



Accolade
Wines

Australia's Label Integrity Program

Jeremy Stevenson

General Counsel
Accolade Wines



Various jurisdictional peculiarities relating to supply agreements and arrangements:

The Australian Label Integrity Program and the maintenance of records to justify claims



Outline of Presentation

- What is the Label Integrity Program?
- Requirements of the Label Integrity Program
- The Accolade Wines approach to Label Integrity Program
- How the Label Integrity Program fits with broader wine labelling requirements
- Reminder on labelling requirements in Australia for imported wine
- Relevance to a supply agreement?



Acknowledgement

I would like to acknowledge the assistance and use of material from the Wine Australia website and its comprehensive guide to the Label Integrity Program and Australian wine law generally.

www.wineaustralia.com



What is the Label Integrity Program?

Section 39A of the Wine Australia Corporation Act 1980 (WAC Act):

[the purpose of the LIP is to] ...

ensure the truth, and the reputation for truthfulness, of statements made on wine labels, or made for commercial purposes in other ways, about the vintage, variety or geographical indication of wine manufactured in Australia



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What is the Label Integrity Program? (cont.)

The LIP prescribes the events and facts that must be recorded through the life cycle of a wine from vine to shelf / export to support a **label claim**

Key concepts

- Label claim
 - voluntary
 - Written claim made or implied
 - Labels, advertisements, commercial documents
- Vintage, variety or GI
- Australian manufactured wine
- Wine goods
 - Wine, grapes, grape extract
 - Used or intended to be used to manufacture wine

What is the Label Integrity Program? (cont.)

Who does the Label Integrity Program apply to?

- Wine grape growers
- Manufacturers of wine goods (ie the wineries)
- Persons who supply or receive wine goods (including a person who sells the wine goods by wholesale or retail or export)
- Agents who take possession of wine goods

However, the obligations on all but the wineries are modified to reflect usual commercial requirements.

Wineries have the most onerous requirements.



Requirements of the Label Integrity Program

What must be recorded? Must have records of one step back (unless you are a grower, then only forward) and one step forward (unless you are a retailer, then modified requirements).

One step back:

- The date the wine goods are received
- The type, quantity, vintage, variety and GI of the wine goods received
- The identity of the supplier

One step forward:

- The date the wine goods are supplied
- The type, quantity, vintage, variety and GI of the wine goods supplied
- The identity of the customer

All changes to the wine during the custody of a person (eg blending) must be recorded. Wineries must record details of the tanks / barrels that wine is stored in (which must be numbered) and the volumes of each wine stored.



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Requirements of the Label Integrity Program

- Records are to be made within 3 days of event and retained for 7 years.
- Records are subject to audit by Wine Australia
- After 2010 amendments, failure to comply leads to fines and potential criminal sanctions
- A Wine Goods Supply Statement must accompany the transfer of wine goods between wine grape growers, manufacturers of wine goods and persons who supply or receive wine goods.
- A standard commercial invoice would satisfy the requirements provided it includes; date of supply, identity of supplier and customer, quantity of product and the vintage, variety, and GI.

The Accolade Wines approach to Label Integrity Program

- We apply the same rules for all wine sourced regardless of whether we make a label claim or not
- Most of our products do make a label claim and so maintaining the records is mandatory
- Many of our products are blends and require sophisticated record keeping capability
- Records are maintained electronically (see next slide)
- Wine is tracked from the weighbridge to the customer



Session A - [24 x 80]

File Edit View Communication Actions Window Help

BW515-C2 Profile History Inquiry 9/09/11 14:39:21
 Label Integrity S/Reg

Tank Number.. BE 12123 Blend..... BER 10 F FK6 C B01 F
 Litres..... 134,594 Search On...
 Form Number.. 461096 Date... 22/08/11

| Area | % | Component | % | Year | % | Area | Var. | % |
|------|------|-----------|------|------|------|------|------|------|
| RIV | 55.0 | SHZ | 54.8 | 0000 | .2 | *C* | *C* | .2 |
| MDV | 36.5 | CAS | 44.3 | 2009 | .6 | MDN | CAS | 7.7 |
| MDN | 8.3 | MER | .4 | 2010 | 98.4 | MDV | CAS | 35.7 |
| *C* | .2 | MAT | .3 | 2011 | .8 | RIV | CAS | 1.0 |
| | | *C* | .2 | | | RIV | MAT | .3 |
| | | | | | | MDV | MER | .2 |
| | | | | | | RIV | MER | .1 |
| | | | | | | MDN | SHZ | .5 |
| | | | | | | MDV | SHZ | .6 |
| | | | | | | RIV | SHZ | 53.6 |

Bottom

F3=Exit F7=Prev Profile F8=Next Profile
 F12=Previous F14=LIP(S/Reg) F15=Cart Note F16=Additions F17=Note Inquiry
 F21=Print F18=By Region F19=By Zone F20=By State
 F22=Stat Dec Format(S/Reg) F23=Costs

MA a MW 08/004

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Full traceability from tank to tank, and upon blending. Auditable record by Wine Australia.

Example: Cask Wine

GI: 55% Riverland, 36.5% Murray Darling Victoria 8% Murray Darling New South Wales 8.3% 0.2% condensate = only permissible GI is **South Eastern Australia**

Variety: Shiraz 54.8% Cabernet 44.3% = >85% for **Shiraz Cabernet** claim

Vintage: 98.4% **2010**



The Accolade Wines approach to Label Integrity Program

Even for wines destined for bulk wine sale we maintain records to ensure:

- We have the information required for export approval (sold as bulk generic non-varietal, but with records is able to be relabelled as varietal)
- Bulk customers (eg retails chains for private label/export customers) may still require LIP data in detail even if non-varietal wine.
- Traceability of individual contributing blends back to grape grower in case of pesticide, metal, toxicant issues or adulteration.
- Bulk wine profiles of blend proportions and specifications tracked on database, including % of vintage, variety & GI and taking full account of tank transfers, blending, additions etc.



How the Label Integrity Program fits with broader wine labelling requirements

Wine labelling laws in Australia come from multiple sources:

- Wine Australian Corporation Act and Regulations
 - Variety
 - GI
 - Vintage
- Competition and Consumer Act (misleading statements)
- Food Standards Australia New Zealand Food Code
- Trade mark and copyright protections



How the Label Integrity Program fits with broader wine labelling requirements

- Compliance with LIP allows for a label claim to be made – vital marketing tool.
- LIP is not about the rules for a label claim – they are set out elsewhere in the WAC Act. However, no claim can be made without complying with the LIP.
- Variety claims are essential for nearly all sales – vintage and GI claims are particularly important for domestic sales.
- The next slide summarises the blending rules under the WAC Act. You can see the importance of accurate records to support a claim for a vintage, variety or GI.

LABEL INTEGRITY PROGRAM - NEW BLENDING RULES

| | Vintage | Variety | GI |
|-----------------|----------------|----------------|--------------|
| Single | 85% | 85% | 85% |
| Multiple | 100% | 85% | 95% (min 5%) |

New Australian Blending Rules (2010)

- Each variety named in the description and presentation must be present in greater proportion in the composition of the wine than any variety that is not named
 - Eg a 75% Shiraz, 15% Cabernet, 10% Merlot can be described as Shiraz Cabernet or Shiraz Cabernet Merlot but not Shiraz Merlot
- A maximum of 3 GI's can be claimed but there must be at least 5% to claim a GI. The named GI's must be at least 95%.
- A 2008 Coonawarra Cabernet Sauvignon could in fact have 15% from other vintages, 15% other grapes and 15% from a completely different region.



Reminder on Australian labelling requirements for Imported Wine

Imported wine is subject to the mandatory label requirements of Australian law.

- Label Claims (and therefore the LIP) not relevant as only apply to wine originating from Australia
- Wines from overseas must be clearly labelled with country of origin and if blended with Australian wine the exact percentages need to be put on label
- Food Standards apply – labelling requirements for alcohol beverages and requirements for a product to be sold as a wine or wine product



Relevance to a supply agreement?

- Purchasers of Australian bulk wine – you can request more information about the source of the wine and take representations to that effect
- Expectations of Australian bulk wine customers may be that you maintain comparable records
- Other impacts?