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Member Information Session 1: New MOI

14 March 2023

Competition Statement

We the Members 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.

Agenda

1. Context and Recap of the process undertaken thus far
2. Presentation of revised new MOI:

i. Member categories and voting

ii. Board composition

iii. Election of new Directors and their responsibilities

3. Next steps and timelines

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Context & Recap

Recap of the process to date

- Current MOI was drafted 18 years ago and is outdated.
- The member categories are no longer valid as the value chain has changed – businesses have become vertically integrated.
- Revision of MOI was put on hold as it was decided that it would be best to amend it with the introduction of mandatory EPR regulations.
- In lieu of these EPR regulations coming into effect in 2021, the revised MOI was drafted in concert with the Board and presented to members at a member meeting.
- It was then issued for voting as a Special Resolution.
- 68% of members voted in favour of the Special Resolution, 7% short of the required 75%. We were close to consensus but understand that at the time, the impact of the regs was unknown and some members were uncomfortable with the proposed changes.
- At the time, it was agreed that an Interim Board reflective of the value chain, guide PETCO through the transitional period until the adoption of an updated MOI and the 2023 AGM.
- Comments raised by members have been accommodated in this latest revised MOI being presented today.

Interim Board of Directors

Objectives of the transition Board:

a. To effectively guide the organisation through this transition period and ensure delivery against targets & goals.

b. To provide a balance between continuity & transition from old membership to new membership.

c. To advocate for PETCO and bring key “new players”, likely to contribute significantly to PETCO in the future, into the board.

d. Represent PETCO in PRO Alliance (under BUSA) and other engagement platforms.

e. Be willing to commit time and skills to develop PETCO into a formidable PRO.

f. Represent a balance of key constituents – raw & packaging material industry, beverage PET members and non-beverage PET members, retailers and importers.

g. Maintain the necessary diversity / transformation.

h. Work through and revise MOI to accommodate member queries raised.

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Interim Board of Directors

CATEGORY	NUMBER	REPRESENTATIVE
RAW MATERIAL	1	Deon Moodley (Safripol)
PACKAGING INDUSTRY	2	Mike Resnicek (Alpla), Quinton Swart (Nampak)
BEVERAGE INDUSTRY	6	Tshidi Ramogase (CCBSA), David Drew (TCCC), Elroy Goliath (PepsiCo), Greg Morse (Pen Bev), Ken Clark (Twizza)
NON-BEVERAGE INDUSTRY	1	Cavinyen Dorasamy (Unilever)
RETAILER / IMPORTER	1	Andre Nel (Pick n Pay)
TOTAL	11	

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Revised MOI

Members and Membership

PETCO will have 2 classes of Members

Contributing Members or Voting Members (3 categories):

- All members that contribute financially towards EPR scheme (both directly & indirectly).
- Measured contributions exclude ring-fenced contributions for projects / ED funding etc.
- In the case of a vote / resolution – each member allocated votes based on % contributions from last financial year. Votes allocated proportionally.

Supporting Members or Non-Voting Members

- Shall have no vote in matters to be decided by members
- Value chain participants or converters
- Beneficiaries of the EPR schemes

Contributing Members: Board Composition

Contributing Member Class		Examples	Board Seats	Term and Allocation	Board Voting	Voting Rights
CAT. 1	Top 5 contributors* to the PRO over previous financial year	If unsure which category you may fit into, speak to the PETCO team	5	• Each CAT 1 Member company has the opportunity to appoint a representative/ 1 Director. • If representative Director resigns, the Member may appoint a new representative – if they are still CAT 1 qualifying for that Director's term. • If CAT 1 members don't exercise their option to appoint a representative director, that seat will be passed on to CAT 2. • The appointment follows the Member company. • If there are insufficient nominees – seat will be passed to CAT 2.	For all board decisions, each board member shall have an equal vote, regardless of their category or constituency. In the case of dispute, a simple majority is required. In the event of a tie, the Chairperson has casting vote.	For purposes of normal resolutions (>50%) & special resolutions (>75%) each contributing member shall be allocated 1 vote for each full 1% of previous years contribution to EPR funding. Members contributing less than 1% will not have a vote.
CAT. 2	Next 5 largest contributors to the PRO over previous financial year		3	• 5 companies will be represented by a minimum of 3 seats plus any unfilled seats passed on from CAT 1. • Each company not already represented has option to nominate a candidate. • If there are more nominees than vacant seats, then it will go to a vote by each company of the 5. • Candidate/s with the most collective votes take up the seat/s. • If no nominees – seat will be passed on to CAT 3.		
CAT. 3	Remaining members contributing to PRO / EPR scheme, including those Producer members paying indirectly via converters.		3	• Remaining companies will be represented by 3 seats plus any unfilled seats passed on from CAT 2. • Any company not represented in another category may nominate a candidate. • All members may cast 1 vote with all votes counting equally. • The candidate/s with the most votes will take up the seat/s. • If no nominees – seat will remain vacant.		

Board Composition

- Minimum 3 – max 13 (odd number preferable to have a majority in a vote).
- Proposal to start with 11 representing the Contributing members.
- Board members nominated & appointed in 3 categories (Cat. 1, 2 & 3).
- Each Director holds seat for 3 years before stepping down, a Director may be re-elected.
- Within the board all votes are equal, in any matter disputed a simple majority is required.

Category 1 - Top 5 historical contributors (Brand owners, retailers, importers or converters)

- Each company has option to appoint 1 Director.
- If director resigns, company may appoint a new representative – if they are still Cat. 1.
- If Cat 1 members don’t exercise their option, the unfilled seats will be passed on to Cat. 2.
- Director's seat follows the company (not the individual).

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Board Composition

Category 2 - Next 5 contributors

- 5 companies will be represented by 3 seats plus any unfilled seats passed on from Cat 1.
- Each company not already represented has option to nominate a candidate.
- If more nominees, than vacant seats then it will go to a vote.
- Each company (of the 5) cast N-1 votes (where N is the number of candidates).
- Candidate/s with the most collective votes take up the seat/s.
- In the case tied votes preventing an appointment, the members will vote again for tied candidates only
- If no nominees or insufficient nominees – the seat or seats will be passed on to Cat. 3.

Board Composition

Category 3 – remaining contributing members

- Remaining companies will be represented by 3 seats plus any unfilled seats passed on from Cat 2.
- Any company not represented in another category may nominate a candidate.
- All members may cast 1 vote with all votes counting equally.
- Candidate/s with the most votes will take up the seat/s.
- If no nominees – seat will remain vacant..

- Resignations & voting & appointments ratified annually at AGM.

NON-EXECUTIVE BOARD

EXECUTIVE

OPERATIONS TEAM

CONTRIBUTING MEMBERS

SUPPORTING MEMBERS

1 x AGM	Open to all Contributing & Supporting PRO Members.
4 x BOARD MEETINGS	Exec & Non-Exec Board, other contributors by invitation.
4 x RECYCLING SUPPORT SUB-COMMITTEE	Sub-committee + Operational Team.
WASTE STREAM WORKING GROUPS	Members drawn from Operational Team, Support Sub-committee & Members.
2 x STAKEHOLDER ENGAGEMENT FORUM	Contributing Members + Cat. 1 & 2 Supporting Members.

Member Voting

- All resolutions to be considered by Members shall be decided by a majority vote.
- Each Contributing Member will be allocated 1 vote multiplied by each full 1% of the previous year's Contribution that it provides to the EPR Scheme Funding, (excluding any ringfenced funding).
- Special Resolution – Requires 75% based on proportional voting rights.
- Ordinary Resolution – Requires 50% majority based on proportional voting rights.
- Board resolution / Decision – 1 person / 1 vote – Simple majority need. In the event of a tie, the Chairperson has the deciding vote.
- **NOTE:** No member who is in arrears with payment in terms of the EPR fee reported in the last 30 days (for more than sixty days) shall be entitled to vote for as long as they are in arrears with either payments or declarations.

Ordinary or Special Resolutions may be voted on in writing via round robin and **shall be voted on in writing by the Members within 20 Business Days** after the resolution was submitted to them. PETCO will then deliver a statement describing the results of the vote to every Member who was entitled to vote within 10 Business Days.

Director Nomination Process

- Following the call by the Board for nominations, any Member shall be entitled to nominate a single nominee it may consider qualified, eligible and suitable to be elected to the Board.
- Such nominations must be in writing, and must be delivered by hand or email, within **20 Business Days** of the date of notice.
- Each nomination must include at least:

  - the full name and address of the nominee

  - a statement as to the nominee’s relationship with the Company itself

  - the Category of Directorship within which the nominee is nominated

  - a brief curriculum vitae of the nominee

  - the written consent of the person so nominated

Director Nomination Process

- The Board shall draw up the shortlist of candidates for recommendation to Members for election as Directors in each category. The notice of the election shall include the names of the short-listed candidates, CV and such further information as the Board deems necessary.
- Directors shall be required to **act at all times solely in the best interests of the Company as a whole**, and not merely with a view to representing or advancing the special interests of a particular sector or member institution.

PETCO Name Evolution

- PETCO has undergone an evolution in the last 18 months – we are now administering an EPR scheme including the labels and closures in our waste stream, as well as administering a scheme for liquid board packaging (LBP).
- Current PETCO official name which is: “PETCO: PET plastic recycling south africa” is no longer an accurate reflection of PETCO, as we are a PRO driving collection, recycling and a circular outcome for our members’ identified packaging.
- Proposal is to update the PETCO official name to: **“PETCO Producer Responsibility Organisation”**. This is a more accurate reflection of PETCO’s role as a registered Producer Responsibility Organisation under the mandatory EPR regulations.
- This will be included for voting as a second Special Resolution along with the new MOI.

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Next Steps & Timelines

Next steps and timelines

Special Resolution for the adoption of the MOI and name change

- 14 March – Special Resolutions on the adoption of new MOI and name change issued to Members for voting.
- 14 April – Voting closes (All votes to be submitted within 20 Business Days).
- 19 April – PETCO to deliver statement describing results of vote (To be done within 10 Business Days of vote closing).

Election of new Board of Directors via round robin

- 19 April – Notice issued to Members calling for nominations for new Directors.
- 18 May – Nominations closes (Nominations along with necessary documents to be submitted to Interim Board within 20 Business Days).
- 19 May – Shortlist of nominees to be issued to Members for voting.
- 02 June – Voting closes (All votes to be placed within 2 weeks of shortlist being issued).
- 06 June – Votes are tallied, and new Board is announced to members in writing.
- 08 June – New Board is ratified at the PETCO AGM.

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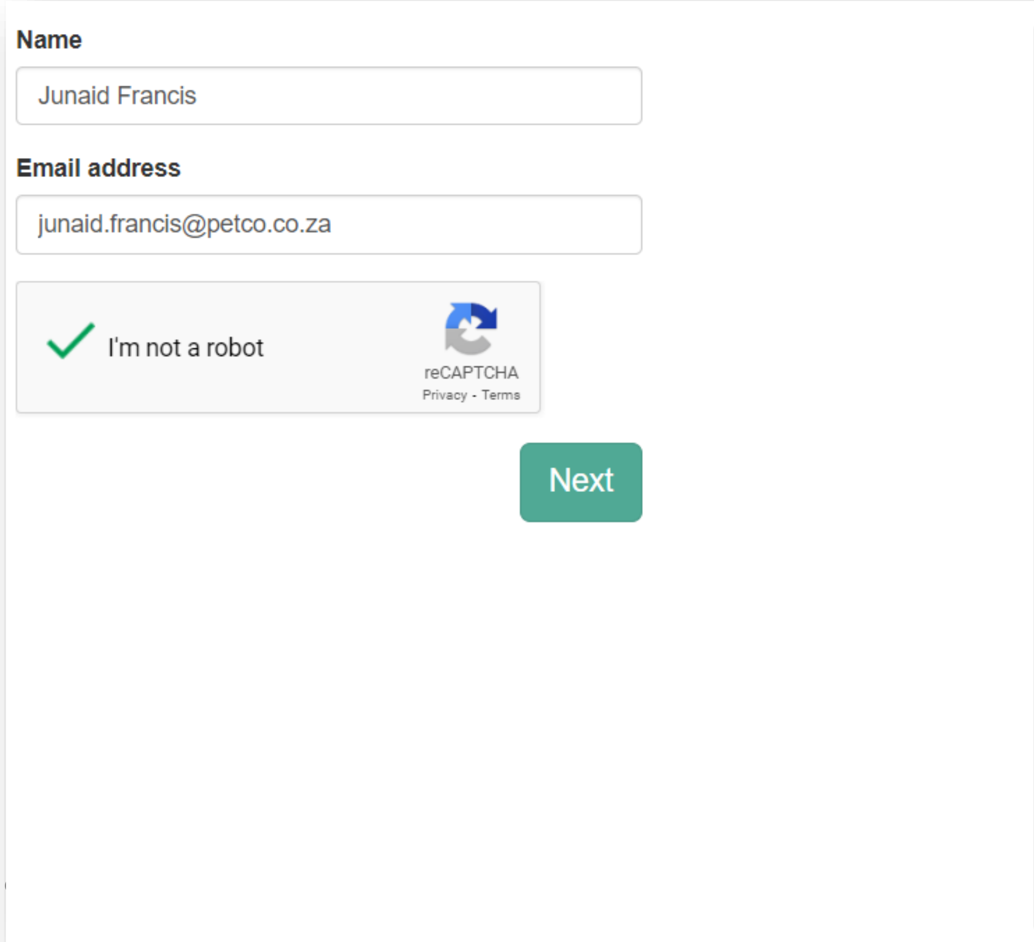
Next steps and timelines

- You will receive an email from Junaid today with a copy of the new MOI and a link to the Special Resolution. The link will take you to a QuicklySign page.
- Log into the page using your name and email address. Click the ‘I am not a robot’ box and then click the ‘next’ button.



PET RECYCLING COMPANY "NPC"
Registration number - 2004/032347/08
Incorporated in the Republic of South Africa
(the "**Company**")

WRITTEN RESOLUTIONS PASSED BY THE MEMBERS OF THE COMPANY IN TERMS OF SECTION 60 OF THE COMPANIES ACT, NO. 71 OF 2008, AS AMENDED (THE "COMPANIES ACT")

IT IS NOTED THAT the Company intends to amend its Memorandum of Incorporation as contemplated in section 16(1)(c) of the Companies Act by substituting the Company's existing memorandum of incorporation in its entirety with a new Memorandum of Incorporation, attached hereto as Annexure A ("**New MOI**").

ADOPTION OF NEW MOI
SPECIAL RESOLUTION 1

IT IS RESOLVED THAT
That, the Company be and is hereby authorised in terms of sections 16(1)(c) and 16(5)(a) of the Companies Act to amend its memorandum of incorporation by substituting the existing Memorandum of Incorporation in its entirety with the New MOI with effect from the date on which the New MOI is filed with the Companies and Intellectual Property Commission.

For	Against	Abstain

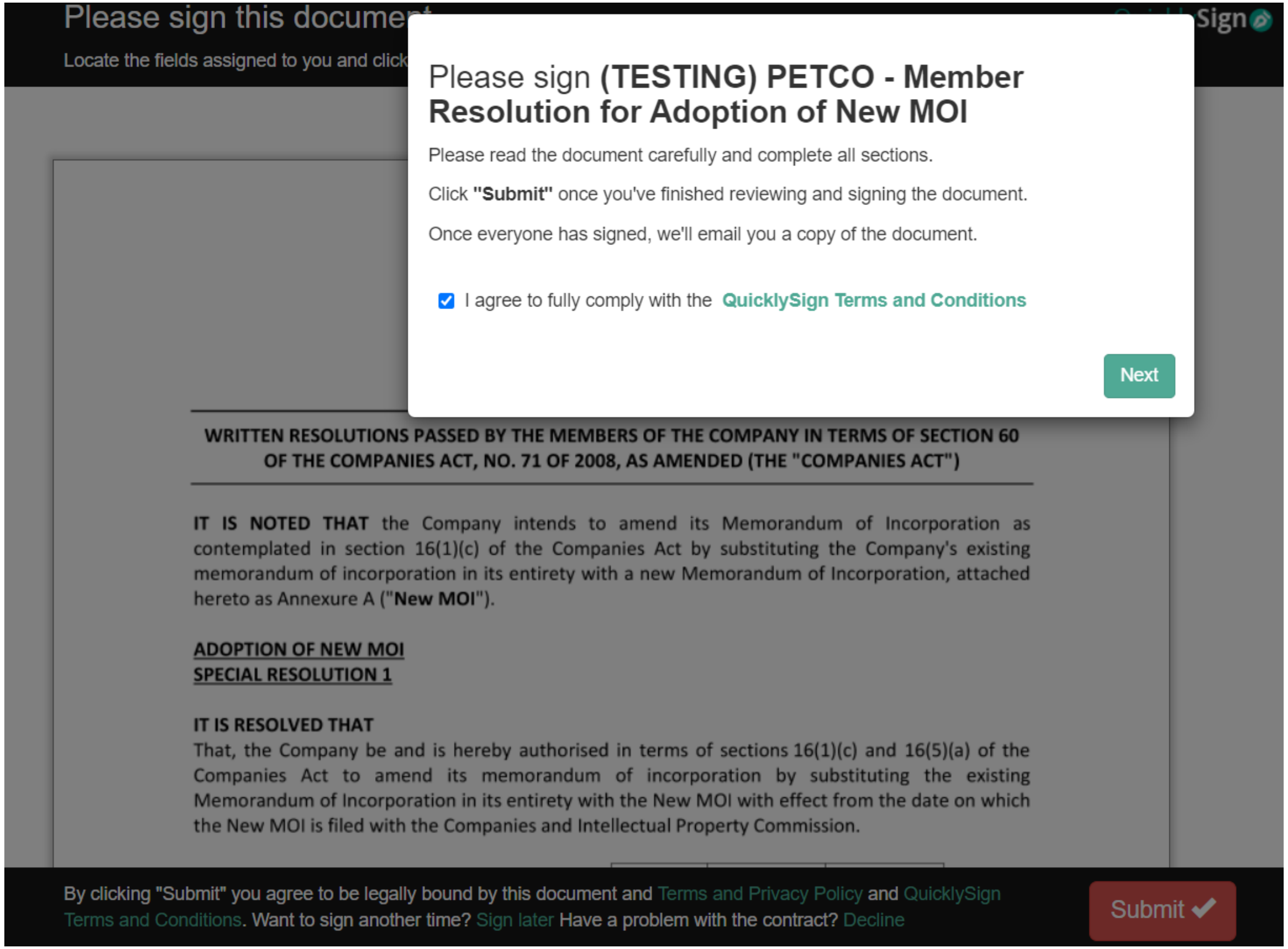
NAME CHANGE
SPECIAL RESOLUTION 2

IT IS RESOLVED THAT
That, the name of the Company be changed to **PETCO Producer Responsibility Organisation NPC**

For	Against	Abstain

Next steps and timelines

- Click on the box to agree with ‘QuicklySign Terms and Conditions’ and then click on ‘next’.



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Next steps and timelines

- Cast your vote for all 3 resolutions, enter your name, the member on whose behalf you are signing, complete your signature and the date and then click ‘submit’.

AUTHORITY TO ACT
ORDINARY RESOLUTION 1

IT IS RESOLVED THAT
That, in respect of Special Resolution Number 1 and Special Resolution Number 2 hereinabove, any Director of the Company, be, and is, hereby authorised to carry out and to do all such things and matters as may be or are necessary in connection with the subject matter of the aforesaid Special Resolution Number 1 and 2, including without limitation, being authorised to sign any necessary documents, as may be required, for and in connection with the aforesaid Special Resolution Number 1 and 2, including the facilitation of the lodgement of all necessary documentation by Watson Incorporated with the Companies and Intellectual Property Commissioner under their agent codes of WATGEN and VANKIM for the filing, registration and implementation of Special Resolution Number 1 and 2, hereinabove, and should any such document or notice or action already have been signed and/or despatched and/or taken before the date of this resolution by a person, such action be and is hereby ratified and approved.

For	Against	Abstain
☑ *	☐ *	☐ *

*

Signature for and on behalf of

Member: PETCO

Date: 13/03/2023 *

By clicking "Submit" you agree to be legally bound by this document and Terms and Privacy Policy and QuicklySign Terms and Conditions. Want to sign another time? Sign later Have a problem with the contract? Decline

Submit ✔

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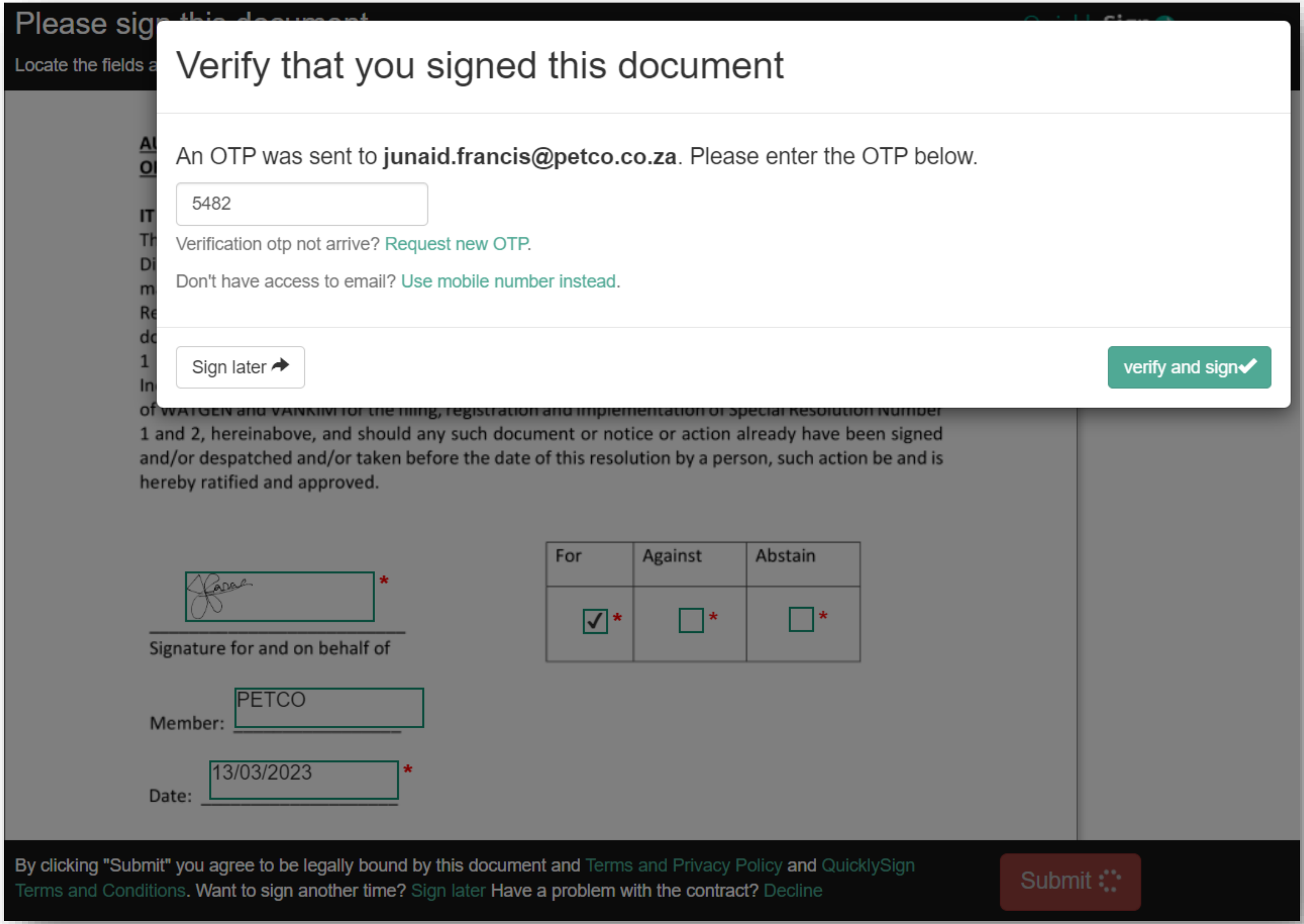
Next steps and timelines

- Enter the One Time Password emailed to you and click ‘verify and sign’.



Next steps and timelines

- Once completed, a copy of the signed Resolutions will be emailed to you and the webpage will be redirected to the PETCO website.
- If you do experience any technical difficulties casting your vote electronically, please let Junaid know and he will email you a PDF which you can then print, cast your vote, scan and return to him.
- Please cast your vote within **20 Business days from today.** The closing date for voting is the **14 April**.
- Feel free to reach out if you have any queries about this process.

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Any questions?

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Thank you

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