The amfori BSCI Sustainable Wine Programme

Introduction for amfori BSCI members

January 2018
THE WINE INDUSTRY: AN OVERVIEW

TRADITION MEETS INNOVATION

Winemaking is a unique craft that brings together tradition and innovation. Since its origins over 8,000 years ago, winemaking has grown from small, localised production to a market-oriented global industry. Growing consumer demand has driven increases in efficiency and scale. Wine producers are highly consumer-aware and have invested in technology to achieve quality.

EUROPEAN LEADERSHIP

Historically, Europe has been the major production hub for wine with Italy, France and Spain topping the list of producers. 60% of the world’s winemaking takes place within Europe on 4,000 thousand hectares of land.

![Market share of main wine-producing countries worldwide](OIV State of Vitiviniculture (2018))

In recent decades the wine market has undergone changes that are reshaping the industry. Wine production in the EU is slowly declining due to market stabilisation policies and adverse weather events. Consumer demand, however, is steadily rising. Producing countries outside Europe have been quick to fill the gap between supply and demand. Producers from the US and Latin America have gained significant market shares, surpassing 13% of the global export value in 2015. Asian producers, especially China, are also fast growing exporters.

MILLENNIALS: CHANGING CONSUMER PREFERENCES AND SUSTAINABILITY

DEMANDING QUALITY

The success of the wine industry rests in understanding consumer taste and evolving preferences. Traditional wine consumption patterns (i.e. daily consumption of basic table wines) have been replaced by the demand for high-value, premium quality wines. Aspects such as bottle and label design, sensory experience and taste sophistication now drive consumers’ choices.

RAISING EXPECTATIONS

Wine consumption is particularly increasing amongst the younger generation, or millennials, and their purchasing behaviour is beginning to change the industry. Not only do millennials pay close attention to variety and uniqueness, they also expect wine to meet high standards of sustainability. For the wine industry this means that environmentally sound production and ethical business behaviour are becoming important drivers of profitability.

EMBRACING BROADER SUSTAINABILITY

Today, the wine industry has a leading role in the development of production practices that have the lowest possible environmental impact. This is reflected in the numerous national and international initiatives to monitor and communicate eco-friendly production, and in the creation of certification and labelling schemes by industry associations.

Sustainability in wine production, however, is not limited to environmental impacts. Consumers have embraced a wider definition of sustainability and now demand supply chain transparency and evidence of social performance.
SOCIAL PERFORMANCE IN THE WINE INDUSTRY: RISK FACTORS AND DRIVERS

SEASONAL WORKERS
Wine production, like the entire agricultural sector, has been on a long term transition towards more industrial and technological production practices. Production has intensified and scale and efficiency have risen. Nonetheless, winemaking still employs a large number of agricultural workers and remains an economic activity of great social importance for local economies. Grape growing in particular entails the extensive use of labour at specific stages in the production cycle, such as pruning and harvesting. A large share of these activities is performed by seasonal workers, often migrants, either employed directly or through agencies during busier periods.

Throughout the wine industry workers face risks commonly associated with agricultural activities:

Workers in vineyards are exposed to pesticides and injuries caused by mechanical tools and machinery. Workers in wineries incur health risks that derive from working in confined spaces with low oxygen and high carbon dioxide levels. Low-wage levels, substandard housing conditions, a lack of social protection and job insecurity affect seasonal and migrant workers across the industry.

AMFORI BSCI ANALYSIS
amfori BSCI audits conducted industry-wide indicate that violations of workers’ rights are common when it comes to working hours, workers’ involvement and protection, and remuneration. Important indications of systemic risk derive from inadequate social management systems, precarious work arrangements, missing contracts or neglected training about labour rights. While the industry’s scores fairly well in freedom of association and social protection of young workers, instances of bonded labour have been identified. Although few in number, they are a source of concern because they represent a serious violation of basic human rights.

MEDIA ATTENTION
International media has devoted attention to the industry performance in regards to respect of human rights, particularly in countries with high influx of migrants and loose inspection and law enforcement systems.

RESPONDING TO THE CHALLENGE
Wine producers have responded by demonstrating a commitment to improving and communicating sustainability performance. As grape and wine production are highly connected with the local economy and its territory, improved social performance strengthens a company’s license to operate, enhances its reputation in the community and facilitates relations with investors and local business partners.

A SNAPSHOT OF SUSTAINABILITY PERFORMANCE IN THE WINE INDUSTRY
amfori BSCI audit results on social performance in percentage terms. Data source: own elaboration based on amfori Dashboard, 12.2018.
Global wine traders and retailers are concerned with meeting consumers' demands for transparency whilst providing guidance to wine producers on how to improve their sustainability performance.

Companies that participate in the Sustainable Wine Programme are able to:

- **MANAGE RISKS**
  - in the supply chain through tailored self-assessment and audit methodologies;

- **CONTINUOUSLY IMPROVE**
  - their performance through training on social management systems and access to business intelligence;

- **ENGAGE**
  - with relevant stakeholders through SWP partnerships with national industry associations and participation in joint initiatives.

amfori BSCI's Sustainable Wine Programme supports these efforts by addressing four interlinked goals:

**4 KEY GOALS**

- Workers' empowerment, with special attention to seasonal workers
- Strengthening of wine cooperatives
- Improved Occupational Health and Safety
- Water and soil management

amfori is the umbrella organisation of amfori BSCI. The leading business association of European and international commerce, amfori promotes values of free trade and sustainable supply chains by providing practical solutions to over 2,000 retailers, importers and brands.

**CONTACT US**
The Sustainable Wine Programme’s services are freely available for amfori BSCI members and can be accessed by non-members for a fee. Information can be requested: info@amfori.org