A POWERFUL GLOBAL NETWORK IS EMERGING

2018 marks the 14th year that the PET Recycling Company NPC (trading as PETCO) has issued this review. This review is intended to provide the reader with a detailed overview of the recycling of polyethylene terephthalate (PET) bottles in South Africa (SA) during 2018, and a general summary of the recycling of PET thermoforms.

What is evident is that a lot has changed for the PET industry in the last 12 months and an urgent set of sustainable changes are needed to meet impending targets and to avoid environmental degradation.

The issue of managing plastics in the waste stream isn’t a new problem, but it hit the headlines in a big way in 2018.

National Geographic’s June 2018 issue entitled, ‘Planet or Plastic?’ identified plastic in the marine environment as one of the greatest global challenges.

We have a global calamity in our oceans that we are all equally responsible for. All over the world, people are aware of plastic and its impact on the environment. Is plastic seen as the miracle material or an environmental blight? Maybe both.

It is undeniable that plastic has changed our lives for the better. But it has also created a pollution problem at an almost unimaginable scale. It’s a problem that’s visible; we know it’s harmful, but it’s also solvable.

So, how can we solve this challenge? We need to accelerate the move to a sustainable, resource-efficient economy: re-invent how we design, re-think how we use, and re-define what is possible through re-use and recycling.

Really small actions, such as considering the glues that we use to hold a label around a bottle and the colours that we use for our bottles are minor changes that can increase the recyclability of many of our products.

The problem has emerged due to the linear economic systems we’ve created, which are wasteful and inefficient.

That means we take resources from nature, transfer them to the industrial systems that we use to create goods, and then we landfill those goods once we don’t need them any longer.

We have created a system where things have single purpose; they are used and then they are no longer valued. When they are no longer valued, no one takes responsibility for them.

The proposition to solve the linear economy is a circular economy. When you have a circular economy, things are valued from the start, and problematic or unnecessary plastic packaging is eliminated or changed through redesign.

Then we have a world where plastic is valued and doesn’t pollute the environment.

We have come a long way already.

There remains a great deal of work to do.

Tackling the plastics problem is a must. It brings new opportunities for innovation, competitiveness and job creation.

A powerful global network is emerging.

Collectively, we have the opportunity to become world-leaders in plastic resource management. We have a roadmap and there is a role for everyone.

Together we can.
2018 will go down as the year things changed for the plastics industry forever.

No one could have predicted the pressure and attention placed on plastics in 2018. Fuelled by David Attenborough’s engaging storytelling that highlighted the toll that plastics are taking on marine life, it sent shock waves about the literal sea of plastic pollution, and kicked off what is now known as ‘The Blue Planet Effect’.

In 2018, Collins Dictionary dubbed ‘single-use’ as word of the year.

Industry and governments all over the world reacted. The EU pushed through a ban on single-use plastics. The Ellen MacArthur Foundation (EMF) partnered with the Waste and Resources Action Programme (WRAP) to launch the UK Plastics Pact, a trailblazing initiative bringing together businesses from the entire plastics value chain with UK governments and NGOs to tackle plastic waste. This vision is now supported by 68 members who are responsible for 80% of plastic packaging sold in UK supermarkets and half of all packaging placed on the market. The cross-value chain Alliance to End Plastic Waste (AEPW), made up of nearly thirty member companies located throughout North and South America, Europe, Asia, Southeast Asia, Africa, and the Middle East, committed over US$1 billion over the next five years to help end plastic waste in the environment. In December 2018, the European Parliament and the Council of the European Union reached a provisional political agreement on the ambitious new focus on recycling and quality of plastics recycling in Europe, which will strengthen the match between supply and demand for recycled plastics.

Clearly, it cannot be right to allow plastics to leak into the environment, but neither is it acceptable to lose the opportunity to utilise plastic as a fit-for-purpose and cost-effective material for so many applications.

Creating the right balance of legislative drivers and positive long-term business conditions will allow a viable and resilient system to be established which demonstrates the value of plastics as a circular material and prevents plastic in the natural environment. EPR is seen by many as one of the key drivers to achieving these aims.

Our 2018 results were impacted by what transpired in the latter half of the previous year. In 2017, the recession in the South African economy, together with the local supply disruptions of virgin PET, the inclement weather which delayed ships from docking, resulted in a situation which, for the first time in PETCO’s history, saw the total volume of PET consumption in South Africa decline from 2016 to 2017. This caused major de-stocking of resin, preforms and bottles, which was only reversed by the second quarter of 2018, when resin as an indicator of market size normalised. This meant that the recycling rate achieved in 2017 was higher than anticipated, as we did not reduce the recycled tonnage to match the market contraction.

In spite of these tough conditions, in 2017 PETCO managed to collect 91 235 tonnes of PET bottles out of a market consumption that only reached 211 000 tonnes for the year - that was a record 65% of post-consumer bottles recycled.

After suffering a 13% contraction in 2017, the PET market saw 10% growth in 2018. The market ended at 232 000 tonnes, which was 23% higher than what we were expecting it to be approximately 225 000 tonnes.
Investment by our recycling partners continued. None of these actions on the expansion of its “bottle-to-bottle” plant at its facility in Wadeville, Johannesburg. The build has already commenced and will, on its completion, double the current capacity from 20 000 to 40 000 tonnes per annum. The technology is both US Food and Drug Administration (USFDA) and European Food Safety Authority (EFSA) compliant. Having made significant inroads with key brand owners such as Woolworths, Unilever, Pick n Pay and Clover, Extrupet’s upgrade will introduce new qualities of recycled PET resin (called PhoenixPET) that will rival virgin PET material for quality and capabilities. New end-use markets that can now avail themselves of the superior grades of polymer include carbonated soft drinks as well as bottled water. Extrupet’s expansion will reduce reliance on virgin PET products and strengthen South Africa’s position as a circular economy leader in Africa.

Da Run Fa entered the end-use market of strapping and Propet started commercialising the strapping that they produce from rPET. What is exciting about PET strapping is that it can be made from green plastic bottles which have had a limited end-use market to date. As manufacturers make the switch to locally sourced rPET strapping, PETCO and its recycling partners will be able to make better use of coloured plastic and grow the overall recycling rates even further. Recycled strapping now conforms to stringent technical specifications, such as high tensile strength, and, most importantly, maintains the product’s structural integrity during handling and transportation.

The PET recycling sector has an important role to play in contributing to the transformation of the South African economy. There are few issues more important. PETCO has compiled a strategy that will bring PET to the core of PET Recycling sector’s ambitions for the future and is a key feature of our IndWMP. The direct number of jobs in PETCO-supported projects is approximately 2 400. Our 67 supported projects employ 1 000 FTE (full-time employees) between them. PETCO’s spend on collectors focuses on SMMEs. We estimate that a R500 000 spend generates approximately 180 jobs. While pursuing substantial increases in employment in the sector, in approach PETCO also seeks to minimise the risk of potentially harmful unintended consequences from interventions in the PET value chain, particularly to the lives and livelihoods of the most vulnerable.

A lot of time, effort and resources went into guiding the PET industry in other African countries to establish similar PET Recycling Companies, based on the PETCO South Africa model. This is part of PETCO’s commitment to fully participate in the solution to address the plastic pollution problem on the continent, to grow and consolidate collection, and to help countries develop their own recycling infrastructure in the next few years. A highlight of 2018 has been the establishment of the PET Recycling Company (Pty) Ltd. in Kenya (PETCO Kenya), with PETCO Ethiopia and Tanzania to follow. The plastics industry in Kenya currently imports 32 000 tonnes of PET annually and is estimated to grow at a rate of 10% each year. The industry was achieving a recovery and recycling target of just around 5% of what is consumed. PETCO Kenya aims to achieve a recovery and recycling rate of 25% in 2018 and 70% by 2030. Researchers warn that industry-led schemes are inadequate unless they compel manufacturers to take responsibility for the waste they produce. The Kenyans want an Extended Producer Responsibility clause inserted in waste management legislation in parliament as soon as possible. In Ethiopia, the focus is on training women who support their families by collecting post-consumer bottles for landfills. In 2018, this training resulted in 2 000 women receiving higher pay for their segregated plastics. PETCO has also provided invaluable support to Coca-Cola in Mozambique and Namibia, especially with respect to the visible recycling of PET.

PETCO’s engagements with stakeholders on issues of design for recycling continue to provide benefits on quality of feedback. Most importantly, engagement with government ensures that the needs of recyclers are represented in any potential legislation that may arise. It is critical if we are to motivate further investments in this sector. During the year, PETCO actively encouraged and contributed to the education of learners through various national schools recycling competitions and schools’ projects undertaken with our partners, where we leveraged key relationships, partnered with government, invested in educational materials or sponsored prizes.

PETCO also conducted five accredited Entrepreneur Training courses for 320 SMME and cooperative members as well as three PRASA (Paper Recycling Association of SA) Entrepreneurship courses involving 165 SMMEs and cooperative members. PETCO helped to establish the Ethiopian Waste Management Association (EWMA), which includes 40 cooperatives and SMMEs in the business of waste management.

PETCO’s #Do1Thing marketing campaign reached over 2.2 million people through social media and 2.5 million people through traditional media. Our PR efforts unlocked almost R7 million worth of value (a return on investment of over 3 000%).

We were proud to welcome RPC Astrapak Thermopac as a Voting Member of PETCO.

PETCO hired Kara Levy as a Marketing Officer. Tui Sesbola was promoted to Regional Representative and Pearl Molepo joined as Recycling Programme Manager.

Alistair Schorn, PETCO Business Development Manager, left the company to settle in New Zealand. We wish him well and thank him for the excellent work over the period.
We were shocked and saddened by the passing of South African Minister of Environmental Affairs, Edna Molewa. Minister Molewa made incredible contributions to South Africa and we had the privilege of working alongside her on numerous occasions, including the opening of the very first Bottle-to-Bottle PET recycling plant in Wadeville in 2015. We send our deepest sympathy and condolences to the family, staff and friends of the late Minister.

Our new Minister, Nomvula Mokonyane, was appointed on 22 November 2018. We hope to cultivate a close relationship with the Minister and her team.

Through the many projects documented later in this review, PETCO continues to support small recycling businesses throughout the country, creating jobs and growing skills.

Thanks, and credit for funding PET recycling in South Africa, must go to the organisations who pay the PET recycling fee on each and every tonne of raw material that they purchase, plus the brand owners and raw materials producers who support recycling with grants-in-aid.

The PETCO Board of Directors continues to show commitment and thanks are due to them for their efforts and insight.

PETCO enjoys Associate Membership of the African Marine Waste Network, Re却Organisations (EPRO) and of the Global European Association of Plastics Recycling and PETCO enjoys Associate Membership of the efforts and insight.

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Dr Casper Durandt
Chairman, PETCO

Cheri Scholtz
Chief Executive Officer, PETCO

The Waste Minimisation and Recycling Interest Group (WMRIG), the National Research Foundation (NRF), the Institute of Waste Management South Africa (IWMSA: Gauteng and KZN Committees), and the Waste Pickers Guidelines Task Team.

PETCO enjoys the support and collaborative efforts of both Packaging SA and Plastics|SA and makes annual financial contributions to these organisations.

PETCO has worked with countless municipalities, schools, local NGOs, international organisations and South African government officials, as well as other Producer Responsibility Organisations, to make interventions across the value chain and over the length and breadth of South Africa and beyond.

These results have been achieved through partnerships with business large and small, organisations and numerous individuals, making a tangible positive impact on the lives of South Africans, contributing significantly to the economy, and minimising the impact of post-consumer PET on the environment.

PETCO is well-placed to continue delivering results in this next stage of South Africa’s environmental legislation i.e. mandatory Extended Producer Responsibility for packaging products.

We are honoured and excited to work alongside you.

Let’s make it happen.

In celebrating our remarkable results in driving post-consumer PET recycling, we can summarise the year’s highlights:

1. Our efforts over the past year led to a 6% increase in bottles recovered for recycling year-on-year. 98 649 tonnes were collected for recycling in 2018, which equates to a total of 2.3 billion bottles and some 6.2 million bottles collected each and every day. This resulted in a 63% recycling rate.

2. We welcomed our first thermoform converter as a PETCO member: RPC Astrapak Thermopac. The successful feasibility pilot of thermoform recycling to polyester fibre conducted by Extrupet, was a highlight.

3. Our continued support for the recyclers ensured another year of increased collection volumes and investment in infrastructure:

   - Record collection by Extrupet in October and November 2019 of close to 4 000 tonnes respectively.
   - Extrupet announced its B2B expansion for 2019 that will on completion double the current capacity from 20 000 to 40 000 tonnes of rPET per annum.
   - Kaytech ramped up their additional continuous filament line to full capacity.
   - Sen Li Da Chemical Fibre began expansion of their fibre production.
   - Da Run Fa began expansion of their fibre processing capacity.
   - Propet opened a new PET strapping line in the Western Cape.

4. We submitted our PET Industry Waste Management Plan (IndWMP) in response to the call by Government. The plan is a “Shared-Cost” plan submitted under the Packaging SA Federation of Plans.

5. We signed on as a member of Poverty Stoplight. Membership is only endorsed for those organisations who are running poverty-elimination programmes and who intend to use the information resulting from the surveys to do something about it.

6. Our commitment to fully participate in the solution to address the plastic pollution problem on the continent, to grow and consolidate collection and to help countries develop their own recycling infrastructure in the next few years, led to the establishment of PETCO Kenya.

7. We conducted five (5) accredited Entrepreneurs Training courses for 320 SMMEs and cooperative members, as well as three (3) Recycle Paper ZA, formerly known as Paper Recycling Association (PRASA), Entrepreneurship accredited courses to 165 SMMEs and cooperative members.

8. We helped to establish the Ekurhuleni Waste Management Association (EWMA), which includes 40 cooperatives and SMMEs involved in waste management.

9. A total of 60 projects in nine provinces to increase visible recycling, create jobs and assist entrepreneurs, were supported.

10. Our #Do1Thing campaign reached over 2.2 million people through social media and 2.5 million people through traditional media.

11. We were invited to present at an International Product Stewardship Conference in Sydney, highlighting the role of the informal sector. We were also invited to submit a paper on the PETCO model by the International Solid Waste Association (ISWA).

12. We won several awards during the year, including:

   - The 2018 Gauteng Premier’s Service Excellence Bronze Award for Environmental Sustainability.
   - The 2017/18 DESTEA Environmental Programmes Award for Best Supporting Company.
PETCO IMPACT DASHBOARD 2018

Circular economy thinking leverages the economic and environment Sustainable Development (SD) Goals clusters, impacting them all:

- **SUSTAINING THE ENVIRONMENT**
  SD Goals: 6, 7, 13, 14 and 15
  - 98 649 tonnes of post-consumer bottles recycled (6% increase over 2017);
  - 63% post-consumer recycling rate;
  - 612 000 m3 of landfill space saved;
  - 148 000 tonnes of carbon emissions saved.

- **STRENGTHENING THE ECONOMY**
  SD Goals: 8, 9, 11 and 12
  - 68 000 income opportunities in recycling;
  - R3.4 million spent in support of collectors for equipment and training;
  - R42 million spent in support of contracted industry recycling projects;
  - R540 million paid by recyclers for baled bottles delivered to plants;
  - R1.2 billion injected into the downstream economy.

- **SHAPING SOCIETAL TRANSFORMATION THROUGH EDUCATION**
  SDG Goals: 4
  - 5 accredited training courses;
  - 133 726 total website sessions (260% increase on 2017);
  - 489 306 total website page views (408% increase on 2017);
  - 39 715 Facebook Likes (423% increase on 2017);
  - 13 945 Twitter Followers (232% increase on 2017);
  - 549 Instagram Followers (245% increase on 2017);
  - 254 YouTube Subscribers (254% increase on 2017);
  - 7 Voting and Associate Member Workshops.

- **IMPROVING GOVERNANCE**
  SD Goal: 16
  - PETCO achieved a clean financial audit;
  - > 80% attendance by Directors at Board meetings (59 board meetings thus far);
  - Adherence to internally developed operational management & governance processes.

- **SEEKING PARTNERSHIPS**
  SD Goal: 17
  - The Council for Scientific and Industrial Research (CSIR);
  - International Labour Organisation (ILO);
  - Department of Environmental Affairs (DEA);
  - Department of Science and Technology (DST);
  - Recycle Paper ZA, formerly known as Paper Recycling Association (PRASA);
  - Polycsa;
  - MetPak-SA;
  - The Glass Recycling Company;
  - South African Vinyls Association (SAVA);
  - Polystyrene Association of South Africa;
  - National Recycling Forum (NRF);
  - Institute of Waste Management South Africa (IWMSA: Gauteng & KZN Committees);
  - PlasticSA;
  - SA National Bottled Water Association (SANBWA);
  - GreenCape;
  - South African Plastics Recycling Organisation (SAPRO);
  - The Sustainable Sea Trust (SST);
  - The African Marine Waste Network (AMWN);
  - Consumer Goods Council of South Africa (CGCSA);
  - Fair Trade Tourism;
  - Western Cape Recycling Action Group (WCRAG);
  - Waste Minimisation and Interest Group (WMIIG);
  - The Waste Pickers Guidelines Task Team;
  - National Recycling Forum (NRF);
  - Poverty Stoppight.
PETCO is the trading name of the PET Recycling Company NPC South Africa, a not-for-profit company incorporated in 2004. PETCO fulfils the PET industry’s role of Extended Producer Responsibility (EPR), being a voluntary industry driven and financed environmental solution for post-consumer PET plastic. To achieve this everyone involved, from government to the raw material producers, the converters, brand owners, retailers, consumers and recyclers, play their part in the solution. By imposing accountability over the entire life cycle of PET products and packaging, companies that manufacture, import and/or sell PET products and packaging are financially and physically responsible for such products after their useful life.

PETCO’s voluntary members represent approximately 90% of the volume of the PET Bottle market in South Africa.

**PET PACKAGING MARKET**

**AS PROPORTION OF TOTAL PACKAGING IN 2017**

- 211 000 tonnes; 6% of total packaging
- 3 549 600 tonnes; 94% of total packaging

**AS PROPORTION OF TOTAL PLASTIC PACKAGING IN 2017**

- 211 000 tonnes; 24% of total plastic packaging
- 656 000 tonnes; 76% of total plastic packaging

**PET BOTTLE MARKET**

**AS PROPORTION OF TOTAL PACKAGING IN 2017**

- 143 480 tonnes; 4% of total packaging
- 3 617 120 tonnes; 96% of total packaging

**AS PROPORTION OF TOTAL PLASTIC PACKAGING IN 2017**

- 143 480 tonnes; 17% of total plastic packaging
- 723 520 tonnes; 83% of total plastic packaging

*Taken from the 2018 Packaging South Africa Report, Prepared by BMI Research.

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As has been the case since PETCO’s inception in 2004, the organisation raises the Extended Producer Responsibility (EPR) fee directly from its members. This amount is applied to the raw material and pre-form purchases, both locally produced as well as imported. Those companies who purchase PET Resin (both virgin and recycled) or preforms/sheeting pay the EPR fee to PETCO on a rand/tonne basis. This model presents the lowest risk to all stakeholders, negates the need for PET EPR funding becoming a drain on the national fiscus, and is the most cost-efficient solution for society.

A Board of Directors comprising the full value chain of the obliged industry governs PETCO.

**PETCO WORKS WITH MANY PARTNERS INCLUDING:**

- **Government**
  To build policy and implementation frameworks that support the concept of Extended Producer Responsibility and grow the Green Economy.

- **PET Industry**
  To harness knowledge and innovation leading to increased PET recycling efforts.

- **Voting and Associate Members**
  To sustain PET collection interest and support PET recycling efforts thereby reducing volumes of PET in the waste stream.

- **International Industry and Agencies**
  To collaborate on best practice with respect to post-consumer PET recycling.
By taking responsibility for post-consumer PET recycling, PETCO imposes accountability over the entire life cycle of PET products and packaging. This means that companies that manufacture, import and/or sell PET products and packaging are financially and physically responsible for such products after their useful life.

For any recycling economy to function, there must be market demand for the materials collected. The PET recyclers, i.e. those companies who buy post-consumer PET and re-process these materials to make new products, are critical in ensuring the functioning of the recycling economy. Currently, PETCO works with all six PET recyclers that operate in South Africa.

Recycling is a commodities-based business. Recyclers of PET sell products whose price is governed by global commodity prices. As such, there are periods when it becomes uneconomical to recycle, and recyclers are forced to lower prices for their raw materials (e.g. post-consumer bottles) to such a point that collectors may stop collecting them.

Since PETCO’s incorporation, the organisation has supported the growth of the recycling value chain enabling it to weather economic downturns.

PETCO sees the role of training and the mentorship of collectors as being critical to improving working conditions and assisting entrepreneurs to grow and sustain their businesses, thereby stimulating economic growth, job creation and development in our country.

We strengthen relationships with municipalities to encourage the establishment of kerbside collection projects and expand existing PET collection into new areas. PETCO supports projects and initiatives through the sponsorship of infrastructure and equipment that unlocks collections, helps collectors improve their efficiencies as well as the quantity and quality of PET collected.

PETCO’s vision is that capacitated, empowered consumers are informed about PET and know that it is recyclable and safe to use; they understand the potential and value of PET and recycled PET (rPET); they use their influence and buying power to drive positive recycling behaviour by demanding products that contain recycled content and that are recyclable. We encourage consumers to participate in kerb-side recycling drives and support community projects and drop-off sites that actively recover post-consumer PET for recycling.

We actively encourage and contribute to the education of learners through national schools recycling competitions and school collection projects undertaken with our partners, inspiring learners to re-think the future through the lens of the circular economy.

Print publications, broadcast, digital and social media are all used to convey PETCO’s recycling message to collectors, product brand owners and other stakeholders. We conduct one-on-one engagements at exhibitions, public events and host interactive workshops and conferences.

PETCO’S WORK FOCUSES ON FIVE MAIN AREAS:

• 1 INDUSTRY PROJECTS

By actively recovering post-consumer PET for recycling, PETCO imposes accountability over the entire life cycle of PET products and packaging. This means that companies that manufacture, import and/or sell PET products and packaging are financially and physically responsible for such products after their useful life.

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• 2 TRAINING AND MENTORSHIP OF ENTREPRENEURS

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• 3 CONSUMER AWARENESS AND EDUCATION

PETCO’S WORK FOCUSES ON FIVE MAIN AREAS:

• 4 SUSTAINABILITY AND BUSINESS INNOVATION

Recognising that business innovation sits at the heart of economic transitions, PETCO is a catalyst for design for recycling innovation. We aim to stimulate dialogue and direct action in shifting the use of finite resources, preserving the value of existing resources and utilising renewable resources. Taking action to create a supportive business environment for companies that use recovered resources will help drive additional recycling, create more jobs, reduce greenhouse gases and extend the life of existing landfills.

Our insight and analysis, reports and global best practice case studies feed into a growing body of information highlighting the rationale for a transition towards an economy where plastics never become waste.

END-USE MARKET DEVELOPMENT

A growing recycling economy benefits from increasing its mix of end-use markets, such as the polyester fibre sector (used for making shirts, duvets, pillows, roof insulation, etc.), and the food-grade and bottle-to-bottle sector, which currently accounts for almost half of all processed tonnage. South Africa has two bottle-to-bottle grade factories, an outstanding achievement globally.

Food-grade and bottle-to-bottle recycling allows PETCO to move to a fully circular economy; however, alternative end-use markets still need to be developed to ensure a home for all PET products, as not all are suitable for closed-loop recycling.

The announcement made by Extrupet to expand its Bottle-to-Bottle (B2B) line by 2020 was welcomed by PETCO. This expansion allows for brand owners to specify even higher levels of recycled content; it will strengthen South Africa’s position as a circular economy leader in Africa and place us competitively within the global packaging market. We also believe that it will enable us to meet our recycling and job creation targets in the forthcoming years.

It is worth noting that the production of thermoform packaging (e.g. trays and punnets) in South Africa has for a long time been an end-use market for PET Bottle recycling and contain substantial levels of recycled content - thus reducing the need for virgin raw materials to begin with.

A variety of support mechanisms are used, but all are premised on assisting the recycling chain more when times are bad, and less when times are good - thus ensuring the organisation does not over- or under-support recycling, and that the financial spend remains effective and efficient. Support is channelled via recyclers on a long-term basis of 5-year contracts. All products within the same end-use market (e.g. fibre, food-grade, etc.) receive the same support across recyclers to ensure that the playing fields are level. Support is provided on the basis of post-consumer PET purchased, and funds are received by recyclers in arrears and upon fulfilment of PETCO’s mandate. This ‘safety net’ allow recyclers to plan ahead, build capacity, and invest in collection networks, whilst still paying market-driven rates for collected material. This support is what has helped collectors’ grow their market from under 10 000 tonnes in 2005 to 98 649 tonnes in 2018, whilst also fetching higher prices for their material.

As part of our strategy, we continue to focus on stimulating investment in infrastructure and innovation in the development of new end markets for rPET as well as the stimulation of existing markets.

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ALTERNATIVE MECHANICAL RECYCLING DEVELOPMENTS

PETCO supports an increasing number of alternative PET producers, such as the strapping producers. In addition, we are seeing more recyclers tapping into different end-use markets, as an example; one of our recyclers is planning on producing PET tiles, hair extensions and other PET products in the coming year. The production of pallets for the fruit export market is an exciting potential development as it has the potential for fairly large volumes of recycling of more difficult to recycle bottles (such as heavily pigmented bottles), as well as thermoforms and sheeting which have not been recycled to date.

ENERGY RECOVERY

PETCO will avoid utilising waste to energy if at all possible, as it falls lower down the waste hierarchy, and the organisation will seek to achieve its targets without utilising this methodology. Whilst PETCO recognises that this is a solution of last resort, the organisation notes that adoption may be necessary in the future. PETCO’s plan for all products is to drive their development to be more fully recyclable (e.g. design for recycling); however, some products, particularly with regards to imported finished goods in thermoforms, sheets and blister packs, may be more suitable for energy recovery than for recycling in the short term. Such a project will be done jointly with other plastic and packaging streams as the energy recovery facilities use a range of input material.

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Since PETCO’s incorporation, the organisation has supported the growth of the recycling value chain enabling it to weather economic downturns.

PETCO sees the role of training and the mentorship of collectors as being critical to improving working conditions and assisting entrepreneurs to grow and sustain their businesses, thereby stimulating economic growth, job creation and development in our country.

We strengthen relationships with municipalities to encourage the establishment of kerbside collection projects and expand existing PET collection into new areas. PETCO supports projects and initiatives through the sponsorship of infrastructure and equipment that unlocks collections, helps collectors improve their efficiencies as well as the quantity and quality of PET collected.

• 5 INSIGHT AND ANALYSIS

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It is worth noting that the production of thermoform packaging (e.g. trays and punnets) in South Africa has for a long time been an end-use market for PET Bottle recycling and contain substantial levels of recycled content - thus reducing the need for virgin raw materials to begin with.
The ban on the importation of various categories of industrial and post-consumer waste implemented by China in September 2017 was an indication that the global supply of baled post-consumer PET bottles significantly exceeded demand.

In South Africa, we did not experience the negative impact of this situation. Local recycling continues to favour the fibre producers, especially in the export market. This is evidenced in the plans of our fibre recyclers, for example: Sen Li da commenced the expansion of their fibre line in New Castle, with this project expected to be completed in 2019. Da Run Fa also has plans to expand its fibre line in 2019.

At a domestic level, the South African PET recycling sector in the first half of 2018 continued to be impacted by the fact that there was a significant disruption in the supply of virgin food-grade rPET resin in the latter part of 2017, following major delays in the commissioning of a capacity expansion at the country's virgin resin producer, Safripol (Hosaf). This led to a situation in which, for the first time in PETCO's history, demand for food-grade rPET resin exceeded supply by a significant margin.

The lack of availability of virgin food-grade PET, along with the effective implementation of sugar tax on beverage drinks on 1 April 2018 in South Africa, has resulted in a constrained supply of bottle feedstock for PETCO's recycling partners. This was particularly evidenced in the low PET collection rate during the first half of the year.

From PETCO's perspective, the on-going bottle shortage has led to a change in the organisation’s policy of limiting applications for post-consumer PET waste import permits to very small amounts. Additionally, permit applications that were approved for the importation of PET bottle feedstock, came from neighbouring countries (which are in many instances supplied by South African PET converters).

The introduction of a pilot Bottle Grading System by PETCO, in partnership with SANBWA (the South African National Bottled Water Association), will aid in the recyclability of PET bottles and positively impact the collection rate for 2019.

For the beverage industry, the implementation of sugar tax in April 2018 came after over a year of debate and interaction with government. In the end, most believed that the effort to try and mitigate the proposed tax was successful with the final concession to allow the first 4g/100ml to be tax-free and reduce the tax rate slightly. The delayed implementation to 2018 allowed many brands time to reformulate their products, and so when the tax was implemented, much of the industry had either reformulated or introduced new pack sizes to try and mitigate the potential price point movement and, as a result, protect volume.

Despite the situation described above, PETCO and its recycling partners continue to investigate new end-uses for post-consumer PET material, with a number of projects in various stages of commercial and pre-commercial development.

A critical development was the 2018 opening of a R35m PET strapping line by Propet SA. This line is located at the Propet fibre plant in Cape Town and provides a valuable outlet, at significant volume, for problematic green, brown and coloured PET bottles. In a growing industry shift towards sustainable packaging and product design, one of South Africa’s largest manufacturers of wood-based products, PG Bison announced its decision to use locally sourced rPET strapping sourced from Propet. This announcement was welcomed as this is one example illustrating how companies can meet their Extended Producer Responsibility objectives through the recycled PET value chain.

As with the global trends, thermoform products are not recycled in South Africa. This is primarily due to the physical characteristics of PET thermoform products and their physical incompatibility with the existing installed PET recycling capacity in South Africa. However, in 2018 PETCO’s investment and commitment enabled the successful feasibility pilot of thermoform recycling to polyester fibre conducted by Extrupet.
Collectively, our partners purchased close to 99 000 tonnes of post-consumer PET material, at an approximate market value of more than R540 million. Our partners also placed end-use products into local and international markets worth approximately R1.2 billion to the South African economy. During 2018, this equates to more than 2.3 billion bottle recycled, or 6.2 million bottles recycled per day.

Financial support for recyclers adheres to the following principles:

- Equal rates are paid across an end-use.
- Recognition that economics of end-use differ.
- Support increases when economics of recycling are poor and decreases when they are good.
- Economics must be able to be monitored on one or more objective measures.
- Support seeks to carefully balance supply and demand, and cause a spiral of increasing bottle prices but not to the detriment of sound economic performance of recyclers or the benefit of increased tonnage collected and processed.
- The financial support aids the value chain of recycling. Maintaining demand by recyclers for post-consumer material ensures the whole chain, from informal waste pickers through to large separation at source scheme operators and all in-between, benefit for a steady and growing demand for that material.

PETCO supports visible recycling in the following ways:

**PET INFRASTRUCTURE AND EQUIPMENT PROVISION**

PETCO supports projects through the sponsorship of infrastructure and equipment that unlock collections, helping collectors to improve their efficiencies as well as the quantity and quality of PET collected. We also assist with the efficient transportation of baled material. In 2018, PETCO supported a total of 60 projects (including SMME’s and cooperatives) in 9 provinces, with equipment to improve the quantity and quality of their post-consumer PET collections.

**PROJECTS**

- Thokoza Eco Trading: Industrial platform scale and baler cable
- Power Rush Trading: Volume trailer
- Alumetal Recyclers: Industrial platform scale and signage board
- Ndlazi Recycling and Energy Solutions: Site pavement
- Maphakamesi Energy Savings: Industrial platform scale and mobile scale
- Vukuzenzele Nkazo and Recycling Secondary Cooperative Limited: 6m office container
- Neo Recycling: Electronic scale system
- CJU Environmental Management: Signage board
- Ekhuluzi Primary Cooperative: Signage board
- Lakhwisha Holdings: Signage board

**PETCO PROJECTS**

**• COMMERCIAL SCALE RECYCLING PROJECTS**

In 2018, PETCO’s support for high-volume commercial recycling operations constituted 56% of the organisation’s total expenditure due to unexpected favourable market conditions.

In order to maximise the positive impact derived from the financial resources available to PETCO, we closely monitor global and local market prices and cost variables and adjust our level of support on a quarterly basis.

We also continue to collaborate with our commercial partners in expanding their collection networks and unlocking new collections in historically under-serviced regions.

In terms of the cost associated with PETCO membership for the PET converting sector, (which are potentially passed on to the end-consumer), in 2018 the indirect cost of the PETCO financial model remained at approximately 1 cent per bottle, and approximately 2 - 3% of the cost of a tonne of food-grade PET resin, depending on global price movements.

PETCO’s contracted recycling partners in 2018 were:

- Da Run Fa Chemical Fibre
- Extrupet
- Kaytech
- Mpcat Polymers
- Propet SA
- Sen Li Da Chemical Fibre

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- Ekhuluzi Primary Cooperative: Signage board
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**• COLLECTION, TRAINING, AND VISIBLE RECYCLING PROJECTS**

PETCO spent 5% of its budget to support initiatives and activities that do not necessarily increase the collection volumes of recycled PET, but contribute to the visible recycling of PET.

Our strategy with this area of work is to identify the provinces where we have a relatively smaller footprint of support than other provinces, and to expand our support within these areas specifically. Through the ongoing mapping of projects that we have supported in the past as well as where training has been conducted, we ensure we are continuously expanding our network of support throughout South Africa.

Our implementation strategy follows this process:

1. Identification of the Province;
2. Establish partnerships with the relevant local municipality and provincial governmental bodies, local departments for environment, tourism and economics, DEA, and any other relevant organisations;
3. Ensure work is aligned with the relevant Integrated Waste Management Plan;
4. Organise workshops in partnership with relevant authorities and organisations for collectors;
5. Identify approximately 10 collectors already collecting or who have their own businesses;
6. Organise accredited training for identified collectors;
7. Evaluate what support may be required by these collectors to assist them with equipment and in making their business sustainable;
8. Ensure on-going monitoring and support throughout this process and beyond.
entrepreneurs training

Five accredited courses were completed in five provinces, with 320 delegates trained:
- Gauteng, 44 coop members.
- Free State, 9 coop members.
- Northern Cape, 33 coop members.
- Limpopo, 68 coop members.
- KwaZulu Natal, 186 coop members.

business training

Three accredited courses were completed, in partnership with Paper Recycling SA, in two provinces, with 165 delegates trained:
- Alexandra, Gauteng
- Port Nolloth, Northern Cape
- Katlehong, Gauteng

supervisory management learnership programme

PETCO sponsored five delegates for the 12-month Programme.
- PETCO further conducted 26 workshops in eight provinces with 1 445 attendees.

Education and awareness

PETCO was a partner in the following school programmes:
- Coca-Cola Beverages South Africa

awards

Winners of PETCO-sponsored awards:
- Businesswoman of the Year Award: Happiness Lubisi (Shodulla Waste)
- Community Service Award: Amanda Mthembu (Power Rush Trading)
- Youth Excellence Award: Vusi Kabinda (S and T Recycling)
- Waste Collector Recognition Award - Grand Prize: Jacob Tenga (Masingo Waste)
- Best PET Collector: Tshiluvhi Primary School (award sponsored by Extrupet)

special projects and joint ventures

PETCO received financial support from ALPLA (Boxmore) and Safripol to the value of R400 000 to spend on collection projects. We further received R150 000 from a private fund to support women’s projects specifically in the Stellenbosch and Empangeni areas.

fostering government partnerships

We recognise the high value of fostering and maintaining good partnerships with local, provincial and national government.

recycling forums

PETCO was instrumental in the establishment of The Ekurhuleni Waste Management Association (EWMA), which is a forum for regional collectors to share experiences, knowledge, and information and address the challenges they face together in waste management and recycling. PETCO is invited to the monthly meetings for recycling business owners and waste pickers who work very closely with them.

PETCO took part in the following exhibitions

- Global Recycling Day
- Kwalata Science Unlimited Expo
- Ekosim Environmental Conference/Exhibition
- JHB SMME Roadshow
- WasteCon
- DEA and PackagingSA Graduates Event

PETCO supported the following clean-up campaigns

- Global Recycling Day Clean-Up
- Blue Lagoon Beach Clean-Up
- A re sebetseng Clean-Up (in partnership with the Mayor of Johannesburg)
- Coca-Cola Beverages South Africa and Global Citizen Clean-Up (in partnership with the Mayor of Johannesburg)
- Global Citizen Concert Clean-Up
- Durban Harbour Clean-Up
- City of Tshwane and Tsweleopele Clean-Up
• BUILDING THE RECYCLING NETWORK

The role of engaged members in an EPR scheme is crucial. Members are more likely to be active and engaged where they see a direct link between their actions, the performance of the Product Responsibility Organisation (PRO) and the fees that they pay. This also results in products that are better designed to meet recycling criteria and sustainability considerations.

As a measure towards achieving an inclusive approach amongst stakeholders of PET recycling, PETCO implements a membership scheme for stakeholders.

THERE ARE TWO BROAD CATEGORIES OF PETCO MEMBERSHIP

VOTING MEMBERSHIP
Voting Membership is reserved for companies who pay levies and grants, and for whom shareholding and voting is reserved. Percentage of shareholding in PETCO is allocated according to annual continuous membership contributions, which is calculated every 3 years.

ASSOCIATE MEMBERSHIP
PETCO created the Associate Membership Programme for organisations who are not represented in the shareholding of PETCO but would like to become part of the PETCO family as they subscribe to our principles. Our Associate Membership programme enables anyone from a not-for-profit organisation to a school, from a collector to a manufacturer, to become a member of PETCO.

ANNUAL MEMBERSHIP FEE AFFORDS THE FOLLOWING

• Information Regular newsletters provide Members with access to market intelligence, statistics, research results and PET recycling trends. Sign up* for the PETCO newsletter here: www.petco.co.za/keep-informed;
• Support Members can ensure their interests in PET recycling are supported through dialogue opportunities with PETCO;
• Networking Members can connect with other recycling and waste management industry players and practitioners at PETCO events.
• Integrity The PETCO logo on marketing material and communications platforms provides credibility to Members’ sustainability activities;
• Value Preferential attendance at PETCO workshops, networking activities and events.

PETCO hosted the following workshops in 2018:

1. Designing for the Environment  
(Cape Town and Johannesburg)

Truly designing for the environment is about product stewardship, forward thinking, innovation and breaking new ground to achieve never-before-seen solutions. To design for the environment, we need to be thinking about reducing the overall impact of a product on the environment before it enters the production stage. Thus, it is important to dialogue between all stakeholders in the product value chain to create products that are designed more mindfully.

2. PETCO and Friends: Inspiration Sessions  
(Cape Town and Port Elizabeth)

The PETCO Inspiration Sessions are designed to recognise and celebrate the many innovative entrepreneurs, employers and champions of recycling in SA that do great work, both for the environment and for their communities.

All presentations from workshops and events can be found on the PETCO website: www.petco.co.za/resources.

3. PETCO Industry Waste Management Plan Dialogue Sessions  
(Cape Town, Johannesburg, Port Elizabeth, Durban and Bloemfontein)

As part of the preparation for submission of the PET Industry Waste Management Plan, PETCO drafted a stakeholder management strategy to ensure thorough engagement with all our key stakeholders. Dialogue sessions were held around the country to present the PET Sector Waste Management Plan and to obtain feedback and comments from stakeholders. These sessions were advertised via national print titles, digital media, as well as on the PETCO website and social media channels.

PETCO AGM

PETCO’s Annual General Meeting (AGM), the premier event on the PETCO calendar, represents the most significant platform for communicating with key stakeholders.

The main purpose of the AGM is to comply with statutory requirements. The PETCO AGM is always very well attended by a range of stakeholders and members who use the time to reflect on the progress made over the preceding year and to grapple with the opportunities and challenges looking into the future and beyond.

As part of the annual proceedings, PETCO hosts the PETCO Awards designed to recognise and honour the people, companies and organisations involved in the PET recycling value chain in South Africa, which not only contributed to advancing PET recycling, but also reflect the principles of EPR and circular economy-thinking in their practices.

PETCO’s 14th AGM was held on Thursday 7 June 2018 at the Johannesburg Stock Exchange.
For noteworthy achievements during the course of 2018, PETCO was pleased to recognise and celebrate 14 recipients in the following 11 categories:

• 1 PUBLIC CAMPAIGN OF THE YEAR

This category recognises a public-facing campaign that has successfully addressed a challenge around the waste hierarchy, reducing reliance on landfill, increasing PET recycling, boosting reuse, or reducing waste-generating behaviour, amongst South African consumers.

WINNER:

Thrive
Hout Bay, Western Cape

Thrive works to educate the schools and communities of Hout Bay about the five pillars of sustainability: water, food, waste, energy and biodiversity. Thrive conducts annual Enviro Audits in schools, and links local organic vegetable growers with local restaurants. Thrive aims to increase support for local growers, create jobs in the community, and reduce the food-associated carbon footprint of Hout Bay. Thrive further organises regular community clean-ups in and around the Hout Bay area.

More: www.thrive.org.za

As the Director of Thrive, Helen Adendorff oversees and guides the project’s strategic intent to educate Hout Bay communities about the five pillars of sustainability.
• 2 RECYCLED PRODUCT OF THE YEAR

This category recognises a product that exemplifies the best of sustainability - designed with careful consideration of resources and incorporating a minimum of 10% recycled PET (rPET) content.

WINNER:

Corruseal
Cape Town, Western Cape

As a national manufacturer and supplier of packaging to a wide range of industries across South Africa, Corruseal now uses only recycled PET strapping on their products, sourced locally from Cape Town-based supplier Propet. What is exciting about rPET strapping is that it can be made from green plastic bottles, which have had a limited end-use market to date.

More: www.corruseal.co.za

Says Willie Koch, Supply Chain Manager for Corruseal, "If we are not focussed on sustainability and getting the most out of our raw materials, then we are doomed to fail."

• 3 BEST COMMUNITY BREAKTHROUGH INITIATIVE

This award recognises an individual or organisation whose ingenuity and perseverance have created and sustained successful business ventures in the PET collection or recycling industry that directly benefit and uplift the communities within which they operate.

WINNER:

Angels Resource Centre
De Aar, Northern Cape

Eddie Kampher has set up a recycling opportunity for under-resourced communities in the Northern Cape which manages up to 8 tonnes of mixed recyclables in a month. The Waste to Art programme teaches people how to sort, clean, bale and create functional furniture and art from waste materials. 30 entrepreneurs are now selling to local buy-back centres, making a monthly income for themselves and their families. The programme provides homeless and unemployed people with new opportunities, cleaning the environment whilst creating employment, and creating better health and safety in the communities.

More: www.angelsinc.co.za

Eddie Kampher, CEO of Angels Resource Centre in the Northern Cape, works hard to provide homeless and unemployed people in his community with income opportunities in the recycling industry.

• 4 PET-TREPRENEUR

This category recognises an individual whose entrepreneurial insight, ingenuity and perseverance has created and sustained a successful, growing business venture in the PET collection or recycling industry.

WINNERS:

Makhabisi Recycling and Trading Co
Boksburg, Gauteng

Makhabisi Recycling and Trading is a 100% black female owned company that was started in 2007. The business employs 60 people from the local community - 34 females and 26 males. Makhabisi collects 18 to 20 tonnes of PET on a monthly basis.

More: www.facebook.com/ANHARS483/

Makhabisi Recycling and Trading, made up of mother-and-daughter team Anna Hartebeest and Harriet Matjila, is committed to being an inclusive green business.

Nzima Recycle Centre
Humansdorp, Eastern Cape

Nzima Recycling started in March 2007 and had a very bumpy ride since then. Luckily, Tommy and Jeanine Glad are hardworking and don't let anything get them down. Cannibal Recycling started buying Nzima's recycled stock in 2016 and has since played a strong mentorship role. Nzima buys in PET from landfill sites and the community of Humansdorp. They started off with an average of nine tonnes of PET in 2017 and are currently doing 20 tonnes per month. They employ 14 people.

More: www.facebook.com/nzimarecycle/

Nzima Recycling, owned and run by Tommy and Jeanine Glad, buys in PET from landfill sites near Humansdorp and the local community.
• 5 LOCAL AUTHORITY RECYCLING INNOVATION

This category recognises the importance of partnerships with municipalities and local authorities in addressing waste reduction behaviour in South Africa.

WINNER:

Drakenstein Municipality

Drakenstein Municipality experienced a fair amount of illegal dumping and crime near their Wellington dump. Thys Serfontein, Senior Manager of Solid Waste and Landfill Management, spent a lot of time and effort negotiating with the informal sector and informed them - amidst much hostility - of the support that the Municipality wanted to offer them through a structured programme. Through perseverance, Thys eventually gained support from many of those that came to the initial meeting. He then appointed Marilyn Peters (‘Sussie’) as the Manager of the project. To date, there are 30 people whose lives have been changed through this intervention.

More: www.drakenstein.gov.za

Marilyn Peters, or ‘Sussie’, works closely with Thys and the Drakenstein Municipality to ensure the waste-entrepreneurs are supported. They have now been approached by other municipalities to establish similar projects around South Africa.

• 6 RECYCLING PARTNERSHIP GAMECHANGER

This category recognises partnerships that have successfully implemented game-changing initiatives, policies or programmes that advance recycling and sustainability in South Africa.

WINNER:

Fair Cape Dairies

Fair Cape Dairies changed their packaging from a white opaque PET bottle to a clear PET bottle. Once the Dairy received feedback from their consumers that local recyclers were no longer accepting their opaque milk bottles, they immediately addressed it across their value chain. This proactive partnership approach enabled the Dairy to shift to a 100% recycled packaging, with little to no impact on the quality of the product or on consumer expectation. Today, each clear bottle is made with 50% recycled PET.

More: www.faircape.com

Today, each Fair Cape Dairy milk bottle is clear (and 100% compatible with existing recycling infrastructure in SA) and is made with 50% recycled PET.

WINNER:

Jocelyn Van Der Ross, Green Spot Recycling

Green Spot Recycling is an established buy-back centre founded in 2005 by Jocelyn in Franschhoek in the Western Cape. Jocelyn started with two people and now has 15 staff collecting and sorting recyclables. Currently Green Spot Recycling collects PET and other recyclable materials from the community, a few schools, businesses and estates in and around Franschhoek. Initially they collected about 500 kg of PET monthly. However, in November 2018, they collected over six tonnes of plastic bottles.

More: www.facebook.com/greenspotjo

Jocelyn Van Der Ross, the very proud owner of Green Spot Recycling, collects PET and other recyclable materials from the community, La Vie De Lux, Aqueille Mineral Water Plant, and a few schools, businesses and estates in and around Franschhoek.

• 7 TOP WOMAN IN RECYCLING

This category recognises the importance of women in leadership, specifically within the recycling sector in South Africa, and aims to grow the number of female role models in the sector for future leaders.

WINNER:

Jocelyn Van Der Ross, Green Spot Recycling

Franschhoek, Western Cape

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• 8 WASTE REDUCTION YOUTH WARRIOR

This category recognises the role of youth in driving positive recycling behaviour and contributing to the awareness and understanding amongst South African consumers of issues pertaining to waste reduction, reuse and recycling.

WINNERS:

Rocco Antonio Da Silva, The Future Kids Club

Cape Town, Western Cape

Rocco Antonio da Silva is a young boy with a big vision and strong determination. His aim is to clean up the environment and protect our sea life. The 9-year-old has formed a club called The Future Kids, which aims to create awareness online and conduct monthly clean-ups at beaches in the Western Cape. When asked why he wanted to start the Club, he said he was tired of seeing litter on beaches.

More: www.thefuturekids.co.za/join-the-club/

Rocco’s vision for The Future Kids Club is to create awareness about pollution and recycling, and help the youth in his area get more involved.
Rotondwa Musitha,
Trash Converters
Louis Trichardt, Limpopo

Rotondwa (24) is a young, hardworking woman who collects approximately 8 - 11 tonnes of recyclables per month. She currently has three employees. She works with several local businesses and many schools in the area. Rotondwa is creating a culture of recycling and motivating people in the community to see the importance of sorting and recycling their waste before it reaches the landfills.

Takunda Chitaka,
University of Cape Town
Cape Town, Western Cape

Takunda, a 4th year PhD student, is dedicated to better understanding the nature of the problem of plastics in our coastal environment, and how solutions based on the principles of life-cycle management could be developed. She was nominated for her work on the nature of the plastics found on Cape Town beaches, which was published in an international scientific journal in 2019. Her work is focussed on bringing clarity to the public discussion and can help stakeholders develop evidence-based solutions.

9 EXCELLENCE IN ACADEMIA

This category recognises the importance of having peer-reviewed research underpinning strategic interventions into the broad areas of recycling, waste minimisation and sustainability.

WINNERS:

Dr Melanie Samson,
University of the Witwatersrand
Johannesburg, Gauteng

Melanie Samson has a holistic approach to conducting rigorous research that is designed to support waste pickers, contribute to policy development and implementation, and develop a new generation of black South African recycling researchers. She is currently completing the three-year research project funded by DST’s Waste RDI Roadmap and DEA, which includes facilitating a participatory stakeholder process to develop National Guidelines on Waste Picker Integration. These Guidelines will be a powerful resource to assist industry, municipalities and waste pickers to work together to ensure that waste pickers are better integrated into and derive greater benefit from the recycling system and value chain.

Wendy Knowler
Cape Town, Western Cape

Award-winning consumer journalist Wendy Knowler has helped shed light on the importance of conscious consumption and recycling. Amongst other issues relating to and affecting everyday consumers, Wendy has a balanced approach to the plastics issue. She has a wide following and gives the consumer an honest perspective on plastics. Her article ‘Plastic can be fantastic, if it’s recyclable’ highlighted the value of PET which she was able to understand more fully after proactively visiting Propet.


10 MEDIA SPOTLIGHT

This category recognises a journalist or media personality that has made an outstanding contribution to the awareness and understanding amongst South African consumers of issues pertaining to waste reduction, reuse and recycling.

WINNER:

Wendy Knowler
Cape Town, Western Cape

Wendy Knowler is one of South Africa’s most authoritative and respected consumer journalists. In her 10-year journalism career, Wendy has covered politics, fashion and just about everything in between on a variety of media platforms.
**CEO SPECIAL AWARD:**

The following individual has made a significant impact on waste management and minimisation in South Africa through his work and is worthy of being recognised and celebrated.

**WINNER:**

John Kieser, Environmental Manager, Plastics|SA
Cape Town, Western Cape

John Kieser is the Environmental Manager for Plastics|SA for the coastal provinces. He received his B Tech Degree in Conservation at the University of Pretoria and, on return to South Africa, he continued his work on islands, specialising in research of island ecology and management. It is during the time spending on South African and Namibian offshore islands that John’s interest in marine debris pollution formed.

John has been the national coordinator for the International Coastal Cleanup since its inception in South Africa 19 years ago and has started various projects to address the issue of marine debris in his appointment with Plastics|SA.

John is a champion for recycling and waste management in South Africa. Through Plastics|SA, he assists many people around the country with generous donations of bags, gloves, and sun hats, amongst other things; whatever they need to ensure plastics and other waste materials stay out of the environment where they do not belong. John truly embodies ‘Recycling in Action’, and PETCO is very grateful to him for his hard work.

“If it had not been for John Kieser the African Marine Waste Network would not exist; it was John’s idea to develop a network; it was John who persuaded UNEP, government and industry to provide start-up funds; it was John who used the support of those attending a plastics debris conference to “invite” Sustainable Seas Trust (SST) to develop and run the African Marine Waste Network. It was John who introduced the SST team to the people associated with the plastics industry who then guided the early direction and helped build momentum.”

Dr Anthony Ribbink
CEO, Sustainable Seas Trust (SST) and the African Marine Waste Network (AMWN)

“John is renowned for his irrepressible enthusiasm. He is always keen to help with any initiative to clean up the environment and is a great ambassador for the plastics industry in this time when single-use plastics are increasingly under scrutiny.”

Professor Peter Ryan
Director, FitzPatrick Institute of African Ornithology, DST-NRF Centre of Excellence, University of Cape Town

**CONSUMER EDUCATION AND AWARENESS**

PETCO’s primary objective in working with consumers is to increase their access to accurate information about PET recycling within the South African context, and to increase their knowledge of recycling and the mechanisms by which they can participate in the recycling process. By increasing their access to knowledge and information, PETCO aims to motivate increasing numbers of consumers to participate in collection and recycling behaviour.

Despite a comparatively small overall budget, the total AVE (Advertising Value Equivalent) for 1 January to 31 December 2018 was R48 294 995, up on the previous year of R36 130 032. Given that PETCO’s budget for advertising in 2018 was R3 384 500, this is a ROI of 1 427%.

**PETCO’s #Do1Thing campaign**

The campaign, which ran for 18 months ending in Sept. 2018, was conceptualised through the lens of the United Nations Sustainable Development Goals, specifically Goal 12: Ensure sustainable consumption and production patterns. It specifically focuses on how one person can make a vital contribution to one of the gravest challenges of our time - through recycling. The campaign was structured to be multi-faceted, with print, social media, radio and billboard components, and supported with intensive media buying and PR support.

See AV clip of the campaign here:
https://youtu.be/6ze1UpQplmk
FINANCIAL INFORMATION HIGHLIGHTS

In order to sustain and grow PET bottle collection, consistent demand for post-consumer PET is required. Recycling is a commodity business and, as such, is prone to significant cycles.

Unlike plastics, the steel, paper, glass and cardboard used in packaging are helped enormously by the ability of the original manufacturers to recycle their own material recovered from the waste stream. Polymer manufacturers are unable to offer such a low-cost route because of the multiple variations in grades of the different types of polymer produced. Companies specifically set up for this purpose therefore carry out the recycling.

In most cases, this leads to recyclate being produced, which then has to compete with the highs and lows of virgin polymer prices and other end-uses (specifically textiles with recycled polyester content that compete with virgin polyester staple fibre). It is great when these prices are high, but when they are low, recyclate often struggles to survive. Hence the PETCO financial model.

HOW WE UTILISED OUR FUNDS YEAR ON YEAR
Financial statistics as percentages of Budget vs Actual, with previous year comparison:

**FUNDS RECEIVED**

<table>
<thead>
<tr>
<th>Year</th>
<th>LEVIES</th>
<th>GRANTS</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>10%</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>2018</td>
<td>10%</td>
<td>10%</td>
<td>3%</td>
</tr>
</tbody>
</table>

**UTILISATION OF FUNDS RECEIVED**

<table>
<thead>
<tr>
<th>Year</th>
<th>EQUIPMENT, INFRASTRUCTURE AND TRAINING</th>
<th>RECYCLING PROJECTS SUBSIDY SUPPORT</th>
<th>MARKETING, EDUCATION AND AWARENESS</th>
<th>ADMINISTRATION AND OPERATING COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>85%*</td>
<td>6%</td>
<td>7%</td>
<td>12%*</td>
</tr>
<tr>
<td>2018</td>
<td>87%*</td>
<td>8%</td>
<td>7%</td>
<td>14%*</td>
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</tbody>
</table>

* As percentage of income received.
** This due to favourable market conditions, with the remainder carried over to 2019 to reduce the amount of EPR fee members paid.
*** 12% funded from retained income in 2017; 19% of funds retained in 2018.
WHERE TO FROM HERE?
The Outlook for 2019 and Beyond

Looking Forward
While the debate around plastics continues to intensify, our priority going forward is to ensure that all end-of-life PET is monitored, reusing and recycling this valuable resource. The plastic recycling and supply chain now needs to work beyond its legal obligations to address environmental issues and achieve improved resource use.

Industry must seize the opportunity while the media spotlight remains squarely on plastics. Collaboration between business, industry and local government, together with consumer education in urban and rural areas, is now vital to improve the understanding of the challenges the plastics recycling sector faces and to facilitate a proactive approach.

The task ahead of PETCO and its stakeholders is framed by meeting the requirements of the Section 28 EPR legislation and the targets and programmes outlined in the IndWMP. These requirements are broad and challenging; however, PETCO has developed interventions for each point in the value chain. Some of these are continuations of what the organisation has been doing for many years, some expand upon existing work, and others are completely new proposals. The full waste hierarchy is addressed, although PETCO’s focus on end-of-life solutions for PET products is on recycling. This provides the best results in terms of landfill diversion and job creation, at the lowest cost to business and broader society.

Selection of PETCO’s Pet Plan Intervention

It will be particularly gratifying to see PETCO’s commitment to local end-use market development and greater partnership in R&D and innovation is required to support advanced recycling technologies.

DEA has given an indicative timeline of the approval process, which currently includes implementation in October 2019. Following the change in Minister and the National Elections in May 2019, we are likely to see a delay in this timeframe. Questions remain as to how Government will handle the IndWMPs and their timeframe. Questions remain as to how the South African Government’s Waste Act.

Thermoform packaging is an issue worldwide. Several reasons exist for this situation. The most important of these relate to the difficulty in distinguishing the more recyclable PET thermoform products, from the harder-to-recycle ones and from thermoform products made of other polymers. Following the encouraging results of PETCO’s pilot project into the recycling of clear PET thermoforms, we are now working on a plan to incentivise collectors to collect the lightweight thermoform products that conform to our “Design for Recycling” guidelines and are compatible with the current PET bottle-recycling infrastructure. We believe this project will play a pivotal role in allowing PET thermoformed packaging to be recycled in the most efficient way possible. We are developing a commercial model for supporting PET thermoform recycling as the recycling of these thermoforms is the final stage for closing the loop of PET recycling; we must find solutions for increasing the recycling rates, especially within the context of the new Circular Economy.

Minimising waste through design for recycling is an important aspect that deserves our continued focus going forward. Whether it’s using more rPET in beverage bottles, ensuring that beverage bottles are 100% recyclable, reducing the amount of plastic in each container (light-weighting) or developing plant-based resins. Examples include designing bottles that can be compressed easily to take up less space in the recycle bin. These are some of the ways scientists and packaging buyers are working with innovation labs, environmental experts and packaging suppliers to develop more sustainable options.

Improving collection rates is a more complex issue. It requires partnerships with industry, local and national authorities, as well as educators and consumers about recycling. Improving the recovery and recycling rates of all packaging requires the collective will and collaboration of everyone.

There remains an important gap in the area of collection and that is improving recycling rates amongst households and residential areas. Education and awareness about littering and recycling remains an important element in improving collection rates. Other priorities would include ongoing awareness and information on PET recycling to shift public opinion and to ensure that PET is not seen as a “single use plastic”.

Successful recycling models, such as independent cooperatives that have successfully operated in Brazil, provide a roadmap not only for higher collection rates, but also economic empowerment. PETCO encourages a fairer position for micro-collectors, to allow for more equitable distribution of profits, and also provides training and enterprise development for SMMEs and cooperatives in the recycling industry. Over the next 5 years, we estimate that the number of jobs in PETCO-supported projects will grow from approximately 2 400 jobs in 2018 to 3 110 jobs, thus creating approximately 710 new jobs. Income opportunities are estimated to grow by 75 000.

We also need to re-think how we can offer benefits to the PET industry from a BEE point of view.

The availability of rPET is currently not able to supply the demand for B2B food-grade polymer. We hope that this will improve going forward with additional capacity coming on stream.

Price dynamics for rPET will probably be the biggest challenge for recyclers in 2019, with returns expected to be less than the year before. Furthermore, there is a serious over-supply of bottles domestically in SA and this could have serious negative long-term implications if not handled properly.

Without a doubt, there should be a concerted effort to phase out all PVC bottles from the South African packaging sector. This coupled with the ongoing engagements on design for recycling will be critical.
We are in the early stages of developing a model to accredit or recognise brand owner products that carry the PET EPR fee, as a way of making brand owners self-aware that free riders exist.

PETCO is in the process of developing a Bottle Grading System that can be used to rank PET bottles available in South Africa, according to both their recyclability and their overall environmental impact.

The inaugural South African Design for Recycling Indaba was hosted on 13 March 2019 as a part of Propak Africa 2019. Spearheaded by the World-Wide Fund for Nature (WWF-SA) and South African Plastics Recycling Organisation (SAPRO), this event grappled with the ins and outs of design to facilitate recycling of plastic packaging, the importance of guidelines for design for recycling, the role of retailers and brand owners in driving demand for well-designed products, and the use of recycle, as well as the need for collaboration in the plastic value chain in working towards a new circular plastics economy. WWF-SA is co-developing a Plastics Pact in South Africa, with support from WRAP and the EMF. This Pact will include actions and targets that carry the PET EPR fee, as a way of making brand owners self-aware that free riders exist.

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We recognise that South Africa has an important role to play in the regional and circular economies of our southern African neighbours and, in some cases, further afield in Africa. Recycling is a volumes-based endeavour, and many countries do not have enough packaging consumed or collected locally to make recycling viable. The long-term goal for each country should be to have local beneficiation of products, but the interim will require solutions from established recycling economies such as South Africa’s, where volumes already support recycling.

There is an urgent need for African countries to address current waste management challenges and to prepare for the expected growth in waste generation in the coming century. This will require social and technological innovation, and investment in services and infrastructure in the waste and secondary resources sector, never before seen in Africa. The African Union has set an ambitious aspiration that “African cities will be recycling at least 50% of the waste they generate by 2030”. PETCO Kenya has been established and PETCO Ethiopia and Tanzania will hopefully follow. Africa needs to realise the opportunity that secondary resources represent for the continent. Diverting waste away from dumpsites and landfills towards reuse, recycling and recovery, could inject an additional US$8 billion every year into the African economy, and create significant socio-economic opportunities for the Continent. There is a call for an “African Regional Strategy for Secondary Materials Management” to be developed, implemented and resourced, with clear actions and goals for countries and cities. (Africa Waste Management Outlook: Summary for Decision-Makers).

What we know from experts like Dr Martyn Davies, Managing Director of Emerging Markets and Africa at Deloitte who spoke at the Propak Conference in March 2019, is that we cannot paint Africa with one brush. He said that South Africa can learn from Ethiopia and Rwanda who are the “best economically managed” countries on the continent. This is because their states are run efficiently, and they have also reduced or eliminated corruption. An interesting statistic mentioned by him is that if a country grows at 7% per annum for 10 years, they are able double their GDP. He explained the importance of having effective delivery, which drives growth and of creating conducive environments for businesses to thrive. Using Kenya as an example of a country with an economy driven by business and not resources, he said, “Make it easy for business, make it easy for business, make it easy for capital. Encourage business, don’t beat up on business.”

Will the PET industry be able to react to the warning signs and obstacles facing our economy? What does the future look like and how will South Africa recover? These are some of the many questions that we will need to grapple with if we are to transition towards a circular economy for plastic, in which plastic never becomes waste.

“Collective action and partnerships between industry, governments and NGOs can deliver innovative solutions to a global challenge like this. The issue of plastic waste is seen and felt all over the world. It must be addressed, and we believe the time for action is now.”

Asiya Sheikh-Ojiwang.
Head of Public Affairs, Communications and Sustainability for Southern Africa, Coca-Cola Africa (Pty) Ltd.

“What have we been afforded the opportunity to talk about recycling on national radio, my business has received massive marketing; new recyclers have made contact with us. I wish to congratulate PETCO for their endless support.”

Nokubonga Mnyango
Uthando Recyclers

“We have a unique, time-limited opportunity to make a real difference. We are all (producers, brands, retailers and consumers) responsible for the effective management of plastic waste, and recycling is one of the legs that this management stands on.”

Wessel Oelofse
Executive: Polyoak Packaging (Pty) Ltd.

“The award the Mula project received from PETCO [last year], has helped add credibility to this community project. PETCO is a well-known name in the recycling world. Keep up the good work!”

Quinette Goosen
Mula Recycle Swap Shop

“The work being done by PETCO and the convertors to educate, motivate, facilitate and empower the collectors at grassroots level is invaluable as we continue to address the legislative, economic, academic and ecological issues.”

Vivian Subramoney, CEO, Da Run Fa Chemical Fibre (Pty) Ltd.

“PETCO is doing a wonderful job throughout the country by educating and assisting our communities. I therefore congratulate and wish PETCO all the best in its future endeavours.”

Tshepo Mazibuko, KI Recycling

“Recognising that business innovation sits at the heart of economic transitions, a recent investment to manufacture PET strapping and monofilament exclusively from post-consumer material, marks an important step in reviving local manufacturing in a sector that has for many years been serviced almost exclusively by imports.”

Professor Linda Godfrey,
Principal Scientist, Waste for Development, CSIR
CELEBRATING THE PETCO PEOPLE

It’s time, once again, to acknowledge and celebrate the incredible people behind this year’s many accomplishments. You will find them all listed on the following pages, but that hardly suffices to show our appreciation for the efforts, the creativity and, most of all, the heart they all put into sustaining and expanding our presence. May the coming year bring new circular recycling partnerships, a more stable economic environment, recovery and further growth.

PETCO STAFF

- CEO - Cheri Scholtz
- Business Development Manager - Alistair Schorn (7 August 2015 - 31 January 2018)
- Recycling Manager - Pearl Molepo (start date: 1 May 2018)
- Collections and Training Manager - Belinda Booker
- Collections and Training Projects: Regional Representative - Tlou Sebola
- Stakeholder Relations Manager - Janine Osborne
- Marketing Officer - Kara Levy (start date: 1 June 2018)
- Financial Controller - Vicki Retief
- Johannesburg Office Administrator - Vainah Mbulo
- Strategic and Business Planning - Oscar Baruffa

PETCO CONTRACTED RESOURCES

- Accounting and Financial Consultant - Martin Niebuhr
- Levy Manager - Annette Schell
- Auditors - BDO South Africa
PETCO BOARD OF DIRECTORS

Non-Executive Directors

- **Casper Durandt**, Chairman
  Franchise Technical Director, Coca-Cola Africa (Pty) Ltd.;
  Representing: Brand Owners

- **Tshidi Ramogase**, Vice Chairman
  Public Affairs and Communications Director, Coca-Cola Beverages South Africa (CCBSA);
  Representing: Bottlers

- **Gert Claasen**, Technology and Innovation Executive, Safripol;
  Representing: Resin Producer (third and fourth quarters)

- **David Drew**, Chief Commercial Officer, ALPLA Trading SA (Pty) Ltd.;
  Representing: Converters

- **Wessel Oelofse**, Executive: Preform Packaging (Pty) Ltd.;
  Representing: Converters

- **Greg Morse**, Manufacturing Director, Coca-Cola Peninsula Beverages;
  Representing: Bottlers

- **Asyia Sheik-Ojwang**, Head of Public Affairs, Communications and Sustainability for Southern Africa, Coca-Cola Africa (Pty) Ltd.;
  Representing: Brand Owners

- **Waseem Jeenah**, R&D Packaging Development Manager, Home Care Africa, Univer South Africa;
  Representing: Brand Owners (third and fourth quarters)

- **Kevin O’Brien**, Group Risk and Sustainability Executive, The SPAR Group Ltd.;
  Representing: Retailers

- **Lisa Ronquest-Ross**, Head of Technology, Central, Woolworths;
  Representing: Retailers (first and second quarters)

- **Feroz Koor**, Head of Sustainability, Woolworths;
  Representing: Retailers (third and fourth quarters)

- **Chandru Wadhwani**, Joint Managing Director, Extrupet (Pty) Ltd.;
  Representing: Collectors / Recyclers

- **Linda Godfrey**, Principal Officer, Waste for Development, CSIR.
  Board Appointment

Our directors serve a three-year term and are elected after being nominated by the industry sectors they represent. They may avail themselves for re-election.

Our board are not remunerated and pay their own expenses to attend annual meetings.

PARTNERS AND MEMBERS

- Department of Environmental Affairs (DEA)
- Department of Economic, Small Business Development, Tourism and Environmental Affairs Free State
- Department of Science and Technology (DST)
- Fair Trade Tourism
- Institute of Waste Management SA (IWMSA)
- Let’s Do It! World
- National Recycling Forum (NRF)
- Packaging SA and its member Associations and Product Responsibility Organisations:
  - Recycle Paper ZA, formerly known as Paper Recycling Association (PRASA)
  - Polycy
  - MetPak-SA
  - The Glass Recycling Company
  - South African Vinyls Association (SAVA)
  - Polystyrene Association of South Africa
- PlasticsSA
- SA National Bottled Water Association (SANBWA)
- Sustainable Seas Trust and The African Marine Waste Network
- The Waste Minimisation and Recycling Interest Group of the IWMSA (WMRIG)
- Western Cape Recycling Action Group (WCRAG)

VOTING MEMBERS

Voting Membership is reserved for companies who pay EPR fees and grants, and for whom shareholding and voting is reserved.

At end-December 2018, there were 22 Voting Members of PETCO, following a number of mergers:

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<tr>
<th>CONVERTERS</th>
<th>BOTTLERS</th>
<th>BRAND OWNERS</th>
<th>RESIN PRODUCERS</th>
<th>RETAILERS</th>
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<tbody>
<tr>
<td>1 ALPLA Trading SA</td>
<td>12 Nioro Plastics</td>
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<td>2 Bizee Corporation t/a ATA Agencies</td>
<td>13 Pick ‘n Pay</td>
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<tr>
<td>3 Bowler Plastics</td>
<td>14 Polyco Packaging Group</td>
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<tr>
<td>4 Coca Cola Beverages South Africa</td>
<td>15 Purpleline Plastics</td>
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<td>5 Coca-Cola Africa</td>
<td>16 RPC Astrapak</td>
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<td>6 Coca-Cola Peninsula Beverages</td>
<td>17 RPC Astrapak Thermopac</td>
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<td>7 Safripol division of KAP Diversified Industrial</td>
<td>18 Seriplast South Africa</td>
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<td>8 Little Green Beverages</td>
<td>19 Split Line Manufacturers</td>
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<td>9 M pact Plastic Containers</td>
<td>20 Tlitsikamma Crystal Spring Water</td>
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<tr>
<td>10 Nampak Liquid Packaging</td>
<td>21 Twizza (Azores Manufacturers)</td>
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<tr>
<td>11 New Age Plastics</td>
<td>22 Woolworths Holdings</td>
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</table>

Our board are not remunerated and pay their own expenses to attend annual meetings.
ASSOCIATE MEMBERS

PETCO Associate Members are companies, organisations and individuals who do not pay a recycling fee and, as part of the PETCO family, prescribe to our values. The Membership is valid for a year and must be renewed on a yearly basis.

As at 31 December 2018, there were 61 Associate Members:

1. Absolutely Pure Water
2. Angels Resource Centre
3. aQuelle
4. Barnard Corporation
5. Bonke Abantu General Maintenance
6. Bophelo Recycling
7. Boremako Recycling
8. Cannibal Recycling
9. Chill Beverages International
10. Clean C
11. ColorMatrix, PolyOne
12. D+F Sales and Services
13. Da Run Fa Chemical Fibre
14. Devine Brand Solution
15. Diageo SA
16. EcoBrick Exchange
17. Extrupet
18. Green Cycle
19. Green Edge Communications
20. Greener Pastures Recycling Company
21. Greenspop Tree Planting
22. Greenvolution
23. Henque Waste
24. HL Distributors
25. IV Liquid Fillers
26. Kaytech
27. Kimberley Recycling
28. Krones Southern Africa
29. Matongoni Recycling
30. Menwana Enterprise
31. Milliqua
32. Mountain Falls
33. Mpact Polymers
34. Mpact Recycling
35. Mpilenhe Trading Enterprise
36. National Zoological Gardens of South Africa
37. Oasis Association
38. Oasis Water
39. Okuhle Waste Management
40. Packaging SA
41. Polyco NPC
42. Postwink Sales
43. Propet SA
44. Regenize
45. Remade Recycling
46. SANBWA (South African National Bottled Water Association)
47. Sen Li Da Chemical Fibre
48. Silwana Industries
49. Sustainable Seas Trust
50. Tacoma Foods
51. The Tembisa Self-Help Association for the Disabled
52. The Joinery Fashion Concepta t/a The Joinery
53. The Waste Trade Company
54. Theonista Products
55. The Source
56. The Uitenhage Recycling Mula Swap-shop Project
57. Timele Greening Project Co-Op
58. Unilever SA
59. Uthando Solutions and Trading
60. Water Institute of Southern Africa
61. WESSA

South Africa has one of the highest audited PET Bottle recycling rates in the world. PETCO grew purchases of bottles for recycling from 9 800 tonnes in 2005, to approximately 99 000 tonnes in 2018. This corresponds to bottle recycling rates of 16% and 63% respectively. The local beneficiation of postconsumer bottles has grown and is a valuable driver of local job creation. Only a small percentage of post-consumer bottles are exported for processing elsewhere, if any at all.

From one recycler in 2005 to six recyclers in 2018, PETCO has supported the growth of the recycling industry, resulting in over R1.2 billion of infrastructure investment in PET recycling. Thousands of entrepreneurs have been trained and hundreds of SMMEs are supported with personal protective equipment, scales, cages, trailers and baling machines. PETCO has worked with countless municipalities, schools, local NGOs, international organisations and South African government officials, as well as other Producer Responsibility Organisations, to make interventions across the value chain and over the length and breadth of South Africa. These results have been achieved through partnerships with business large and small, organisations and numerous individuals, making a tangible positive impact on the lives of South Africans, contributing significantly to the economy and minimising the impact of post-consumer PET on the environment.

PETCO is well-placed to continue delivering results in this next stage of South Africa's environmental legislation i.e. mandatory Extended Producer Responsibility for packaging products.
PETCO South Africa

Phone 0860 147 738
Email info@petco.co.za
Web www.petco.co.za

PET Recycling Company (NPC)
PO Box 580
Constantia
7848

CAPE TOWN
Phone +27 (21) 794 6300
Fax +27 (21) 794 1724
1st Floor, ICR House,
Alphen Office Park
Constantia Main Road
Constantia

JOHANNESBURG
Phone +27 (11) 615 8875
Fax +27 (11) 615 8874
Unit 3, Parade on Kloof
132 The Parade, Oriel
Bedfordview