

# Letter

FIRST EDITION 2017

## TELLING OUR OWN STORIES



On behalf of BEVSA, I want to extend our sincere appreciation to all our members and welcome you to the 1st edition of our newsletter.

The aim of this newsletter is simple: Telling our own stories is important.

The beverage industry is comprised of some of the most innovative and well-respected companies in the world. Our presence is felt in every corner of every community in our country, from our products in the aisles of big and small grocery stores and restaurants, to our local delivery drivers who distribute them, to our support for community initiatives and more.

We're an industry that takes extraordinary steps to be part of the solution, whether it's helping meet a community's needs, doing our part to address childhood obesity or making calories more understandable for consumers

While we see some positive signs in our business environment, there are also challenging issues such as the current debate on Sugar Tax.

In this inaugural edition, you will read about how BevSA is part of meaningful solutions to help reduce obesity, from product innovation and clear labelling to support programmes that promote balanced, active and healthy lifestyles,

Our members are delivering more choices, including soft drinks, ready-to-drink teas, water, sports drinks, flavoured and enhanced waters, juices, energy drinks and more.

In this and other coming editions, you will realise how the innovation pipeline continues and member companies remain engaged in developing even more beverage options to fit the ways people live.

As members, I know you believe that your corporate value is the total sum of trust given to you by society and all stakeholders. In this light, while further improving your business results, you are continuously committed to adhering to our business basics, such as safety, environmental preservation, compliance and quality assurance.

The beverage industry supports communities in which we work, and has generously contributed immensely in monetary form to charitable causes in communities across the nation. In this edition, Woolworths is giving us an example of this through its MySchool initiative.

Of course, we recognise our role as a calorie contributor. You will find two stories on our view of the envisaged Sugar Tax. Indeed, we are committed to play our part in tackling the obesity problem, the complex challenge of obesity requires a joint collaboration to manage and as an industry, we are committed to playing our role in addressing this rising scourge of non-communicable diseases.

As a broader industry, we are encouraged by your long standing commitment to your customers and the communities you operate in, it is for this reason we'd like to hear YOU tell YOUR stories about your contribution



Telling our own stories is important.  
**What is your part of the story?**

*Mapule Nanywa*

Executive Director  
BEVSA



## PARTNERSHIP BETWEEN BEVERAGE INDUSTRY AND GOVERNMENT ONLY SOLUTION IN ADDRESSING OBESITY



When the Beverage Association of South Africa (BevSA) made a submission to the Parliamentary Portfolio Committee on Finance on Sugar Tax, our message was clear: Obesity is a complex issue that has many contributing causes that include diet, genetics and age. Targeting a single ingredient or product does not change behaviours that can lead to non-communicable diseases.

Of course, we recognise our role as a calorie contributor. We are committed to play our part in tackling the obesity problem. That is why we have reduced the sugar content in several well-known brands in the last two years. This is in addition to increasing our offering of smaller pack sizes, and improving the availability of low- and no-calorie variants. The industry is well on track to deliver on its commitment to reduce calories from soft drinks by 15%.

We have told the government that our industry's biggest worry and fear remains the likely economic impact of sugar tax. Our estimates suggest the levy will cause some 17,000-24,000 jobs losses, and reduce GDP by R1.5-1.85bn. The government's own estimates, which assume that income raised from the levy will be reinvested in the South African economy, suggest as many as 5,000 jobs will be lost. In our view, one job loss is one too many.

The beverage industry directly employs some 14,500 people, and supports some 300,000 jobs across the economy in total. Direct employment in the beverage industry has grown by approximately 5% per year since 2003 – more than twice as fast as overall jobs growth in the South African labour market. The industry's supply and distribution chains are overwhelmingly local – manufacturing and recycling bottles in local plants, selling through small scale spaza shops, and buying sugar from domestic farmers. This activity generates not just employment but also taxes for the fiscus – estimates suggest the industry generated R18bn in direct, indirect, and induced taxes in 2015.

Furthermore the industry makes a sustainable contribution to the economy and is actively creating entrepreneurial programmes, investing in the growth of smaller business and playing a meaningful role in community initiatives. Contribution to recycling programmes and sustainable water usage are key to our social responsibility. We are making clearly known that our industry has a substantial track record in South Africa of punching above its weight in terms of industry growth, while producing quality products

that add enjoyment and meaning to the lives of many South Africans, and ploughing back the profits to educate and develop communities.

We are strongly committed to South Africa's economy with plans to invest in opening more than 50,000 new outlets, creating more than 120,000 new jobs over the next five years.

We strongly believe the best outcomes for the health of the South African nation and economy will come through a joint partnership between industry and government – addressing all the causes of obesity. We are committed to work in partnership with the government and others in both the development and implementation of such a strategy.

**We are strongly committed to South Africa's economy with plans to invest in opening more than 50,000 new outlets, creating more than 120,000 new jobs over the next five years.**

We support a wide range of partnerships with the Department of Health, including the Healthy Food Options Forum, a full Dietary Intake Study as well as a Socio-Economic Impact Assessment are vital to inform any holistic anti-obesity strategy.

Obesity is complex and must be addressed through a multi-faceted approach that includes education as a key component. That is why the beverage sector is dedicated to bringing solutions that actually work for communities and helping consumers achieve a balanced lifestyle by providing them with the options and information they need to make the choices that are right for them.

Ultimately, there are no silver bullets to the obesity scourge. If the government, stakeholders and communities really care about obesity and nutrition, and also respect people's right to choose for themselves, alternatives like education can ensure that people make informed choices.

## WE TAKE OUR COMMITMENT TO BEING PART OF THE SOLUTION TO OBESITY SERIOUSLY

The battle of the bulge and waistline is a battle against an irresistible force. Excess weight is a sad but unavoidable fate, a grim destiny that we just have to accept.

But why does it have to be this way. Short answer: It's an uphill battle to eat right and stay active, to strike a healthy balance between the calories we consume and the calories we burn in physical activity. It's a daily struggle to avoid the temptation to devour more food than we should, and a real challenge to develop an exercise plan and stick with it.

Also, as a nation, we hadn't created public policies that make healthy eating and active living the easy thing for most people to do and options in the choices people make each day, options that will keep us from gaining unnecessary weight.

We recognise that obesity is not just about waistlines. It is a deadly accurate predictor of cancer, heart disease, stroke, diabetes and other mental and physical ailments that afflict South Africans.

Thanks to BevSA, through the Healthy Food Options Forum, we are exploring obesity prevention and treatment approaches that encompass many aspects, such as behavioural, sociocultural, socioeconomic, environmental, physiologic and genetic factors.

### COUNTERING THE OBESITY EPIDEMIC

Here is what we are doing to confront and counter the obesity epidemic:

- Reducing sugar across our portfolio, reducing our pack sizes, not marketing to children, actively marketing our no- and low- sugar alternatives;
- Reduction in calories in KJ and % terms;
- Partnering with Government to develop and roll out healthy community lifestyle programmes such as the Big Walk, park gyms, partnering with Social Development in supporting Early Childhood Development centres and
- Working with the Department of Health on labelling regulations to provide nutritional information on all our products and healthy lifestyle booklet.

### TO HELP OUR ECONOMY WE ARE SUPPORTING AND GROWING THE ECONOMY BY:

- Maintaining employment levels within the beverage industry;
- Investing in the opening of 50,000 new outlets, creating 120,000 jobs over five years;
- Maintaining capex for new production lines of R500m – R1,140m over the next two years;
- Adhering to R800m investment in agri-fund and retailer development over next 5 years;
- Providing training for 25,000 black retailers by 2020;
- We are implementing independent monitoring to ensure compliance and are open to regulation of our monitoring targets;
- Working with the South African Bureau of Standards to implement a standardtesting mechanism to ensure our products align with health objectives;
- Implementing monitoring of our industry, including applying penalties if industry players fail to comply so that government can participate in monitoring mechanism and
- Inviting government regulation to compel industry players to comply with health and economic commitments



The above projects and initiatives demonstrate our vision to promote fairness of standards, regulations concerning non-alcoholic beverages and commitment to quality assurance and safety of our products.



## OBESITY SERIOUSLY Conti...

As an industry body, we play an important role in contributing to the development of our country, not only in the labour market, but also in civil society, including by strengthening democracy, economic efficiency and social equity.

We play an important role in policy inputs and debates. We are focusing our energies on unity towards sustainable projects such as skills development and accreditation which demonstrate our commitment to the country's growth and transformation objectives.

### SKILLS DEVELOPMENT

We recognise that our industry needs specific skills. To ensure that our industry has a pool of skilled people ready to occupy positions across all levels and add value to member businesses, we are working with FoodBev Seta to design skills development programmes exclusively for the non-alcoholic beverage sector.

The training will be delivered directly by BevSA to respective learners. The Seta will provide facilitators for the different levels of training delivered.

### ACCREDITATION

The Seta is currently engaged in the process of providing BevSA with accreditation status. At the end, all those who have completed the skills development programme, will be accredited.

Pull-out quote: Through the Healthy Food Options Forum, we are proving that there is no single cause of all human obesity and that we take our commitment to being part of the solution to obesity seriously. Obesity is both a national and local priority.

Velaphi is Chairperson of Board of BevSA.



**Chairperson of Board  
BEVSA**

## BRINGING THE BEVERAGE INDUSTRY TO THE FOREFRONT

When beverage companies came together for the first time in the history of the sector to form The Beverage Association of South Africa (BevSA), a vital platform for the sector was born to champion the contribution of its members towards the country's economic sustainability.

As an industry body for importers, producers, bottlers, distributors, merchants and resellers of non-Đ alcoholic beverages, which represents 92% of the industry that excludes juice and dairy, BevSA is raising the profile of a sector that has been a key contributor to the national economy over the years.

"It is heartening to see beverage firms forging a common bond and unite to form the association to strengthen the voice of the sector and accord the sector its due status," said BevSA Executive Director, Mapule Ncanywa.

So far BevSA is made up of 10 members that represent small, medium and large businesses from every sector within the industry. Many more members are joining the association.

"The beverage sector is a valuable employment generator, heavy investor in technology and retail network development, and an environmentally conscious entity. We are confident that this industry body is providing a strong platform for the industry and its players who remain closely engaged with all stakeholders," said Ncanywa

The industry is concerned about the rate of obesity in South Africa, which is significantly high and is committed to working with all stakeholders and be part of the solution.

The industry and its members respect governments intentions in reducing the prevalence of obesity and Non Communicable Diseases, and is committed to being an essential partner in helping in achieving those intended objectives.

The beverage industry provides employment to nearly 306,000 people who are directly employed by beverage companies whilst simultaneously creating indirect employment for thousands more. Moreover, member companies are responsible for providing trading opportunities to hundreds of retailers.

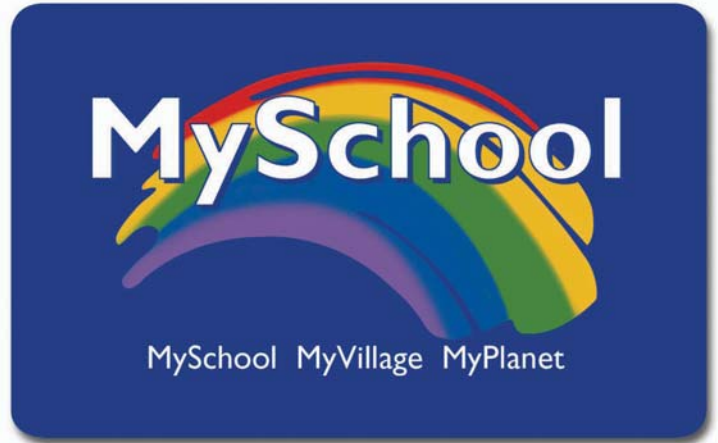
The industry contributes significantly to the economy of the country and supports job creation efforts outlined in National Development Plan and other related policies and legislation. These include empowerment of SMMEs throughout the value chain such as agriculture, retail and distribution.

The association is playing a role of mentor and guide for the industry and ensures compliance and quality at all times. The convergence of leading companies on the BevSA platform is an infinite help in making representations to the government authorities on behalf of the industry, members of which were fending for themselves individually in the past.

As BevSA charts the beverage trends of now and in the future, the association welcomes new members and industry players. Visit [www.bevsa.co.za](http://www.bevsa.co.za)

## WOOLWORTHS' MYSCHOOL INITIATIVE HELPS MORE THAN **7000 SCHOOLS**

MySchool MyVillage MyPlanet, Woolworths' fundraising platform which contributes more than R1 million per week to over 7 000 schools, charities, animal welfare and environmental organisations, has raised more than R100 million to improve the quality of education across the country.



"I am proud to say thank you to our customers and to South Africa as a whole for rising to this challenge – together we did it. Every swipe of your MySchool card contributed to helping us meet the needs of schools, charities and communities across the country," said Woolworths CEO, Zyda Rylands in a recent statement.

Since the beginning of the campaign, the funds raised have helped thousands of scholars through various educational initiatives and structured support, including:

- Upgrades to classrooms and new toilet facilities at Thohoyandou Primary School in Pretoria;
- The purchase of over 5 500 Tutudesks for rural schools in the Eastern Cape, so schoolchildren now have something to write and draw on;
- The development of a sensory botanical garden at Athlone School For The Blind, Cape Town;
- The extension of the Bricklaying Workshop at Westridge High School, a technical skills training college in Durban;
- Vissershok Primary School, a rural farm school that services the Du Noon informal settlement, was able to replace their guttering and down pipes;
- Hout Bay High School purchased back-to-school

- Laerskool Elarduspark started a feeding scheme with their MySchool funds for learners who come to school without food;
- The Willows Nursery School used their MySchool funds to subsidise school fees for low income families;
- Gene Louw Primary School funded occupational therapy for learners who cannot afford it; and,
- Emisebeni Primary School repaired their kitchen which had burned down, so they able to provide school meals again.

"While we are delighted to have reached this milestone, the challenge to improve education in South Africa is an ongoing task and we remain committed to playing our part.

We would like to use this opportunity to encourage all our customers to get involved and affect real change by simply signing up for a free MySchool card, or by linking their Woolies card to the MySchool programme today", said Rylands.

To learn more about the impact of MySchool's work, click here [www.myschool.co.za](http://www.myschool.co.za)

Every swipe of MySchool card contributed to helping us meet the needs of schools, charities and communities across the country,  
– Rylands.



## BEVSA WELCOMES TWO NEW MEMBERS

BevSA welcomes two new members, Etsweletse Trading Solution and Twizza Soft Drinks

Welcoming the two companies, BevSA Executive Director, Mapule Ncanywa, said one of the benefits of association membership has always been the ability to network and to share ideas with colleagues who have "been there and done that."

"The flexible approach to our membership makes BevSA more attractive than ever, and we are glad to welcome Etsweletse and Twizza to take advantage of the market benefits we offer members," said Ncanywa.

### ETSWELETSE TRADING SOLUTION

Etsweletse is a non-alcoholic beverage manufacturer currently producing still bottled water, energy drinks and juice. They received support from Anglo platinum, Anglo zimele and the Small Enterprise Development Agency to grow and establish a sustainable business. They've come a long way since they started and still have many goals of expanding their business in the future. Etsweletse is a beverage manufacturing company with the following product lines: Velvet Still water, 100% Velvet Juice, VLV run Sports Drink.



The owner, Thapelo Magwete from Mokopane in Limpopo, started his business selling bottled water and refilling bottles. Today the business has grown and Magwete plans to expand it further. Etsweletse Trading Solutions supplies its products to local businesses, mines, and Further Education and Training colleges. The company has five permanent employees and three temporary employees – all youth from his community.



### TWIZZA SOFT DRINKS

When Ken Clark came across some antiquated soft drink manufacturing equipment in 2003, Twizza Soft Drinks was born.

Although Ken already had his hands full with Crickley Dairy, he liked the idea of creating a soft drink line so much that he installed a state-of-the-art carbonated soft drink line on his Crickley's Queenstown site. Thanks to a dedicated, passionate team, Twizza's production far surpassed that of the already prosperous dairy, and the factory thrived so much that in November 2012, a second facility was opened up in Middelburg.

In the face of continuing hikes in energy prices and persistent power cuts, the Middelburg factory is committed to sustainability, with technology that is 25 per cent more efficient on power.

Twizza is also harnessing the heat naturally generated from the machines to dissolve sugar for the beverages. Start to finish, it is one of the most sophisticated lines in the country. Each of Twizza's many flavours is individually tasted, tested and perfected, so that every product on the market is as near perfect as possible. Today, despite competition from international soft drink brands, Twizza supplies loyal consumers in the Eastern Cape and beyond with proudly South African refreshment.

“ The benefits of association membership has always been the ability to network and to share ideas with colleagues who have “been there and done that.”





## BEVSA TAPS TCF AS AGENCY OF RECORD

The Beverages Association of South Africa (BevSA) has appointed The Communication Firm (TCF) as its new public relations agency of record.

The TCF PR team works with BevSA to drive external communications and issues management to association members, consumers and all stakeholders. The agency will also support the association with social media strategy as part of a cross-functional, multi-agency team.

The TCF, which prides itself as a specialist in below-the-line marketing, has over the past 13 years introduced "out of the box" thinking to the communications industry.

Through innovative ways, the agency has assisted brands in managing stakeholder relationships, reputation management and messaging that drive brand value effectively through various communication efforts.

The relationship between the two entities will strive to help BevSA attain its mandate of being the only voice for the beverage industry in a number of matters directly facing the non-alcoholic industry.

Through various communications platforms, TCF will profile BevSA's vital role in leading the industry participation in the development of policies and positions for South Africa's non-alcoholic beverages industry.



Harold Maloka, TCF Managing Director said, the agency is excited about the partnership and our experience in working across international markets for major brands armed the agency with the required skills and knowledge to execute BevSA communications mandate to its satisfaction.

Said Mapule Ncanywa: "TCF brings highly relevant marketing communications and retail experience, fresh thinking, quick-turn agility, and the resources of a large agency - the perfect combination to help propel BevSA's momentum."

"We and our members have great stories to tell and we're confident that TCF is the right partner to help us tell them."

Said Maloka: "TCF offers a menu and experience so unique that it is truly unlike any other brand in the category. Our team is excited to help tell stories of BevSA and its members to consumers around the country."