

Leading Producer Responsibility

PETCO ANNUAL REVIEW 2022



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Who We Are

From 2004 to 2022, PETCO has represented the plastic industry's effort to self-regulate the recycling of post-consumer polyethylene terephthalate (PET).

Today PETCO is a registered Producer Responsibility Organisation (PRO) administering EPR schemes for PET packaging, a range of plastic closures and labels (HDPE, PP, BOPP - typically found on bottles and jars), as well as for liquid board packaging.

The company and its founders have led innovation by providing industry driven and financed targets that facilitate a circular economy; from producers, to waste collectors, to recyclers to marketable recycled product.

To remain a leader in producer responsibility, PETCO has established sound governance principles and its Board of Directors is representative of its members.

Leading Producer Responsibility

Vision

Our vision is of a true circular packaging value chain that is born out of focusing on our members and achieving more than their legislated producer responsibility – driving us all towards a circular economy.

Mission

To continuously lead the way for the packaging industry, other PROs, government, the collection industry and consumers by representing our members' producer responsibility obligations and adding the value to their membership that creates true change in making our economy circular.

For 18 years PETCO has provided a service to its members by growing the collection and recycling of PET bottles, to levels that are admired by many developed countries, and helped to develop local recycled PET (rPET) capacity.

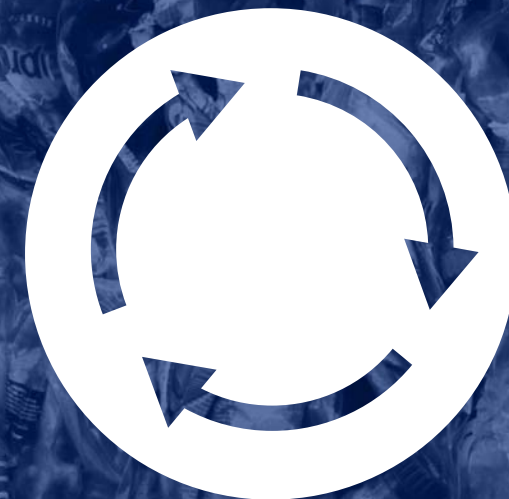
Essence

PETCO is a trusted, member-focused producer responsibility organisation (PRO) that drives change across the packaging value chain towards circularity.

Promise

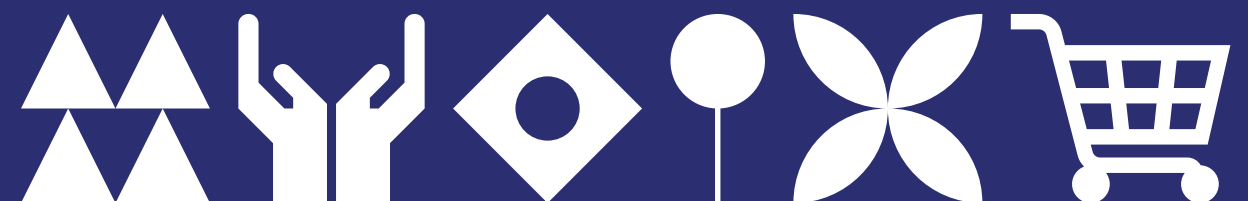
As custodians of the packaging value chain, we are the PRO that achieves beyond policy, to attain a true circular economy.

A true circular economy.



PETCO focuses on the cornerstones of building a circular economy:

- Driving recycling activities
- Unlocking the collection and recycling value chain
- Guiding product design
- Developing consumer education and awareness
- Stimulating end-use markets for recycled material, and
- Building the required local recycling infrastructure and capacity.



CHAIR AND CEO REVIEW

After much anticipation, the first year of the EPR regulations, as per Section 18 of the National Environmental Management: Waste Act, has come and gone. While it was a year epitomised by uncertainty and filled with change, it was nonetheless a year in which PETCO furthered its record of success. It was also a year in which we began to map a groundbreaking way forward for us and the industry.

Excelling in the first year of mandatory Extended Producer Responsibility

For the first time in South Africa, producers and PROs were legally required to comply with EPR regulations. This change from the previous voluntary arrangements brought its own set of challenges, such as competition between PROs offering EPR schemes for the same Identified Products, as well as brand owners having to join and become accustomed to the differing models adopted by the various PROs.

Unfortunately, delays in the approval from the Department of Forestry, Fisheries and the Environment (DFFE) of the fees for the first year of regulated EPR created uncertainty in the first half of the year, making financial planning difficult for producers and PROs. We determined our 2022 EPR fees based on the body of work needed in order for us achieve our targets. However, we had to build in an accommodation for any adjustments needed later in the year should the fee need to be amended due to DFFE requirements.

We were grateful to our members for understanding our rationale and for being supportive of the PETCO fee as they have been every year for the previous 17 years.

The newly introduced regulations clearly stipulated year one targets for product design, collection and recycling, which PETCO was obliged to deliver on. There are also further requirements related to DFFE reporting and the introduction of a waste-picker service fee. Because this is a new environment for producers, PROs and the regulating authority, and at this stage the implementation of EPR in South Africa is an ongoing process, we have shared our sentiments on how best the regulations can be improved and submitted comments on the proposed amendments to the regulations gazetted in December 2021. We remain committed to working with the sector and government to support the implementation of EPR in South Africa.

Gearing up for future success

In 2022 we successfully instituted several changes to our processes and operations to ensure that we and our members are better placed to comply with the EPR regulations.

Changes include:

- the administration of dedicated EPR schemes for labels and closures that end up in the same waste stream as PET bottles and jars.
- leveraging our EPR fee based on the volume of packaging products placed on the South African market by our members.
- revising our declarations process to accommodate more accurate placed-on-market reporting.
- undertaking and using bale characterisation studies to inform our reporting on all Identified Products registered with us. Through the combination of the bale characterisation studies and the robust placed-on-market declarations, we are now able to accurately report on what is placed on the market and what is collected for all of our Identified Products, including the labels and closures.
- appointing a Chief Operations Officer, Bhavesh Patel, who will support the management of strategic operations.
- in partnership with Safripol and through the Youth Employment Services (YES) Internship Programme, PETCO has recruited five interns to support our collections team so that we have an 'on-the-ground' presence in every province.

Throughout the year we have interacted regularly with all our members to prepare them for this evolution in our processes to ensure a smooth transition.

Meanwhile, to ensure optimum corporate governance, PETCO's interim Board of Directors has guided us through this transition, ensuring that we remain on track to deliver our targets. As part of this process we have drafted a new Memorandum of Incorporation, which was adopted in April 2023, and we are looking forward to the appointment of a new Board of Directors shortly. We very much hope that this will be composed of some who served on the interim board, and some new representatives who bring their own vision and experience to take PETCO forward.

Waste-picker integration supported

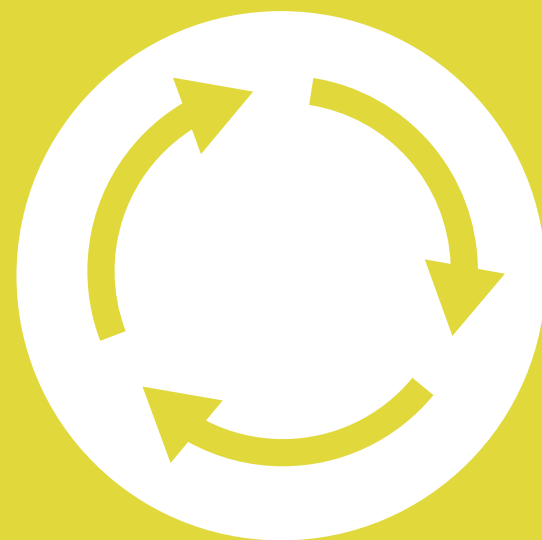
In 2023 we will be launching the PETCO Enterprise Development Fund. This forms part of our renewed focus on capacity building in the informal collection sector, and integrating waste pickers into the formal value chain. The aim is to unlock the supply of recyclables, and therefore of rPET, in underdeveloped areas, while better capacitating Small and Medium Enterprises (SMEs) in the value chain. The first stage will be to select five SMEs from KZN to participate in the development and mentoring programme. We invite our members and the broader sector to partner with us on this game-changing project.

The Up project, which was launched as a pilot in 2021, is another of our initiatives designed to integrate the informal sector with the formal sector. The project has introduced a digital platform to support the administration of a waste-picker service fee. Much has been learnt in the year since the project's inception. Although more than 100 buy-back centres and over 8 000 waste pickers were registered onto the platform, unfortunately active participation decreased during this initial period.

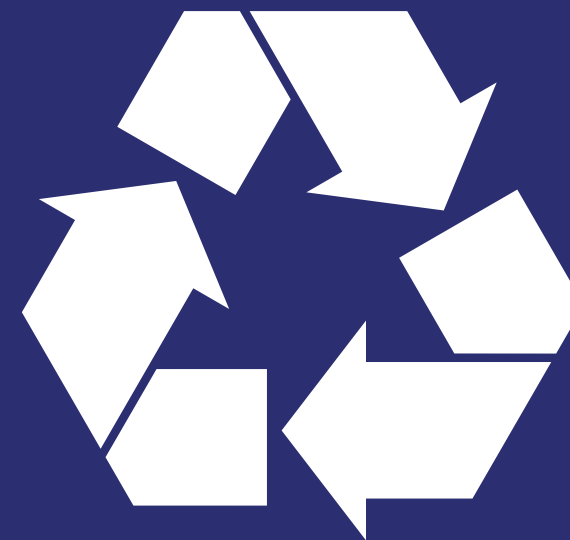
Nonetheless, the project achieved notable successes, such as establishing the infrastructure to pilot the payment of a waste-picker service fee, which took place at one of the buy-back centres. We have also been able to determine behavioural trends among waste pickers and buy-back centres, through a partnership with the Council for Scientific and Industrial Research (CSIR), using a wealth of data garnered by the project on the location, amount and value of recyclables traded in South Africa between buy-back centres and waste pickers. This information is the first of its kind in South Africa.

Significantly, we have learnt that the active adoption of a transactional platform is dependent on the size, location, infrastructure and computer literacy of staff present at the buy-back centre. This, and other lessons that have emerged from our data analysis, will be used to improve the project for its further roll-out.

PETCO continues to **lead producer responsibility in South Africa**, engaging with our members, partners and key stakeholders to **drive change across the packaging value chain towards a circular economy** in which packaging can go back into packaging.



PETCO has overseen the collection of **69%**, and recycling of **66%**, of the total volume of Identified Products placed on the market by our members.



Collection and recycling targets achieved

We are proud to announce that over the past year:

- PETCO has met legislated collection and recycling targets for more than 99% of the volume of Identified Products registered with us.
- We have overseen the collection of 69%, and recycling of 66%, of the total volume of Identified Products placed on the market by our members.
- In partnership with one of our recycling partners, PETCO has enabled the availability of more than 25 000 tonnes of food-grade rPET.
- By increasing the availability of rPET to our members and the broader sector we have helped them to meet their recycled content targets.

Other packaging types

We undertook a trial for minor amounts of thermoformed PET packaging to test its recyclability, even though PETCO does not administer a dedicated EPR scheme for this type of packaging at the moment. Although the collection target for thermoform products was met in the pilot scheme, the recycling target was missed, with a lowly 50% recycling yield resulting in the remaining 50% going to waste. We will be recalibrating our approach to recycling these products in the light of these results.

We also recognise that although we met the target for polyolefin rigids, more work is needed to support the collection and recycling of the closures that accompany PET bottles and jars.

With all these initiatives we are adding value to our members by assisting them to meet their own local and global targets.

Looking ahead to 2023

We are embarking on bold steps in 2023 to promote a new narrative for recycling packaging – not only locally in South Africa, but at a global level.

In line with the global goal of circularity for packaging, we have revised our vision to envisage achieving a true circular packaging value chain by enabling our members to accomplish more than their legislated producer responsibility requirements. We see ourselves as continuing to lead on the implementation of EPR in South Africa towards a circular economy, an ethos espoused in our new tagline:

“Leading Producer Responsibility”.

In 2023 we will continue to focus on how we can best add value to our members’ businesses and make it easier for them to go above and beyond compliance. As an example, since 01 January 2023, we have been administering an EPR scheme for Liquid Board Packaging (LBP) and have welcomed Tetra Pak as our first member of this scheme. This is a value add for members who already sell products in both PET and LBP. We are also aware that the waste streams within which we work are not exclusive to PET, so expanding our focus to include LBP is attainable for our teams in the field.

Meanwhile, we remain committed to innovation in design and end-use markets to ensure that we meet our targets for all Identified Products for which PETCO administers an EPR scheme. We understand that there remain challenges with problematic packaging designs for products within our ambit. The imminent introduction of ‘eco-modulation’ is a step toward affecting poor packaging design where products that are challenging to recycle or have a low-value end-use will incur higher EPR fees.

We are glad to report that progress has been made on one type of problematic packaging, the PET or PVC shrink sleeve used on PET bottles and jars. A recyclable shrink sleeve is now available on the South African market, and PETCO has formed a working group comprising representatives of the label manufacturers, recyclers and brand owners to explore the roll-out of this recyclable alternative within the sector. This is another step toward a truly circular economy.

With these changes to the scope of PETCO we have revised our logo to reflect our broader vision, replacing the original PET plastics symbol with an emblem of the packaging circularity we aim to achieve with the EPR schemes we offer.



Partnership projects

We know that partnerships are central to the implementation of robust EPR in South Africa, and in 2023 we will seek to continue our active engagement with the Paper and Packaging PRO Alliance.

Our CEO and Chair have served on the PRO Alliance board and will resume their active engagement on the board in 2023. We would also like to extend a warm welcome to the new Paper and Packaging PRO Alliance Chief Executive Officer (CEO), Dorah Modise, and look forward to continuing our close collaboration with the Alliance and Dorah.

Through this collaboration we plan to scale up our impact on cross-cutting initiatives relevant to all PROs, such as municipal engagement, kerbside collection, consumer awareness and the integration of waste pickers into the formal sector. The Alliance, in partnership with GreenCape, is currently planning projects to work with the informal sector in both Johannesburg and Cape Town and PETCO will be actively supporting these.

Supporting SMEs

In 2023, we plan to further advance our projects that contribute towards the integration of waste pickers and support of SMEs.

In this context, the Up project will explore the introduction of alternative transactional platforms and payment mechanisms to improve adoption amongst buy-back centres and waste pickers, increasing the scale of the roll-out of the waste-picker service fee.

We will also be looking for support from our corporate partners for the PETCO Enterprise Development Fund mentioned earlier, which will start a mentoring and support programme for five SMEs in KZN.

Conclusion

During 2022, the focus has been on putting in place **systems and structures to simplify current and future reporting** for both us and our members. In 2023, we will build on the **foundations laid in 2022** and **reap the benefits** of the changes instituted.



Tshidi Ramogase,
CHAIRPERSON PETCO



Cheri Scholtz,
CEO PETCO

We are grateful for the support of our members and partners in **successfully navigating through a tricky first year** of mandatory EPR to maintain PETCO's proud record of success. **We look forward to your continued support as we implement PETCO's new vision** and aim for new heights in 2023.

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), AECI, 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**.





PETCO EPR Membership

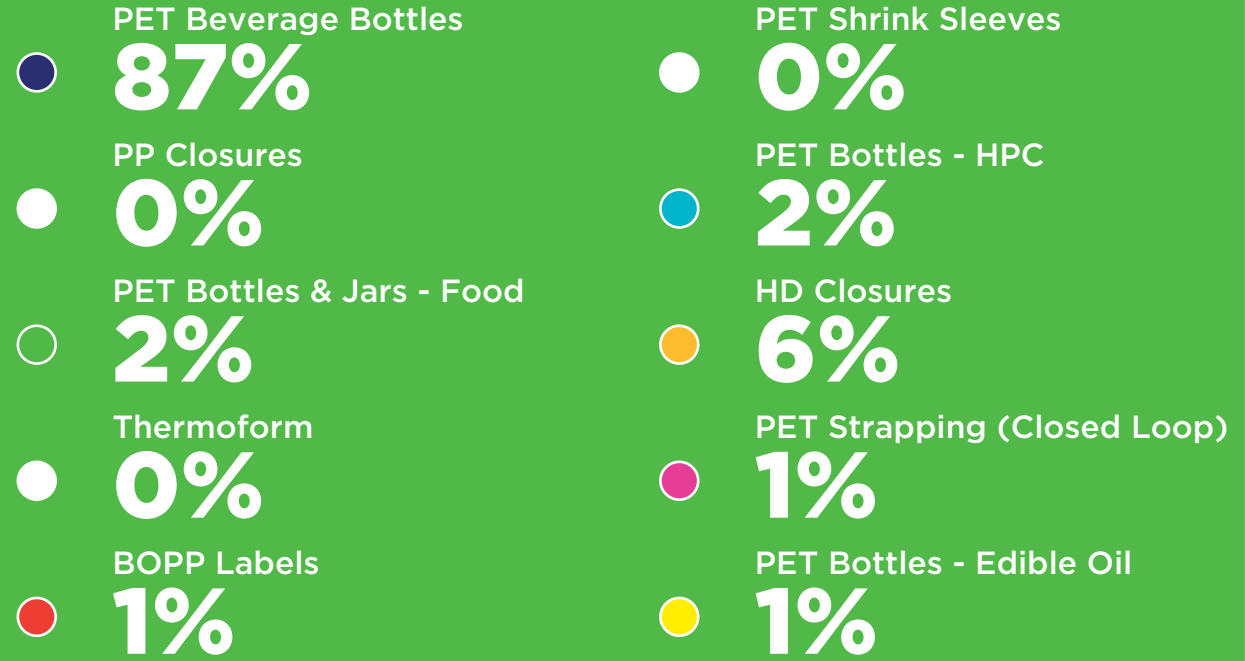
Towards the end of 2021 and during 2022, PETCO had successfully registered a total of 28 members. These comprised 20 brand owner members, six converter members and two co-packer members.

Almost all declarations and payments of 2022 EPR fees were received. PETCO is grateful for the support of our members and appreciates their efforts to accommodate changes made to PETCO processes and systems in order to refine reporting.

PETCO Members



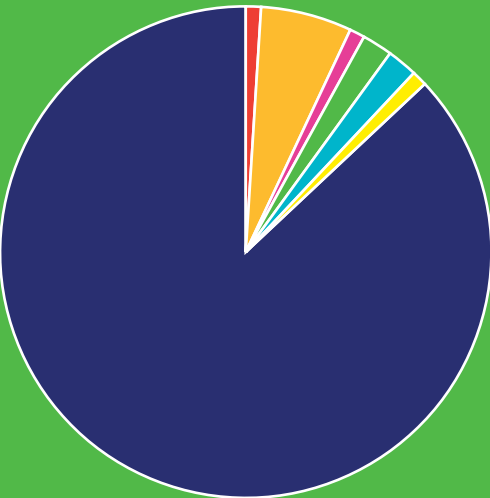
Composition of 2022 Identified Products POM



Placed on market (POM) volumes

PETCO’s new, more robust EPR declaration system means it can now accurately track the volume of packaging placed on the market by its members per Identified Product.

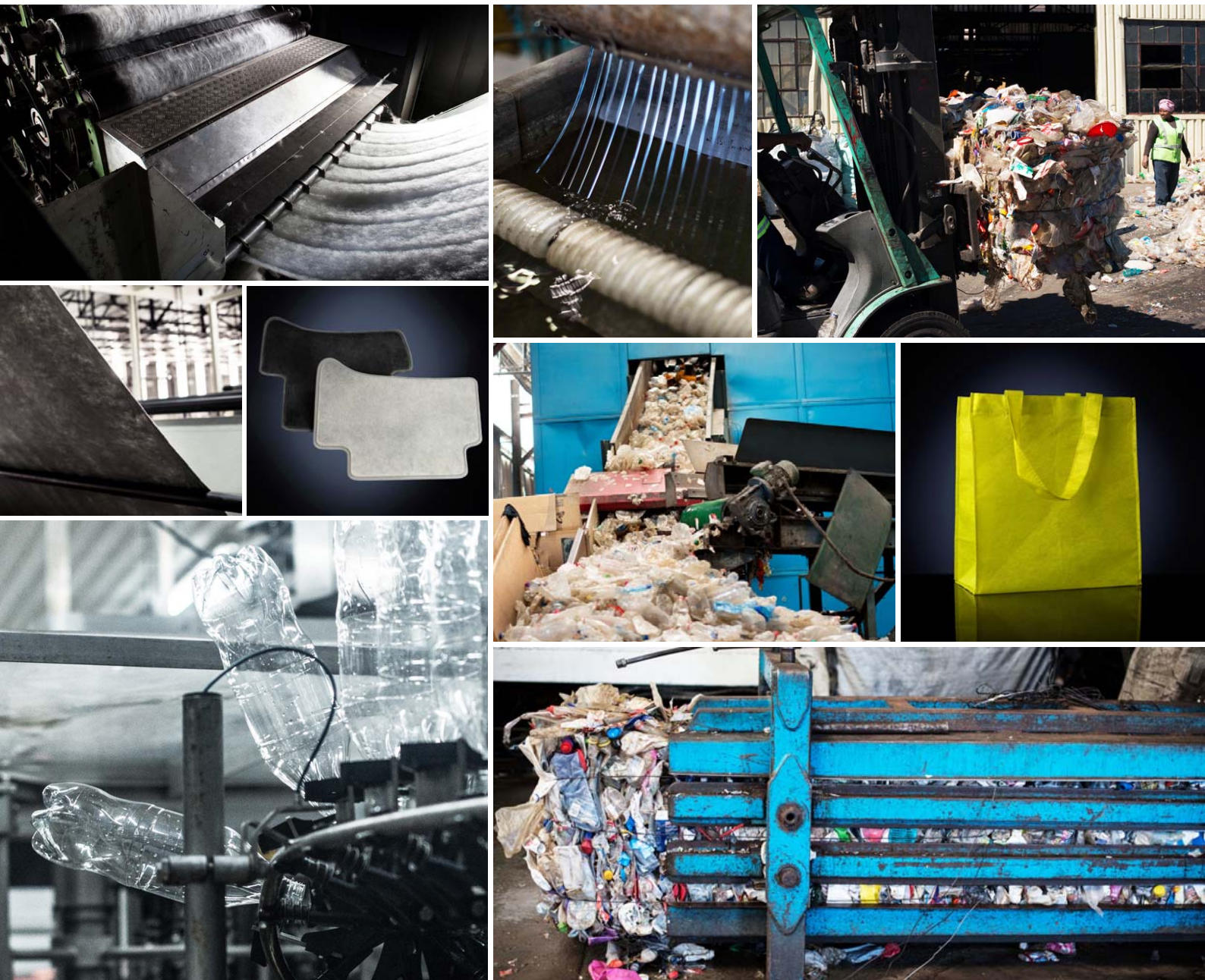
In 2022, members placed a total of 121 369 tonnes of plastic packaging onto the South African market. This comprised PET beverage bottles (the largest component, at 87%), home and personal care bottles, edible oil bottles, food bottles and jars, labels and closures included on PET bottles and jars as well as minor volumes of PET strapping, shrink sleeves and thermoforms.



121 369 tonnes
of plastic packaging placed onto the market by PETCO members in 2022



THE STATE OF PETCO-ENABLED RECYCLING



Determining our 2022 targets

Previously, PETCO collection and recycling targets were determined voluntarily based on the total size of the PET market, the share of beverages within the market and the local and global targets of our members.

However, with the mandatory EPR regulations taking effect in late 2021, the start of 2022 (i.e. Year 1 of mandatory EPR) meant that PETCO would need to set its targets in accordance with the legislation. Targets would also only be set for the volume of DFFE Identified Products placed on the market by PETCO members and would not be a representation of the entire PET sector, as they had been formerly. Also, in light of PETCO's broader focus within the packaging sector, we set a wider range of targets for 2022, comprising all of the Identified Products for which PETCO administers an EPR scheme.

Determining the actual target volumes at the outset of the year proved to be challenging, as these were based on initial forecasts from 2021 and subject to change based on member declarations. Being a 'moving target', these volumes had to be continuously revised throughout the year as actual declarations were received from members.

Meeting our legislated targets

PETCO's collection and recycling results are audited by an independent third party. We provide support to our recycling partners based on the volume of post-consumer packaging waste that they purchase, and on successful completion of external audits. We are able, therefore, to establish a direct link between PETCO and the collection and recycling of packaging waste that we have enabled.

PETCO has achieved the DFFE legislated collection and recycling targets for more than 99% of the total volume of Identified Products registered with us. This includes PET beverage bottles, food bottles and jars, home and personal care bottles and edible oil bottles as well as the rigid and flexible polyolefins that end up in the same waste streams as PET bottles.

The remaining 1% of volume for which targets were not met includes a novel pilot trial with a small volume of thermoformed PET. This pilot revealed that current thermoform recycling exhibits a lowly 50% recycling yield with the remainder going to waste. This pilot will be used to inform PETCO's approach to thermoform recycling in future. PET shrink sleeves on PET bottles and jars, which are not currently recyclable, are also included in this percentage. PETCO is presently exploring the adoption of a recyclable polyolefin shrink sleeve with members.

Collection and recycling rates of packaging placed on market by PETCO members	2021	2022
Total POM	142 424	121 369
Total Collected (Tonnage)	90 402	83 967
Total Collected (%)	63%	69%
Total Recycled (Tonnage)	57 336	79 571
Total Recycled (%)	40%	66%

PETCO progress on the collection and recycling of Identified Products

Legislated Categories ("Identified Products")	Industry Product Names	Total 2022 Member POM (Tonnes)	Collection Target (Tonnes)	Collection Achieved (Tonnes)	Collection Target (%)	Collection Achieved (%)	Recycling Target (Tonnes)	Recycling Achieved (Tonnes)	Recycling Target (%)	Recycling Achieved (%)
Plastic PET Beverage bottles	PET Beverage bottles	105 751	63 451	67 393	60%	64%	57 106	63 865	54%	60%
Single Use Products - PET	PET Food, Home & Personal Care	4 384	2 630	7 359	80%	168%	1 315	6 974	30%	159%
Plastic PET Oil Bottles	PET bottles - Edible Oil	753	53	3 894	7%	517%	45	3 691	6%	490%
Plastic PET Thermo-formed	Thermoform PET	94	8	13	9%	14%	8	7	8%	7%
PET Flexible	PET shrink sleeves	157	16	0	10%	0%	14	0	9%	0%
PET Flexible	PET closed-loop strapping	1 277	128	18	10%	1%	115	17	9%	1%
Polyolefin Rigid	Closures (HDPE & PP)	7 522	4 137	4 421	55%	59%	2934	4 186	39%	56%
Polyolefin Flexible	Labels (BOPP)	1 431	830	870	58%	61%	630	830	44%	58%
	Totals	121 369	71 253	83 967			62 166	79 571		

Summary of 2022 bale characterisation studies

Bale #	Labels & Closures		PET Bottles & Jars					Other				Total
	Labels	Closures	Food Jars & Bottles	Personal Care Bottles	House-hold Products	Edible Oil Bottles	Beverage Bottles	Thermo-forms	Residual	Other (mixed)	Bottles filled with liquid	
1	1,0%	2,8%	5,7%	0,6%	1,5%	2,5%	72,9 %	1,9%	1,4%	4,6%	5,1%	100%
2	1,1%	2,9%	5,0%	1,4%	3,0%	7,2%	65,7%	2,0%	0,7%	3,1%	8,0%	100%
3	1,3%	3,1%	11,1%	0,6%	0,6%	1,4%	78,2%	0,0%	1,3%	2,2%	0,0%	100%
4	1,2%	0,1%	5,7%	0,7%	1,6%	4,7%	84,6%	0,0%	0,3%	1,0%	0,0%	100%
5	1,0%	2,8%	7,2%	1,7%	2,3%	6,7%	68,7%	0,0%	0,6%	4,6%	4,4%	100%
6	1,2%	2,1%	7,7%	0,5%	1,6%	8,7%	74,6%	0,0%	1,0%	0,6%	2,0%	100%
7	1,4%	0,3%	2,9%	0,4%	0,6%	1,5%	90,5%	0,0%	0,6%	1,3%	0,4%	100%
Total	1,2%	1,7%	6,3%	0,7%	1,5%	4,5%	78,3%	0,4%	0,8%	2,2%	2,2%	100%
Ave	1,2%	2,0%	6,5%	0,8%	1,6%	4,7%	76,4%	0,6%	0,9%	2,5%	2,8%	100%

Bale characterisation methodology

In May 2022, we completed a bale characterisation study to better understand the composition of a typical PET bale purchased by our recycling partners and to inform our reporting on the different Identified Products registered with us.

Even though rigid PET, and more specifically beverage PET, make up by far the majority of materials in the bales that our recyclers purchase, we do know that they are not entirely comprised of PET packaging, nor are they solely made up of beverage bottles.

Oil bottles, home and personal care bottles, thermoforms and non-PET elements such as labels and closures have always been collected along with beverage bottles.

In combination with our member declarations and regular bale sampling assessments, we are able to report with greater granularity. This assists us to meet our DFFE reporting requirements and also shows our diverse membership how we are tracking their particular Identified Products.

Development of end-use markets

The development of viable end-use markets for recycled product is critical to the implementation of a successful EPR scheme. PETCO continues to contract recyclers who have end-use markets in their operations as follows:

- Food-grade resin
- Strapping
- Other
- Fibre
- Geo-textiles

In addition to these, in 2022 PETCO contracted additional recyclers with end-use markets for polyolefin rigid and flexibles. These include:

- “Plastic wood” items such as furniture and pallets; and
- Plastic furniture, crates, buckets, pipes and trolleys.

PETCO continues to promote a circular economy by prioritising food-grade rPET as the preferred end-use market. In 2022, food-grade rPET resin made up 32% of all recycled output enabled by PETCO.

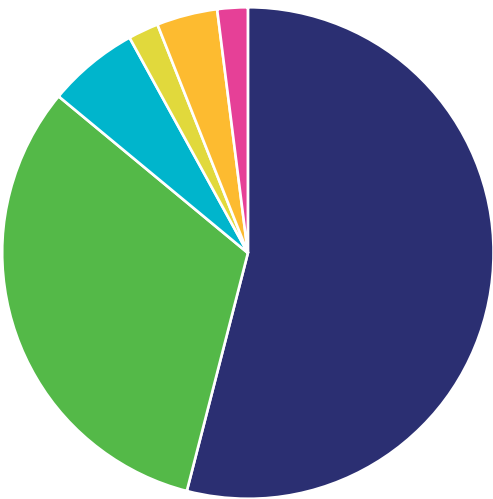
Whilst a growing emphasis is being placed on food-grade resin, fibre as an end-use for recycled PET remains important to create a stimulus for low-value and coloured bottles. In 2022, fibre was the end-use output for 54% of recycled materials.

Other supplementary end-uses such as strapping, geotextiles, and bottle to flake account for 10% of all recycled materials.

Polyolefins account for a small percentage of the volumes currently registered with PETCO and recycled polyolefin applications accounted for only 6% of all the recycled materials.

Proportion of recycled outputs per end-use market

- 32% Food-grade
- 54% Fibre
- 2% Strapping
- 4% Geotextiles
- 2% Bottle to flake
- 6% Polyolefin applications



Reporting on the use of recycled content

PETCO believes that only brand owners should report on an individual basis directly to the DFFE on the use of recycled content. While converters have a good sense of the average amount of recycled content they use, they cannot determine what is exported or imported in finished goods by brand owners, and therefore what eventually lands up on the South African market.

PETCO therefore recommends that PROs report instead on the amount of recycled content they have enabled through direct support. With the support of one of our recycling partners, we can report that we have enabled more than 25 000 tonnes of food-grade rPET to be made available to our members and the broader packaging sector – another significant achievement for PETCO.

Impact of imports

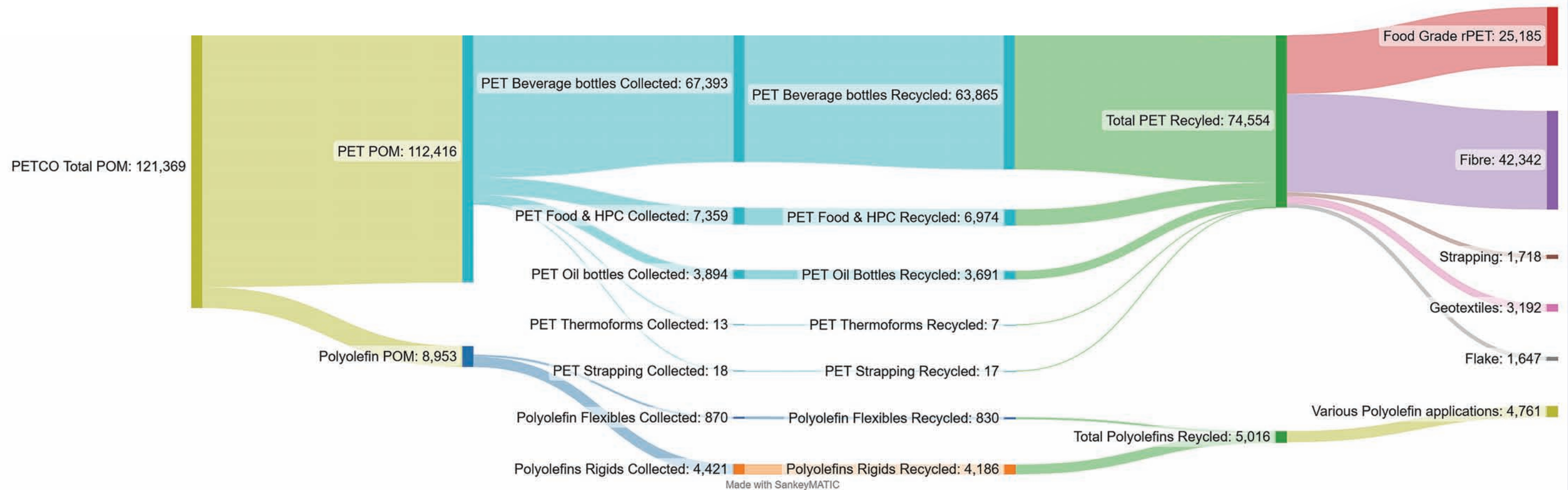
Baled PET waste imported into the country has remained unvarying compared to 2021. In 2021 and in 2022, SARS recorded the nett import of PET waste in South Africa as approximately 5 000 tonnes, with all of the 2022 imports originating from the SADC region.

The global growth in the awareness of the need for recycling has given rise to an increase in collection initiatives within our neighbouring states. Consequently, much of the material collected is sent to South Africa, as the closest recycling hub.

However, it is still imperative to ensure that the importing of PET waste does not negatively affect the local PET collection market by stifling collection, exceeding the existing recycling capacity, and ultimately resulting in imported waste being landfilled.

Waste imports require permits and fortunately, through Plastics SA, PETCO is consulted for recommendations before import permits are approved. In 2022, therefore, to ensure that local collection was not interrupted, PETCO only recommended the approval of 35% of permit applications received – a decrease of 29% (in tonnage) compared to 2021.

Collection and recycling to end-use value chain for PETCO Identified Products



Value Chain Support

The fulcrum of effective implementation of EPR in South Africa is the collection and recycling value chain. This is reflected in the mandatory EPR regulations which require producers and PROs to support the integration of the informal sector with the formal sector and to actively invest in the black-owned SMEs, cooperatives and enterprises that constitute this value chain.

Consequently, in 2022 PETCO invested R 53.7 million directly into the collection and recycling value chain in South Africa. This was allocated towards improving the capacity of the informal collection sector, improving the street value of recyclable waste, supporting capacity development of contracted recycling partners and stimulating a viable end-use market for recycled content.

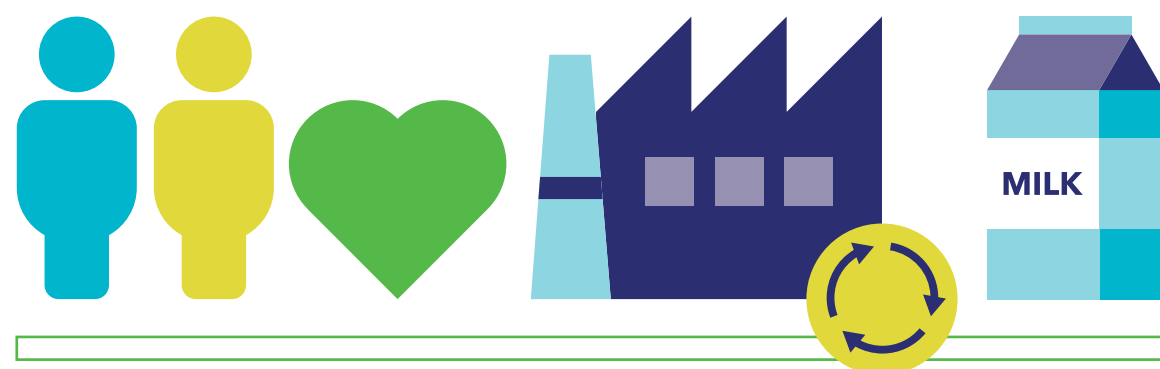
Financial value chain support

PETCO's financial support provides security to contracted recycling partners, thereby stimulating investment in recycling and end-use market capacity. Support to recycling partners is administered based on audited receipts of post-consumer packaging waste purchased for recycling, and recycled material produced for end-use markets. In 2022, R48.1 million was administered to the value chain, representing 63.7% of PETCO's total expenditure for the year.

Critically, whilst the support is paid to recyclers, it trickles down the entire value chain as it increases the price paid by recyclers for collected packaging waste. This financial impetus therefore not only stimulates collection by increasing the street value of the recyclable materials, but also increases the earnings of waste pickers.

In 2022, PETCO contracted an additional three recyclers to secure collection and recycling of the polyolefin rigids and flexibles placed on the market by PETCO members. Contracted recycler partners for 2022 were:

- Afripet
- Atlantic Plastic Recycling
- Da Run Fa Chemical Fibre
- Extrupet
- Kaytech
- Kubili Recyclers
- Myplas
- Propet SA
- Sen Li Da Chemical Fibre



PETCO's role in the value chain



Collectively, PETCO's contracted recycling partners purchased a total of

88 769 tonnes

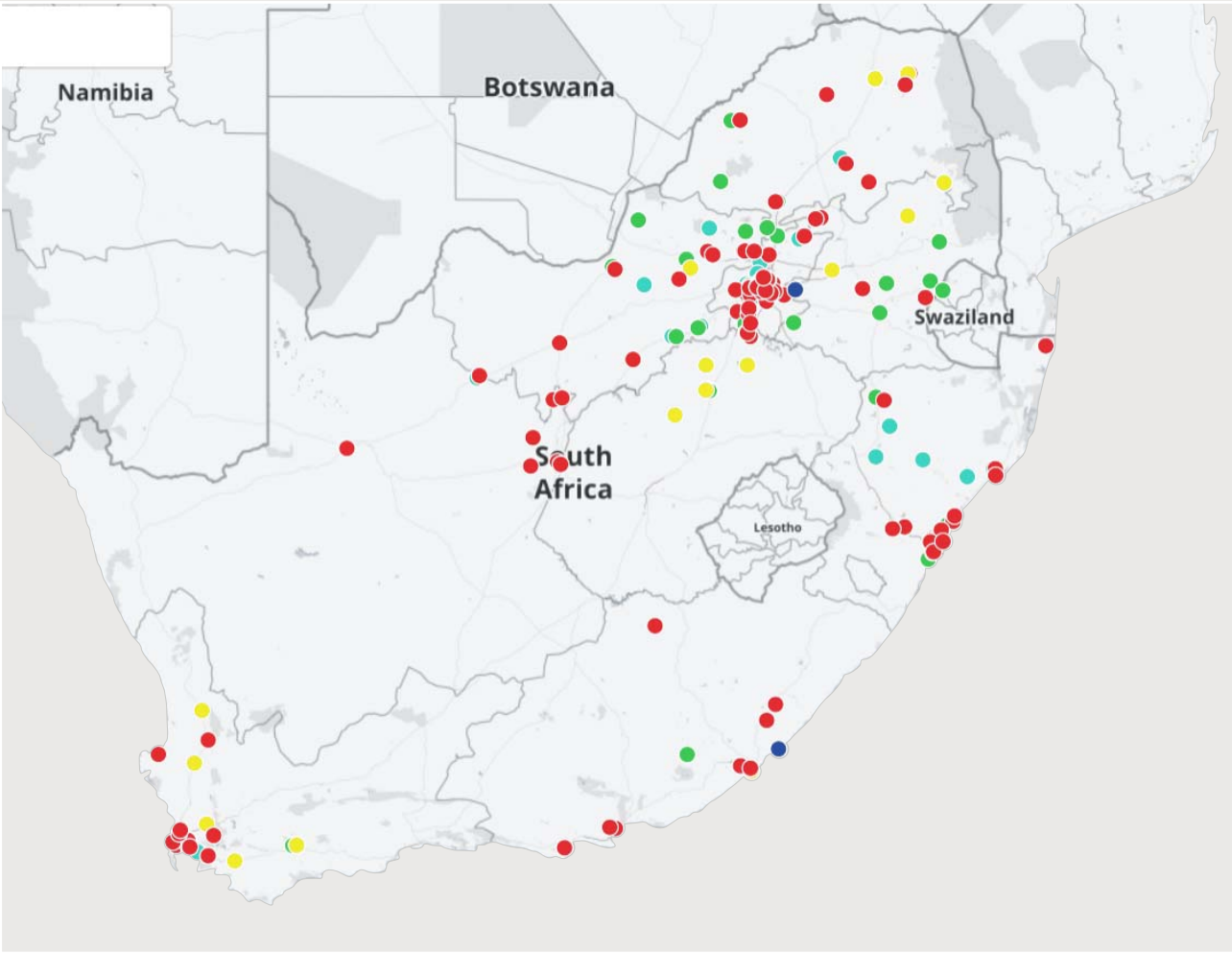
of post-consumer packaging material. The material was purchased by our recycling partners at an approximate market value of

R 588.5 million.



ENTERPRISE DEVELOPMENT

PETCO enterprise development initiatives



Accredited training	3
Bulk bags	57
Equipment support (PETCO & Corporate partners)	104
Government/Municipal engagements	25
Workshops conducted	40



PETCO partnered with various stakeholders, including government, waste-picker representative groups and corporates to roll out 104 projects and initiatives across all nine provinces.

These included:

Equipment provision

PETCO supported 104 projects (inclusive of waste pickers, SMEs and co-operatives) in all nine provinces with equipment to improve the quantity and quality of collection of post-consumer packaging.

Equipment and infrastructure provided by PETCO and partners for 2022:

Baling Machines	2
Trailers	30
Containers	4
Trolleys	31
Scales	39
JoJo Tanks	14

Skills development

In partnership with various municipalities and organisations, PETCO hosted three accredited business training sessions with 89 delegates in three provinces and 40 recycling workshops attended by 3 475 participants across eight provinces.

Capacity building

PETCO awarded four bursaries and three learnerships.

Government partnerships

PETCO partnered with 46 municipalities (six metropolitan, seven district and thirty-three local) across nine provinces as well as four national and provincial departments.

Corporate collaborations

PETCO collaborated with the following corporates, Saffropol, African Explosives and Chemical Industries (AECI), The Coca-Cola Foundation (TCCF) and the United Nations Industrial Development Organisation (UNIDO), to support the 104 projects mentioned above with various types of equipment as well as 57 projects with 20 309 bulk bags and host six recycling workshops training 479 participants.

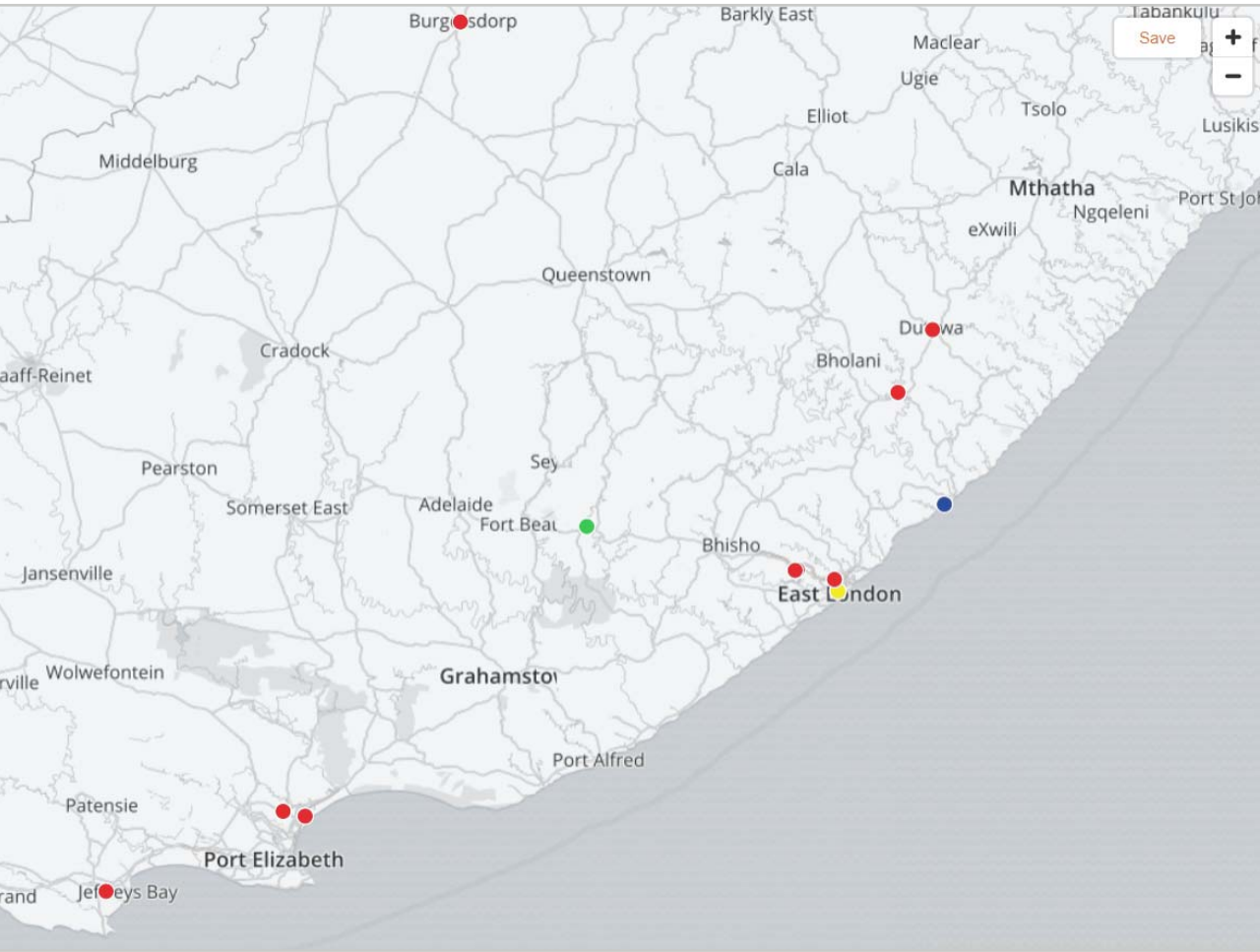
Waste-picker integration

PETCO provided the African Reclaimers Organisation (ARO) with 550 bin stickers, two ID card printing machines and transport subsidies.



Enterprise Development: Provincial Overview

Eastern Cape



	Accredited training	1 course	Training conducted in partnership with Sustainable Seas Trust (SST) in Morgan Bay	31 participants trained
	Bulk bags	1 project	Supported 1 project	500 bulk bags
	Equipment and gear provision	8 projects	<ul style="list-style-type: none">Siyazama Community DevelopmentThandizam Trading Enterprise and ProjectBuffalo City Municipality ProjectDibashe LogisticsIqayiyalethu Primary Co-operative LimitedCannibal RecyclingMan RecyclingMasi Holdings	3 industrial platform scales, 5 trolleys, 26 PPE sets, 5 000 bags, 3 volume trailers, rPET school bags
	Government engagements	1 partnership	Buffalo City Metropolitan Municipality	
	Corporate partnerships	2 projects	Sijaro Recycling, Sivu and Vuya Trading Company	Transport subsidy and financial top-up incentives
	Recycling training workshops	1 course	University of Fort Hare	7 participants

In March 2021, Enviro Manpro (Pty) Ltd, trading as Man Recycling, partnered with PETCO to launch a recyclable waste collection project in the rural areas of Mbashe, in the Eastern Cape. PETCO provided start-up cash worth R30 000 and equipment – including a baling machine, trailer, scale, bulk bags and personal protective equipment (PPE). In 2022, PETCO provided an additional 16 sets of PPE and also helped the project to gain valuable media exposure on the radio station, Umholobo Wenene.

This support enabled the project to open a buy-back centre in iDutywa, which also services the towns of Elliotdale (30 km away) and Willowvale (90 km away) as well as a holiday resort on the Wild Coast. Waste from these communities is not regularly collected by the municipality because the harsh gravel roads impede access. The project has also provided basic waste-picker training for 150 rural, unemployed women in and beyond the Mbashe municipal area.

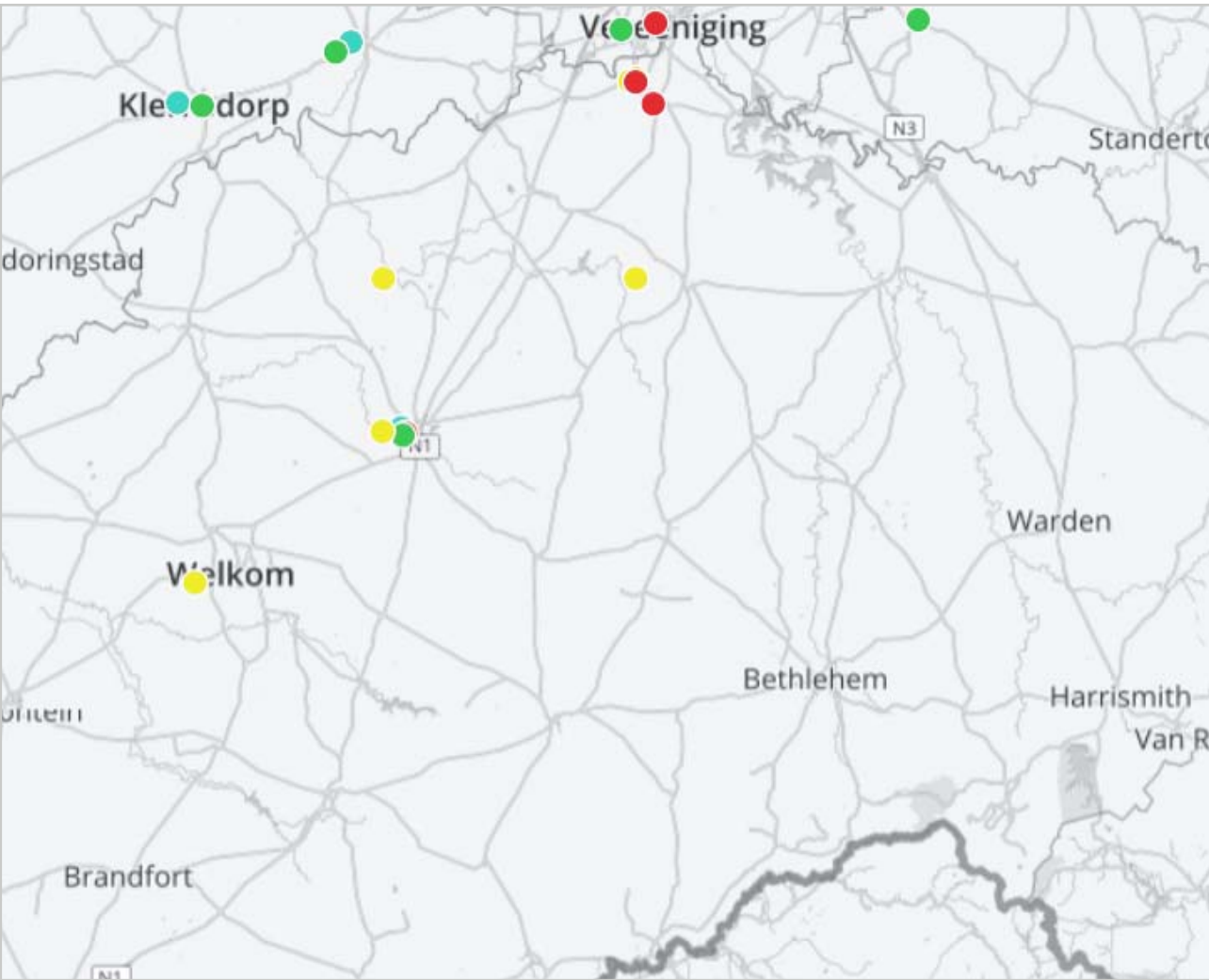
Environmental benefits

The project diverted over 1 064 tonnes of waste from landfill and the environment over the past two years. Through efforts like these, in 2022 PETCO directly facilitated the collection of 684 tonnes of PET packaging in the Eastern Cape, including the under-developed areas on the Wild Coast.



Enterprise Development: Provincial Overview

Free State



	Bulk bags	5 projects	Supported 5 projects	1 645 bulk bags
	Equipment and gear provision	2 projects	<ul style="list-style-type: none">Call2RecycleYouth Lives Matter Enterprise	1 platform scale, 1 mobile scale, vehicle repair, 8 push trolleys and 18 PPE sets
	Government engagements	6 partnerships	<ul style="list-style-type: none">Fezile Dabi DMMetsimaholo LMNgwathe LMMafube LMMoqhaka LMLejweleputswa DM	
	Corporate partnerships	3 projects	<ul style="list-style-type: none">AECI World Clean Up CampaignThabong WasteIndaloyami Trading	2 volume trailers, 250 food hampers, financial top-up incentives
	Recycling training workshops	2 courses	Moqhaka Local Municipality	89 participants

Environmental benefits

In 2022, PETCO, through our supported projects, enabled the collection of 126 tonnes of post-consumer PET packaging in the Free State.



Enterprise Development: Provincial Overview

Gauteng

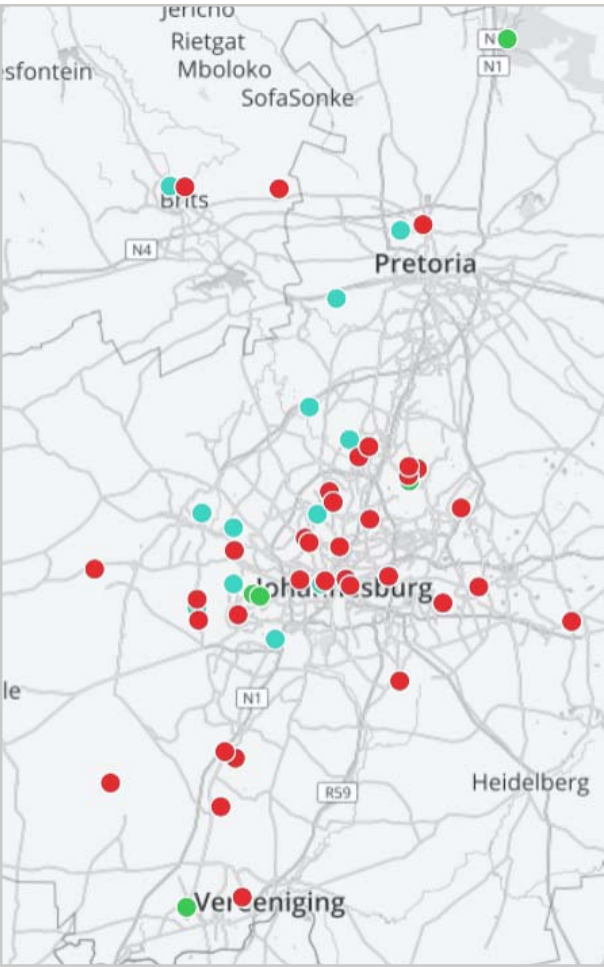
Based in Johannesburg, Masekhethele (which roughly translates as 'making a personal choice') supports and celebrates women waste pickers in Phalaborwa who source recyclables to be transformed into high-quality products by local sewing groups, entrepreneurs and trained seamstresses, creating jobs for more women.

Over and above the income earned through sourcing recyclables, 10% of all profits go directly to the 350 waste pickers from Phalaborwa. The programme offers technical and business training, facilitates work opportunities, and runs a range of sustainability programmes, including the development of self-sustaining food gardens. The programme employs 66 full-time company employees, overall benefiting approximately 150 657 people.

PETCO has a longstanding relationship with Masekhethele, previously providing them with sewing machines and subsidising their training. In 2022, PETCO purchased and donated 195 metres of dark grey, light grey and black felt made from recycled PET. This was turned into high-quality bags by the seamstresses, helping them to provide a livelihood for themselves.

Environmental benefits

By supporting initiatives like the Masekhethele project, PETCO has directly enabled the collection of 5 089 tonnes of post-consumer PET in Gauteng.

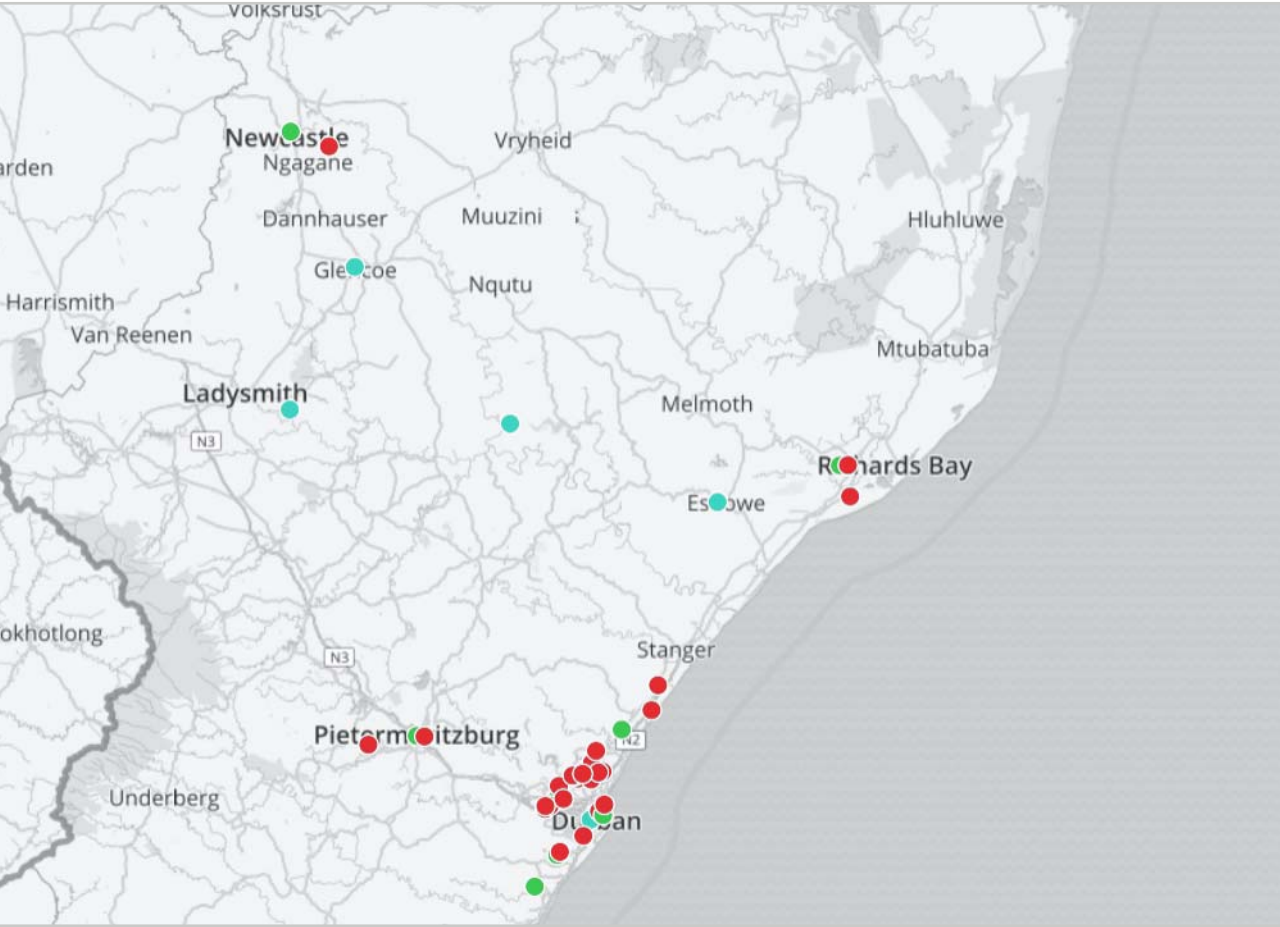


	Bulk bags	26 projects	26 projects supported	6 769 bulk bags
	Equipment and gear provision	10 projects	<ul style="list-style-type: none">Lereko Sales ForceUmbuso IsakhiwoSmart CommunitiesBuhlebuyeza Waste ProductsAblewise Trading 47InWaste GreenSoulbent Buy-Back CentreSteven Leeu RecyclingUhambo CreationsAfrican Reclaimers Organisation (ARO)	5 scales, 5 volume trailers, 82 sets of PPE, 63 pairs of safety boots, 550 bin stickers, 2 ID card printing machines, transport subsidy for bin collection and Waste Pickers ID. Card registrations, felt rPET fibre for manufacturing rPET utility bags
	Government engagements	3 partnerships	Johannesburg MM, Ekurhuleni MM, Tshwane MM	
	Corporate partnerships	14 projects	<ul style="list-style-type: none">Inhle IndaloyakheMakhabisi RecyclingKG & JeanyWestworld RecyclingChamps EcoDuncan PlasticsSakhikanva t/a KFP HoldingsDede Waste ManagementHoneydew Metal RecyclingMerimate TradeGreen AmbassadorsQoqa Community ProjectSidingulwazi HoldingsARO	9 scales, 3 volume trailers, 24 push trolleys, 1 container, 1 baler, 43 sets of PPE, branding, 20 Lariat Ultra Light licences, 28 tablet computers, 1 generator, 2 PRO Waste Picker Pilot Project service fee payment methods, 500 separation at source bins and financial top-up incentives
	Recycling training workshops	7 courses	City of Johannesburg (Meadowlands, Meadowlands East, Thusanang Opportunity Centre (virtual), Braamfontein, Klipfontein), Dinokeng (Kwatalata) Game reserve, Vanderbijlpark Trauma Counselling Centre	246 participants



Enterprise Development: Provincial Overview

KwaZulu-Natal



In 2014, Nokubonga Mnyango quit her job as a driver and administrative clerk at a wood chipping mill in Richards Bay for what some community members described as ‘digging in dirty dustbins’. Today, with the support of PETCO, she runs Empangeni’s thriving Uthando Solutions and Trading’s two recycling buy-back centres, employing 22 full-time staff and supporting 100 waste collectors in the community.

“My love and passion for the environment drives me. When I quit my job for ‘scratching in dirty dustbins’, people laughed at me. But I knew that this passion would lead me somewhere.”

Uthando collects about 202 tonnes per month of mixed recyclables – including various plastics, paper, cardboard, and cans – which, in turn, are sold to recyclers. It also buys recyclables from 100 waste collectors for its two operational sites in Ngwelezane and Kuleka, Empangeni.

Based on an analysis of Mnyango’s business, PETCO sponsored a large, branded recycling collection trailer when Uthando Solutions hit the milestone of two tonnes of recycle collection per month in 2016. The brand awareness from the large trailer, coupled with its added collection capacity, helped the business take off.





“Apart from attending workshops and training co-hosted by PETCO, its sponsorship in 2017 of a six-metre office container and signage helped me to increase my collection volumes to seven tonnes a month, and later to 30 tonnes a month.”

PETCO’s latest contribution is a baling machine, installed in 2022 at Uthando’s Empangeni site.

“The baler will help us to bale more recyclable materials and sell them to recycling companies more regularly, increasing our turnover and cash flow to buy more recyclables from the community and keep waste out of the environment,” said Mnyango, adding that Uthando collected recyclables from households, Lakeside Mall, Ngwelezane Hospital, informal collectors and shops.

Environmental benefits

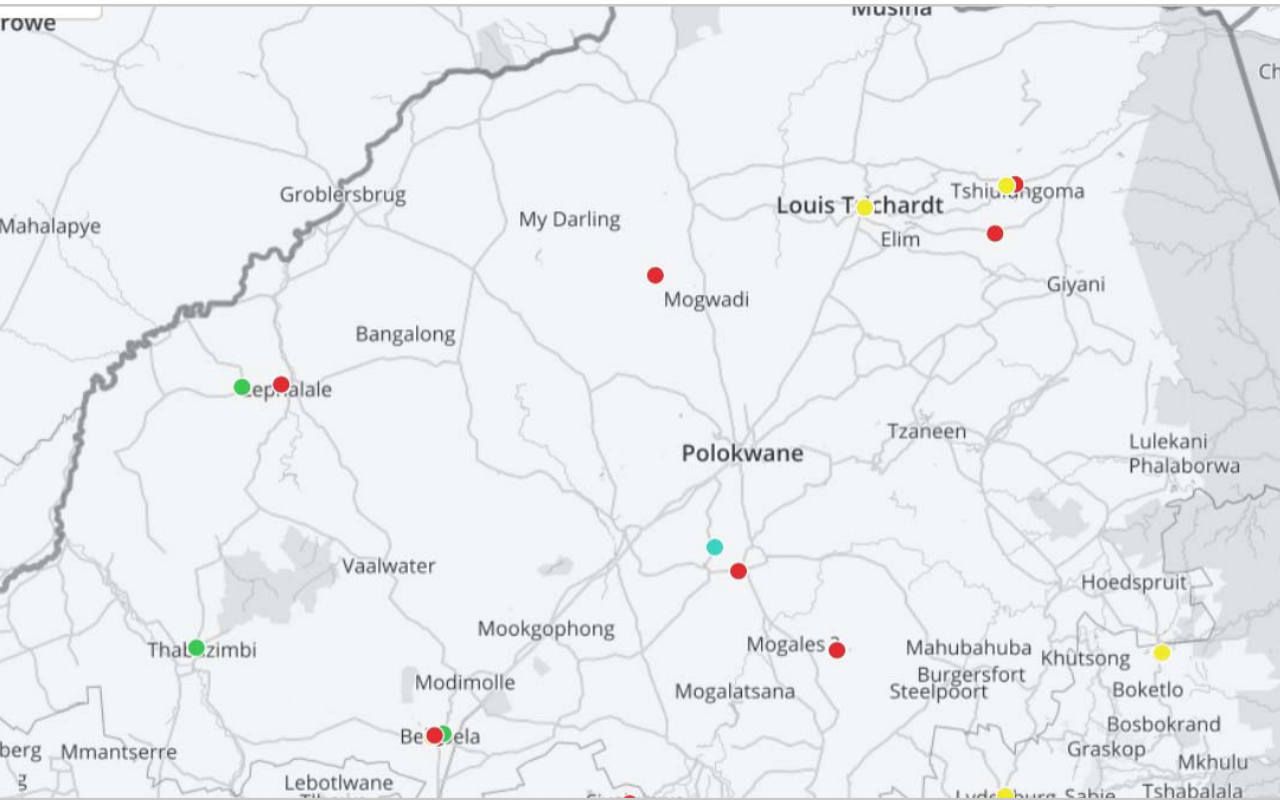
In 2022, PETCO-supported projects like Uthando Solutions have enabled the collection of 1 016 tonnes of PET in KZN.

	Bulk bags	5 projects	5 projects supported	3 450 bulk bags
	Equipment and gear provision	10 projects	<ul style="list-style-type: none">AfritasSupa DivasAbayikwe Trading StoreNondashaMdlume Recycling Management (Pty) LtdJola Family SolutionUthando Solutions and TradingBigstart Training and DevelopmentDSSM Recyclers (Pty) LtdMsinga Waste Pickers Municipal Project	11 scales, 40 000 bags, 3 volume trailers, 1 baler, three-phase electricity connection, 1 container, 1 signage board and a cement slab, 29 sets PPE
	Corporate partnerships	11 projects	<ul style="list-style-type: none">Supa DivasSW CollectorsWorld Clean-up CampaignRepurposeGreen corridorVerigreenPat recyclingKZN Communities Disaster Relief SupportMpilehle Trading EnterpriseMkhahlelwa t/a MKG SolutionsLitter 4 Tokens	Volume trailers, 1 container, 20 000 bags, PPE, litter booms, 150+ food hampers, top-up incentives, 29 mobile sanitizers, 16 000 exercise books, 14 10L Jojo Tanks, 49 mobile toilets, 2 fridges, 446 636 meals and 1 printer
	Recycling training workshops	9 courses	Amajuba DM, uMgungundlovu DM, City of Ethekwini MM, Tongaat, KwaMashu, Amanzimtoti, New Germany, City of Umhlathuze LM (Virtual); KZN EDTEA	1 801 participants



Enterprise Development: Provincial Overview

Limpopo



	Bulk bags	4 projects	4 projects supported	3 730 bulk bags
	Equipment and gear provision	5 projects	<ul style="list-style-type: none">SAMHS Training Centre-LephalaleGreenZANtshabeleng Waste Management CooperativeMphanama Enviro Clean & Recycling ServicesBela-Bela Municipality Waste Pickers Group	1 storage container, 10 push trolleys, 4 industrial platform scales, 19 PPE sets
	Government engagements	3 partnerships	Thulamela LM, Makhado LM, Bela Bela LM	
	Corporate partnerships	4 projects	<ul style="list-style-type: none">MatongoniBagodumo Trading EnterpriseGreenZARafikile Recycling	2 platform scales, financial top-up incentives, 1 volume trailer
	Recycling training workshops	4 courses	Lephalale - SA Military Health Services, Bela-Bela LM, Thabazimbi LM, (UNIDO partnership) Makhado LM	399 participants



In support of unlocking recyclable materials in Limpopo, in 2021 PETCO partnered with the Lephalale-based South African Military Health Service (SAMHS) to implement a separation-at-source project in their training centre. The centre provides basic military training courses and houses up to 250 new recruits at any given time, generating tonnes of waste previously destined for landfill.

Building on this initiative, in 2022 PETCO sponsored a six-metre storage container and hosted a recycling workshop with 151 participants. Recycling bins and cages have been placed at the on-site kitchen and accommodation quarters. Once filled, these are taken to the container, where participants in the Working on Fire programme – a DFFE initiative – sort and store the recyclables. For the past two years, ahead of the separation-at-source initiative, PETCO has also been running annual recycling workshops to ensure that new recruits understand the different types of recyclables and how to sort and separate them.

Commanding officer, Colonel M.R. Mphashi says, “In living up to our standards of protecting the environment entrusted to us, we intend to practise responsible waste management and reduce the amount of waste that ends up at the landfill.”

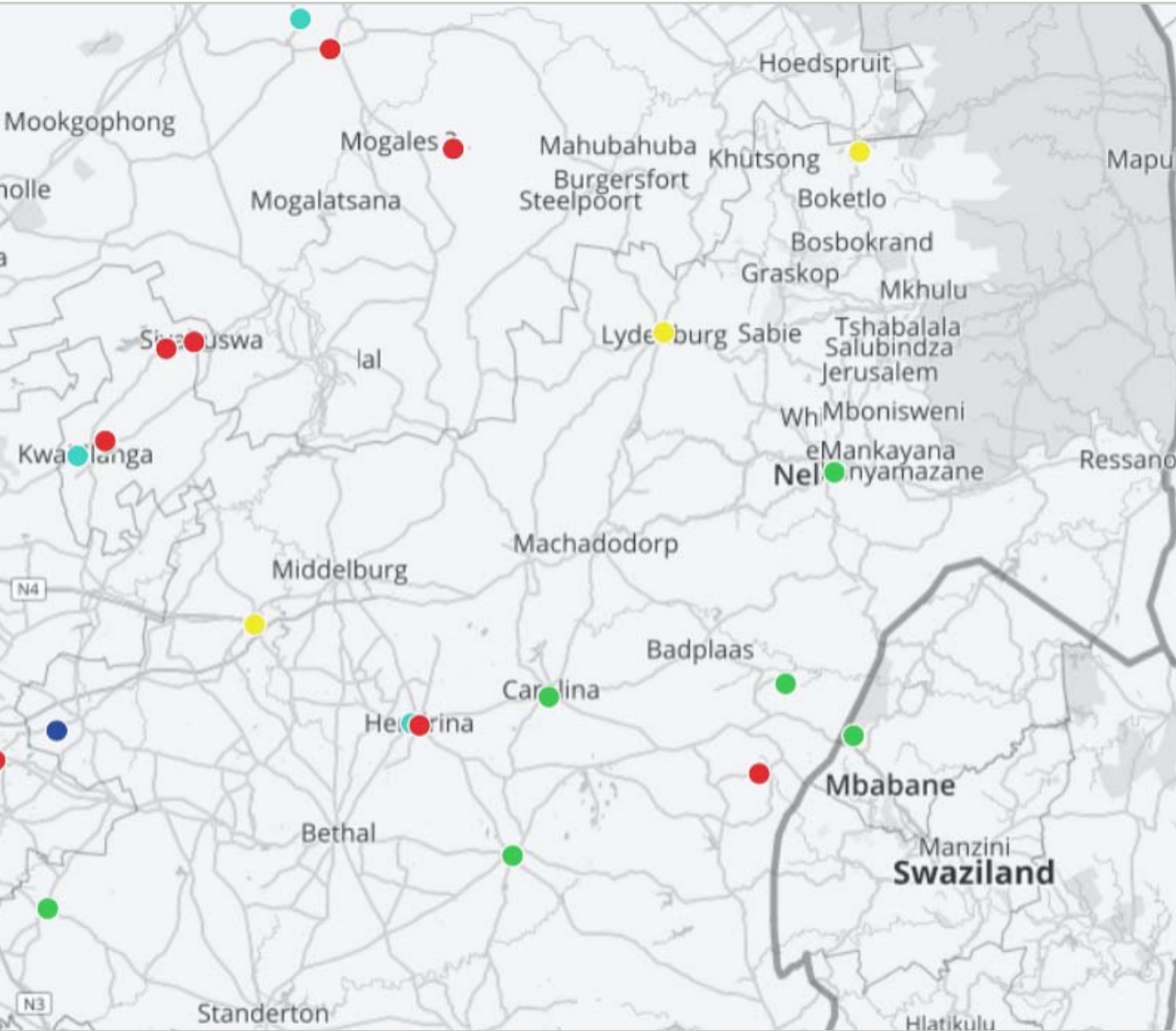
Environmental benefits

Through initiatives and partnerships like the SAMHS project, PETCO has successfully enabled the collection of 489 tonnes of post-consumer PET packaging waste in Limpopo in 2022, including in the rural outskirts of Lephalale.



Enterprise Development: Provincial Overview

Mpumalanga



●	Accredited training	1 course	Training conducted in Delmas	38 participants trained
●	Bulk bags	3 projects	3 projects supported	930 bulk bags
●	Equipment and gear provision	3 projects	<ul style="list-style-type: none">Zonda Insila ProgrammeMayflower Waste PickersAtlejuwa Holdings	2 scales, 30 anti-litter signage, 1 volume trailer
●	Government engagements	4 partnerships	Emalahleni LM, Bushbuckridge LM, Thaba Chweu LM, DARDLEA	
●	Corporate partnerships	2 projects	Sephepu Trading and Projects, Hendrina Recycling	2 volume trailers, 50 pairs of safety boots, top-up incentives, 1 cartridge router, 1 tablet computer, 1 power bank, 1 signage board
●	Recycling training workshops	7 courses	Chief Albert Luthuli LM (Elukwatini & Carolina), Thembisile Hani LM, Msukaligwa LM, Dipaleseng LM, Bushbuckridge LM, Mbombela LM (virtual)	414 participants

Bophelo Recycling (Pty) Ltd is a buy-back centre operating in Ermelo, Mpumalanga. The enterprise collects recyclables from informal settlements, households and schools in and around the community of Ermelo.

PETCO has been partnering with Safripol for a number of years to look at how best to support the collection value chain and thereby unlock collection in key areas. As part of this partnership, we have supported Bophelo Recycling since 2019 with two baling machines, a converted container, branding and a carport razor wire fence.

Bophelo Recycling was owned by the late Johanna Leshabane. She will be remembered for her tireless work to make Bophelo a resounding success and PETCO is honoured to have had the opportunity to partner with her. Her efforts and business are now left with her two children, Lebogang and Matome Leshabane.

To date, Bophelo Recycling has grown its collection from 70 bulk bags a month to 17 tonnes on average of PET plastic bottles.

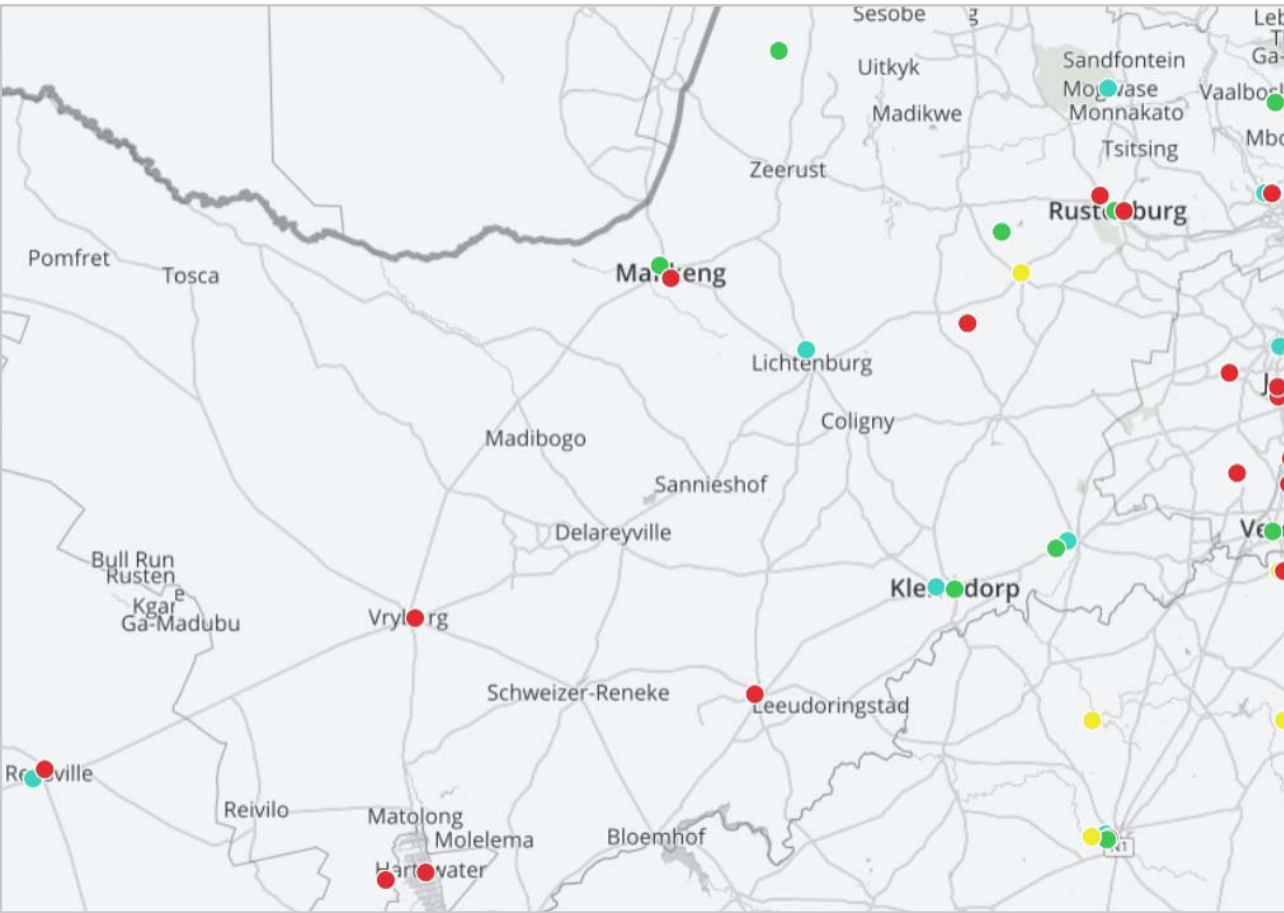
Environmental benefits

PETCO's support for enterprises like Bophelo Recycling has directly facilitated the collection of 270 tonnes of PET packaging in Mpumalanga in 2022.



Enterprise Development: Provincial Overview

North West



	Bulk bags	9 projects	9 projects supported	2 485 bulk bags
	Equipment and gear provision	3 projects	<ul style="list-style-type: none">• KKK Energy Security and Project• Kijani Waste• Valor Green	1 scale, 5 push trolleys, 66 sets of PPE
	Government engagements	1 project	Kgetleng River LM	
	Corporate partnerships	7 projects	<ul style="list-style-type: none">• Mmula Group 20 Trading and Projects• MST Waste• Matlosana Recycling• Africa Femme• Calsan Enviro Solutions• Kanon-Kopje Environmental Management Enterprises• Quality Coal	3 scales, 5 volume trailers, financial top-up incentives, 150 PPE sets
	Recycling training workshops	9 courses	Madibeng LM, Moretele LM, Matlosana LM, 2 Mahikeng LM, Kgetleng River LM, JB Marks LM, Rustenburg LM, Moses Kotane LM	496 participants

Established in 2021, Matlosana Recycling is a woman-owned business that collects and buys recyclables from small buy-back centres and waste pickers. Before they received support from PETCO, Matlosana Recycling only collected about 25 tonnes a month.

In June 2021, PETCO began its support of Matlosana Recycling with a baling machine, helping to increase their monthly recyclable volumes to 35 tonnes. Witnessing the potential of Matlosana Recycling, PETCO provided two mobile scales as further assistance to improve and increase their pay point. By the end of 2021 the business was seeing the results as their tonnages grew to a record high of 47.36 tonnes for the month of November. Matlosana also saw their staff grow from 11 in July 2021 to 23 in November 2022.

In 2022, PETCO provided further assistance to Matlosana Recycling by furnishing them with a trailer and a top-up incentive scheme for buying PET and helping with transport.

Environmental benefits

The Matlosana Recycling project has diverted nearly 396 tonnes of PET bottles from landfill and the environment since 2021. Through efforts like these, in 2022 PETCO directly facilitated the collection of 1 183 tonnes of PET packaging in the North West.

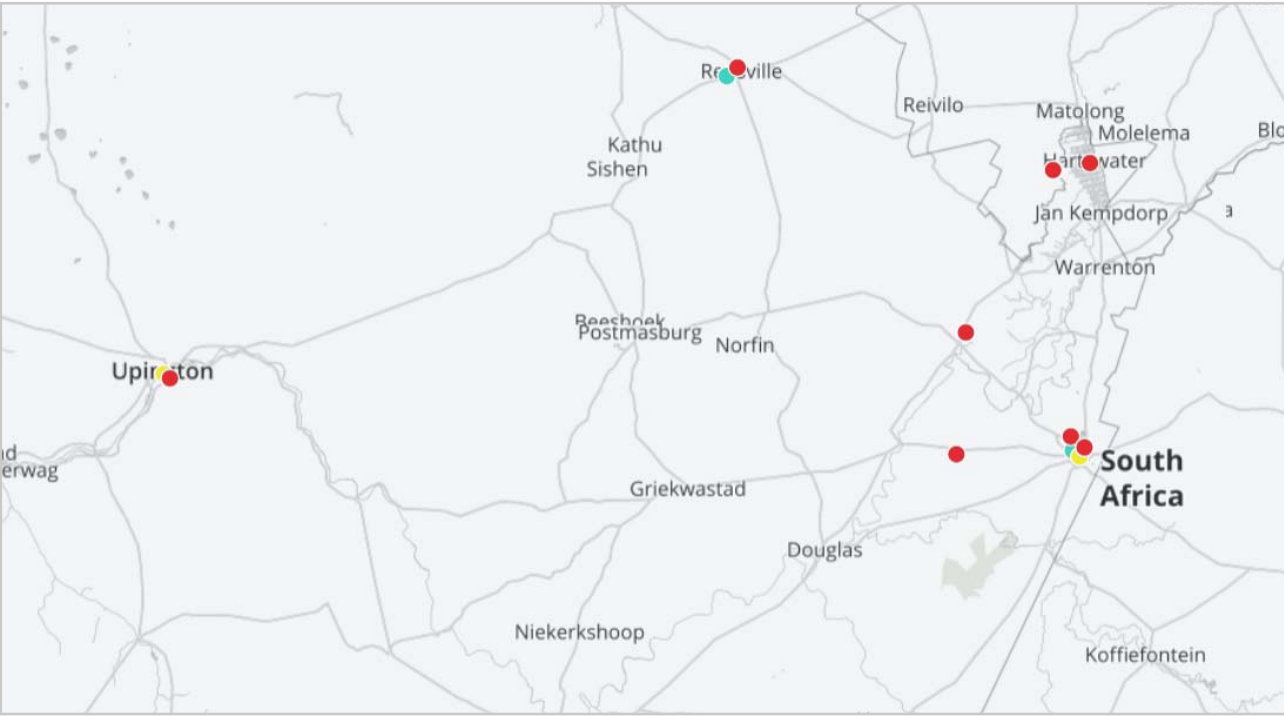
In 2022 PETCO directly facilitated the collection of

1 183 tonnes of PET packaging in North West.



Enterprise Development: Provincial Overview

Northern Cape



●	Bulk bags	3 projects	3 projects supported	700 bulk bags
●	Equipment and gear provision	5 projects	<ul style="list-style-type: none">• Moboroshi Waste Management• Lwandle Waste Management• Bancedeni Ngabantu• W37 Group• Bobe Recycling	2 scales, 4 volume trailers
●	Government engagements	1 partnership	Sol Plaatje LM	
●	Corporate partnerships	2 projects	KX Recycling, Kimberley Recycling	Truck subsidy and financial top-up incentives

KX Recycling (Pty) Ltd is a family-owned buy-back centre that started its collection and recycling operations in 2017 and was formally registered in 2018. The family was driven by their desire to create employment opportunities and make the world a better and greener place. Their family motto is “When you refuse to reuse/recycle it’s our Earth that you abuse”.

KX Recycling employs nine young people permanently as collectors and sorters, in addition to the 40 waste pickers they buy from. These waste pickers collect mostly from Kimberley, townships such as Galeshewe and Roodepan, from illegal dumps and the Kimberley landfill site.

In 2020 and 2021, PETCO supported KX Recycling with a scale and a branded trailer, which has greatly increased their storage capacity as well as improving their financial well-being. Previously the enterprise had to rent a trailer.

In 2022, PETCO provided KX Recycling with a transport subsidy, enabling them to increase their PET collections and to establish new customers and expand into new areas around Northern Cape. This has increased their PET collections from 15 to 19 tonnes per month.

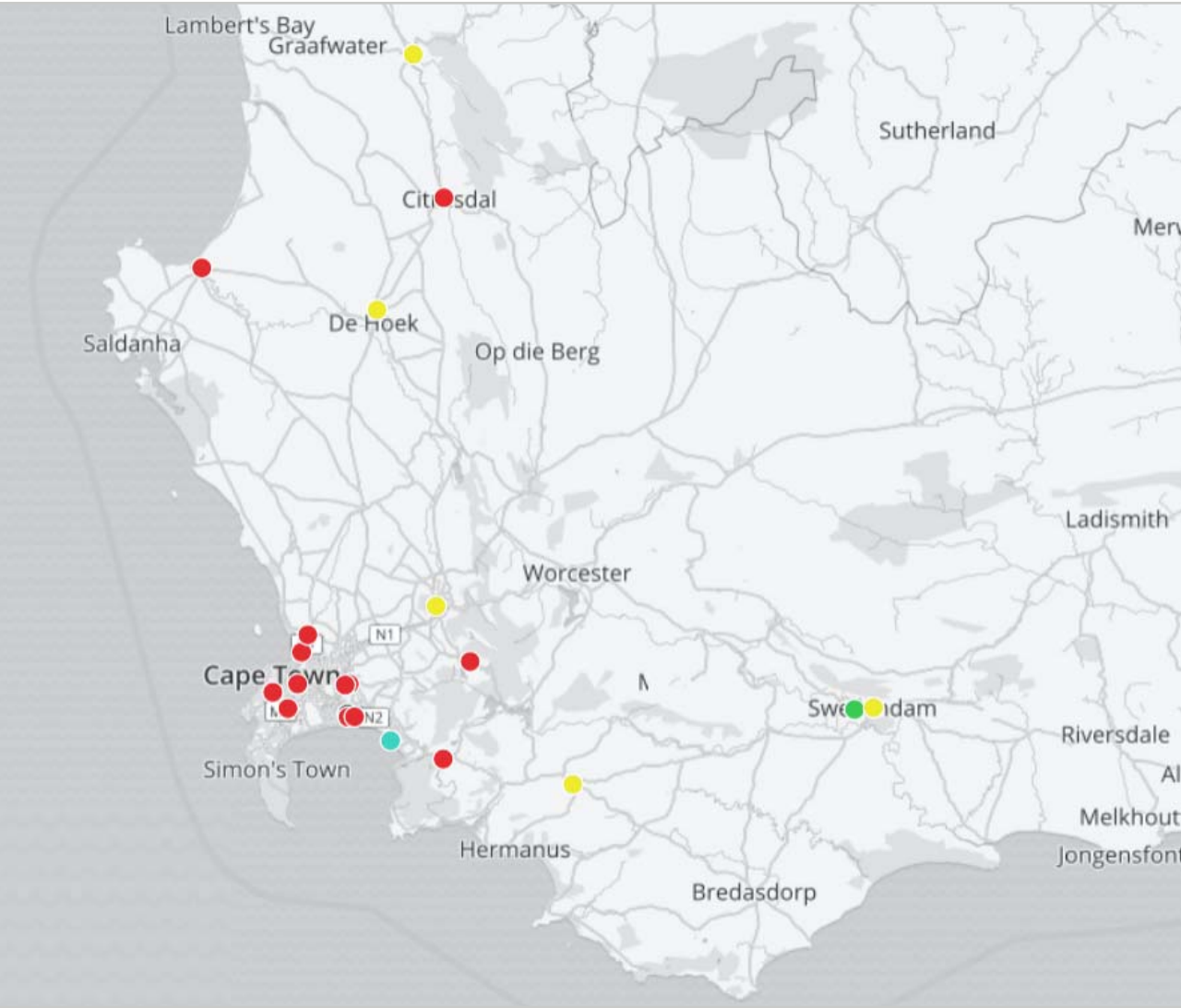
Environmental benefits

By supporting enterprises like KX Recycling, in 2022 PETCO directly facilitated the collection of 1 188 tonnes of PET packaging in the Northern Cape.



Enterprise Development: Provincial Overview

Western Cape



In 2005, Jocelyn Van Der Ross started Green Spot Recycling just outside Stellenbosch in the Western Cape, with only a Toyota Corolla and two employees. Green Spot Recycling has grown to be an established buy-back centre, now with 20 permanent employees, a bakkie and two trucks, operating in and around the community of Stellenbosch, and collecting from several estates within Franschhoek, La Vie De Luc and the Aquellé mineral water plant.

Green Spot Recycling operates from a secure municipal space, but it was not completely covered. With the support of PETCO and other partners, Green Spot Recycling obtained a 12-metre converted container in 2018.

Environmental benefits

By collaborating with projects like Green Spot Recycling, PETCO facilitated the collection and recycling of 575 tonnes of PET packaging in the Western Cape in 2022.

In partnership with AECI, PETCO supported Green Spot Recycling in 2022 with a structure, cattle rails, branded signage for two trailers, and a 6-metre volume trailer.

With the assistance of the cattle rails and trailer, Green Spot Recycling are now able to transport a larger amount of PET bottles, and recently collected 10 000 bottles to be used for the filtration water tank. The partnership with AECI showcases how corporates and PROs can work together to empower the value chain and divert waste away from landfill and the environment.

	Accredited training	1 course	Training conducted with the City of Cape Town in Makhaza for the Makhaza Community Recycling project	20 participants
	Bulk bags	1 project	1 project supported	100 bulk bags
	Equipment and gear provision	12 projects	<ul style="list-style-type: none">Clean CMkhuzangwe Business SolutionsM and C RecyclingBeautiful Star RecyclingBoost AfricaCitrusdal EnterprisesDistell_Greenup MakhazaPlastics SA SPCAVCO RecyclingWaste Want ManagementCity of Cape Town Community projectD and C Recycling	8 scales, 3 volume trailers, 4 push trolleys, 97 sets of PPE, trailer insurance, branding for 5 containers, 1 on-site signage
	Government engagements	6 partnerships	Cape Town MM, Drakenstein LM, Cederburg LM, Theewaterskloof LM, Swellendam LM, Bergrivier LM	
	Government partnerships	1 project	City of Cape Town Metropolitan	Recycling Enterprise and Education Project in Khayelitsha for community projects in Makhaza, Klipfontein and Bellville in partnership with PETCO
	Corporate partnerships	2 projects	<ul style="list-style-type: none">Green Spot Recycling, AECI world clean up campaignConnect Eco	2 scales, 1 branded cattle rail, 1 structure, 1 volume trailer, branding for 2 trailers, 100 food hampers
	Recycling training workshops	1 course	Swellendam local municipality	20 participants



Up: Taking recycling to the next level

Funded by The Coca-Cola Foundation, the first phase of the Up project ran from October 2021 to September 2022. The aim of this first phase was to pilot the roll-out of BanQu, an innovative, blockchain-based traceability platform, to buy-back centres across South Africa in order to track, trace and record the trading of recyclable materials. The overall project seeks to empower recycling SMEs, strengthen the value chain and promote the economic inclusion of the informal sector.

The digital platform aids buy-back centres to accurately record and track their transactions providing a real-time business management tool enabling them to better understand and manage their businesses. This allows buy-back centres to know the quantity of all materials within their centres at any given time. The waste pickers, in turn, receive an SMS receipt for each transaction and can keep track digitally of their income earned through sales to various buy-back centres. The long-term goal is for these key role players in the value chain to use this and similar technologies to access additional financial services.

Results

The Up project provided a wealth of data on the location, amount and value of recyclables traded in South Africa between buy-back centres and waste pickers. This is the first dataset in South Africa that involves the trade of recyclables by waste pickers and buy-back centres across this large a temporal and spatial extent.

During this phase of the project the following successes were achieved:

- 104 buy-back centres were onboarded.
- 8 898 waste collectors were registered.
- 78 293 unique transactions recorded.
- 8 909 tonnes of recyclable materials were captured.
- R22,99 million worth of recyclable materials were traded.
- Cashless payment mechanisms were introduced at participating buy-back centres.

Cardboard
28%

Clear PET
19%

Paper boxes
12%

accounted for the largest volume of material.

Clear PET
35%

Cardboard
17%

Paper boxes
8%

accounted for the material types driving the highest rand value spend.

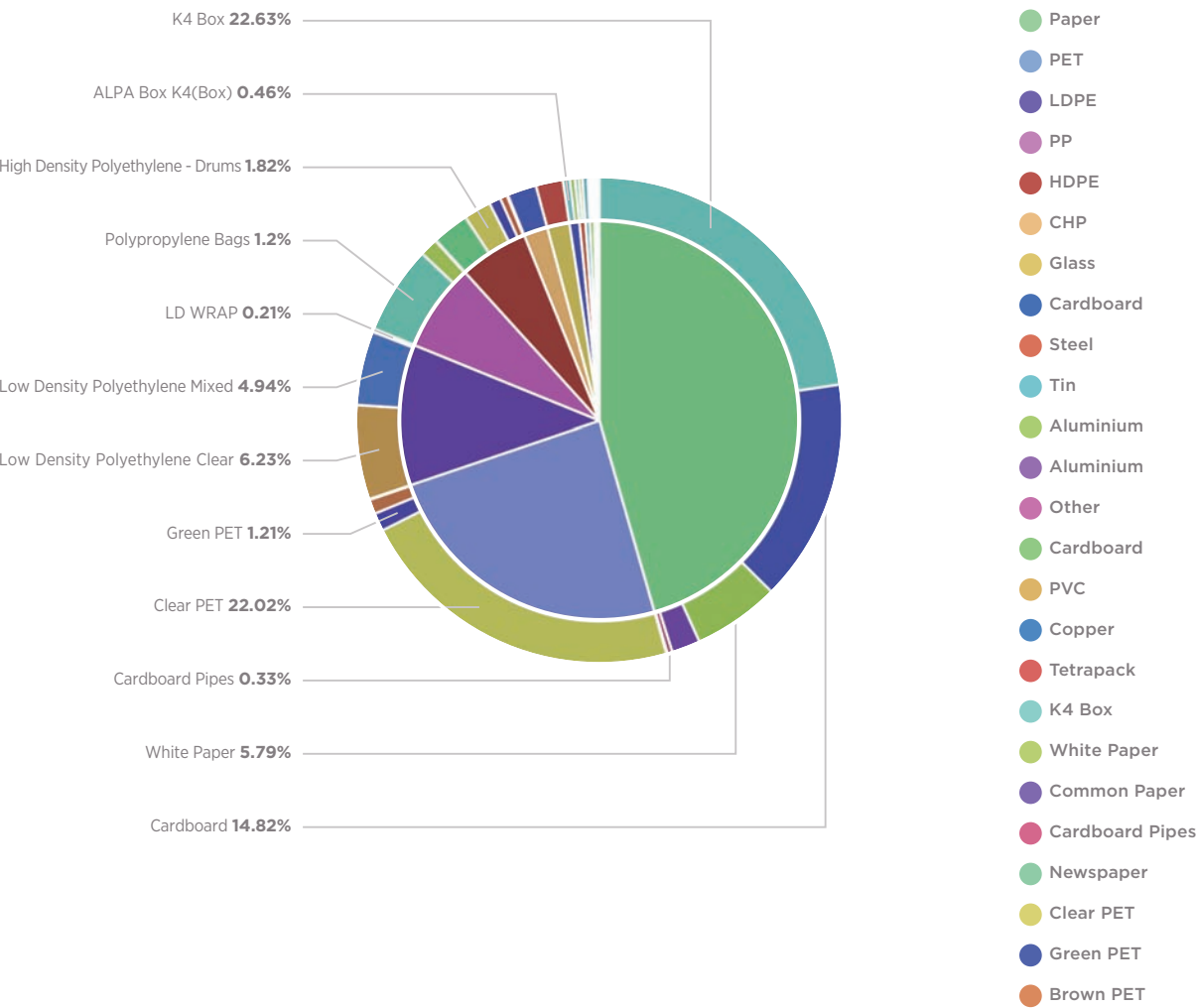
Total quantity in kg

8 971 223.949

Total value

R23 201 939.8

The graph below presents the proportion of materials traded by mass captured on the BanQu platform since the start of its roll-out in South Africa i.e. Feb 2021 – May 2023



Data analysis collaboration with the CSIR

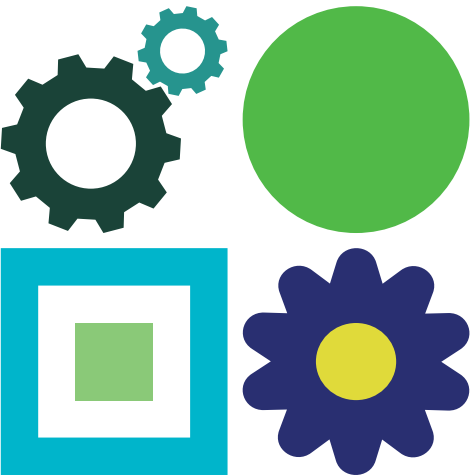
PETCO partnered with the Council for Scientific and Industrial Research (CSIR) in June 2022 to analyse the data gathered by the BanQu platform. As experts in the field of data analysis and the informal waste collection sector, the CSIR was able to provide an independent view of the data captured and identify behavioural trends amongst waste pickers and buy-back centres.

Despite certain inaccuracies in the data captured by buy-back centres, a sizeable dataset was still available for analysis once it had been 'cleaned'.

CSIR's analyses of the data revealed the following:

- Collectors who bring in small amounts fairly regularly earn just under R100 on average per day, while those bringing in medium-sized amounts regularly can earn around R2 000 a day.
- There was a clear preference amongst collectors for certain waste types, namely: cardboard, clear PET and clear LDPE.
- The collectors earning the most did not always collect the highest value materials. There was not necessarily a preference for collecting mostly high-value items. It seems that collection may be guided by accessibility (or lack thereof) of materials, and not just by price.

It should be emphasised that the group of collectors analysed is rather small so this is just a snapshot of data from the waste sector. Further investigation would be needed to identify patterns within the larger waste sector in South Africa.



Lessons learnt

The strategy for rolling out the BanQu application was designed to ensure that the platform was stress-tested with different sized businesses: businesses that have varying levels of process maturity and infrastructure, in different locations and with people (users) that need different change management strategies to ensure adoption. To achieve this, buy-back centres in urban, semi-urban and rural settings across South Africa were included.

It became evident that the size and location of the buy-back centre and the level of technical literacy of the users at different centres was a key factor for successful adoption.

Findings included:

- Insufficient devices (smart phones, tablets, PCs) at the buy-back centres to enable the 'buyer' to transact at the time the material was being bought.
- Inability to access data.
- Broken equipment, e.g., no working scale to weigh incoming material.
- Necessity for the buy-back centre to allocate a dedicated employee to use the platform.
- High staff turnover at buy-back centres therefore difficulties in knowing when a new user needs to be trained.
- Network challenges inhibiting internet connectivity, especially in the more rural areas.
- Loadshedding contributing to increased network outages, especially in remote areas.
- Varying levels by users of previous experience in using applications or systems.
- Difficulties in registering waste pickers without access to a feature phone.
- Necessity for constant communication to users at remote sites, especially within the first month of adoption.
- Buy-back centres capturing incorrect prices of material types.
- Insufficient consequences for the buy-back centres that capture transactions incorrectly.

In response, the Up team invested in a number of interventions during the term of the project to drive further adoption at the different sites. These interventions include:

- 1 Infrastructure and equipment sponsorship, such as scales, trailers, and financial incentives.
- 2 Improved buy-back centre communication, including hosting in-person activations, distributing flyers and posters and sharing video clips of testimonials by participating buy-back centre owners and waste pickers.
- 3 Functionality enhancements made to the BanQu platform as well as dedicated support from PETCO interns.

Looking ahead

The next phase will focus on the following:

- Roll-out of transactional platforms: For buy-back centres using BanQu, the project will categorise these as fix, maintain or close and offer the relevant support. In addition to BanQu, the project will also explore the use of additional transactional platforms in order to offer appropriate solutions to a wide variety of buy-back centres.
- Piloting of the waste-picker service fee at a selected buy-back centre.
- Cashless payment: Increase the network of cashless payment service providers participating in the project to offer waste pickers various options.

WASTE-PICKER SERVICE FEE PILOT

In line with the requirements of the EPR regulations, PETCO commenced with a pilot on 8 November, 2022, to trial the payment of the waste-picker service fee. The pilot was undertaken in partnership with the Paper & Packaging PRO Alliance, 6DOT50 and the African Reclaimers Organisation (ARO). Piloting of the 15c/kg service fee took place at the Sakhikamva buy-back centre in Johannesburg, with 34 waste pickers identified by ARO.

Waste pickers were supported to register on the South African Waste Picker Registration System (SAWPRS), BanQu and a suitable cashless payment option.

Despite registration on the day being hindered by interrupted power supply as a result of loadshedding, 13 waste pickers were registered successfully on the KasiCash cashless payment solution offered by 6DOT50.

As of November 2022:

- 22 waste pickers received payment of the waste-picker service fee.
- 27 809 tonnes were traded.
- a total of R 4 171.35 has been paid as a service fee.

The total waste-picker service fee was paid by a combination of PROs for the respective materials for which they offer EPR schemes. All waste pickers were confirmed to be registered on both SAWPRS and one of the transactional trading platforms.

Dedicated SME development

Demand for food-grade recycled PET (rPET) currently exceeds supply. Consequently, at the end of 2021 PETCO embarked on a project with SMEs to unlock further supplies of rPET.

Globally, SMEs account for 99% of all businesses and for 60% of all employment. They are therefore the main drivers of job creation and are central to the promotion of inclusive and sustainable growth. However, lack of access to financial support leads to the failure of many SMEs. PETCO intends to help them overcome this hurdle through various partnerships and collaborations.

PETCO's dedicated SME support initiative is two-pronged

1 Implementation of a SME development and growth programme:

- **Round 1**
A call for applications was distributed on 19 October to 75 SMEs and co-operatives in KZN. Sixteen businesses were shortlisted using strict pre-qualifying criteria.
- **Round 2**
These 16 businesses were invited to pitch with instructions and guidelines provided.
- **Round 3**
Final selection of five SMEs to be supported by this initiative. Support will entail an eight-month programme of mentorship, training, back-office services, infrastructure and equipment support (as necessary). This support will be informed by a feasibility study conducted for each SME.

2 Launch of the PETCO Enterprise Development Fund in 2023 aimed at creating employment, driving economic inclusion and social cohesion and creating an enabling business environment for SMEs.

PETCO is inviting its members and the broader private sector to partner with us in this initiative especially as supporting the fund will provide our members and partners with a host of benefits:

- strengthening the collection and recycling value chain, helping them to meet legislative targets
- driving economic prosperity amongst the black-owned SMEs that form the backbone of the value chain, and
- obtaining Enterprise and Supplier Development (ESD) points towards BBBEE recognition.

EDUCATION AND AWARENESS

The education and awareness of key role players such as consumers, schools, waste pickers, industry and government is pivotal to the effective implementation of EPR.

Highlighted here are some of PETCO's recent awareness raising initiatives.

“It's very good to encourage our learners to keep our school clean and take care of the environment.”

Ms Phuti Mokhudu,
Dr IM Monare Primary School



Message in a Bottle docu-series

This year, we decided that in order for people to take more of an interest in recycling, we needed to make something that was interesting and exciting. We therefore created a limited documentary series featuring the PETCO award winners.

Titled Message in a Bottle, the series follows a young woman, Lindiwe Dim, and her journey to discover if the bottle she holds in her hand really gets recycled. Her curiosity takes her all over South Africa, from the oldest buy-back centre in the Northern Cape, to a project that promotes collection and encourages education about recycling in Umlazi, KwaZulu-Natal.

The film shines a spotlight on the opportunities that are available in the waste sector and highlights some entrepreneurs who are making a difference in their communities.

Total YouTube views:

- **2022: 826 426 (series)**
- **+ 2 852 (interviews) = 829 278**
- **6918.86% increase in views from 2021**

Separating PET bottles consumer campaign

'Keep Separating to Keep Recycling'

In 2022, PETCO implemented a campaign to encourage consumers and collectors to recycle more effectively. The objective was to persuade them to separate their PET bottles from general waste to ensure that the bottles enter the collection and recycling value chain.

Media coverage featured PETCO award winners, and nearly two million people across four provinces saw the campaign messaging on billboards and bus shelters. Radio interviews encouraged consumers to separate their recyclables from general waste, and provided a platform for the award winners to share information about how they started their recycling businesses, encouraging others to do the same.

WhatsApp platform

The PETCO WhatsApp for business platform supplemented the consumer campaign to shed light on how collectors can best involve themselves in the collection and recycling value chain.

The platform was launched in October 2021 with the goal of providing collectors with information they frequently request, in an easily accessible format. Towards the end of 2022, a consumer portal was added to provide users with everything they need to know about collection and recycling: the what, why, who, and how.

During 2022:

- **Total users: 9189 (24% increase)**
- **New sign-ups: 8627 (16% increase)**
- **Returning users: 562**
- **All interactions: 60 414 (2% increase)**

To access the PETCO WhatsApp for business platform, send a WhatsApp message to 060 070 2077.

Newsletters

During 2022, PETCO continued to grow its correspondence database to enable more key stakeholders to access information and updates about recycling. This is a crucial channel for PETCO to respond directly to interested people and organisations.

- **At the end of 2022, we had a total of 42 208 active subscribers on our database (7.8% increase), of which 11 012 were new subscribers.**
- **We split the database into 'consumers' and 'collectors' in order to provide more relevant resources to each audience. We issued 10 collector-focused newsletters (32.5% open rate) and 10 consumer-focused newsletters (28.8% open rate) - with open rates well above the industry average of ~21%.**



Schools programme

Annually, in partnership with the Pick n Pay Schools Club, PETCO increases learners' knowledge about the environment and the importance of taking care of it, as well as encouraging them to live in a more sustainable and conscientious manner.

In 2022, PETCO created a poster and a user-friendly, fun, and factual Educators' Workbook for Grades 4, 5 and 6 to help educate learners about how to minimise their negative impact on the environment. We distributed these workbooks and posters to 500 primary schools in four provinces around the country reaching approximately 17 500 educators, 375 000 learners and 562 000 guardians. The workbooks are CAPS-aligned and can easily be integrated into Life Skills, Language, Natural Science and Mathematics lessons.

Webinars

PETCO hosts workshops and webinars to help our key stakeholders keep abreast of the latest offerings from the government and the private sector and ensure that they know how, where and why they should collect and recycle.

Six webinars were hosted in 2022, covering themes such as clarifying recycling myths, PETCO's informal sector integration work, design for circularity principles and municipal engagement. These were attended by a total of 550 producers, consumers, collectors, recyclers and government representatives.

Member engagement

We implemented a dedicated member engagement plan in the latter half of 2022 aimed at maintaining transparency of PETCO activities and thereby bringing members along the collaborative journey of mandatory EPR.

PETCO member engagement is informed by a survey conducted in August 2022, to find out how members preferred to be communicated with, how often, and what content they would like to receive.

Member engagements entailed the following:

- Two member information sessions, which provided feedback on progress against targets and key PETCO activities undertaken in the previous quarter.

- Two quarterly emailed newsletters, providing a summary of progress on PETCO activities for the previous quarter as well as raising any key important matters and timelines.
- Year-to-date individual reporting, to share with members a synopsis of their performance regarding their placed-on-market volumes garnered from declarations vs forecasted volumes.
- Site visits and in-person meetings to get to know our members and establish a good working relationship with them.

“The PETCO material is great to help the educators and the learners, so that they can take care of the environment.”

Nomabandla Mtula,
Alex Jayiya Primary School

“Glad to see these awareness webinars are being offered”

Shaun,
Western Cape

PETCO AWARDS

Every year PETCO hosts the prestigious PETCO Awards, the premier national environmental awards initiative in South Africa, recognising excellence in reuse, collection, recycling and waste minimisation among businesses, organisations, community groups and individuals within the South African collection and recycling industry.

For noteworthy achievements and successes during 2022, PETCO recognised the champions in the collection and recycling value chain by handing out awards to nine recipients in six categories.



Environmental Education and Awareness Initiative

WINNER:

Razia Patel, Why Waste
Ladysmith, KwaZulu-Natal

Razia is a recycling advocate in Ladysmith who educates individuals in government, schools and households. She runs fun and impactful recycling campaigns and workshops. Her motto is "Reuse, Reduce, Recycle" and she believes "every little bit helps" and "together we can". She dedicates her time and energy to the cause, forming alliances with youth and helping schools start recycling. She's been with Why Waste for 19 years and leads the team with dedication, patience and excellent leadership. For Razia, working at Why Waste is not just a job but her passion.

Why Waste collects over 300 tonnes annually, and has 61 employees. Through their education and collection initiatives Why Waste impacts over 1 500 people.

www.whywaste.co.za



Design for Circularity

WINNER:

CCL Label EcoFloat® Polyolefin Shrink Sleeve
Johannesburg, Gauteng

CCL's EcoFloat® shrink sleeves have been approved for the local recycling system in South Africa by Extrupet.

Previously, shrink sleeves have been made from PVC or PET, and have been viewed as problematic in recycling and had to be removed by hand to avoid contaminating the PET resin. But EcoFloat sleeves are made from low density polyolefin material, the sleeve material automatically detaches from the bottle and floats, allowing for a clean separation from the heavier PET flakes. This easy separation forms the basis of high-quality PET flakes that can be used in bottle-to-bottle recycling, closing the loop.

www.ccllabel.com



Best Community Recycling Initiative

WINNER:

CL Trading, Stellenbosch Community Recycling Initiative, Stellenbosch, Western Cape

The Stellenbosch Community Recycling initiative started in 1996 and has improved the environment while empowering "waste-preneurs." The initiative operates a recycling drop-off site, which collects more than 3 000 tonnes annually, paying previously unemployed individuals in and around Stellenbosch, South Africa. "Waste-preneurs" earn income by selling recyclable materials and are able to improve their quality of life by purchasing food, building homes, paying school fees, thereby meeting other daily needs.

CL Trading employs 42 people and collects from more than 450 people daily.

www.cltrading.org



WINNER:

Carmen Jordaan, Whole Earth Recycling Johannesburg, Gauteng

Whole Earth Recycling is a Johannesburg-based kerbside recycling collection company, collecting more than 120 tonnes of recyclables from over 6 000 collection points. The company was formed when Carmen Jordaan merged two struggling companies after implementing the first successful kerbside collection service in the country in 2008. Whole Earth Recycling works with the Hawk Flight Community Project to sort the recyclables, providing an income for the sorters and helping to uplift the community.

Whole Earth Recycling employs over 50 people, with 30 being previously unemployed and disadvantaged women.

www.wholeearth.co.za



PET-treprenneur

WINNER:

Bevlen Sudhu, Re-Purpose Group Africa Pinetown, KwaZulu-Natal

Re-Purpose is a BEE Level 1 social enterprise founded in 2019 by Bevlen Sudhu, an entrepreneur and certified business coach. Its mission is to be an innovative leader in waste management, reducing unemployment and environmental impact through waste collection programmes that turn waste into resources. Re-Purpose promotes the circular economy, eliminates waste with manufacturers and producers, and sets up buy-back centres for entrepreneurs to join the supply chain, stimulating informal waste jobs and allowing these individuals to participate in the mainstream waste economy.

Through its buy-back centre and collections, Re-Purpose manages more than 2 000 tonnes, which supports 60 employees and collectors.

www.re-purpose.co.za



WINNER:

Rowen Anderson and Lydia Anderson-Jardine, Wastewant, Phillipi, Western Cape

Wastewant has more than ten years of experience uplifting local communities, cleaning the environment, and contributing to the local economy through providing waste management and recycling services. From humble beginnings on the Cape Flats, today Wastewant is a leading preferred supplier in the Western Cape. Wastewant manages municipal waste drop-off facilities and owns a private 400 tonnes per month Material Recovery Facility (MRF) in Cape Town, which it uses to service its household collection contracts in the city.

Wastewant currently provides an income to 904 people.



Local Authority Recycling Innovation

WINNER:

Bojanala Platinum District Municipality
Rustenburg, North West

Bojanala Platinum District Municipality is committed to improving waste management within its five local municipalities. The Waste Management Programmes Coordinator, John Oageng, works with various stakeholders from private and public sectors to implement waste management initiatives, including recycling, to reduce littering and illegal dumps in the community. The coordinator's main role is to oversee waste management programmes, identify collectors, and support them with capacity building and equipment. The Bonjanala District Municipality also assists collectors in complying with local bylaws and helps them to apply for and obtain necessary permits and licences, which has resulted in improved morale and has had a positive impact on the environment.

www.municipalities.co.za/overview/139/bojanala-platinum-district-municipality



What previous winners had to say

“The recognition of the same value systems pertaining to sustainability and job creation, the interest in our journey and the support offered, helped us to fly with innovations in products, projects and most of all belief.

The exposure you gave us through radio, billboards and, the wow factor of the professional YouTube video you did for us as winners, made our journey so real, so touching and an eye-opener to so many in both the corporate and private sectors. It has truly given us a powerful selling tool and a true understanding of how important it is that one can always improve the life of something using a closed-loop scenario, in this case a message from a bottle.”

Masekhethele,
Joint winner of Best Community Recycling Initiative Award in 2021

“Being a PETCO Award winner has been amazing. Not only did it revive what I dubbed 'The spirit of a dying enterprise' it also cemented the notion that recycling PET does really change lives. We see this with our daily walk-in clients who depend on PET for their livelihood but also the people the award has enabled us to help through our Umphakathi Recyclers Burial Scheme.

On a personal level, winning the 2021 Community Development Award from PETCO has allowed for my personal growth and that of Umphakathi Recyclers Pty Ltd as well because after the series was launched Umphakathi Recyclers was able to secure clients and further funding. The benefits of winning the award are life-changing.”

Smanga Mthembu,
Umphakathi Recyclers
Winner of Best Community Recycling Initiative Award in 2021

Top Woman in Recycling

WINNER:

Dimakatso Mbatha, DL Consulting
Nelspruit, Mpumalanga

In 2008, Dimakatso Mbatha established DL Consulting to focus on women, poverty alleviation, and a greener South Africa. With her BTech in Environmental Health and 15 years of experience in the field, she expanded the company's operations to include recycling cardboard, plastics, and other materials in the Mbombela Municipality, which has seen the collection of over 1000 tonnes. She established a buy-back centre with no funding and focuses on employing women and youth to combat unemployment in the area.

DL Consulting employs 15 people full-time, has created more than 100 indirect jobs and aims to establish more buy-back centres in Mpumalanga.



WINNER:

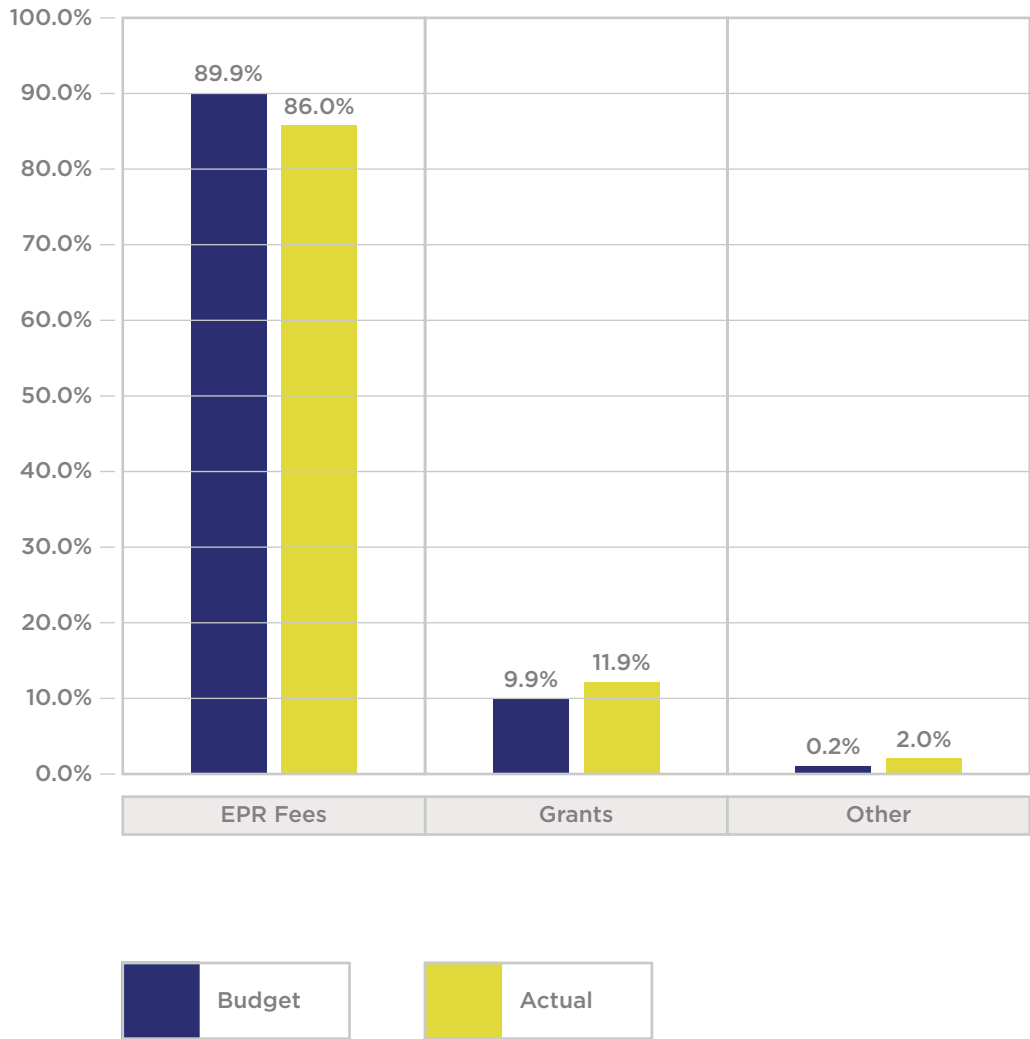
Cindy Foord, Matlosana Recycling
Klerksdorp, North West

Matlosana Recycling, a woman-owned and managed buy-back centre, established in 2021 in Klerksdorp, North West, has become one of the largest buy-back centres in the region, collecting more than 100 tonnes of mixed recyclables, including 36 tonnes of PET, in just two years. The company employs 23 permanent staff (19 men and 4 women) and supports 160 waste pickers by purchasing their recyclables. In addition to purchasing materials from the collectors, Cindy mentors and teaches them about the value of the materials and encourages them to collect in a more efficient way to increase their earnings.

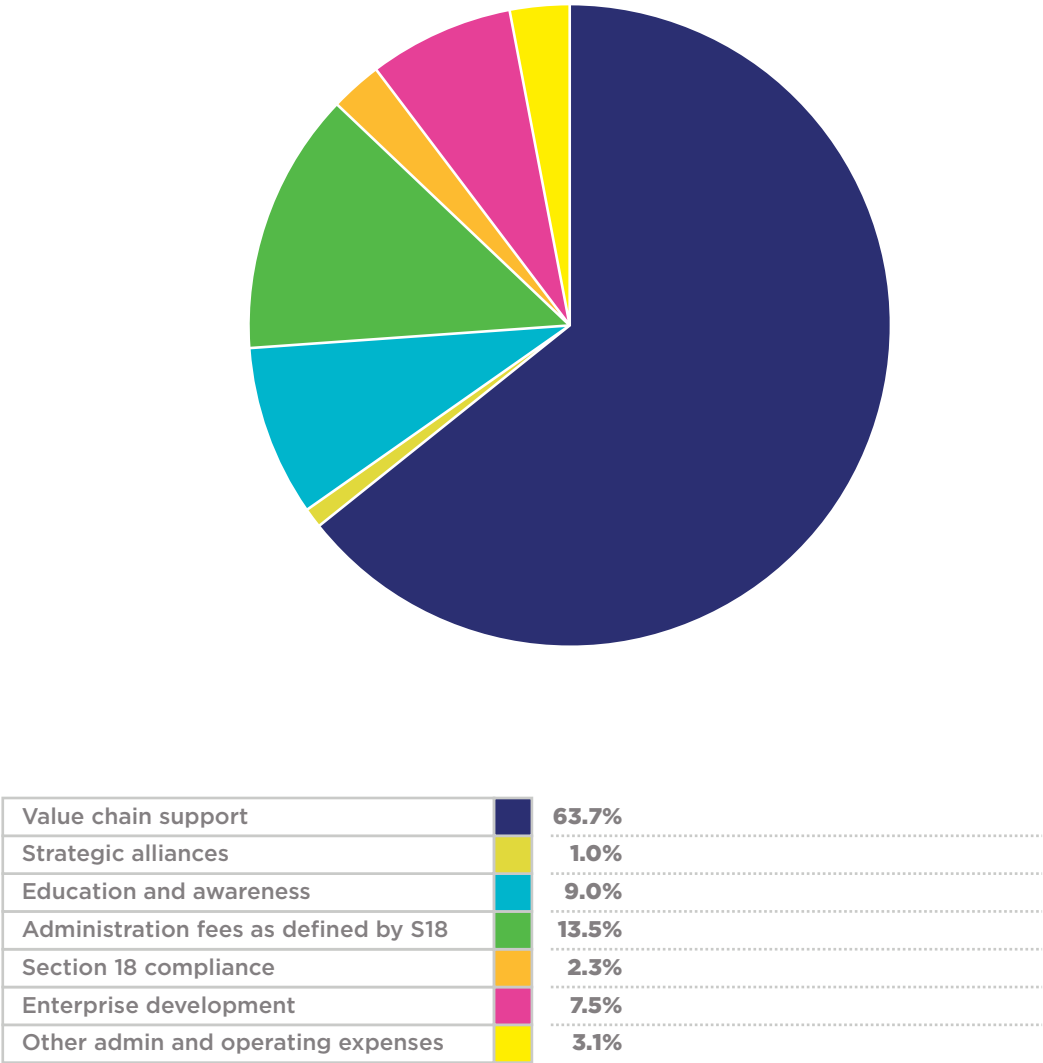


FINANCIAL REPORT

2022 Funds received



2022 Utilisation of funds



Honouring our people and partnerships

PETCO understands that partnerships are central to the transition to a circular economy and works with many stakeholders, including:

PETCO members

PETCO is a member-driven organisation, our chief objective being to ensure that our members are compliant with the law and that we are adding value to their businesses over and above regulatory requirements.

Local, provincial and national government

PETCO is committed to working with all tiers of government to achieve EPR regulatory objectives.

Collection and recycling value chain

The large majority of PETCO's budget is dedicated towards supporting the collection and recycling value chain, thereby unlocking collection while providing some security to recyclers and contributing to the earnings and livelihoods of waste pickers.

Broader industry and associations

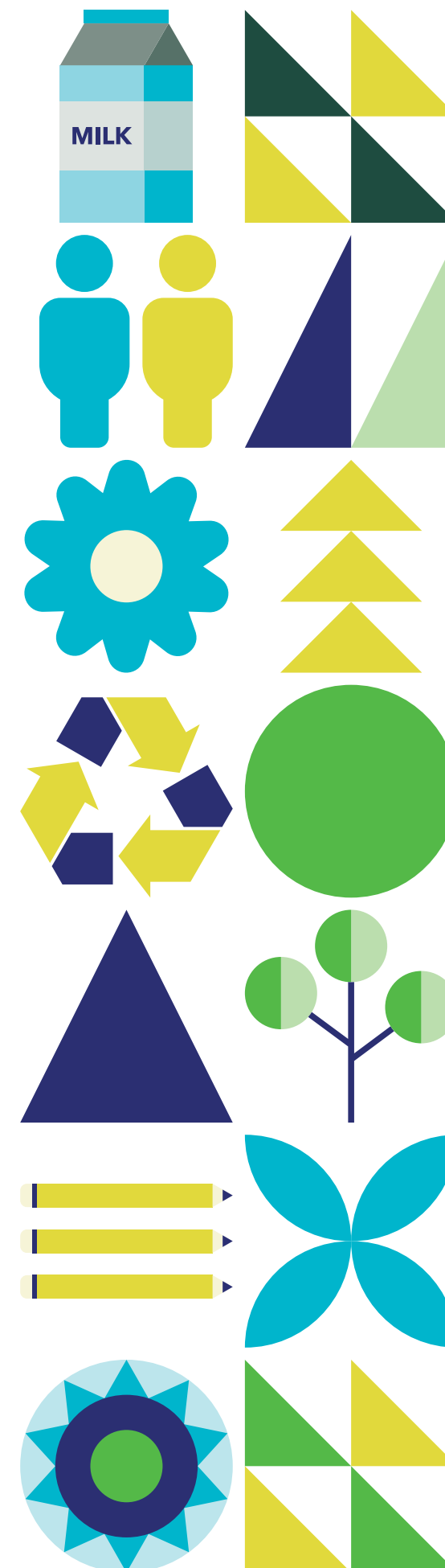
PETCO works with the broader industry to harness knowledge and innovation in addition to pooling our resources to amplify collective efforts, thereby supporting the recycling of all materials. PETCO is an active member and one of the founding members of the Paper and Packaging PRO Alliance.

NGOs, academia and international

PETCO engages with local and global EPR experts to keep abreast of the latest developments.

Consumers

Household separation of recyclables from general waste by consumers is critical to ensuring that recyclables enter the collection and recycling value chain.



We would like to thank our interim Board of Directors for successfully overseeing a transition to a regulated environment, including several tweaks to the PETCO model, while delivering on PETCO targets.

Chairperson
Tshidi Ramogase,
Chief Public Affairs, Communications & Sustainability Officer,
CCBA
(Representing Beverage)

Vice Chairperson
David Drew,
Sustainability Director, The Coca-Cola Company
(Representing Beverage)

Andre Nel
General Manager Sustainability, Pick n Pay
(Representing Retailer/Importer)

Cavinyen Dorasamy
Procurement Manager – Rigid Plastics Africa: Unilever
(Representing Non-Beverage)

Deon Moodley
National Sales Manager, Safripol
(Representing Raw Materials Manufacturer)

Elroy Goliath
Senior Director Global Procurement, PepsiCo
(Representing Beverage)

Greg Morse
Manufacturing & Supply Chain Director, Peninsula Beverages
(Representing Beverage)

Ken Clark
Chief Executive Officer, Twizza
(Representing Beverage)

Mike Resnicek
Managing Director Sub-Saharan Africa, Alpla
(Representing Packaging)

Quinton Swart
Group Executive Paper and Plastics, Nampak
(Representing Packaging)



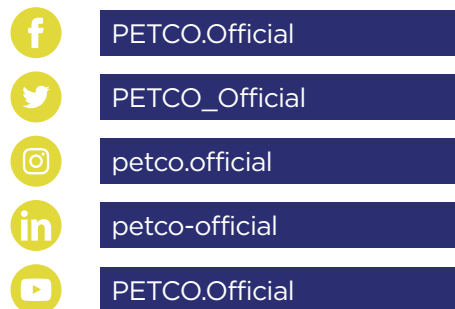
Our Team

- Cheri Scholtz**
CEO
- Bhavesh Patel**
COO
- Junaid Francis**
Stakeholder Relations Manager
- Belinda Booker**
Collections and Training Project Manager
- Vicki Retief**
Financial Controller / Office Administrator
- Kara Levy**
Marketing Manager
- Boipelo Madonsela**
Value Chain Officer
- Rico Wasserman**
BanQu Business Analyst
- Tlou Sebola**
Regional Recycling Manager (Gauteng)
- Jodie Parker**
Intern Marketing Officer
- Masentle Tlou**
Regional Office Administrator
- Philani Xulu**
Recycling Projects Coordinator
- Lindelwe Mahlalela**
Intern Procurement / Administrative Assistant
- Andile Mndaba**
Intern Regional Recycling Officer (KZN & FS)
- Yuvay Govender**
Intern Regional Recycling Officer (WC & NC)
- Lehlogonolo Mohale**
Intern Regional Recycling Officer (NW & EC)
- Kamogelo Hamisi**
Intern Regional Recycling Officer (M & L)
- PETCO would particularly like to thank our operational team and our contracted staff for all their efforts during this first year of mandatory EPR:**
- Martin Niebuhr:** Accountant
Annette Schell: EPR Manager
Sanjeev Maharaj: EPR Support
Terine Lott-Cupido: Human Resources
Vaughan van Dyk: Office 365
Computer Universe: IT Support
BDO South Africa: Auditors



Leading Producer Responsibility

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PETCO Producer Responsibility Organisation NPC
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