversee several USDA Technical Assistance for Specialty Crops (TASC) Grants awarded to help address trade barriers in export markets.

1. **Crop Protection Products** - The USDA is providing \$650,000 over 5 years to help California wine “preserve for today and protect for tomorrow”. The grant was recently revised to amend the projects involved and allow WI to hire two technical experts. The first is Daniella Taveau of Bold Text Strategies, a former EPA international trade negotiator, who will provide strategic guidance. The second, Bryant Christie Inc, will expand their work on the project to include advice on how to adapt when a market changes a residue limit level. The Crop Protection Working Group will meet with the team at the end of March to finalize the strategic plan.
2. **Wine Authenticity** - USDA approved \$247,500 over 5 years to fund the collection and analysis of wine samples to build a spectral database of California wine to determine authenticity. The project is underway, with over 750 samples collected.

United Kingdom: Alcohol Excise Duty Reform Proposal – The public consultation on the alcohol duty reform proposal has closed. Well over 300 comments were submitted in addition to Wine Institute’s. Now the UK parliament and Prime Minister Boris Johnson’s government will begin writing a draft legislative proposal on duty reform which will be released later this spring or summer. As proposed, the reform will be extremely problematic for wine as it would require escalating tax rates for wine per half degree of alcohol content. This structure would cause significant administrative burdens for producers and importers. The UK Wine and Spirit’s Trade Association is intensifying its efforts to engage directly with Members of Parliament on the shortcomings of the proposal as currently drafted.

INTERNATIONAL ORGANIZATIONS

WHO: Global Alcohol Action Plan –The WHO Executive Board voted in January to endorse the Global Alcohol Action Plan (GAAP) for adoption at the World Health Assembly (WHA) to be held in May. While the GAAP has seen a number of constructive changes from its initial draft, it still contains a number of very concerning policy recommendations and targets. Most notably, it continues to focus solely on the SAFER initiative (best buys) as the only viable policy solution

and sets goals that appear to be designed to set member states up for failure. At the behest of Wine Institute, the US government engaged constructively at the EB meeting and recommended that the WHO continue to refine and strengthen the GAAP document before bringing it before the WHA. It is unclear if and how the WHO will respond to this.

World Wine Trade Group (WWTG): Wine Institute and the US government are preparing for the US to begin its eighteen-month Presidency of the WWTG beginning in March. We continue to plan for a late May 2022 meeting of the WWTG (the first in-person meeting in two and a half years), with a focus on addressing trade related concerns with e-labeling and e-certification among other topics.



INTERNATIONAL MARKETING &
CALIFORNIA WINE EXPORT PROGRAM REPORT
MEMBERSHIP/BOARD OF DIRECTORS MEETING
March 8, 2022

Global Initiatives

- **2021 US Wine Exports grow 10.6% by Value Over Prior Year:** Total U.S. wine exports, more than 95% from California, grew by +10.7% to reach \$1.44 billion in value during the period January – December 2021. This was the strongest growth rate for US wine exports since 2013 when exports grew by +16.2%. The total value of US wine exports in 2021 exceeded both 2020 and 2019 figures when export sales slowed due to the global pandemic, retaliatory tariffs and unfavorable exchange rates, and was just below the 2018 figure of \$1.46 billion in export value. Canada, the largest market for US Wines exports with 35.6% market share, was a significant driver of export growth with 11.5% growth in value over the prior year. Eight of the ten largest markets for US wine exports had positive growth in value in 2021, with only the EU 27 countries (-0.4%) and the United Kingdom (-20.1%) showing a decline. South Korea (+51.6%), China (+83.3%) and Hong Kong (+23.7%) continued to show solid growth that started with changes in the market during the pandemic. Philippines, Dominican Republic and Norway all moved into the top ten in 2021 with a combined value of \$59.6 million in export sales. By volume, US wine exports declined by -9.1% when compared to 2020. The four largest volume markets for US wine exports, the United Kingdom, Canada, the EU 27 countries and Japan all dropped by more than 10 percentage points in 2021.
- **Capstone California Wine Education Program Expands:** More than 3,400 students in 68 countries have enrolled in the Capstone California certification program, and 44% or 1,465 students have completed their Level 1 or Level 2 certification exams. The certification program is currently offered in five languages in addition to English: French, German, Japanese, Polish and Russian and Spanish and Simplified Chinese will be added this year. The first Capstone California education seminar was offered in India to an online audience of over 6,000 people and more than 1,000 of the attendees have completed their Level 1 certification. The Level 3 curriculum is complete and the copyright is in process prior to publication on the website and translation along with additional region and variety guides. The final section of the certification curriculum, Level 4 is in development and is slated to be complete by summer 2022. The first Capstone California educator trip to California will take place in April 2022 with a group of leading wine educators from Japan and Korea. A global Capstone California educator visit is scheduled for January 2023 with the lead educators from across Canada, Europe, UK, China, Hong Kong and Mexico.
- **Inaugural Global Buyers Marketplace Planned for November 2022:** The Global Buyers Marketplace will be the first-ever international conference for importers and wine buyers exclusively focused on California wine in early November 2022. The inaugural event will bring 75+ importers from markets around the world to Napa Valley to meet 200+ vintners and taste wines from across California. The conference will include the option to participate in a three-day mini-tour to different AVA's to build understanding of California's wine regions and create opportunities for more wineries to participate. Wine Institute's international representatives have started to invite key trade partners who have expressed specific interest in adding more California wines to their portfolios. California

Wine Export program members will have the opportunity to learn more about the event and how they can register to participate at the upcoming Export Program All-Member Meeting on March 3.

Eureka! London – June 2022: Developing an innovative, pop-up education experience for UK and EU trade, media, and consumers at the Truman Brewery event space in central London, June 2022. The goal is to elevate and shift the perception of California wines among leading trade buyers, media and influencers by presenting the category as highly relevant and innovative while generating attention, awareness, and engagement. The experience will center around educational content with a mix of digital, live and multimedia experiences that will explore the regions of California and sustainable winegrowing. The Virtual Vineyard will create an immersive wine seminar and tasting that explores the climate, terrain, and soils of California's wine regions. A walk-through exhibit will illustrate California wine's leadership in sustainable winegrowing, clarify the difference between organic, biodynamic, and sustainable farming practices and feature a range of certified sustainable California wines and wineries. An upstairs Tasting Lounge offers wineries and importers the opportunity to present wines to trade and media, while an outdoor Sensory Garden will create an additional space for tasting and networking. We are working with the Environmental Affairs team, Elaine Chukan Brown and other sustainability experts to develop original content that will inspire, educate, and motivate attendees. Export Program member wineries will have the opportunity to participate with their wines and via their UK-based importer.

- **California Wine's Leadership in Sustainable Winegrowing for International Markets:** International Marketing and Environmental Affairs continue to collaborate on two initiatives related to developing and communicating California's leadership in sustainable winegrowing to the global wine community. Following the December 2021 Board meeting, we convened an advisory group comprised of winery representatives with expertise in sustainable practices, winery and vineyard operations, and communications. Since January the group has been developing a shared statement for California wine's sustainable future and defining Wine Institute's role in supporting member wineries. Next steps include securing agreement across winery sectors and building a communications and action plan. The other initiative, Communicating Sustainability, centers on developing trade and consumer communications campaigns to build understanding and awareness of California wine's leadership in and commitment to sustainable winegrowing and the positive benefits to our international customers and consumers.
- **Global Digital Campaign Results Exceed Expectations:** California Wines concluded the ["Inside Every Bottle"](#) global digital campaign on December 31, 2021 after running in eight leading markets including: Canada, Denmark, Germany, Japan, Mexico, the Netherlands, Sweden and the UK. Campaign results exceeded expectations across every metric including impressions, costs, click through rate, site visits, video views and time spent on site. The campaign generated over 265 million impressions, more than 75% above the campaign target. Cost per click ended up at 70% of projected costs, and video views were more than 3x greater than expected. The campaign ran across a range of digital platforms including the Google network, Instagram, Facebook, Spotify, VDX, YouTube, and other lifestyle and wine-related websites featuring banner ads, video and other media rich content. The advertisements link to a dedicated webpage with information on California wine regions and where to buy California wines in each market. Next steps include optimizing the campaign based on individual market results to run in key markets in 2022. Canada will be the first up with a focus on Quebec, Ontario and British Columbia timed to coincide with major in-market promotions and retail programs.
- **International Trade Visits to California Resume with In-Person & Virtual Tours** – Key trade partners in leading markets have begun to schedule visits to California starting in early 2022.

Wine Institute International Reps Week – May 2022

Wine Institute's team of international representatives will convene in California for the first time since 2019 for a weeklong workshop with Wine Institute staff and winery members. The group will meet in San Francisco and then head down the Central Coast regions with stops in Santa Cruz, Monterey, Paso Robles, San Luis Obispo and Santa Barbara.

Mexico Sommelier Group – April 2022

We are in the planning stages of for a group of 9 sommeliers and chefs from Mexico who will be invited to California. The group will consist of top decision-makers in the F&B industry from various regions of Mexico. Wineries will present their vision and create loyalty to the brand to gain presence and business in Mexico. We are planning several seminars, one confirmed is with the California Sustainable Winegrowing Program. The group will visit Lodi, Sonoma County and Napa Valley. The trip takes place from April 3-9.

Japan and South Korea Wine Educators – Capstone May 2022

We are in the early stages of planning the first official Capstone California educators trip which will take place from May 7-14. This program will bring the lead wine educators from Japan and Korea to California to provide them with in-depth and current information on California wine, which will allow them to teach with confidence, conviction, and accuracy. The trip will also provide an opportunity to build a platform for mutual educator peer support within the North Asia region. The group will visit Lodi and the Central Coast regions. The group will consist of 6-7 wine educators.

UK Sommelier Group – July 2022

We are in the planning stages for a group of 10 Sommeliers from the UK who will be invited to California as part of a multi-region tour with Oregon and Washington in early March. The group was originally scheduled to be in California on March 10 and 11 to tour Sonoma County, Napa Valley and meet with Lodi Vintners. The tour dates have now shifted to July 2022 due to the recent Omicron surge. The group was originally scheduled for June 2020 as part of a collaborative program to support US wines across regions.

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

- **Emerging Market Grant Applications for India, China, Vietnam:** Wine Institute is applying for additional grant support through the Emerging Market Program to support initial efforts to develop programs in new or underdeveloped markets, particularly with market research, education efforts, and developing an in-market team. Once these initial applications are complete the focus will shift to developing markets in Central and South America as well as other parts of Asia.

WINE INSTITUTE'S CLIMATE INITIATIVE:
Leading California Wine Towards a Sustainable Future

For the past two decades, California vineyards and wineries have been global leaders in sustainability, with 80% of California wine made in a Certified California Sustainable Winery, and over half of the state's vineyard acreage certified sustainable, organic or biodynamic.

Starting in January 2022 Wine Institute convened a Climate Action Advisory Group to provide technical guidance and input on a plan to help its members build resiliency in a changing climate. While members are at varying stages in their respective plans and actions, Wine Institute can facilitate progress in the following areas:

- Maximizing sustainable agricultural practices
- Developing pathways and identifying resources that contribute towards decarbonization and reduction of fossil energy from winery operations
- Contributing to a net zero value chain
- Adapting to the effects of climate change while ensuring vibrant businesses and the ability to produce high quality wine grapes and wine.

Wine Institute's role will be to support members through advocating public policy, building capacity, creating educational opportunities, linking wineries to funding and technical support, and fostering alliances. Wine Institute will also communicate on behalf of California wine on the industry's shared priorities.

Through collaboration we can achieve progress, more quickly and more cost effectively, towards working and thriving in a sustainable future.

CLIMATE MISSION STATEMENT:

As the voice of California wine, the fourth largest wine producing region in the world, Wine Institute is aiming to address climate change and related marketplace and policy issues by educating, motivating and supporting its winery members.

Wine Institute's vision is to help California wineries contribute to and thrive in a sustainable future and be resilient in the face of climate change. In a state known for innovation, Wine Institute will lead in the following areas:

1. Accelerating Sustainable Agriculture

Wine Institute and its partner organizations will maintain California wine's sustainability leadership by providing resources and seeking funding for wineries and vineyards to adopt sustainable vineyard practices that decrease greenhouse gas emissions and increase sequestration.

2. Decarbonizing Energy

While wineries will make their own decisions on decarbonization, Wine Institute and partner organizations will support decarbonization efforts by seeking funding, securing partnerships, providing tools and education, and advocating for policies that help wineries optimize energy efficiency, electrify operations, and power with renewable energy.

3. Fostering a Net Zero Value Chain

Wine Institute will engage with members to identify common priorities and opportunities, form alliances and advocate for public policy to encourage decarbonization of the value chain.

4. Building Resiliency

Wine institute will assist members in developing winery, vineyard and workforce resiliency to climate change through public policy, research and education.

RATIONALE:

There is broad scientific agreement that we need to limit the global temperature rise to 1.5° C to avoid the worst impacts of climate change. In addition, climate change is increasingly important in public policy and the market is beginning to demand clarity on how wineries and regions will respond, as illustrated by the following examples:

- California has set ambitious goals, including statewide carbon neutrality and 100% carbon emission-free electricity by 2045 and reducing greenhouse gas emissions 40% below 1990 levels by 2030.
- Other countries to which California wine is exported, including European Union (EU) nations, New Zealand and South Africa, have Net Zero goals or laws in place.
- Retail partners (e.g., Tesco, Systembolaget, SAQ, Walmart), competitive wine regions and individual wineries have established climate change-related targets and initiatives.

The California wine community has a global track record in sustainability. It also has demonstrated over the past two decades that working together on a common goal is effective, achievable and leads to positive outcomes. Many steps have already been taken to better understand, measure and improve the industry's carbon footprint including climate beneficial practices and metrics included in sustainability programs and certifications, conducting a Carbon Footprint Assessment of California wine, and working with international partners via FIVS to develop an International Wine Industry Greenhouse Gas Protocol. Additionally, many wineries are taking individual action, participating in sustainability programs that promote climate beneficial practices, or joining groups such as the International Wineries for Climate Action.

While California wine is leading the way in terms of sustainable winegrowing, to maintain that leadership mantle we need to do more – together – to advance climate action. Individual wineries will decide their own actions and timeline, and Wine Institute will help by educating, motivating and supporting its members.

WINE INSTITUTE'S ROLE:

Many wineries have made significant individual progress on climate action, and now is the time for Wine Institute to build upon these actions and engage in the collaboration and alignment needed to spur industry-wide progress. Working with winery members and sustainability experts, we have identified opportunities for Wine Institute to help wineries to mitigate and adapt to climate change, and communicate California wine's sustainability leadership to the world.

Wine Institute will support the California wine community by advocating for public policy, providing tools and education, communicating collective priorities, linking wineries to funding and technical support, and assisting with any future regulatory/market issues. These activities fall squarely within Wine Institute's current role and responsibilities and will only require additional focus and coordination.

TIMELINE

May-Oct 2021:	Benchmarked California's climate change work against other wine regions, industries and programs and developed initial strategy to address climate change
Oct/Nov 2021:	Met with more than a dozen vintners to seek their input on a potential climate initiative and presented the concept to Wine Institute's Environment, Health & Safety Committee and CSWA's Board of Directors
Dec 2021:	Introduced the concept at Wine Institute's Board of Directors Meeting and formed an Advisory Group
Jan 2022:	Held Advisory Group work sessions to focus on Wine Institute's climate change mitigation strategy, and provided an update at Wine Institute's Environment, Health & Safety Committee
Feb 2022:	Continued ongoing Advisory Group work sessions, provided an update to CSWA's Board of Directors and discussed the initiative with Wine Institute's Advisory Committee
Mar 2022:	Provide an update at Wine Institute's Board of Directors Meeting
Apr-May 2022:	Work on the adaptation strategy and communication plan with the Advisory Group
June 2022:	Provide an update at Wine Institute's Board of Directors Meeting
On-going:	Continue to convene the Advisory Group to further develop details of the strategy



Agenda Item No. 8(f)

ENVIRONMENTAL AFFAIRS DEPARTMENT MEMBERSHIP/BOARD OF DIRECTORS MEETING March 8, 2022

Quarterly Report Summary

Over the past quarter, Wine Institute's Environmental Affairs and the California Sustainable Winegrowing Alliance (CSWA) staff worked on the following activities:

- Planned and held quarterly Environmental, Health & Safety Committee and CSWA board meetings.
- Participated in numerous other meetings with Wine Institute committees, the National Grape Research Alliance, and other partner organizations.
- Implemented the Certified California Sustainable Winegrowing program for wineries, wines and vineyards and created the 2021 annual report.
- Submitted a grant proposal to the Specialty Crop Block Grant program on behalf of CSWA, and provided input on two other Wine Institute proposals.
- Executed several sustainability projects including the California Green Medal: Sustainable Winegrowing Leadership Awards and new compliance and sustainability tools and resources for growers and vintners.
- Published monthly Highlights newsletters and a 2021 Year In Review, and worked with Communications on several other activities to promote the sustainability leadership of the California wine community.

Environment, Health & Safety Committee

The **Environment, Health & Safety Committee** held a virtual quarterly meeting on Jan 24. Agenda items included the following: updates from the California Sustainable Winegrowing Alliance, Wine Institute's Technical Advisory Committee and the Crop Protection Working Group; guest speaker, Rob Moutrie of the California Chamber of Commerce; reports from the Water, Air, General Regulatory and Market Issues Working Groups; and a discussion of Wine Institute's Climate Action Project. The next meeting will be held on Apr 18, 2022.

In addition, to regular conference calls of the **Water, Air, General Regulatory and Market Issues Working Groups, the Crop Protection Working Group** – a joint effort with the Wine Institute Technical Advisory Committee – met to advance a strategy to proactively and cohesively address issues related to crop protection materials. Staff continued to work with the DC office and Working Group to implement the Technical Assistance for Specialty Crop Block Grant for \$650,000 to monitor and address MRL issues in key export markets, including identifying two contractors to provide technical assistance and strategy development.

California Sustainable Winegrowing Alliance (CSWA) Board of Directors

The CSWA Board of Directors held a virtual meeting on Feb 7, with agenda items including the potential development of an advisory group and/or expert speakers to present at board meetings, a proposal to allow additional certification claims, and guest speaker Dennis Nuxoll of Western Growers, who shared information about the Biden administration's focus on climate smart agriculture, among other topics. CSWA also worked with the auditor and Wine Institute Finance & Administration to finalize CSWA's FY 2021/2022 Audited Financial Statements, which were approved at the meeting.

Workshops/Meetings/Events

Staff represented Wine Institute at meetings of the **National Grape Research Alliance Board of Directors** (NGRA) and the **NGRA Executive Committee** and participated in meetings of **Wine Institute's Public Policy Committee** and the **State Relation's Environmental Working Group**.

In addition, staff participated in other meetings, including numerous **Stewardship Index for Specialty Crops** calls and webinars, a second meeting of **CDFA's Ag Vision Task Force** to continue to work on the agency's vision and strategy for California agriculture, and several webinars with **Western Growers and other ag associations** to discuss opportunities for perennial crops to partner on climate smart funding opportunities.

Certified California Sustainable Winegrowing

Updated Participation Statistics as of December 2021

- 171 Certified Wineries produced 255 million cases (80% of California wine)
- 2,247 Certified Vineyards farm 204,122 acres (33% of the state's winegrape acres*)
- 12.5 cases million cases bear the certified wine logo

*In addition, 22% of California winegrape acres are certified to other sustainability programs, with some vineyards certifying to more than one program.

Other Activities:

- Hosted four Sustainable Winegrowing & Certification webinars for over 130 participants.
- Selected a new contractor to provide support on Salesforce, certification administration and californiasustainablewine.com.
- Drafted content for the 2021 Certification Report and Appendix, to be published in February 2022.
- Completed an updated "Why Get Certified?" handout (previously "The Value of Certification") and worked on other elements of the Certification Communications Toolkit.
- Compared the CCSW program requirements to the new Regenerative Organic Certification program and Napa Green Land requirements.
- Updated the Intertek benchmarking spreadsheet of CCSW for Systembolaget's sustainability platform to maximize recognition of our program in this important export market.
- Processed applications, wine label notification forms, invoices; responded to participant and auditor questions; and completed other administrative tasks.

Fund Raising

Submitted a full proposal for the CDFA Specialty Crop Block Grant (SCBG) program for a 2.5-year, \$457,000 project focused on developing tools and resources to promote adoption of climate smart practices.

In addition, staff reviewed and provided input on other Wine Institute SCBG proposals for health and safety training and a "Golden State of Mind" promotional campaign; and provided a letters of support for a

research project studying the use of drones to release beneficial insects for vine mealybug control and for a Lake County Winegrape Commission focused on sustainability and pruning.

Sustainability Projects

California Green Medal Sustainable Winegrowing Leadership Awards:

Staff worked with Wine Institute and other partner organizations to promote applications and publicize the Feb 4 deadline (view example [here](#)). Applications were compiled and sent to the Judging Panel, which will meet mid-March to select winners in the Leader, Environment, Community and Business categories. The team also delivered the 2021 award recipients, and began planning for an in-person Awards Ceremony in Sacramento to honor the 2020, 2021 and 2022 award recipients.

Climate Action:

Staff participated in numerous meetings with Anthesis Group, Wine Institute's International Marketing, Communications and Sacramento teams, along with a Climate Action Advisory Group – comprised of representatives from more than a dozen Wine Institute member wineries – to develop a climate action strategy for Wine Institute and partner organizations. The initiative aims to identify Wine Institute's role and areas where we can work together as an industry to address issues related to climate change mitigation and adaptation.

Green Wine Future:

California Wines/Wine Institute/CSWA secured host city sponsor status (funded by Wine Institute's International Marketing ATP funds). Staff met with the organizers, identified session topics, and coordinated with Napa Valley Vintners, another host organization for the California session. Staff also worked with Wine Institute Communications to promote the event via a Jan News Alert, highlighting California's role in hosting the first day of the May conference. (View [here](#).)

CSWA Tools & Resources:

As the result of a Specialty Crop Block Grant that ended last year, CSWA published an [environmental compliance tool](#) and a new [Climate Smart report](#) that is available within the online self-assessment system.

Vineyard Compliance:

At the request of the Region 2 Water Quality Control Board's request, CSWA worked with Qualified Professionals to update farm plan verification letters as part of CSWA's Third-Party Program for the Vineyard WDR. CSWA also worked with Wine Institute's Sacramento team to explore how certification could potentially help growers in Region 3 Central Coast comply with the new Ag Order 4.0, including an opportunity to partner with Preservation Inc., an approved third-party program for the Order.

Communications

CSWA launched the [Jan](#) and [Feb](#) 2022 editions of the ***Sustainable Winegrowing Highlights Newsletter***; and disseminated **CSWA's [Year in Review](#)** in Dec 2021.

Continuing Wine Institute and CSWA's partnership with the *SOMM Journal*, staff submitted content for the Feb/Mar issue and confirmed a *National Geographic* webinar date of Apr 21, 2022. Allison was interviewed on BevDynamics' "On & Off" podcast and submitted *responses* to interview questions to [winetourism.com](#).

In addition, staff posted relevant information to CSWA's social media channels and participated in Wine Institute and CSWA Comms meetings to coordinate for Down to Earth Month, the Discover California Wines blog and other joint communication efforts related to sustainability.



Agenda Item No. 8(g)

COMMUNICATIONS COMMITTEE REPORT
DISCOVER CALIFORNIA WINES U.S. PROGRAM
MEMBERSHIP/BOARD OF DIRECTORS MEETING
March 8, 2022

Member Outreach

News Alerts/Briefs/Press Releases: We issued 20 member and media communications since the December Board Report, in addition to developing and updating webpages, talking points, standby statements, background documents and other materials.

- 2/24/2022 - [News Briefs: Wildfire Risk Reduction Funds, Ocean Shipping Reform, Agritourism Act & more](#)
- 2/24/2022 - [2021 Year in Review: Adaption and Optimism](#)
- 2/10/2022 - [News Briefs: Spring Board of Directors Meeting, Federal Competitiveness Report, Wine Community Diversity Initiative Update & more](#)
- 2/08/2022 - [Mandatory Responsible Beverage Service Training by Aug. 31](#)
- 1/27/2022 - [News Briefs: COVID-19 Paid Sick Leave, TTB Legislation, Fire Regulation Concerns & more](#)
- 1/27/2022 - [News Briefs: COVID-19 Paid Sick Leave, TTB Legislation, Fire Regulation Concerns & more](#)
- 1/24/2022 - [CA FAIR Insurance Plan to Offer Coverage for Wineries Starting Feb. 1](#)
- 1/13/2022 - [News Briefs: Proposed CA Budget, ETS Webinar Recording, Green Medal Award & more](#)
- 1/11/2022 - [Demonstrate Outstanding Sustainable Practices – Apply for Green Medal Awards](#)
- 1/10/2022 - [Reminder: Register for Jan. 11 Webinar on New Workplace Requirements for COVID-19 Prevention](#)
- 1/6/2022 - [Register for Early Bird Pricing for the Green Wine Future Conference](#)
- 1/4/2022 - [Register for Jan. 11 Webinar on New Workplace Requirements for COVID-19 Prevention](#)
- 12/22/2021 - [News Briefs: UK Eliminates Import Certificates, COVID-19 Updates, Healthy Soils Program Funds & more](#)
- 12/16/2021 - [Cal/OSHA Readopts COVID-19 ETS Through Mid-April 2022](#)
- 12/15/2021 - [Update on Winery Registration for Export to China](#)
- 12/15/2021 - [CA Laws for the Wine Community Effective Jan. 1, 2022](#)
- 12/13/2021 - [Register for DTC Symposium at Early Bird Rate by Dec. 17](#)
- 12/10/2021 - [News Briefs: Board Meeting Summary, ADA Compliance Refresher, China Webinar Recording & more](#)
- 12/07/2021 - [Reminder: Register Tomorrow's Webinar on China Registration Requirement](#)
- 12/3/2021 - [Register for Dec. 8 Webinar on China Registration Requirement](#)

- 12/02/2021 - [Wine Authenticity Project: Additional Samples Encouraged](#)

We also issued 10 Wine Alerts to media and other key stakeholders and three editions of Wine Policy Briefs, our monthly digital newsletter to policymakers and regulators.

Proactive Media and Opportunities

Year in Review – We issued [Wine Institute's 2021 Year in Review](#) featuring a letter from Bobby, an infographic and a thematic report highlighting our achievements during a year in which the wine community navigated through uncertain times with innovation, sustainability and a strong harvest.

Communications Campaigns and PR – We've had two communications campaigns since the December report. This is in addition to our ongoing effort establishing California wine as complementary to a well-balanced lifestyle and being outdoors and active, enjoying produce-driven cuisine and valuing sustainability. It is partially funded with a California Department of Food and Agriculture (CDFA) Specialty Crop Block Grant that goes through spring 2023.

- **Holiday Campaign** – We launched a [“Celebrate the Holidays California Wine Country Style”](#) campaign with a [news release](#) — both highlighting and educating consumers on California wine in preparation of a busy holiday season. A special [Discover California Wines](#) landing page featured holiday member offers, in-person and virtual events and suggested wine and food pairings for different types of holiday gatherings. We successfully pitched and executed two broadcast media appearances in Sacramento and the Bay Area on [Good Day Sacramento](#) and [Fox 2 KTVU](#), with a combined reach of over 144,000, featuring five different member wines and sharing our [discovercaliforniawines.com holiday guide](#). The press release combined reach was over 6,000.
- **Super Bowl Campaign** – We took advantage of the football game being in southern California, as well as the 49ers/Rams playoff game, and partnered with Visit California and California Grown to get attention on California wines. We focused on broadcast, print and social media, highlighting how California wine could fit into game day plans and were part of a Golden State Game Day Eats e-book. We also joined California Grown in providing the basket of goods, including member wines, for a wager between the California and Ohio governors in advance of the football game. We saw strong results from our Super Bowl pitching and media appearances by our go-to spokesperson Aida Mollenkamp:
 - NBC Online with 1.8 million web hits in San Francisco and 2.5 million in Los Angeles.
 - CA Live television segment aired to 78,793 viewers in San Francisco, 86,325 viewers in Los Angeles and 73,519 viewers in San Diego.
 - CA Live segment had 1.8 million web hits in San Francisco, 2.5 million web hits in Los Angeles and 2.2 million web hits in San Diego.
 - What's Cookin' with Mike Horn radio show had 11 million digital and terrestrial listeners.
- **Sustainability-Related PR** – Working closely with the Environment team, we're preparing for April's annual Down to Earth Month which celebrates our member's sustainable viticulture and winemaking leadership and provides an opportunity to tout sustainability-related issues. This will include featuring member sustainability-related events on the Down to Earth Month landing page, pitching media to talk about sustainability, providing a communications tool kit for members with graphics, including winery signage, social media content and a fact sheet with helpful background information.

- **Discover California Wines Blog** – Since our last report, we’ve issued three editions of the monthly consumer blog and two additional blogs incorporating food, lifestyle, sustainability and wine messaging.
- **Discover California Wines Social Media** - In December and January, our social media generated 361,000 combined impressions on Facebook, Instagram, Twitter and Pinterest. The engagement rate (comments, likes and shares) for the same period totaled 23,000 engagements and 3,800 link clicks.

Specialty Crop Block Grant Application (2022 – 2025) – We’ve applied for a new grant, Golden State of Mind: Experiencing California Wine from Vineyard to Tasting Rooms, where we would launch a national campaign promoting California wine’s innovation, optimism and sustainability. Its goal is to educate wine, hospitality/travel influencers and content creators, media and consumers to spur rediscovery and in-person travel to California wine regions using proven cost-effective approaches.

Reactive Media

Media Inquiries: We responded to 22 media inquiries since the last board meeting, including about the U.S. Treasury Department’s [Competition in the Markets for Beer, Wine, and Spirits](#). Most other questions were typical inquiries on such topics as sustainability, trade, wine sales and production data (Chardonnay, Merlot, Pinot Noir, Viognier and sparkling).

Issues Management

Overall, we’re working to identify potential issues in advance of them becoming a media focus and by being prepared with communications strategies and materials. These issues include:

- **Clean Wine Claims** – Working with the Legal Department on key messages and Q and A, explaining our view on inaccurate clean wine claims.
- **Crop Protection Communications** – We’re exploring a potential microsite on crop protections and have materials drafted, including key messages and Q and A, which are currently going through reviews.
- **Ingredient and Nutrition Labeling** – We’re beginning to explore our existing communications materials given EU efforts on this matter.
- **Wine Authenticity** – We’re working to continue encouraging member participation in this program, which helps to ensure a bottle of wine’s legitimacy, combat fraud and counterfeits and most importantly to protect its integrity. We helped develop key messages and Q and A last year, helping to get strong initial participation.

Staffing

Communications Director – Following the departure of our communications director, we are currently interviewing finalist candidates.

Jon Moramarco Bio



Jon Moramarco, the managing partner of bw166, has been in the beverage alcohol industry his entire career. He has operated as a CEO of various companies for over 20 years with net sales spanning from \$50 Million to over \$1 Billion. Twelve plus years of his CEO tenure was with companies focused on super premium to luxury products. The other eight years involved companies with portfolios across many price points and categories. He has had operational responsibility for production facilities and brands from 5,000 case capacity to well over 10 million cases. His responsibilities have also included wineries and wine companies in many of the major wine producing and wine consuming countries of the world.

Jon has a degree from the University of California at Davis with a mixed major in Enology, Viticulture and Agricultural Business. Prior to his executive roles he had functional responsibility at various times for production, finance, administration, marketing and sales. In his early years he started in the vineyards as a laborer and progressed through both vineyard and winery jobs until his graduation from UC Davis.