

SAVA GOES VIRTUAL WITH 2020 ANNUAL GENERAL MEETING COVID-19 LEAVES ITS MARK ON THE PVC INDUSTRY, BUT EXCITING OPPORTUNITIES AWAIT

Johannesburg, 1 June 2020. The Southern African Vinyls Association ([SAVA](#)), the industry body representing the local vinyls industry, hosted a virtual Annual General Meeting on 27 May 2020, by making use of the Zoom online platform. SAVA Chairman George Dimond said the PVC industry around the world is known for its resilience and adaptability and that the Association had no hesitation about embracing the possibilities and opportunities it was afforded through use of technology when it comes to communicating with its members, fulfilling its obligations or executing its duties.

“Our original AGM was scheduled to take place in Johannesburg on early in April, but it was cancelled as a result of the outbreak of the Coronavirus and the resulting lockdown regulations. We recognized the importance of getting used to a new way of doing things if we are to survive, grow and thrive in these extraordinary circumstances,” George said.

Addressing the SAVA members, media and other interested parties who were logged in online, he warned that the vinyls industry should prepare itself for a challenging and intriguing time over the next few months as it faces possible supply chain challenges, expected price hikes as a result of petrochemical production curtailments in lockdown resulting in demand outstripping supply and dealing with job losses, a struggling economy and financial constraints caused by the recent lockdown.

Disruptive impact of COVID-19 on the global chemicals industry

Guest speaker Philipp Ciolek, Manager within Accenture’s Strategy & Consulting practice, echoed these warnings live from Düsseldorf in Germany, as he spoke about how companies operating in the chemicals industry should navigate the human and business impact of COVID-19.

“Globally, the chemical industry is no stranger to disruption. We have faced and successfully navigated the negative impacts of SARS, the trade policy conflict and the financial crisis. However, COVID-19 is unprecedented in its impact and disruption of global demand, supply chains, and customer/investor confidence,” Ciolek said. For the chemical industry in particular, these challenges are compounded by the fact that its customer industries, such as automotive and electronics, are deeply affected by plant shutdowns and the disruption of sales channels.

“In the weeks following the COVID-19 outbreak, the chemical industry share price index dropped further and more deeply than it did in previous crises. Furthermore, the oil industry is experiencing oversupply in tandem with weak demand resulting from reduced economic activity associated with the virus. This is disrupting the oilfield chemical business, as well as the economics of alternate feedstock routes and recycling,” he explained.

Facing disruptions by going digital

Whilst these are very real and concerning impacts on the industry, Ciolek stressed there are certain actions that could be taken and implemented immediately in order to mitigate near-term operational risks and protect the people, liquidity and operations of companies operating in the PVC sector. “More than anything, the COVID-19 crisis has highlighted the importance of going digital in a world disrupted by lockdown. Unlike many other sectors, the chemical industry is not in a position to stop production and send workers home. It is therefore imperative that you strike the right balance between social distancing and keeping plants running to provide the basic necessities for society through the use of a fully digital marketing and sales capability, intelligent automation, robotics and remote control,” he emphasized.

Seizing growth opportunities

“We should recognize that we have been given an opportunity to reset for the future... to strategically re-evaluate business models and plan for growth. Companies who are able to sense short-term market and demand trends and meet these needs quickly and at scale, will grow and flourish. Similarly, recognise that the post-COVID world will not be the same as before. Take your digital customer interaction seriously, innovate and change your business model by working with your customers and value chains. If you are financially strong, now is the time to look out for acquisition opportunities as companies in financial distress are forced to divest assets,” the consultant suggested.

SAVA reports on past successes and future strategy

After the keynote speaker, it was the turn of the SAVA Management Committee to report on the past year's successes and its projects and strategy for the next year. These included:

- **Building the SAVA brand:** SAVA Chief Executive Officer, Adri Spangenberg, singled out SAVA's interaction and cooperation with the Global Vinyls Council and Vinyls Plus, as well as the various training and brand building initiatives that took place during 2019. A major focus for the Association was promoting the use and versatility of vinyls to key decision makers within the Government, to brand owners, retailers and industry bodies (e.g. Green Building Council of SA) by educating them about SAVA's role and responsibilities, strategic objectives and its various projects.
- **Launching the Clingfilm Compliance Initiative:** Clingfilm is a vinyl product that is frequently criticised with health concerns over migration levels, use of harmful substances etc. In an effort to address these issues, SAVA launched its Clingfilm Compliance Framework during the fourth quarter of last year. This initiative integrates all the members of the clingfilm value chain, i.e. raw material suppliers, intermediate compounders, converters or film manufacturers and distributors and importers of clingfilm to wholesale and retail markets, who are requested to sign a Declaration of Compliance (DoC) that all raw materials, intermediates and substances used in the manufacture of their Vinyl Clingfilm have been food approved; that they agree to comply with Good Manufacturing Practices (GMP); and that they commit to using correct and approved labelling codes together with "Intended Use" information.

SAVA is proud to report that four of South Africa's biggest suppliers of clingfilm have signed up to be part of this initiative, namely Mpack, Cibapac, Strand Group Development and Easypack, who have all agreed to have their products and documents audited at every level in the supply chain by an independent SAVA representative under a signed NDA. Although the first round of audits were interrupted by the COVID-19 lockdown, the Association says it is eager to restart this process as soon as possible and that it looks forward to reporting back to the industry on the progress made.

New SAVA Board Announced

SAVA also reported on various other accomplishments reached this past year, such as completing its Product Stewardship Commitment Survey, issuing the Vinyl-Dot to twenty compliant members and welcoming new members onboard. The Management Committee (Manco) members who were nominated and voted to serve on the SAVA Board for 2020 are: George Dimond (Continental Compounders) as Chairman, Alistair Calder (Sun Ace SA), Mark Holtes (Isegen SA), Richard Black (Elco Plastics), Fulufhelo Mamathoni (Sasol) and Steve van Rensburg (Alpha Plast).

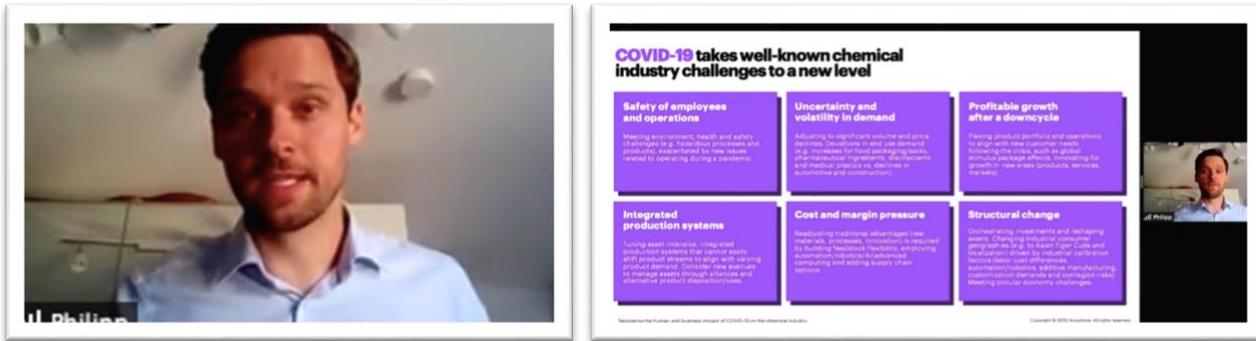
"The vinyls industry is an essential, dynamic and growing industry. The recent global COVID-19 pandemic has highlighted the important role PVC products have to play in the healthcare industry, as it equates to more than 40 % of the materials used in hospitals. In South Africa, the PVC industry consists of a wide range of different sectors, such as pipes, cables, custom profiles, conduits and accessories, sheeting, film, hosepipes, flooring, footwear, bottles and packaging. Similarly, the end-markets for recycled vinyl products continue to grow and diversify each year. It is therefore hugely important for us to grow footprint, our voice and our influence by encouraging representatives of all these different sectors to join SAVA. We need the support and participation of all these sectors to ensure we are truly represent the interests of the whole industry," Adri concluded.

For more information, visit www.savinyls.co.za

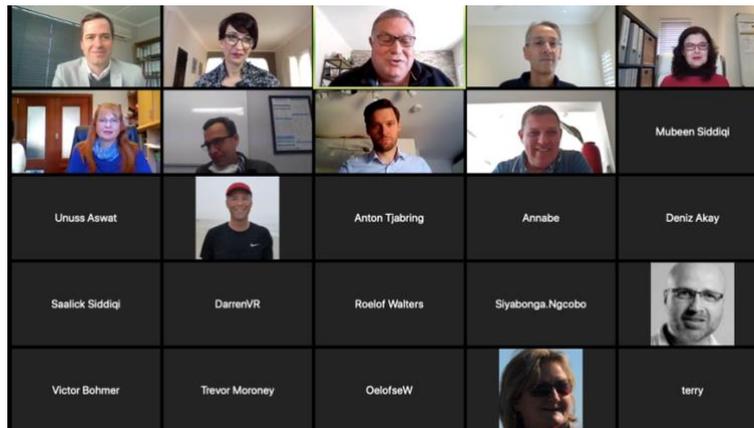
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SAVA AGM: PHOTOGRAPHS AND CAPTIONS



Above: Philipp Ciolek of Accenture presented live from Germany on the impact of COVID-19 on the global chemicals industry



A screen grab of some of the attendees who participated in SAVA's virtual AGM