



SUSTAINABILITY: PRACTICAL REALITIES FOR A SUPPLIER TO ONTARIO



AN AGENT AND PRODUCER

FWM CANADA

(Prev. "Family Wine Merchants")

- An Ontario-based agency with national reach (founders of National Cellars).
- Family owned and operated by the Speck brothers of Henry of Pelham Family Estate Winery (planted in 1984), the agency was re-founded in 2009.
- Dating to the early 1990's, FWM's mission is to represent beverage alcohol producers who conform to the following two criteria:
 1. Independently controlled;
 2. Are a reference point for their region or category.
- Our biggest point of difference: we are agents that speak the language of production.

WE ARE DISTRIBUTION SPECIALISTS
AND
BRAND BUILDERS

WE ARE ALSO A PRODUCER CALLED
'HENRY OF PELHAM', IN CANADA'S NIAGARA PENINSULA, WITH 120
HECTARES OF ESTATE GROWN VINEYARDS AND TOTAL PRODUCTION OF
AROUND 250,000 x 9L CASES



Paul, Matthew & Daniel Speck

Co-Owners & Founders



Speck Bros. *Then*
1984



Speck Bros. *Now*
2018

Today **2021**



Independent and family owned



120 hectares under vine



Total production is 250,000+ 9L cases



80+ employees



Wine priced from \$14.95 to \$140.00 CAD (750ml, equivalent)



Top 5 VQA producer by sales volume and dollars in Canada



The only top 5 producer that exclusively makes premium VQA wines, no International-Domestic Blends (IDB)



Certified by Sustainable Winemaking Ontario



Represented in 19 countries and growing:

- Belgium
- Canada
- Czech Republic
- China
- Denmark
- Finland
- Germany
- Hungary
- Iceland
- Ireland
- Japan
- Norway
- Scotland
- Sweden
- Taiwan
- United Kingdom
- USA
- Vietnam

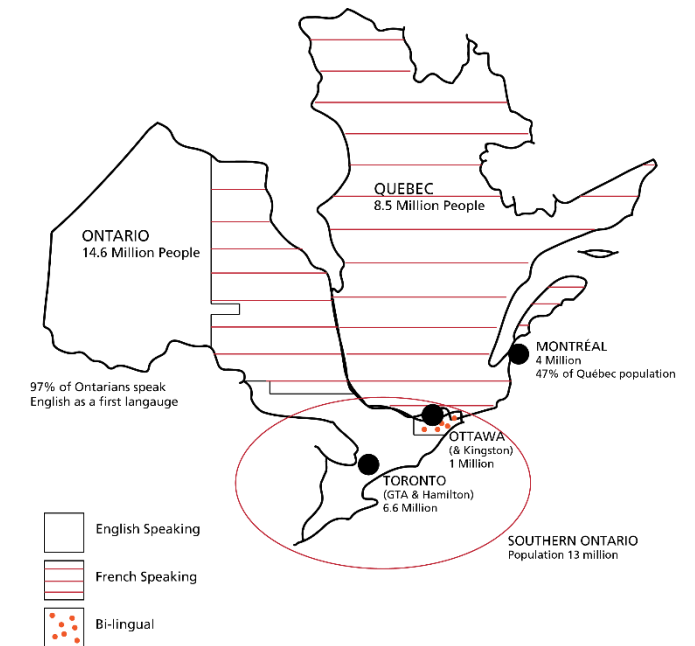


WHO FWM IS TODAY

- VINTAGES Portfolio Award of Excellence, LCBO Elsie, and nominated for six awards, 2019. (Three awards in 2020)
- **#1 in average retail value per bottle (wine)**
at \$17 / bottle vs. competition,
(the top 15 range from \$8-\$13 / bottle).
- **#10 in wine sales by dollars, (#24 agent out of 900+)**
(the top 15 agents represent 78% of Ontario's \$2.5 billion in Ontario's wine market.)
- **+12% in \$'s and vol. for wine, YR / YR**
(vs. +2% all wine.)
- **\$62+ million in retail sales value / year**
(all categories.)
- We are also a **producer and brand builder**, like you.

ONTARIO VS. QUEBEC MARKET

- The two biggest markets: 38% of Canadians live in ON vs. 22% in QB.
- First language: 97% of ON (English); 82% of QB (French).
- Different consumer tastes: ON - beer and spirits dominant, wine 2/3 NW; QB - wine dominant, 2/3 OW.
- 90% of Ontarians live in Southern ON.
- Toronto (or the GTHA) is the 4TH largest city in North America.



In ON, the LCBO has 660 stores. Business by vol.: 260 (80%), 200 (15%), and 200 (5%).

WHO WE REPRESENT

Country	Market Share (rounded, by val.)	Accounts
Canada	31%	          
France	19%	                
NZ	15%	  
Argentina	5%	
USA	4%	                 
Italy	4%	              
Chile	2%	  
Spain/ Portugal	2%	      
Australia	1%	    
Beer & Cider	17%	   
Spirits	<1%	     
Other Countries	<1%	         

CONSUMER TRENDS



65% of LCBO customers seek out local alcohol producers and 57% are interested in the story, the origin of the product or the producer.

Source: LCBO Wines/Spirit of Sustainability Data

CONSUMER TRENDS

In Ontario at the LCBO, increasingly, customers are choosing organic wine which has increased in sales +7.3% on average annually for the past four years. This is compared to growth of 3.9% on average of non-organic wines. **Note: LCBO is not currently able to capture sales of certified sustainable or biodynamic wines specifically within their data structure at this time.**

Source: LCBO Wines/Spirit of Sustainability Data

CANADIAN CONSUMERS ARE INCREASINGLY MOTIVATED BY ENVIRONMENTALLY FRIENDLY/SUSTAINABLE OFFERINGS, AND LIQUOR BOARDS AND THEIR SUPPLIERS ARE RESPONDING



LIGHTWEIGHT GLASS IS A MAJOR REALITY IN ONTARIO (AND QUEBEC, ETC.)

- APPROXIMATELY 10 YEARS AGO THE LCBO, THE LIQUOR BOARD IN CANADA'S LARGEST MARKET, ONTARIO (14 MILLION PEOPLE), EMBARKED ON AN INITIATIVE TO REDUCE GLASS WEIGHT AND OVERALL WASTE.
- THIS WAS IN PART DUE TO AN INCREASED GOV'T LEAD HEALTH & SAFETY DRIVE IN ONTARIO, PLUS THE REALITIES OF MANAGING AN AGEING WORKFORCE.
- BUT IT WAS EQUALLY ABOUT CONSCIOUSNESS AROUND CARBON ETC.
- TO DATE OTHER JURISDICTIONS HAVE FOLLOWED, INCLUDING THE SECOND LARGEST AND VERY SIGNIFICANT CANADIAN MARKET, QUEBEC (SAQ).

PRIOR TO APR 1 2021:

- LCBO and Vintages Essentials Wines
 - Includes: Flavoured, Fortified, Aperitif, Desert wines, Fruit wines & Light Refreshing Wine Beverages
 - 750 mL Glass bottles, with a retail value less than \$16.00
 - 1L and 1.5 L Glass bottles, irrespective of retail price

Glass Weight Requirements

Glass Bottle Type	Maximum Weight	Weight Tolerance
750 mL – Non-Hock Bottles	420g	15g
750 mL – Hock Bottles	460g	15g
1 L Bottles	550g	20g
1.5 L Bottles	700g	25g

Fee for Non-Conformance

- \$1:00 per bottle

MOVING FORWARD:

Upcoming evolution of the Lightweight Glass Policy

Increases to the retail threshold for compliance for product packaged in 750mL glass bottles will be implemented over the coming three years, as follows:

- Effective April 2021, the threshold will be set for products retailing at less than **\$17.00**
- Effective October 2021, the threshold will be set for products retailing at less than **\$18.00**
- Effective April 2022, the threshold will be set for products retailing at less than **\$19.00**

Other details

- Products meeting the eligibility requirements for the 420g but weighing 620g or more will be discontinued at LCBO



**SUSTAINABLE
WINEMAKING
ONTARIO**

CERTIFIED

Environmental Charter

PLANET – GROWING AND WINEMAKING PRACTICES THAT ARE SENSITIVE TO THE ENVIRONMENT.

PEOPLE – A SOCIALLY EQUITABLE AND SAFE ENVIRONMENT FOR THE COMMUNITY.

PROFIT – ECONOMICALLY FEASIBLE TO IMPLEMENT AND MAINTAIN.



Sustainable Winemaking Ontario

Program Objectives:

To improve the environmental performance of Ontario's VQA wine industry.

To continually improve the quality of winemaking and grape growing in an environmentally responsible manner in Ontario.

To address questions in relation to the environment and Ontario VQA wine industry.

To provide an accountable certification program for Ontario VQA wineries and grape growers alike to encourage and maintain sustainable practices.

To add value to Ontario's VQA wine industry.



Sustainable Winemaking Ontario Environmental Charter



ENVIRONMENT

Certified wineries are third-party audited on:

- Water conservation
- Energy efficiencies
- Reducing
- Reusing
- Recycling

ECONOMY

Certified wineries are third-party audited on:

- Production of VQA wines
- Local material sourcing

COMMUNITY

Certified wineries are third-party audited on:

- Community leadership
- Social responsibility
- Being good neighbours.



Sustainable Winemaking Ontario

In 2017, the SWO program became an accredited certifiable program audited by independent third-party auditors, providing validation to the sustainability efforts from the Ontario VQA wine industry.



Thank *You!*



Paul Matthew Daniel

Matthew, Paul and Daniel Speck

Proprietors, Henry of Pelham Family Estate Winery and FWM Canada.

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