



Leading Producer Responsibility

Member Information Session

July 2023



AGENDA

- 01** PETCO Activities
- 02** Legislative Updates
- 03** Member Updates
- 04** Member Engagement



Competition Act of 1998

STATEMENT OF COMPLIANCE

We the Board of Directors, Members and Management of PETCO will always conduct our business affairs in accordance with the law, taking into account principles of good corporate governance.

In particular, we are cognisant of competition law and as a company are committed, at every level, to complying with both the letter and spirit of competition laws.

PETCO will not engage in, or tolerate, any form of conduct which fails to comply with the requirements of competition laws. Forms of anti-competitive conduct include, but are not limited to, agreements or discussions with competitors relating to pricing, allocating or dividing geographic markets, customers or tenders.

We are committed to free and fair competition. If there is any doubt about the legality of certain actions or decisions being taken at our meetings, then this will be referred to our legal counsel or advisers for further investigation or action.

This statement is intended to support our uncompromising company policy to comply in all respects with competition laws.



PETCO Activities



General Update

The Petco logo, featuring the word "petco" in a bold, dark blue, lowercase sans-serif font, followed by a circular icon composed of two interlocking, curved shapes in blue and yellow.[illegible]

2022 HIGHLIGHTS

Membership

28

members successfully registered with PETCO: 20 brand owner members, 6 converter members and 2 co-packer members.

121 369

tonnes of packaging placed on the market by PETCO members comprised mostly of PET bottles and jars along with their labels and closures.

More than **99%**

of EPR fees due by members for 2022 have been fully paid.

DFFE Targets

DFFE legislated targets for collection and recycling were met for more than 99% of the volume of Identified Products registered with PETCO.

83 967 tonnes

of all Identified Products registered with PETCO collected for recycling, representing a 69% collection rate.

In excess of **462 086 cubic metres** of landfill space saved.

79 571 tonnes

of all Identified Products registered with PETCO recycled, representing a 66% recycling rate.

More than **111 795 tonnes**

of carbon emissions alleviated.

Over **25 000 tonnes** of rPET availability enabled by PETCO.

Enterprise Development

- **R53.7 million** spent in support of the collection and recycling value chain.
- **R588.5 million** paid by recyclers for post-consumer packaging material.
- Contributed to sustaining **1 969 employment** opportunities and **14 930** waste-picker livelihoods through buy-back centre support.
- **46 district and local municipalities** engaged across all nine provinces as well as four national and provincial departments.
- Three accredited business training courses with 89 delegates in three provinces and 40 recycling workshops with **3 475 in attendance** across eight provinces.
- **4** bursaries and three learnerships awarded.
- Collaborated with four corporates: TCCF (Up project & KZN Disaster Relief), AECL, Safripol and UNIDO to support **104 projects** with various types of equipment and host **6 recycling workshops**.
- Through the Up project, **104 buy-back centres** and **8 898 waste pickers** registered on a blockchain based transactional platform, recording almost R 23 million worth of recyclables traded.
- Enterprise Development Fund launched, and **16 shortlisted SMEs** invited to pitch for participation in the fund's mentoring and development programme.

Consumer Awareness

- Consumer campaign to separate PET bottles launched on all platforms, "**Keep Separating to Keep Recycling**".
- Message in a Bottle docu-series flighted, highlighting the champions in the collection value chain: **829 278 views** on YouTube.
- Consumer WhatsApp portal added, registering 8 627 new signups, a total of **9 189 users** and **60 414 interactions**.
- Six webinars hosted, with **550 people** in attendance comprising producers, consumers, waste pickers and government.
- In partnership with PnP Schools Club, **500 schools** received PETCO Grade 4, 5 and 6 workbooks and posters, reaching approximately **375 000 learners**.





2023 Board of Directors



Cavinyen Dorasamy
Procurement Manager –
Rigid Plastics Africa
(Unilever)



Cindy Jenks
Head of
Technical Division
(Pick n Pay)



Gareth Elcox
Managing Director:
Sub-Saharan Africa
(ALPLA)



Greg Morse
Manufacturing & Supply
Chain Director
(Coca-Cola Peninsula
Beverages)



John Conway
Chief Manufacturing
Officer (Twizza)



Klaus Plenge
Managing Director
(Tetra Pak)



Liezl Erasmus
Packaging
Sustainability
Manager (PepsiCo)



Michelle Penlington
National Executive:
Marketing and
Sustainability
(Polyoak Packaging)



Nozicelo Ngcobo
Director: Public
Affairs,
Communications and
Sustainability
(Coca-Cola
Beverages SA)



Preola Adam
Senior Sustainability
Director
(Coca-Cola Africa)



Quinton Swart
Group Executive:
Paper and Plastics
(Nampak Packaging)



Ralph Jewson
Project Manager
(Woolworths)



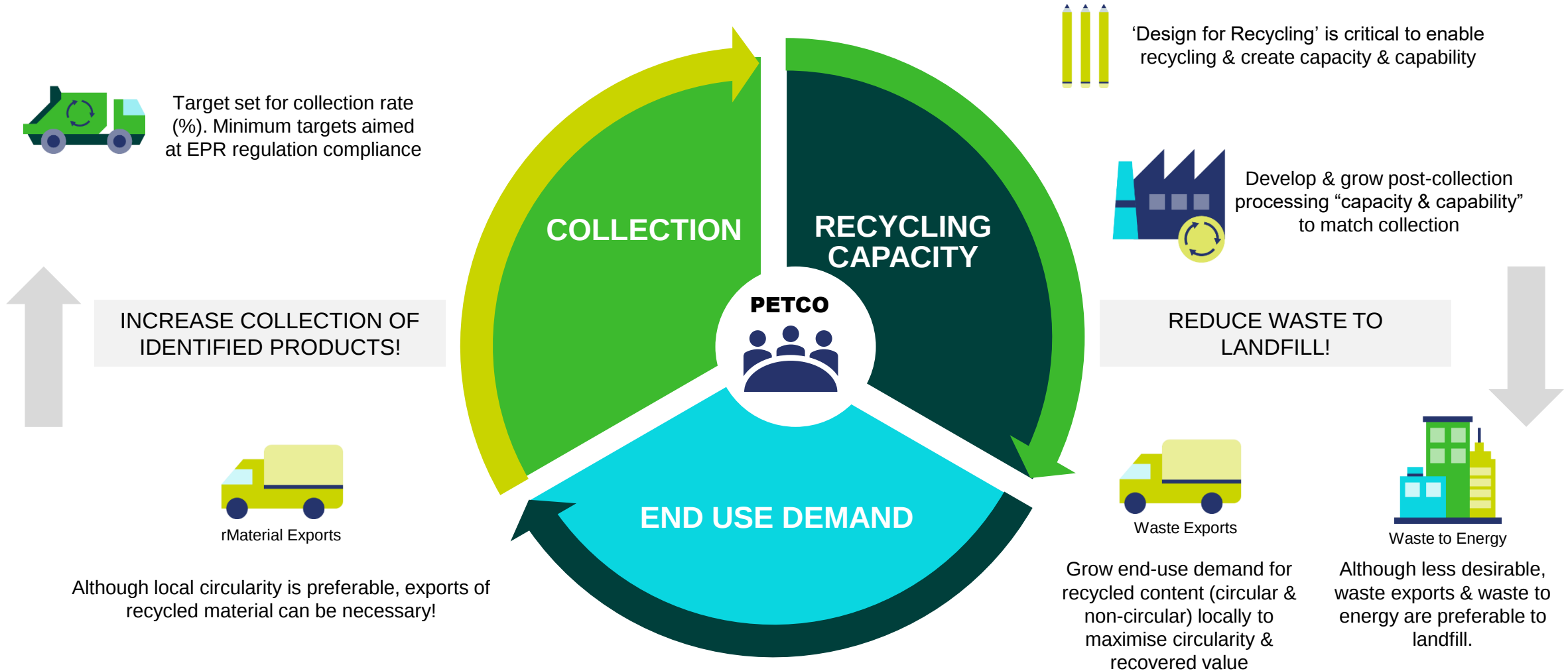
Shaun Christian
National Sales
Manager – PET
(Safripol)

Targets Update



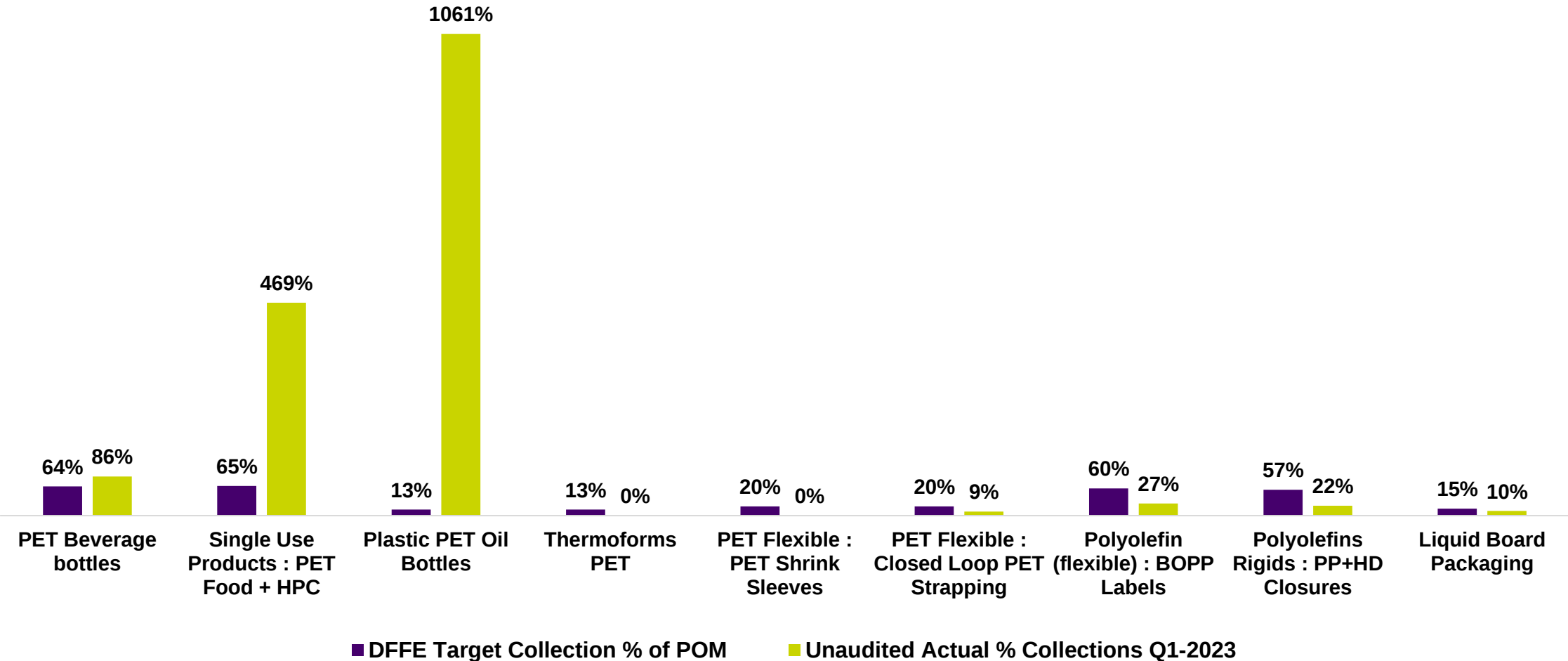


Balancing the Value Chain Critical to EPR Success





2023 Q1 YTD DFFE Collection Target VS Actual Collected



Recycled Content

PETCO believes that brand owners should report on a direct basis directly to the DFFE on the use of recycled content. **PETCO supports this by reporting on the amount of recycled material that we have directly enabled collectively for all members.** We are in discussion with DFFE on how best to approach this.

We encourage more use of recycled content over and above the legal requirements, especially those that are not using it at the moment. Slow inclusion rates of recycled content have a knock-on effect on the collection rate. This creates an incentive for the collectors and stimulates collection.



Recycling Value Chain Feedback





Recycling Value Chain Feedback

Growth in bottle-to-bottle recycling capacity

- Extrupet are introducing two bottle-to-bottle lines in their plant in Cape Town. 1st line of 15,000 tonnes to become active by Q3 2024 and second line of 15,000 tonnes by Q4 2025.
- Alpla investing €60 million to set up a bottle-to-bottle recycling plant in Balito. Construction to start in Summer of 2023 and be completed in Autumn 2024. Will provide additional capacity of 35,000 tonnes.

ALPLA investing €60m in PET recycling plant in Ballito



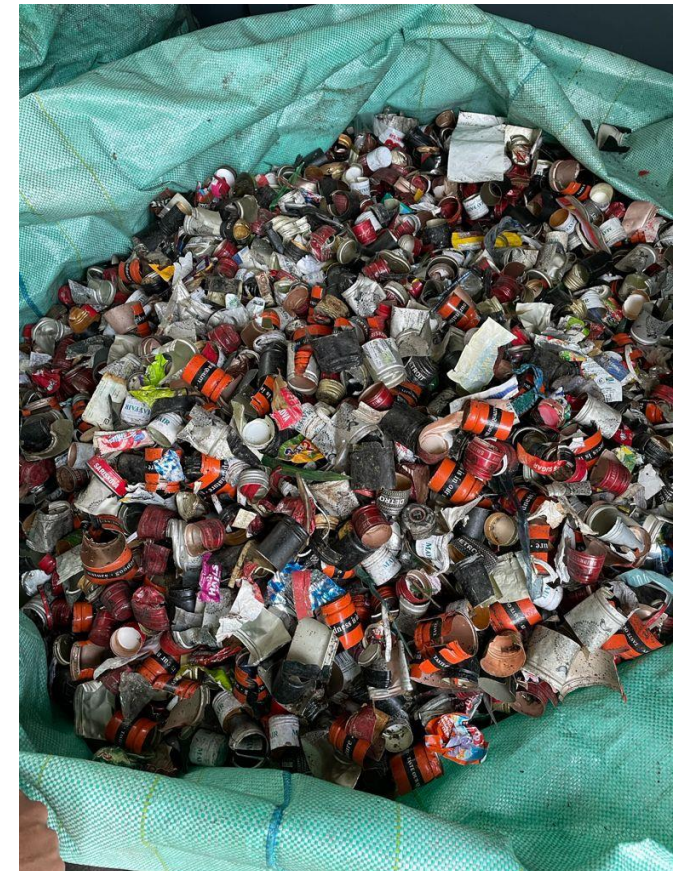
An artist's impression of the new PET recycling plant that will be built in Ballito



Recycling Value Chain Feedback

Design of specific packaging types remain problematic for our recycling partners. Of particular concern are:

- Opaque-coloured PET bottles (particularly for products such as amasi and mageu)
- Metal closures on PET bottles
- PET or PVC shrink sleeves on PET bottles and jars





Polyolefin Shrink Sleeve Working Group

Aim: Facilitate the rollout of polyolefin shrink sleeves

Members:

- Polyolefin shrink sleeve label manufacturers – MCC, CCL, FiL
- PET recycler – Extrupet
- Brand owner – Unilever
- Led by the PETCO team

Tasks to be achieved:

- Develop a business case for the transition from PET & PVC shrink sleeves to polyolefin shrink sleeves.
- Support PETCO members transition to polyolefin shrink sleeves.
- Develop a product certification label and incorporate a product identification mark.



Polyolefin Shrink Sleeve Working Group



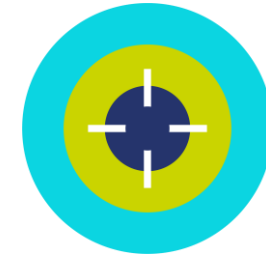
Initial planning phase

- Technical and design input for an identification mark
- Technical fact sheet for polyolefin shrink sleeves
- Draft proposal covering various aspects of the certification label



Fine tuning

- Engaging with key stakeholders (members, collectors, recyclers)
- Learnings and insights from international organisations doing similar work



Execution

Finalised plan to product

- Professional ID mark designed and trademarked
- Administrative procedures in place
- Marketing

LBP Feedback

- PETCO has entered into an agreement with Gayatri Paper Mills, the only recycler of the entire LBP carton in South Africa.
- As part of the LBP EPR scheme, incentives have been provided to increase the value of LBP throughout the value chain.
- Logistics support is also being provided to PETCO's network of BBCs.
- The PETCO collections team will be visiting several of these BBCs.
- While currently below expected targets for LBP, we are exploring various ways to improve collection.



A woman wearing a yellow hard hat, a light blue long-sleeved shirt with 'Savannah' written on it, a yellow safety vest, and yellow gloves is sorting through a large pile of cardboard boxes and plastic waste. In the background, there are large stacks of sorted cardboard boxes on pallets. The scene is set in a recycling facility.

Enterprise Development

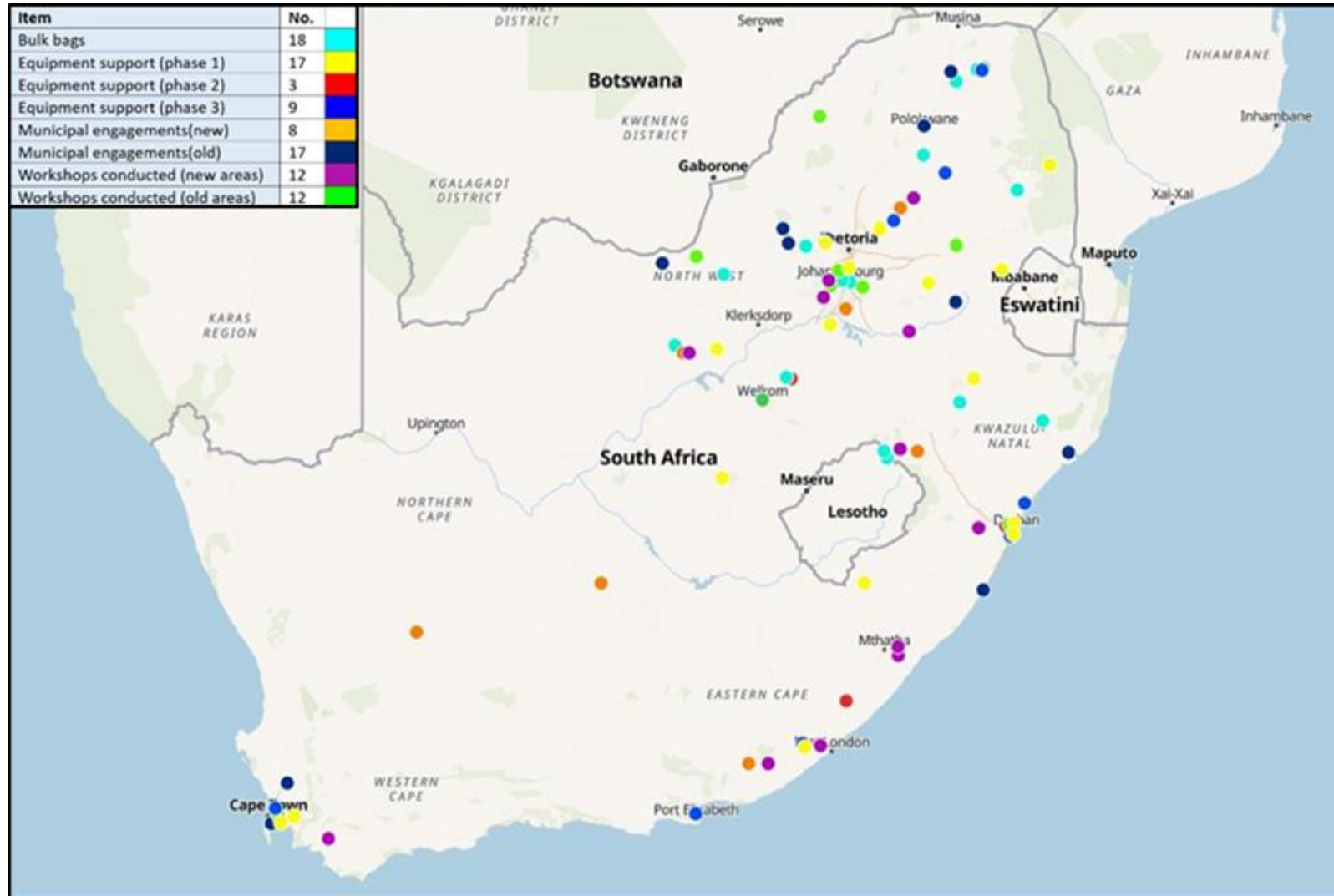
Enterprise Development Targets

- Co-operate with municipalities.
- Integrate informal waste collectors, reclaimers and pickers into the post-consumer collection value chain.
- Compensate waste collectors, reclaimers or pickers, who register on the National Registration Database, for collection services and environmental benefits, through the collection service fee.
- Prioritise the promotion of small businesses and entrepreneurs with a special focus on women, youth and persons living with disabilities.





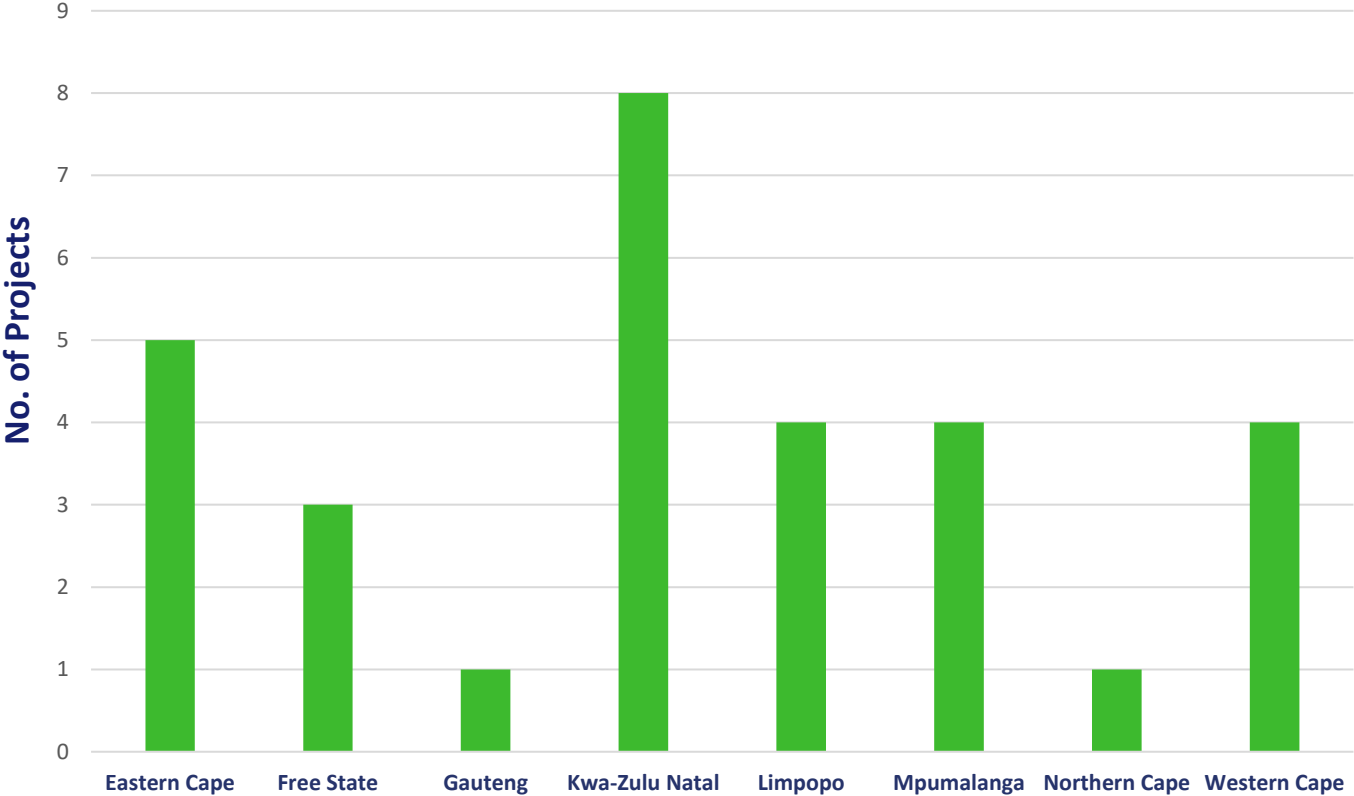
Q1 Socio-Economic Development





Q1 Infrastructure Support Projects

Infrastructure Projects Supported Per Province

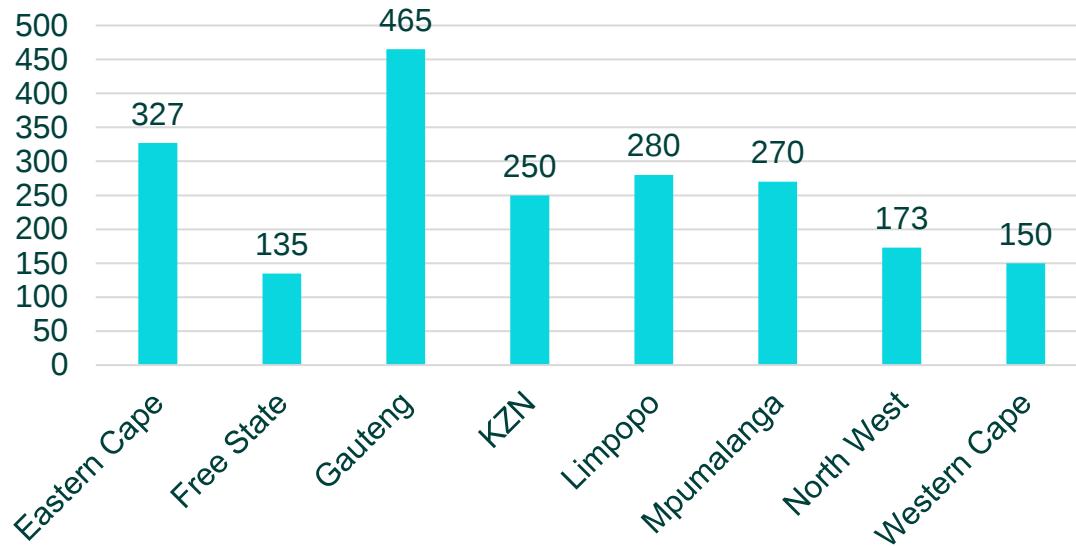


Employment	465
Waste Pickers	4 268
Monthly PET Volumes (tonnes)	300

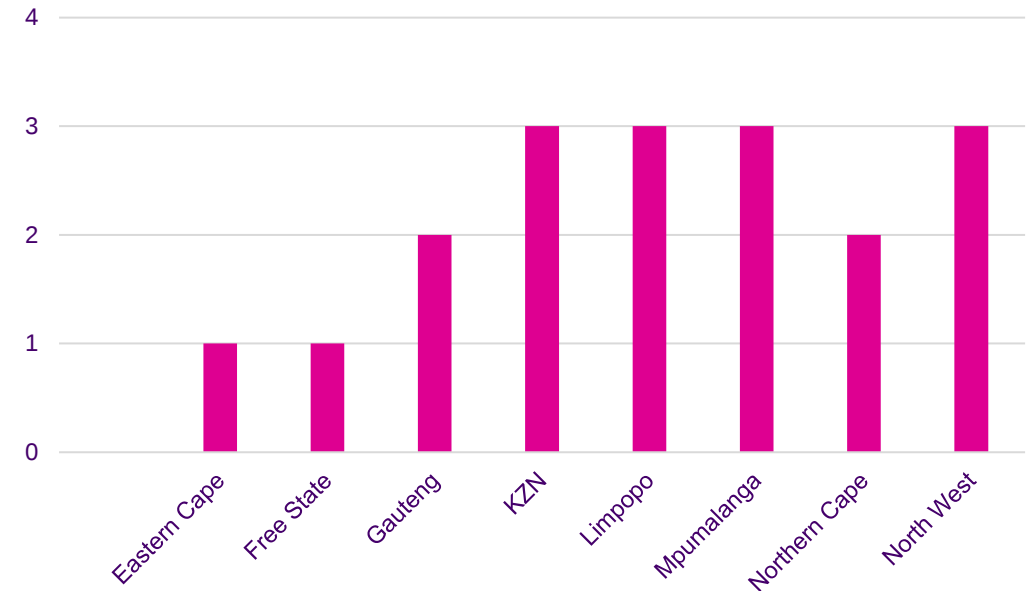


Q1 Recycling Workshops & Municipal Engagements

Recycling Workshops Attendees Per Province



Municipal Engagements Per Province





Enterprise Development

Progress	Detail
Current Status	• 5 Buy Back Centres selected. • 4 Buy Back Centres underwent business and financial assessment. • 1 Buy Back Centre: Recommend removal from programme. • Assessment report and individual BBC reports submitted to PETCO. • Reports include recommendations for development – Pre-Funding Support for funding readiness is essential. • Proposed Investment Committee review reports and agree Pre-Funding support recommendations and requirements to expedite development plans. • Investment Committee (IC) is made up of PETCO staff and members of the board.
Next Steps	• Fund Agreement: PETCO review and agree Ts and Cs. Sign Off. • Meet with Marketing: explain Fund, Fund raising and appropriate terminology. • Review and sign off Fund Raising Letter. • Review BBC information in ED report. • Implement development initiatives. • Reach out to PETCO members and relevant stakeholders for funding support.

PETCO Empowerment Fund

- PETCO is proud to launch the PETCO Empowerment Fund.
- We are calling on PETCO members and stakeholders to partner with us.
- Your donation will contribute directly to the empowerment and inclusion of SMMEs in the collection and recycling value chain through providing accessible finance, integrated with pre- and post-investment support.
- Your spend could also enable B-BBEE points and tax benefits for your company.



PETCO Empowerment Fund

Member benefits

- An investment model that integrates and grows SMMEs.
- Leverages B-BBEE funds and assist members in earning scorecard points.
- Contributes to the triple bottom line reporting.
- Drives economic inclusion and diversity (SMMEs).
- Builds value chain sustainability by contributing to the circular economy.



A large pile of discarded milk cartons and cardboard boxes, illustrating waste management and recycling. The cartons are from various brands like Long Life, Tetra Pak, and Almond Breeze. Some are still sealed, while others are open or crushed. The boxes are mostly white and brown, with some green accents. The overall scene is a chaotic jumble of paper waste.

Education & Awareness



Education & Awareness Initiatives





LBP Consumer & Collector Outreach



News Just In

Gayatri will accept Liquid Board Packaging

Dear Junaid,

We wanted to let you know that on top of keeping your PET bottles and their caps and labels out of the trash and separated for collection, we encourage you to also collect liquid board cartons.

Like PET bottles, liquid board cartons are used for a wide variety of products – you probably have some in your fridge right now! These cartons are multi-layered, plastic-lined cartons that are used to package milk, fruit juice, custard and wine – and the good news is that recyclers want to buy them!



When you collect and recycle used liquid board cartons along with your other recyclables, you keep valuable materials out of landfills – and you assist South Africa's 90,000-plus waste collectors to feed their families.



PETCO Producer Responsibility Organisation NPC
July 4 at 9:45 AM · 🌐

Have you heard? Liquid board cartons are recycled in SA!
Simply, collect, sort, clean, flatten and replace the lid.
All you need to do to get started is: ... [See more](#)

Liquid board cartons.
Yes, it's collected and recycled in SA!

0:13 / 0:14



WANTED

Liquid Board Cartons.

GOOD NEWS!
You can collect long-life milk, juice, custard and 1^l wine box cartons for recycling. Because they are recyclable, they are valuable - so recyclers and buy-back centres want to buy this packaging.
Please start collecting Liquid Board Cartons, flatten them and keep their lids on.

We can help you!

1. Are you a buy-back centre who bales?
Call Gayatri:
011 821 8600
2. Do you need a buy-back centre to bale your cartons for you?
Call PETCO:
011 615 8875





www.petco.co.za



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Legislative Updates





Legislative Updates

Timeline	Activity
23-24 March	DFFE Jan – June 2022 audit conducted with PETCO, key points: • DFFE was impressed by what PETCO has achieved in this first period of mandatory EPR. • We are working together with DFFE to fine-tune methodologies and reporting. • DFFE will be taking action with non-compliant members. They are gearing up the systems to better audit and understand producers and PROs. • PETCO members will be audited. DFFE may audit members or may mandate PETCO to audit members to confirm declarations. • Late payment by members will be considered to be non-compliant.
31 March	Annual external performance audit report submitted to DFFE.
03 May	In response to B-BBEE Charter requirement, PRO Alliance members formally indicated compliance with various sector B-BBEE Codes of Good Practice and assured commitment to annual verification through accredited verification agencies.



Legislative Updates

Timeline	Activity
05 May	Proposed amendments to the EPR regulations published by DFFE to which PETCO submitted written comment. Key points from proposed amendments: • Introduction of returnable packaging system • Submission of annual financial plans and budget for following year moved from 30 November to 31 August. • EPR fee concurrence changes from 60 days to 90 days. • Pharmaceutical sector excluded but not defined. • Some clarity on reporting (e.g. PROs report on behalf of members) but not clear what producers report outside of PROs.
31 July	Interim performance report to be submitted to DFFE.
31 August	Potentially 2024 Annual Financial Plan and Budget due to DFFE (awaiting confirmation TBC).
30 September	Submission of 2024 EPR fee to DFFE with 90 days allowed for EPR concurrence
05 November	Initial feasibility study due within 2 years of implementation of EPR scheme, that identifies the need for additional infrastructure
31 December	Year 2 of mandatory EPR ends



Member Updates





2022 Membership Certificate



PRODUCER RESPONSIBILITY ORGANISATION MEMBERSHIP CERTIFICATE

This is to certify that

is a member of PETCO
Producer Responsibility Organisation NPC

(EPR Registration Number: 19/7/5/P/PRO/20210517/001)

This certificate replaces all existing PETCO membership certificates and is supported by a confirmation letter detailing the brand owners to which this applies, the identified products registered with PETCO and an assessment of this member's performance for the period of validity.

Cheri Scholtz

PETCO CEO

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Period of validity

Company Registration Number: 2004/032347/08

Postal Address: PETCO Producer Responsibility Organisation NPC,
Postnet Suite 245, Private Bag X16, Constantia, 7848





**Forecasts received for H2 2023,
thanks to all.**



Overdue EPR Fee Standard Operating Procedure

Timeline	Action for Late Declarations
7+ days overdue	Reminder email for declaration.
14+ days overdue	Member is deemed non-compliant until declaration is received.
30+ days overdue	Penalty fee for the declaration applies; member is deemed non-compliant until declaration is received.

Timeline	Action for Late Payments
30+ days overdue	Reminder email for payment.
60+ days overdue	Internal Letter of Demand (LOD); member is deemed non-compliant until account is settled within agreed payment terms.
90+ days overdue	- Legal LOD and member gets handed over for collection; member is deemed non-compliant until account is settled within agreed payment terms. - Member 30 days payment terms is revoked and a move to monthly declarations and payments based on forecast applies pro-rata for the remaining calendar year.



Member Engagement





Member Engagement

Activity	Timeline
Member information session	One: Previously scheduled for 24 October but will be moved due to clash with Propak Cape Town. Revised date TBC.
POM reporting	Actual vs Forecast POM reporting to take place in August for Q2 and November for Q3.
Newsletters	Three: start of August with these updates; end September for Q2 and early December for Q3.
Webinars	Three member webinars planned for the second half of the year covering topics such as enterprise development, waste picker service fee and value creation, etc.
Visits	Will seek to visit as many members as possible before the end of the year .
Value chain immersion visit	Site visit of key role players in the collection and recycling value chain to take place in November .



Thank you

