



# Sugar Reduction Pledge

**Sugar Reduction Pledge**  
by the Australian non-alcoholic  
beverage industry

Update & Aggregation Report for  
the year ended 31 December 2022

March 2023

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[KPMG.com.au](https://www.kpmg.com.au)









# Foreword

This report presents the aggregation of the non-alcoholic beverage industry's progress towards the Sugar Reduction Pledge ('Pledge').

The aggregation was conducted to report the progress relevant members of the industry have made toward achieving their sugar reduction target.

This is the fifth public report that presents the results for the period between 1 January 2015 and 31 December 2022. This report builds on previous reports, the most recent being the 2021 Aggregation Report, to provide a full-year view of the 2022 progress towards the Pledge.

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## Inherent Limitations

This report has been prepared as outlined with Australian Beverages Council Limited (ABCL) in the “KPMG Services” section of the engagement contract dated 14 August 2019, and in the “Scope & approach” section of this report. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, ABCL management and personnel / stakeholders consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

## Third Party Reliance

This report is solely for the purpose set out in the “Scope & approach” section and for ABCL’s information and is not to be used for any other purpose not contemplated in the engagement contract or to be distributed to any other party without KPMG’s prior written consent.

This report has been prepared at the request of ABCL in accordance with the terms of KPMG’s engagement contract dated 14 August 2019. Other than our responsibility to ABCL, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party’s sole responsibility.



# 1. Scope & approach

KPMG was engaged by the peak body representing the non-alcoholic beverages industry in Australia, the Australian Beverages Council Limited (ABCL), to establish a baseline, aggregate and report on progress towards the non-alcoholic beverage industry's sugar reduction target of 20% by 2025 ('Pledge') agreed by members of the Pledge ('Pledge signatories') in 2018.

In 2022, Pledge signatories upgraded their target from 20% to a 25% reduction ('stretch target') in sugar across their non-alcoholic beverage portfolios by 2025. This is the first public report to report on progress toward the new stretch target.

The data in this report has been provided by the Pledge signatories directly to KPMG for independent aggregation and reporting purposes. KPMG is reliant on the quality, accuracy and reliability of the data provided by the Pledge signatories and has not sought to independently verify those sources.

Pledge signatories have provided a statutory declaration to the ABCL signed by the Pledgee's nominated executives responsible for the Pledge, confirming the information provided to KPMG is true and correct to the best of their knowledge.

Once the information from each Pledge signatory had been approved and submitted, it was aggregated at an industry level by KPMG. For the purposes of this report, the industry is defined as the four companies that have signed the Pledge to reduce the sugar content of their non-alcoholic beverages.

KPMG has maintained strict confidentiality provisions during data collection, aggregation and reporting phases to ensure the integrity and security of information at all times.





## 2. Introduction & background

### 2.1 The Pledge

Consumers, regulators, and governments have increasingly recognised the adverse health implications of high sugar content in non-alcoholic beverages. The Australian non-alcoholic beverage industry has taken action to demonstrate the role the industry has in encouraging a healthier diet and lifestyle, including ways to reduce levels of obesity and overweight, whilst continuing to offer customers a choice of beverages.

The ABCL has listened to, and consulted with, consumers, government stakeholders, public health professionals and others, and responded by developing the Pledge.

In June 2018, the ABCL announced the nation's first Sugar Reduction Pledge, committing the non-alcoholic beverages industry to reduce sugar by 20% over the Pledge period (2015-2025). This will be achieved by reductions in average grams of sugar per 100mL. The Pledge represents part of an ongoing commitment by the non-alcoholic beverages industry to encourage more Australians to make healthier choices.

In November 2019, the [2018 Aggregation Report](#) was released as the first public progress report on the Sugar Reduction Pledge, detailing a 7% reduction in sugar between the years 2015-2018. **Since then, the reduction in sugar between the years 2015-2022 has increased to 18.0%**

Given this considerable progress towards the 20% reduction target, in 2022, the ABCL introduced a 25% sugar reduction by 2025 stretch target. Based on the sugar reduction to date, the Pledgees are on track for this 25% reduction.

All non-alcoholic beverage products sold by the Pledge signatories are included in the commitment, with the reduction in total sugar content measured across all those Pledge signatories. The commitment applies to all categories of non-alcoholic beverages measured across those Pledge signatories, including carbonated soft drinks (CSDs), energy drinks, sports and electrolyte drinks, frozen drinks, bottled and packaged waters, juice and fruit drinks, cordials, iced teas, ready-to-drink coffees, flavoured milk products and flavoured plant milks.

Total sugar is quantified by aggregating the sugar content of the total volume of sales of non-alcoholic beverages by the Pledge signatories in a reporting period. The Pledge is assessed from 1 January 2015.

Four Pledge signatories out of more than 70 members of the Australian Beverages Council Limited committed to the Pledge.

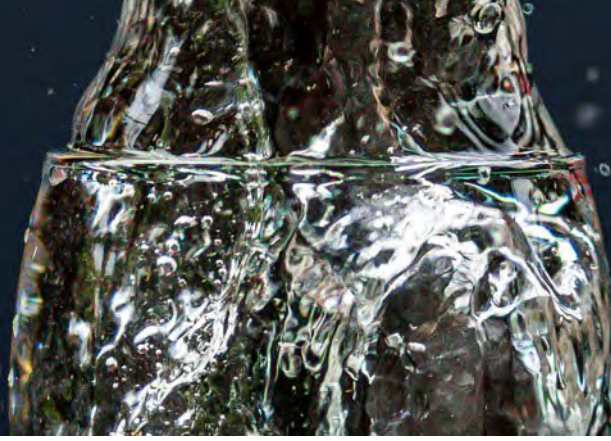
The following ABCL members are signatories to the Pledge as of February 2023 and are included in this report from the baseline period of 2015 through to 31 December 2022:

- Asahi Lifestyle Beverages
- Coca-Cola Europacific Partners (formerly Coca-Cola Amatil)
- Coca-Cola Australia
- PepsiCo

According to IBISWorld, at the start of 2022, Australia's two largest non-alcoholic beverage bottlers, Coca-Cola Europacific Partners Australia Pty Ltd and Asahi Holdings (Australia) Pty Limited, comprise market share of 40.1% and 15.9% respectively, in the soft drink manufacturing industry in Australia (total 56%)<sup>1</sup>. As of February 2022, these same companies comprise 69.9% and 17.0% of the bottled water manufacturing industry in Australia (total 86.9%)<sup>2</sup>. This information provides an indication of the market share of the nation's two largest bottlers of non-alcoholic drinks - both of which are committed to the sugar reduction targets outlined in the Pledge.

<sup>1</sup> IBISWorld Industry Report C1211a Soft Drink Manufacturing in Australia, February 2022

<sup>2</sup> IBISWorld Industry Report C1211b Bottled Water Manufacturing in Australia, February 2022



## 3. KPMG aggregation & reporting

### 3.1 Data Collection

#### Baseline

Historical data on sales volumes and sugar content were collected from the Pledge signatories for their complete range of 2015 domestic non-alcoholic beverage sales. In deriving the 2015 baseline, KPMG aggregated data by recipe from the Pledge signatories. Each recipe was classified into defined categories and sub-categories to enable consistent aggregation and reporting in subsequent years.

#### Progress to December 2022

The Aggregation Report for the year ended 31 December 2022 is the fifth progress report of the Pledge to be released publicly. The approach to measure progress since the 2015 baseline and towards the 2025 sugar reduction target was carried out as follows:

- Actual sugar and sales volume data were received from the four Pledge signatories for each year to 31 December 2022 and aggregated. This aggregated data was used to calculate the weighted average sugar levels (g/100mL) for each year;
- The baseline average grams of sugar per 100mL in 2015 for the four Pledgees was compared to 31 December 2022 to calculate the annual reductions.

### 3.2 Data Treatment

Aggregated weighted average grams of sugar per 100mL of non-alcoholic beverages has been calculated for the calendar years ended 31 December 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 by applying a weighting to the corresponding volume for the product in each respective year. A comparison of the results from 2015 with 2022 provides the aggregate reductions period-on-period and in aggregate.

Since the beginning of the Pledge, data has been consistently collected and collated across the reportable years for all products/recipes including new and delisted products/recipes from 1 January 2015 – 31 December 2022.



## 4. Results & findings

The 2015 baseline sugar content of drinks sold by the Pledge signatories was 6.02 grams per 100mL.

The sugar content of drinks sold for the period 1 January 2022 to 31 December 2022 was 4.94 grams per 100mL.

A **18.0%** reduction in sugar per 100mL has occurred from 1 January 2015 to 31 December 2022.

The Pledge signatories reported that the following initiatives were undertaken during the period from 1 January 2015 to 31 December 2022 in order to reduce sugar levels:

- Reformulating existing products;
- Increasing the sales volume of low and no sugar varieties;
- Introducing additional low and no sugar varieties into the market;
- Encouraging sales through the promotion and marketing of low or no sugar varieties;
- Introducing smaller pack sizes or reducing average container sizes;
- Investing in improved nutritional literacy;
- A cap in sugar content on all existing drinks brands;
- A cap in sugar on new recipes launched in Australia;
- Where practical, transition vending machines to include more, low or no sugar varieties; and
- Other initiatives including the promotion of smaller packs and working with community-based organisations in order to promote healthier choices.

Since the inception of the Pledge, the most frequently used initiatives by Pledgees were:

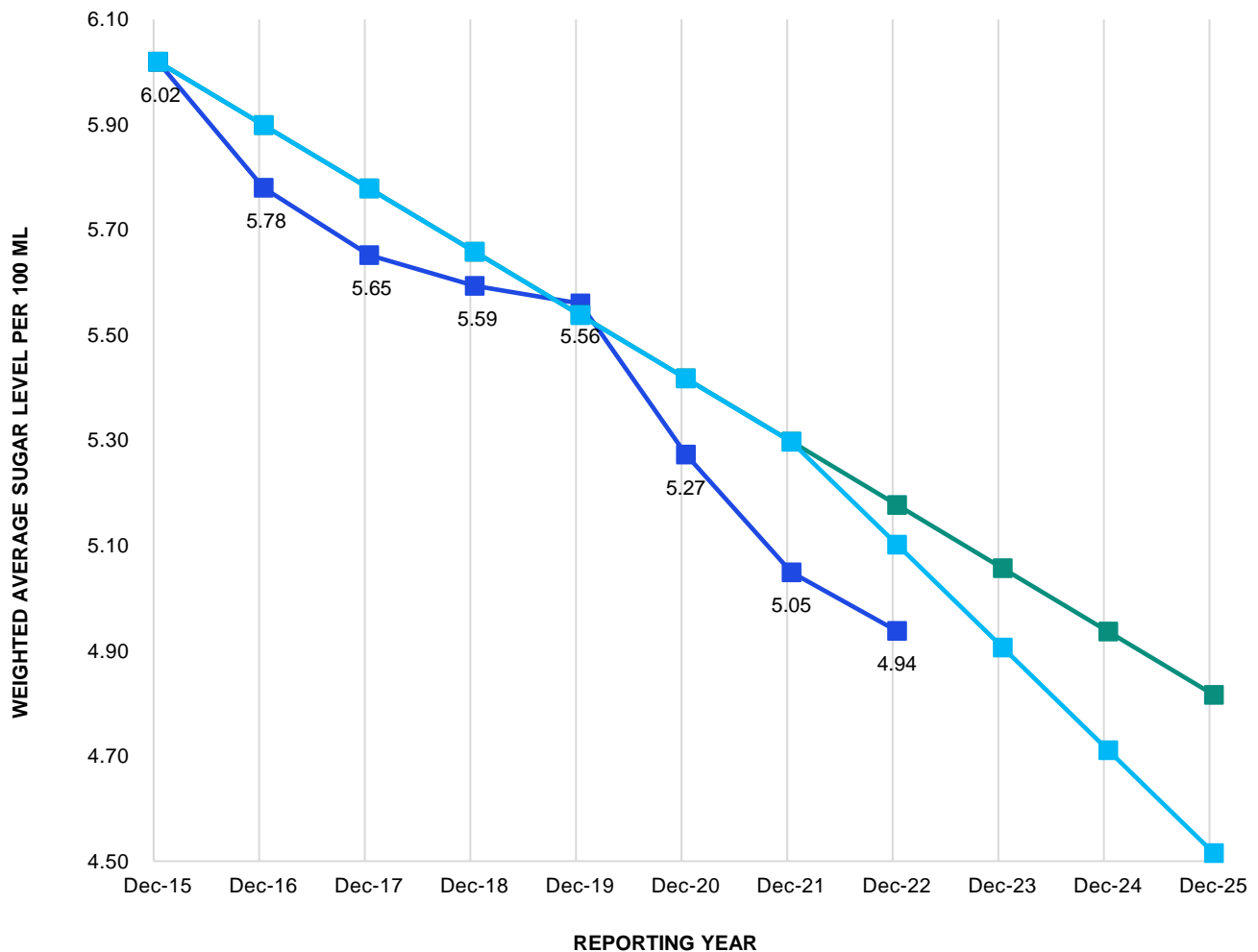
- ✓ Increasing the volume sales of low and no sugar varieties;
- ✓ Introducing additional low and no sugar varieties into the market;
- ✓ Encouraging sales through the promotion and marketing of low or no sugar varieties; and
- ✓ Reformulation of existing products.





The figure below illustrates the Pledgee's progress from 1 January 2015 to 31 December 2022 aggregated for the average sugar content (g/100mL) for all categories as well as the remaining reduction required by the Pledge signatories to achieve a 20% reduction by 2025 on a straight-line basis. A 25% sugar reduction stretch target by 2025 was introduced in 2022. The stretch target is indicated as a straight-line reduction, commencing in the first reporting period of 2022.

### Sales weighted sugar volume per 100mL



- Total sugar volume/100 mL reduction by Pledge signatories to date
- Average annual sugar volume/ 100 mL reduction required by Pledge signatories to achieve the 20% Pledge reduction by 2025
- Average annual sugar volume/ 100 mL reduction required by Pledge signatories to achieve the 25% Pledge reduction by 2025



## 4.1 Data analysis

At the end of 2022, the industry met the 5.18g/100mL required by the Pledge to remain on track for the 20% target, and the 5.10g/100mL required by the Pledge to meet the 25% stretch target, by achieving a weighted sugar of 4.94g/100mL. This is a decrease in weighted sugar from the end of 2021, where Pledgees achieved weighted sugar of 5.05g/100mL.

We note the following observations in relation to the aggregation process for the period **1 January 2022 to 31 December 2022**. For this period, Pledgee initiatives and the post-COVID-19 context shifted consumer purchase habits, driving overall growth in sales volumes (L) and a decrease in weighted sugar (g/100mL).

- Across all Pledge signatories, total sales volumes (L) increased by 3.5% compared to the 1 January to 31 December 2021 period.
- Pledge signatories note that the growth in sales volume (L) is more reflective of pre-COVID-19 consumer purchasing habit and that marketing and promotional activity has contributed to increased sales.
- In the last 12 months, Pledge signatories indicated that they have implemented changes to their product portfolios across several categories, such as the introduction of new no sugar CSD products, and the proactive replacement of full sugar beverages with low or no sugar alternatives.
- These actions resulted in a shift in the sales portfolio of pledgees, with low and no sugar sales (those with less than 2.5g of sugar per 100mL) increasing by 3.7% from the prior year.
- Total sugar (g) increased by 1.3% compared to the previous period, with all Pledgees reporting an increase in total sugar (g), except for one that reported a 0.1% decrease in total sugar (g). However, increased sugar is expected with an increase in sales, and it is noted that this is significantly less than the 3.5% increase in sales volumes (L).
- CSD remains the primary product category for Pledgees. With 68% of all sales (L) in this category, an increase from 63% in 2021.
- For the Pledgees who submit additional product category data, low sugar CSD varieties (those with less than 2.5g/100mL) continue to represent half of all CSD product sales (L). More broadly, low sugar varieties across all drinks categories now represent 55% of the total sales volumes (L), an increase from 54% in 2021.
- Pledge signatories noted that the La Niña summer also had minimal impacts on sales. Whilst the pledgees noted that beverage sales are very weather dependent, no clear trends were observed.









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