

ANNUAL
REVIEW

**BUILDING THE
CIRCULAR ECONOMY
TOGETHER**



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1 Introduction

Welcome to Polyco's Annual Review for the year 2022. Polyco PRO NPC is a registered producer responsibility organisation (PRO) focused on growing the plastic recycling industry in South Africa and making used plastic packaging a valuable resource that works for our economy.

We work to grow the collection and recycling of plastic packaging and to end plastic pollution in the environment. Polyco does this by investing in recycling infrastructure and innovation in South Africa and by educating both the industry and consumers about recycling. This is all underpinned by a company philosophy of collaborating with multiple stakeholders.

Polyco's members pay an extended producer responsibility (EPR) fee for every tonne of identified product placed on to the market and, in turn, we ensure that their extended producer responsibilities are performed by Polyco. In 2022, Polyco invested R29 million into growing South Africa's plastic recycling sector, with R22 million being invested directly into infrastructure projects and the remaining into education, awareness and industry support.

Polyco was originally established as a nonprofit organisation in 2011 by a group of South Africa's responsible polyolefin plastic packaging converters to deal with polymer identification codes 2, 4, 5 and 7. Our decade-long track record reflects investments of more than R86 million directly into companies in the South African plastic recycling sector and we have achieved a growth of more than 125 000 tonnes through our 105 project partners during this time.

The year 2022 was the beginning of mandatory EPR in South Africa. Polyco collaborated closely with industry, our members and government as we grew our impact and navigated the introduction of this new legislation. Polyco's track record of successfully growing polyolefin recycling in South Africa, as well as our new commitment to represent all plastic packaging types, saw our membership base grow dramatically as we welcomed new members to Polyco.



POLYCO'S ACHIEVEMENTS SINCE INCEPTION



More than
R86 million
made available for project funding



Funded 105 project partners



Grown the recycling industry by **125 000 tonnes**, with a commitment by project partners to grow this number to more than **198 000 tonnes** in the coming years



Engaged with more than **800 obliged producers** since EPR regulations came into effect



Engaged with the South African consumer through our Million+ Plastic Recycling campaign and Packa-Ching initiatives



2 The Introduction of Mandatory Extended Producer Responsibility in South Africa

As a proactive response to the growing concern around waste and its impact on society and the environment, the Department of Forestry, Fisheries and the Environment (DFFE) published the final section 18 Extended Producer Responsibility (EPR) regulations for the paper and packaging industry, electrical and electronic industry and lighting industry in *Government Gazette* 44539 on the 5 May 2021. This new legislation officially came into effect on the 5 November 2021.

It legally mandates producers to demonstrate their extended producer responsibility by achieving published legislated targets. This can be done by either joining an existing PRO that manages an approved EPR scheme, forming a new PRO or developing an independent EPR scheme that manages products at end of life.

Instead of supporting the outdated linear approach of producing, using and discarding valuable materials such as plastic, paper, glass and metals, the focus is now on developing circular economies within South Africa – where the value of used packaging is never lost, but is kept within the economy by ensuring that these materials are diverted from landfill to be

reused and recycled into many new and useful materials. The EPR regulations seek to extend the responsibility of Producers of Identified Products (packaging), both financially and physically, to the management of packaging at end of life. All producers, converters and brand owners who manufacture or generate plastic packaging and place more than 10 tonnes in the South African market are required to be members of an EPR scheme. PROs within the sector have therefore developed EPR schemes that focus on the diversion of identified products from landfill by increasing collection rates and growing recycling volumes in South Africa. PROs that manage these schemes are funded directly by the producers via the implementation of the mandatory EPR fee.

3 Polyco's EPR Scheme

Implementing successful EPR requires change to take place across the value chain, from packaging design all the way through to consumer behaviour change.

In order to grow the collection and recycling of plastic packaging in South Africa to the extent that it meets the legislated targets and to promote the responsible use and reuse of this plastic packaging, we recognise the strong need to collaborate with multiple stakeholders across the value chain, to invest in recycling innovation and recycling infrastructure in South Africa, and to educate both the industry and consumers about recycling.

Polyco's EPR scheme aims to stimulate the economy; focus on South Africa's urban as well as rural areas; include transformation in our investment strategy; and represent the interest of the full value chain, including brand owners, packaging converters, retailers, informal and formal collectors, recyclers and consumers.

POLYCO'S FOCUS AREAS ARE THEREFORE:



Supporting existing collection and recycling networks, and encouraging new ones, by investing in recycling infrastructure and development.



Developing value chain projects and research to stimulate innovation and end-use demand for recycle.



Sharing information that promotes education and awareness in order to change recycling attitudes and behaviour.



Underpinning this is a philosophy of collaboration – to understand and work with all stakeholders along the plastic recycling value chain.

Polyco registered as a PRO with the DFFE (Ref: 19/7/5/P/PRO/20210517/002), as prescribed, within the six-month period of the publication of the EPR regulations in the *Government Gazette*.

Polyco developed an EPR scheme that, as per section 4(1) (b)(i), (ii) and (viii) of the EPR regulations (GN 400 of 5 May 2021), includes the following identified products or class of products:

PLASTIC PACKAGING



Type 1: Polyethylene terephthalate (PET) beverage bottles, oil bottles, thermoforms, flexible



Type 2, 4, 5: Polyolefin rigid



Type 2, 4, 5: Polyolefin flexible



Type 3: Polyvinyl chloride (PVC) rigid and flexible¹



Type 6: Polystyrene (PS) expanded and high impact



Other: (multilayer plastic packaging including those with resin code 7).

This includes the single-use items made of PS, HDPE, PET & PP

- Films/flexibles: agricultural mulch films, garbage bags, pallet wrap
- Injection-moulded products: cups, tubs, cutlery (knives, forks and spoons), stirrers
- Blow-moulded products: bottles, containers, jars
- Extruded products: straws, sheets
- Thermoformed products: trays, punnets, cups, various packaging.

Polyco operates one EPR scheme but addresses the different packaging and materials as operationally separate units for rigid, flexibles, PET, polystyrene, vinyls and multilayers. The collection models and investment models, as well as education and awareness, are combined for the scheme. However, certain aspects, such as recycling investment, are approached in a way that addresses the targets of each specific material stream.

Polyco is an autonomous body that has been established by producers and is a registered not-for-profit company (NPC). It is managed by a board of directors consisting of representatives from producers and industry bodies, and adheres to the Companies Act 2008 (Act No. 71 of 2008) in terms of good corporate governance and management of conflicts of interest. Polyco's NPC registration number is 2011/009920/08.

¹ Polyco refers to PVC as vinyls

EPR FEES

In accordance with the EPR regulations, Polyco undertook engagement with the value chain during the development of the EPR scheme in determining the EPR fees.

The fees have been publicly available since October 2021 and were approved by the Polyco board and members. Members have been engaged in working groups to discuss the cost of collection and recycling related to their material streams, interventions required and, where applicable, the need for the EPR fee to increase.

Principally, the EPR fee is based on the maturity of the market to collect and recycle the identified product. Refer

to Table 1 for the EPR fees per material, the qualification for the fee and the proposed 2023 fees.

Polyco has standard pay points for our EPR scheme fees in order to reduce complexity and ensure efficiency within the value chain. This serves to prevent any double-dipping or any non-payment of the EPR fee, and to ensure that the correct tonnages are reported.

For Polyco members, the EPR fee applies as follows:

1. Locally Produced Plastic Packaging

If plastic packaging, as identified in the EPR regulations, is manufactured or converted and sold into the South African market locally, then the pay point in the value chain will be the party who manufactures or converts this packaging. This includes primary, secondary and tertiary packaging as identified in the regulations and sold into the South African market.

2. Imported Plastic Packaging

If plastic packaging, as identified in the EPR regulations, is not made locally but is imported, then the pay point will be the party who imports this packaging. This includes primary, secondary and tertiary packaging as identified in the regulations and sold into the South African market.

Polyco's EPR scheme fee pay point guidelines, which give more details about the fee pay points, can be found [here](#).

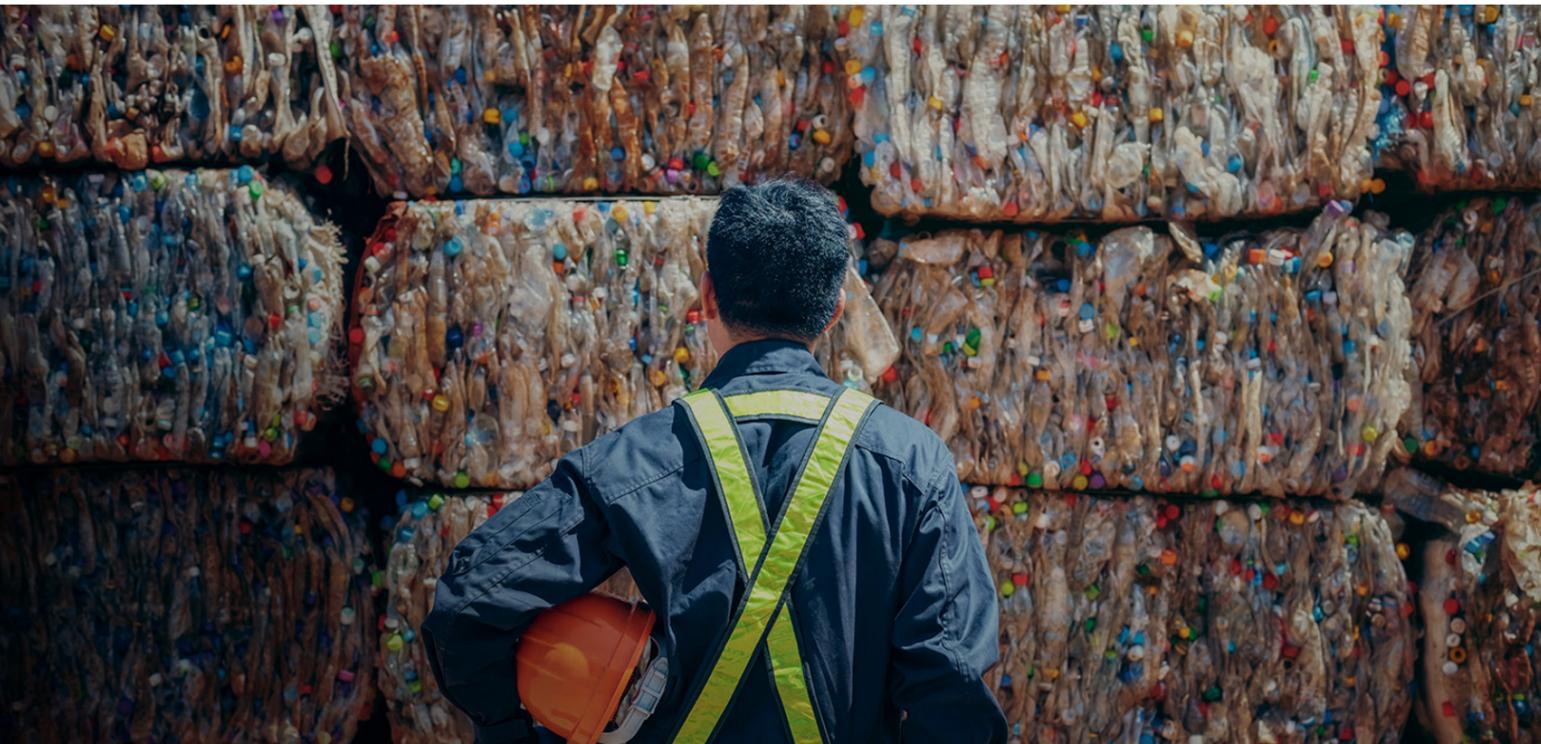


Table 1: Polyco's EPR Scheme Fees for 2022

 Material	 EPR Fee 2022
Polyolefin rigid	R250 per tonne
Polyolefin flexible	R450 per tonne
Polyethylene terephthalate (PET) rigid; polyethylene terephthalate (PET) flexible/strapping	R400 per tonne
Polystyrene (EPS and HIPS)	R250 per tonne
Polyvinyl chloride (PVC) and vinyl (rigid and flexible)	R250 per tonne
Other (multilayer/multimaterial)	R750 per tonne



EPR TARGETS

Polyco has invested in 105 collection and recycling projects over its 11 years of operation. Of these 105 projects, 65 are still reporting collection and recycling tonnages to Polyco.

Polyco's project partners (funding beneficiaries) report their tonnages to Polyco on a monthly basis. Their reported tonnages are based on sale of product, which is understood in the following ways:

-  Collection companies: collected recyclables sold to a recycler to be further processed; and
-  Recycling companies: recycle/processed product sold for inclusion in the manufacturing of products.

Table 2 (page 14) provides the Year 1 collection and recycling targets of the identified packaging that Polyco's EPR scheme represents for its members. The difference between the legislated target and the 2019 recycling rate (baseline)² is the capacity growth requirement to achieve the target for this period.

Polyco's target achievement is measured against our members' declarations of tonnages that they place in the market.

Factoring in the constraints of implementing the EPR scheme in 2022, Polyco has exceeded the legislated targets for polyolefin (rigids and flexibles) and multilayer identified products. PET, polystyrene and vinyl have not achieved the legislated targets.

EPR SCHEME IMPLEMENTATION IN 2022

Along with the excitement about the potential that EPR creates for stimulating the South African economy and its people, growing an industry and cleaning up the environment, implementing Polyco's EPR scheme in 2022 came with many challenges.

Many obliged producers claimed to still not be familiar with EPR or the EPR regulations, even after the November 2021 deadline. Much of Polyco's focus therefore continued to be on providing information to the plastic packaging sector about EPR, its importance and the need to comply with the legislation.

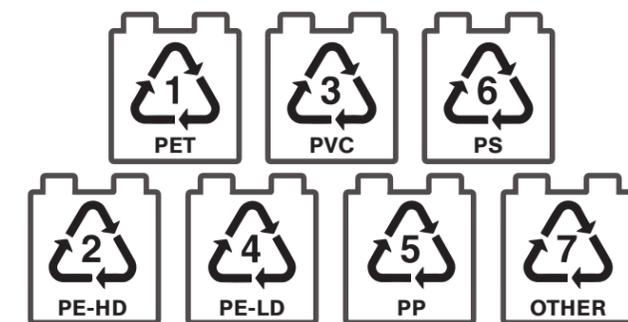
In addition, a lot of the fees that Polyco required from its members in order to invest into collection and recycling projects were not paid to Polyco until late in the year. The Ministerial letter of concurrence on the EPR fees charged by Polyco to our members was expected to be received on the 5 January 2022 but concurrence was only officially given on the 28th of June 2022. The sector was therefore confused about when it needed to pay EPR fees. It was communicated that fees had to be paid from January 2022 in order for the EPR scheme to succeed. However, we received a lot of pushback from the sector and from companies that had registered with Polyco to become members of our EPR scheme but were unwilling to declare tonnages that they had placed in the market or to pay their EPR fees until the official concurrence letter was received.

The implication of this was a lack of clarity on what target size Polyco would need to account for during the 2022

year, as well as cash-flow considerations. Polyco's EPR scheme targets, as per the regulations, are dependent on the tonnages that our members place in the South African market. Only after concurrence at the end of June did the bulk of the obliged industry begin to declare their tonnages, and then pay their EPR fees. We therefore did not receive the expected EPR fees for 2022 on time and as a result we were unable to make timeous investments for the year. After the concurrence letter was received, we started to receive backdated tonnage declarations and EPR fee payments.

At the beginning of each month, Polyco asks members to submit their tonnage declaration for the preceding month. Each member is then invoiced based on this tonnage declaration. The total of EPR fees invoiced for 2022 was R74 million. However, please note that members continue to declare backdated tonnages for 2022 and pay the associated EPR fees. Any company that is an official Polyco member has been required to declare tonnages and pay fees from 1 January 2022.

Receiving these tonnage declarations and fees late in the year meant that we were not able to make investments with those monies in 2022. These monies are being carried over to 2023.



Polyco 

PET:

Partnering with a suitable PET recycler has been a challenge, particularly for PET thermoform, flexible and oil bottles. However, our 2022 investment in Center for Regenerative Design & Collaboration comes online in 2023 and will divert 468 tonnes per annum. We also have two projects in the pipeline for funding in 2023 that will divert 1 140 and 3 756 tonnes respectively per annum. We expect to divert 4 896 tonnes of PET in 2023.

Polystyrene:

Our challenge with polystyrene in 2022 was that most collection companies do not focus on collecting polystyrene, as it is a low-value, niche market. We did, however, achieve our polystyrene recycling target for 2022. From this we can infer that although Polyco did not directly invest in polystyrene collection, by investing in its recycling, as more material was needed by the recycler. We are currently working with our members to better understand the material and how to improve the collection of polystyrene.

² Utilised in Polyco's EPR scheme submission

Table 2: Polyco EPR Scheme – Target Achievement 2022

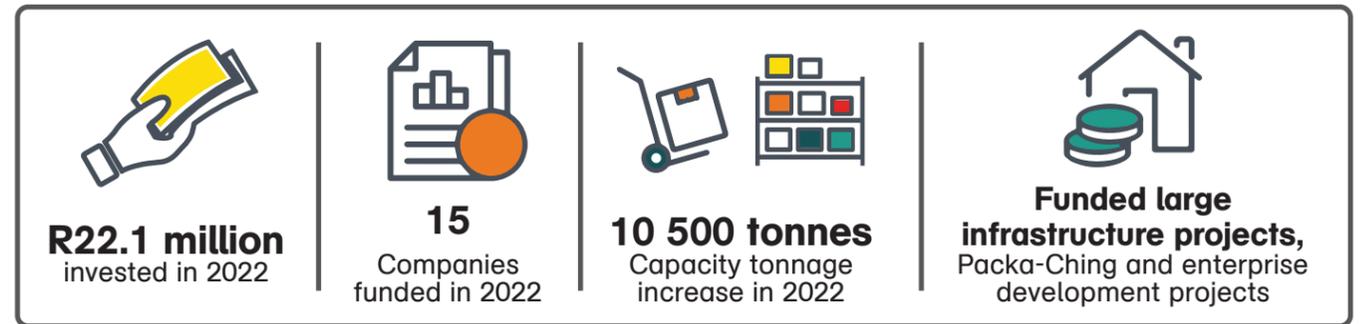
	Rigid		Flexible		Multilayer	
	Collection	Recycling	Collection	Recycling	Collection	Recycling
2019 – recycling rate ³	53%	37%	56%	42%	14.9%	10.9%
Legislated target %	55%	39%	58%	44%	15%	11%
Member tonnages ⁴	82 476		67 496		12 017	
Capacity growth required ⁵	2%	2%	2%	2%	0.1%	0.1%
Target achieved (tonnes)	2 682	13 417	4 025	15 961	150	907
Target achieved %	3%	16%	6%	24%	1.2%	7.6%

	PET beverage		PET oil bottles		PET thermoform	
	Collection	Recycling	Collection	Recycling	Collection	Recycling
2019 – recycling rate	70%	68%	5%	4%	0%	0%
Legislated target %	71%	69%	9%	8%	9%	8%
Member tonnages	11 222		1 060		12 707	
Capacity growth required	1%	1%	9%	4%	9%	8%
Target achieved (tonnes)	3 512	0	0	4,8	0	54
Target achieved %	12%	0%	0%	0.5%	0%	0.4%

	PET flex		Polystyrene		Vinyls	
	Collection	Recycling	Collection	Recycling	Collection	Recycling
2019 – recycling rate	9%	8%	13%	11%	5.5%	4.5%
Legislated target %	10%	9%	22%	20%	6%	5%
Member tonnages	327		5 760		3 220	
Capacity growth required	1%	1%	9%	9%	0.5%	0.5%
Target achieved (tonnes)	0	1,20	86	778	201	23
Target achieved %	0%	0.4%	2%	14%	6.2%	0.7%

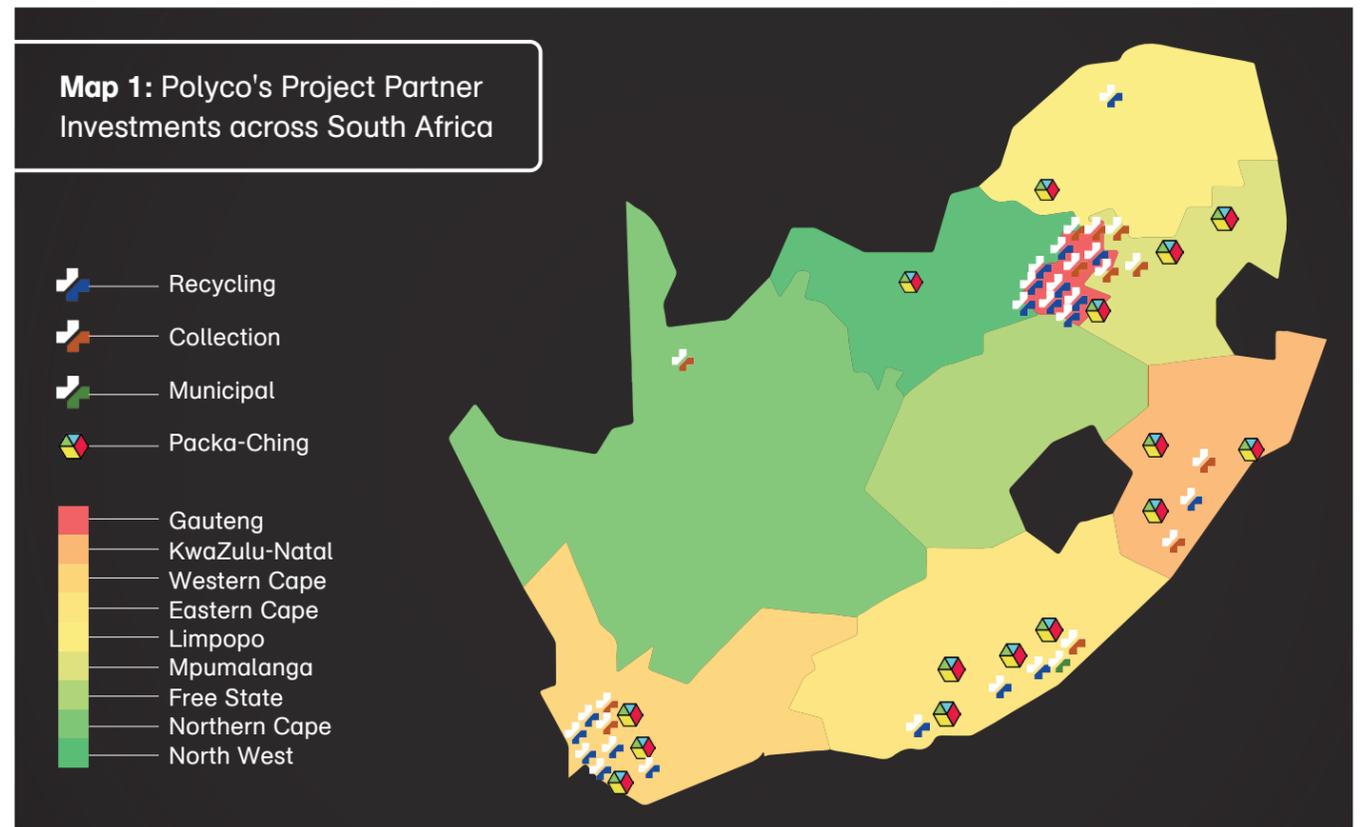
³ Baseline recycling rates, Plastics SA Recycling Survey 2020
⁴ Polyco's members' declared tonnages January – December 2022
⁵ Capacity growth = baseline recycling rate – legislated target

4 Project Investment



Polyco invests in three different project divisions. The bulk of our investments is in **large infrastructure projects** that increase plastic recycling in South Africa and increase innovation in the industry by expanding and/or modernising the companies' production capacities. These companies are required to be established and to demonstrate their ability to secure feedstock as well as offtake for their product (recyclate). We also invest in collection projects, which include our flagship programme, **Packa-Ching**. Packa-Ching focuses on areas and communities in South Africa that are without waste

management services and are not currently serviced with separation at source. Polyco provides both loans and grants to local companies that are already operating in waste collection and are looking to expand their footprint and yield in their area of operation by taking on a Packa-Ching unit. In our third area of project investment, Polyco focuses on growing the industry by investing in **enterprise development projects**, which aim to support smaller businesses and individuals entering the plastic recycling space.



How does Polyco Select Project Partners for Investment?

Polyco ensures that the EPR fees received are adequately invested into the sector so that Polyco's EPR scheme achieves the legislated targets. Our investments comprise grants and/or interest-free loans to the project partners that we invest in. As Polyco is a nonprofit organisation, the loans that are paid back to Polyco are reinvested into the industry.

Polyco sources project partners by directly engaging with collection and recycling businesses in South Africa as well as putting out funding calls, whereby companies

can submit a funding application and proposal to Polyco for consideration. Project partners are then selected for investments through a strict approvals process that includes the Polyco executives, the CEO, the Projects Evaluation Committee – a subcommittee of Polyco board members as well as an external technical expert – and the Polyco board.

2022 Investments

In 2022 Polyco invested R22.1 million directly into collection and recycling companies in South Africa, adding more than 10 500 tonnes of additional collection and recycling capacity per annum.



Polyco has created project partner signage for our project partners. These signs are for our partners to put up at their premises, highlighting their great work and Polyco's involvement. These signs are made from recycled multilayer plastics and are produced by our project partner, Infinite Industries.

1. LARGE INFRASTRUCTURE PROJECT PARTNERS FUNDED BY POLYCO IN 2022

Polyco's EPR scheme focuses on providing loans and grants to existing businesses that can use this investment to grow collection and recycling tonnages of plastic packaging to achieve the legislated targets. Polyco's large infrastructure projects focus on both collection and recycling infrastructure needed to significantly grow the plastic packaging recycling volumes. These are larger projects, targeting medium and larger businesses that can increase the capacity of material being collected or being recycled.

Recycling projects also focus on innovation/end-use development that allows further unlocking of plastic

packaging in the value chain. Businesses are provided with an interest-free loan with a four-year payback period for their commitment to increase the collection capacity of the plastic waste they are trading in. Grants are based on a business's Broad-Based Black Economic Empowerment (B-BBEE) level, geographic location and collecting or recycling priority material. All grants are amortised against their capacity to grow tonnages.

In 2022, Polyco invested more than R20 million directly into large infrastructure projects.

Third Element Holdings

Third Element Holdings is a Cape Town-based collector and buyback centre. Its waste is sourced from the rural communities, bakkie brigades, retail distribution centres, retail stores and waste reclaimers. The company's baled material gets sold to recyclers in the Cape Town area. Third Element Holdings also runs a CSI programme to assist individuals with training, platform scales, bulk bags and educational materials. Polyco's investment went into expanding Third Element Holdings' baling capacity to provide feedstock to recyclers.



CRDC

CRDC SA's mission is to roll out a solution that can take mixed plastic waste and convert it into an aggregate modifier for the construction industry – Resin8. Resin8 is made using mixed plastic waste and all seven resin types can be used, creating a solution for difficult-to-recycle material. The plastic feedstock material is material that would have ended up at landfill, as it is not being collected by waste collectors because of contamination or its low value. Polyco funded the establishment of CRDC's new plant.

In December we collaborated with CRDC and SA Rugby to bring Binnie, Polyco's Million+ mascot, to Rugby Sevens in Cape Town in December to support the collection of plastic packaging at the Cape Town Stadium through CRDC's The Bag That Builds campaign.

Infinite Industries

Infinite Industries, established in 2007 by Hugo and Maggie Infante, is a recycling company based in Boksburg East. Infinite Industries specialises in recycling multilayer packaging and creating products such as multilayer plastic boards, roof sheeting, housing materials and cable and pipe protection. They therefore provide innovative solutions for a difficult-to-recycle material. Polyco's investment in 2022 allowed Infinite Industries to create an additional production line to increase production in order to meet the demand for its recycled products.



Jombilombi

Jombilombi is based in Gauteng and was established in 2018. It is a Level 1 B-BBEE company and operates as a buyback centre and recycler. Jombilombi provides a means of income for residents of Tsakane and Geluksdal townships who collect recyclable material from Weltevreden and Rietfontein landfills. In 2022, Polyco invested in Jombilombi's capacity to increase the collection of post-consumer material by funding its extruder and wash plant maintenance as well as a new bailer.

KR Polymers (Pty) Ltd

KR Polymers

KR Polymers is a recycling company that has been in business for more than 15 years. Run by Duard Raath, the company collects and recycles HDPE, LDPE and PP. It is involved in a circular economy initiative in the agricultural industry where agricultural sheeting is collected, recycled and turned back into agricultural sheeting, allowing small farmers to benefit from recycled plastic. In 2022, Polyco invested in KR Polymers' capacity to support the circular economy in the agricultural sector by improving its PP/PE agricultural film pellet line.

M&M Plastiek

M&M Plastiek

M&M Plastiek is a collector based in Keimoes in the Northern Cape that has been operating since 2008. It gets the majority of its recyclable material from the agriculture sector in and around the area. MM Plastiek is currently assisting the Kai !Garib Municipality, together with a contractor, to collect material from the landfill, the town and schools, and directly from the community, to reduce waste. In 2022, Polyco invested in a bailer, cages and a trailer to improve M&M Plastiek's operations.

Myplas

Myplas is a well-known recycler in Cape Town that started operating in 2012. It has grown its capacity to 1 600 tonnes per month and has achieved ISO 9001:2015 certification. Its facility houses a state-of-the-art laboratory and it employs more than 150 people. The company recycles HDPE, LDPE and PP. Polyco first invested in Myplas in 2014 and has seen the business grow since then. In 2022, Polyco invested in a decontamination plant to improve the quality of Myplas's recyclate and therefore enhance the capability of the South African recycling sector.

Myplas

New Earth Recycling

New Earth Recycling was established in 2014 and is based in Parow Industria in Cape Town. The company specialises in bulk polystyrene collection, advanced polystyrene recycling, high-impact polystyrene (HIPS) and expanded polystyrene (EPS). In 2022, Polyco funded the commissioning of its wash plant to increase polystyrene recycling.



Tufflex

Tufflex is a Gauteng-based recycler that has been operating since 1994. It mainly produces pellets and plastic timber. In 2022, Polyco invested in an extruder to assist with capacity growth.



2. PACKA-CHING

Packa-Ching is Polyco's first community-based social enterprise business model. It was launched in 2017 with the primary goal of increasing collection rates and separation at source in South Africa. It focuses specifically on low-income areas and informal settlements – areas that are often overlooked with regard to recycling education and services.

Polyco provides Packa-Ching infrastructure to qualifying enterprises, which then educate communities about recycling and the value of recycled material, pay community members for their collected recyclable materials and make recycling convenient. The model targets communities, businesses and schools in low-income areas, and encourages them to divert and sell separated recyclable materials to a Packa-Ching enterprise, which in turn sells the material to a recycler.

Packa-Ching aims to increase collection and recycling rates in South Africa by showing that used recyclable packaging has a monetary value. Packa-Ching is a network of enterprise-owned and -operated mobile and static separation-at-source recycling collection centres that collect used recyclable packaging material from the public in low-income and informal areas and pay them for it. Packa-Ching is therefore tapping into a new source of recyclable material and teaching consumers that used recyclable packaging waste has value.

Each kilogram of recyclable material brought to a Packa-Ching unit is weighed and paid for via a cashless payment system. Only a standard cellphone is needed to use the service and receive these funds, making it widely accessible. This payment is enabled by a technology-based weigh-and-pay system and has instant recordkeeping of transactions.

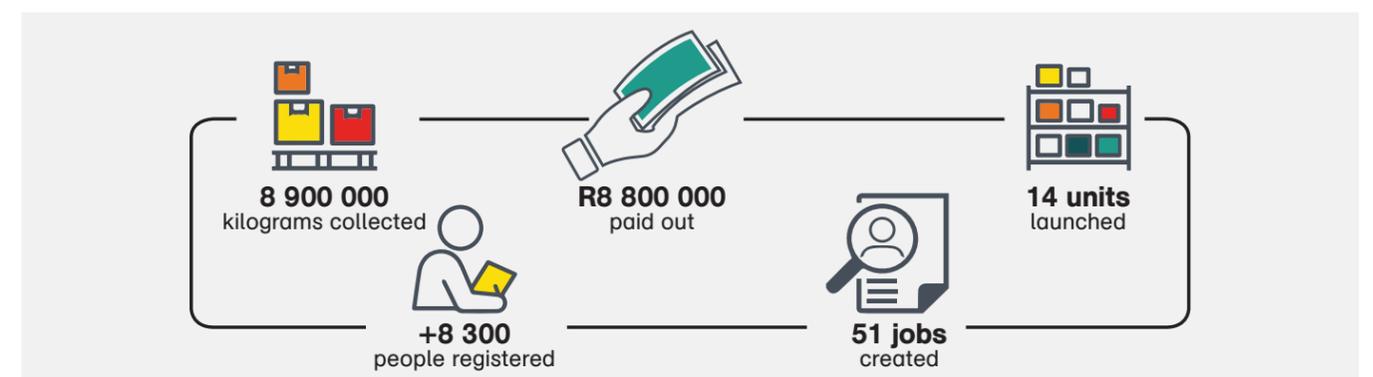


Packa-Ching consists of mobile units, sponsored by Shoprite and Sasol, as well as pop-up units and static units. In 2022, Polyco, along with Shoprite and Sasol, funded and launched three mobile Packa-Ching units, bringing the total to 11 mobile units, plus two static units and one pop-up unit. The units have created 51 Youth Employment Service (YES) jobs.

By the end of 2022, Packa-Ching had collected more than 8 900 000kg of recyclable packaging material and paid out more than R8 800 000 to community members. Packa-Ching has provided collection services to more than 80 communities in South Africa and provided an income to people by showing them that used packaging has a monetary value.

The Packa-Ching model is also successfully used for our enterprise development projects as well as for our municipal collaboration projects.

MAJOR ACHIEVEMENTS



ENTERPRISE OWNERS OF NEW PACKA-CHING MOBILE UNITS LAUNCHED IN 2022

Various enterprise owners are appointed to manage Packa-Ching units across the country. Packa-Ching launched its ninth mobile unit in Gqeberha in May 2022, its tenth mobile unit in Mbombela in June 2022 and its eleventh mobile unit in Durban North in December 2022.



The Waste Trade Company

The Waste Trade Company launched in 1998 in the Nelson Mandela Bay Metro and has since become a leader in the local recycling and waste management industry. Inspired by the growing need to reduce waste to landfill, it is committed to exploring mutually beneficial recycling initiatives with all of its stakeholders. The Waste Trade Company was awarded its second Packa-Ching mobile unit in 2022 to increase its collections. Kay Hardy and Emmy Nxayeka are a dedicated and passionate women-in-waste team who aim to provide opportunities that promote a culture of recycling. They empower their employees and communities through various education initiatives, with the goal of achieving zero waste to landfill.

iWaste

iWaste is a collector operating in Mpumalanga that launched a Packa-Ching unit servicing Tekwane West in Mbombela in 2022. iWaste's owner, Sweetness Shabangu, grew up in the rural area of Mbombela. She realised that recycling could reduce unemployment in the area and that it was an opportunity to give hope to the community. iWaste is passionate about working closely with the community and its mission is to protect the environment and promote recycling in order to ensure a safe and healthy community for current and future generations. A major problem that its customers faced was the transport required in order to get to where they could sell their material. The Packa-Ching unit has solved this problem, allowing them to collect material from more community members closer to where they live.

Nathi Africa Just Recycling

Nathi Africa Just Recycling is a recycling collector in Hammarsdale in eThekweni that began operating in 2017 and was awarded a Packa-Ching unit in 2022. Nathi Africa is a Level 1 B-BBEE contributor with a proudly 51% black women ownership. Nathi Africa is committed to recycling and uplifting communities. Nathi and Ntabeleng, the owners of Nathi Africa, work closely with the youth in their areas of operation and host training with the youth in their communities to promote the economic and environmental benefits of recycling. They aim to turn their social entrepreneurship drive into a tangible way to impact their community and make a positive difference in the environment.

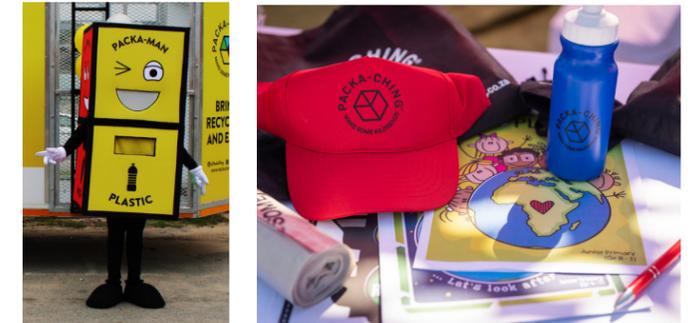
SUPPORTING OUR PACKA-CHING ENTERPRISES

To support our Packa-Ching enterprises, Polyco hosted a Packa-Ching Enterprise Workshop for the Packa-Ching enterprise owners at the Polyco offices in Cape Town. The workshop encouraged engagement and sharing of information between enterprise owners and Polyco to inform our strategy and operations going forward. These workshops will continue in 2023.



In addition, Packa-Ching's new Packa-Man mascot was created to support Packa-Ching live events and school initiatives.

We rebranded the Packa-Ching trailers to make it easier for consumers to understand how easy it is to earn from recycling. Our Packa-Ching social media, which promotes Packa-Ching enterprises across South Africa, continues to grow and we post and engage with consumers weekly, with a reach of more than 500 000 in 2022 on our social media platforms.





ENTERPRISE DEVELOPMENT COMPANIES FUNDED IN 2022

3. ENTERPRISE DEVELOPMENT PROJECTS

Polyco has established the Enterprise Development Fund to provide funding of up to R500 000 per investment for small and developing plastics waste management businesses. The fund focuses on supporting start-ups, micro and small collection and/or recycling companies. It has a particular focus on start-ups, projects that target communities where no separation at source currently exists and previously disadvantaged individuals, including women, youth and people living with disabilities. The aim is to develop and train businesses in the plastic packaging recycling industry in South Africa and to establish infrastructure in communities where collection and recycling is lacking.

Funding, in the form of grants, is available for small businesses and entrepreneurs for the establishment of infrastructure, equipment, training and education needed to promote the collection, recycling and beneficiation of plastic packaging in their area of operation within South Africa. In addition to funding, Polyco provides time and mentoring to assist the business and project to succeed and grow.

This is intended as the first step in the business's relationship with Polyco, with the intention that as the

business grows or becomes more established it can apply for and access further funding. This is one of the ways that we are transforming and growing the industry.

Who qualifies for enterprise development funding?

-  Small businesses or entrepreneurs who aim to grow their business in the waste industry, focusing on used plastic packaging collection and recycling.
-  Small businesses or entrepreneurs who aim to collaborate with, educate individuals about and/or train them in the waste industry, focusing on used plastic packaging collection and recycling.
-  A person who requires financial aid in completing their qualifications in innovation relating to plastic recycling and collection solutions and/or plastic packaging design for recycling.

Polyco invested in three enterprise development projects in 2022 and also invested in training initiatives.



B-West Cleaning and Recycling

Started in 2008 in Gauteng by Johannes and Mariam Borchers, B-West Cleaning and Recycling is a family-run business aiming to divert waste going to landfill. It specialises in the collection of HD, LD, PP and PET, and the recycling of HD, LD and PP. This not only leads to a cleaner, safer environment in local communities but also provides sustainable work and entrepreneurial opportunities for the upliftment of depressed and poorer communities. B-West Cleaning and Recycling believes it can be a pioneering organisation for other communities to aspire to. In 2022, Polyco provided B-West Cleaning and Recycling with personal protective gear, infrastructure, equipment, business signage and educational material.



Cleanfarms

Cleanfarms (Pty) Ltd is based in Mpumalanga and is committed to offering alternative waste management solutions to farmers and agri-businesses. It offers a free plastic waste removal service to farms and agri-businesses as an alternative to the burning, burying or dumping of plastic waste on farms in the Loskop Valley region. Cleanfarms is currently the only certified CropLife SA recycler in the Loskop Valley region and is therefore well placed to grow the recycling of plastic waste volumes. It specialises in the collection, baling and shredding of LD/HD irrigation pipes, pesticide containers, PVC piping, woven bags, PP woven bags, LD grape mulch, damaged agri crates and PET. In 2022, Polyco provided Cleanfarms with a weigh-and-pay system, infrastructure and educational material to increase its collections and to develop a buyback centre in a rural area.

Kerby

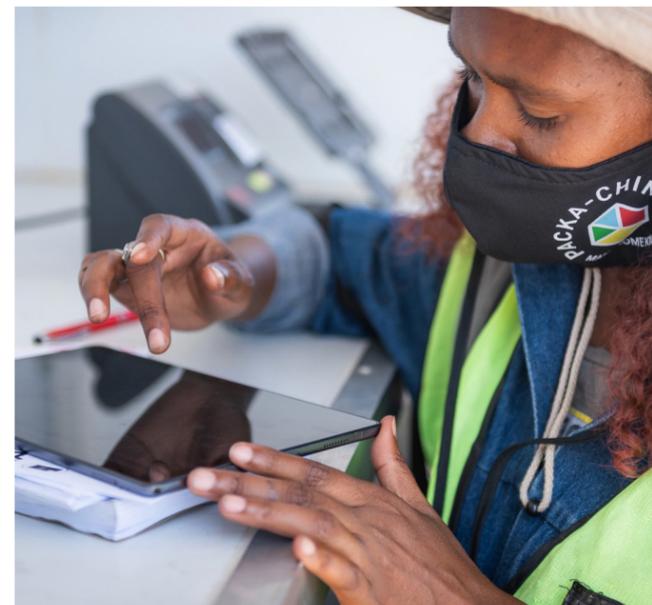
Kerby is a recycling collection initiative based in the Western Cape that was started in 2020 by Clean C. Its aim is to educate people and initiate separation at source at the household level in the Cape Town area. Kerby does separation-at-source collections in areas that the City of Cape Town does not reach. Kerby creates sustainable income-earning opportunities for people in these areas. It aims to educate, empower and inspire communities to be free from crime, enabling them to live with mutual respect and dignity. In 2022, Polyco approved funding for personal protective gear, infrastructure and equipment for Kerby's expansion.



TRAINING

Enterprise development funding offers companies the chance to access training programmes. This training enables them to enhance their growth in various areas such as compliance and regulatory obligations. People can also receive training in improved operational efficiencies, accurate identification of recyclable materials, emerging recycling technologies and best practices. This funding empowers businesses to adapt to market trends and to maintain their competitive edge. In 2022 training was successfully completed and awarded to three collection companies in South Africa: MKG, LOCK and KG & Jeany.





Packa-Ching is Polyco's programme that has direct engagement with waste reclaimers in South Africa. Packa-Ching uses Polyco's WeighPay App to facilitate payment to people who sell their recyclables to any Packa-Ching unit. The current WeighPay App registers waste reclaimers with Packa-Ching simply by using their cellphone number. The WeighPay App has registered more than 8 000 unique cellphone numbers that are linked to waste reclaimers.

Africa's waste reclaimer organisations to establish a waste reclaimer governance forum. The forum will be used to discuss and make decisions on waste reclaimer integration.

To support women in waste, we collaborated with the Western Cape Department of Environmental Affairs and Development Planning (DEA&DP) on its "Give Dignity" campaign. The campaign strives to bring relief and dignity to women waste reclaimers. Polyco supplied 300 "dignity bags", which included sanitary and hygiene products. The handover of these bags to women waste reclaimers took place in Oudtshoorn and Mossel Bay in October 2022.

To incorporate the waste reclaimer service fee into Packa-Ching payments, we are in the process of updating the WeighPay App to allow it to pay the waste reclaimer service fee. Polyco is also engaging with the PRO Alliance and South

5 Waste Reclaimers Integration

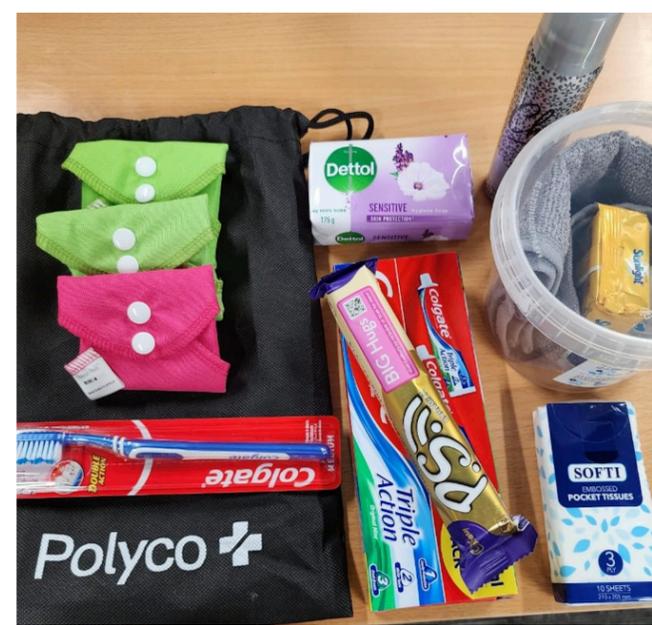
In terms of section 5A(1)(p), our EPR scheme is required to compensate waste collectors, reclaimers or pickers who have registered with the National Registration Database for collection services and environmental benefits through a collection service fee. This is referred to as the waste reclaimer service fee.

were paid. The pilot was established in Buffalo City in the Eastern Cape, focusing on the four Packa-Ching buyback centres (two mobile and two static) in the area. However, no waste reclaimers who had registered with the National Registration Database used these buyback centres and therefore no payment of the waste reclaimer service fee could be made. However, in parallel, Polyco also partnered with the PRO Alliance in its pilot project to pay waste reclaimers the service fee where more than R4 000 was paid to waste reclaimers.

To ensure the roll-out of this fee, Polyco began conversations in early 2022 with industry, the PRO Alliance and waste reclaimers organisations in South Africa, including the African Reclaimers Organisation (ARO) and the South African Waste Reclaimers Association (SAWPA). These conversations, workshops and negotiations continued throughout the year, until a service fee of 15 cents per kilogram of identified product collected was agreed on.

Polyco encountered various challenges in facilitating the waste reclaimer service fee. To remedy these challenges, Polyco engaged the DFFE to request that Polyco pay the waste reclaimer service fee to all customers who use our Packa-Ching programme, and not only to waste reclaimers who are registered on the National Registration Database.

Once the waste reclaimer service fee was agreed on, Polyco established a pilot payment process to ensure that waste reclaimers registered with the National Registration Database⁶



⁶ Currently, the National Registration Database being used is the South African Waste Reclaimer Registration System (SAWPRS) developed by the Council for Scientific and Industrial Research (CSIR)

6 Municipal Engagement

Under the EPR legislation, Polyco is tasked with cooperating with municipalities within three years of the implementation of our EPR scheme. As our various project investments are located across South Africa, we positively impact various municipalities in these areas. In addition, many developments are under way with regard to collaborating more directly with municipalities, and we will be exploring these in 2023 and beyond.

A direct municipal project that we have already launched, and continue to engage in, is our project with the Buffalo City Metropolitan Municipality, where we have placed two Packa-Ching buyback centres. This project was officially launched in 2021, ran throughout 2022 and has continued to run as a sustainable operation in the area.

Polyco engaged with the Buffalo City Metropolitan Municipality to develop a recycling initiative that would support the municipality and grow recycling in the area. We funded private businesses in East London to facilitate the recycling of plastic packaging materials to meet local market demand for recycle.

Concurrently, community-based static Packa-Ching buyback centres were constructed in easy-to-access areas to service the recycling needs of the public and to create a cleaner city, in collaboration with the Border-Kei Chamber of Business, the Buffalo City Metropolitan Municipality and the Buffalo City Metropolitan Development Agency. To ensure that the initiative was supported by the public, a marketing campaign that educated the public about recycling and encouraged them to use the buyback centres to earn money for their recyclables and create a cleaner Buffalo City was incorporated into the strategy. The buyback centres and associated infrastructure were brightly branded in Packa-Ching's colours and the public were engaged through marketing campaigns. The campaigns included outdoor media, digital media, social media and social media influencers, PR, competitions, on-the-ground promoters and marketing ambassadors.

We are currently reviewing this model and researching this and other ways of collaborating with and supporting municipalities across South Africa to grow the recycling of used plastic packaging and clean up the places in which we live.



7 Education and Awareness

Polyco treats education and awareness as one of our core pillars in growing the plastic recycling industry in South Africa. We focus our education and awareness initiatives on both the industry and the South African consumer, with a focus on educating schoolchildren about plastic recycling in South Africa.



INDUSTRY

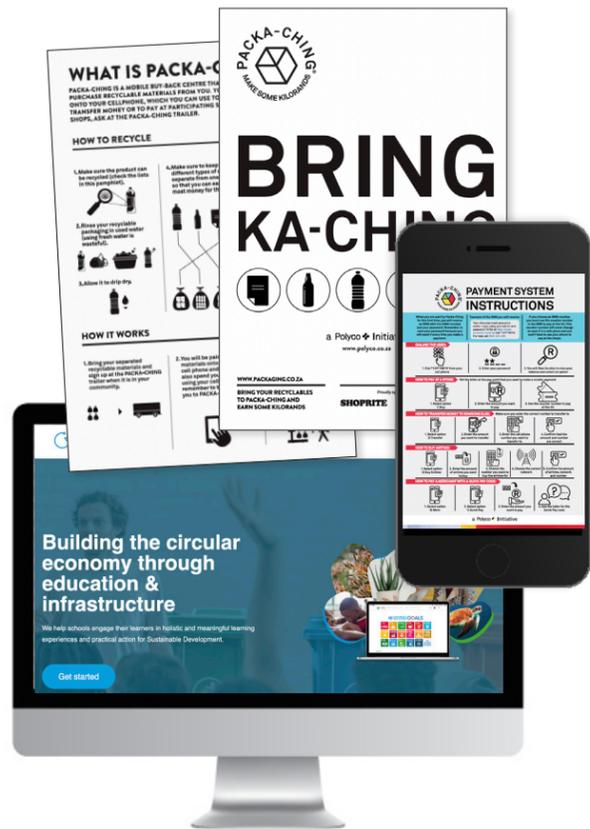
In 2022, we continued to educate the industry about EPR in South Africa and the fact that producers are legislated to comply with the regulations, as well as about what Polyco's role is in growing the plastic recycling industry in South Africa. To achieve this, we invested in advertising in industry publications and sending press releases to the industry. We engaged in multiple communications to our members, including invitations to meetings and webinars.

In addition to presenting at various events throughout the year we also attended and exhibited at industry events such as Propak and WasteCon, one of South Africa's premium exhibitions for recycling and waste management, where Polyco's Packa-Ching was recognised with the esteemed Conscientious Spirit Award. Polyco sponsored awards that promote plastic recycling and the use of recycle in packaging, including the Eco-Logic Awards, an awards ceremony that identifies individuals, organisations and communities that positively contribute towards a sustainable world; and the Institute of Packaging SA's Gold Pack Awards, where Polyco sponsored awards for packaging that drives plastic packaging recycling in South Africa. Established in 1974, the annual Gold Pack Awards are regarded as the premier event for South Africa's packaging industry.

To promote what is happening in the plastic recycling industry, we sent out press releases about our partners and promoted their work on various platforms, including at live events and on radio.



CONSUMERS



To raise awareness among South African consumers, we engage with the South African public through Polyco's Packa-Ching initiative and through our Million+ Plastic Recycling campaign.

In 2022, we hosted the launch of new Packa-Ching units across South Africa. These launches invited community members to come and learn about Packa-Ching and about recycling in South Africa. In addition, we provide educational material to our Packa-Ching enterprise owners and the communities that they service. We also have a continued presence on our social media channels, where we educate people about what recycling is and how to adopt recycling in their everyday lives.

The Million+ is a campaign aimed at educating South Africa's consumers about plastic recycling. To celebrate Global Recycling Day in March we launched the Million+ How To series, which teaches people how to start recycling at home, at work and at school. The "How To" series is a step-by-step guide that helps people in South Africa to start recycling and shows them how to educate others to do the same.

To celebrate National Recycling Day in September 2022 we set out to remind South Africans not only how important it is to recycle but also how easy it is. In fact, it's so easy that even a child can do it. We got some of those very children to highlight all the favours they do for us every day, and then ask us to recycle our plastics in return for their favours. We created entertaining videos with the aim of making the videos something that people would want to participate in and share with others. The videos were promoted on social media and were available on the Million+ website, which also hosted downloadable posts with messaging that could be shared via WhatsApp community groups by recycling warriors wanting to make a change in their neighbourhood. The campaign achieved great feedback from the public and there were more than 250 000 views and shares of the content.

Million+ continues to do well on social media and we have more than 35 000 followers across our social channels and we had a reach of more than 1 100 000 for 2022.



SCHOOLS EDUCATION



In 2022, we continued our relationship with Pick n Pay School Club and distributed recycling posters and recycling pamphlets to schools across the country. We selected 84 schools from nationwide that are part of the Pick n Pay School Club network and gave them recycling bins that were made from recycled multilayer plastic. A total of 8 000kg of recycled plastic was used by MyWaste to make the 320 bins, and the signs on the recycling bins were made by Infinite Industries using more than 213 000 toothpaste tubes. We hosted educational shows at schools with our new recycling mascot, Binnie, to educate children about how to use the recycling bins and how to implement recycling at their school.

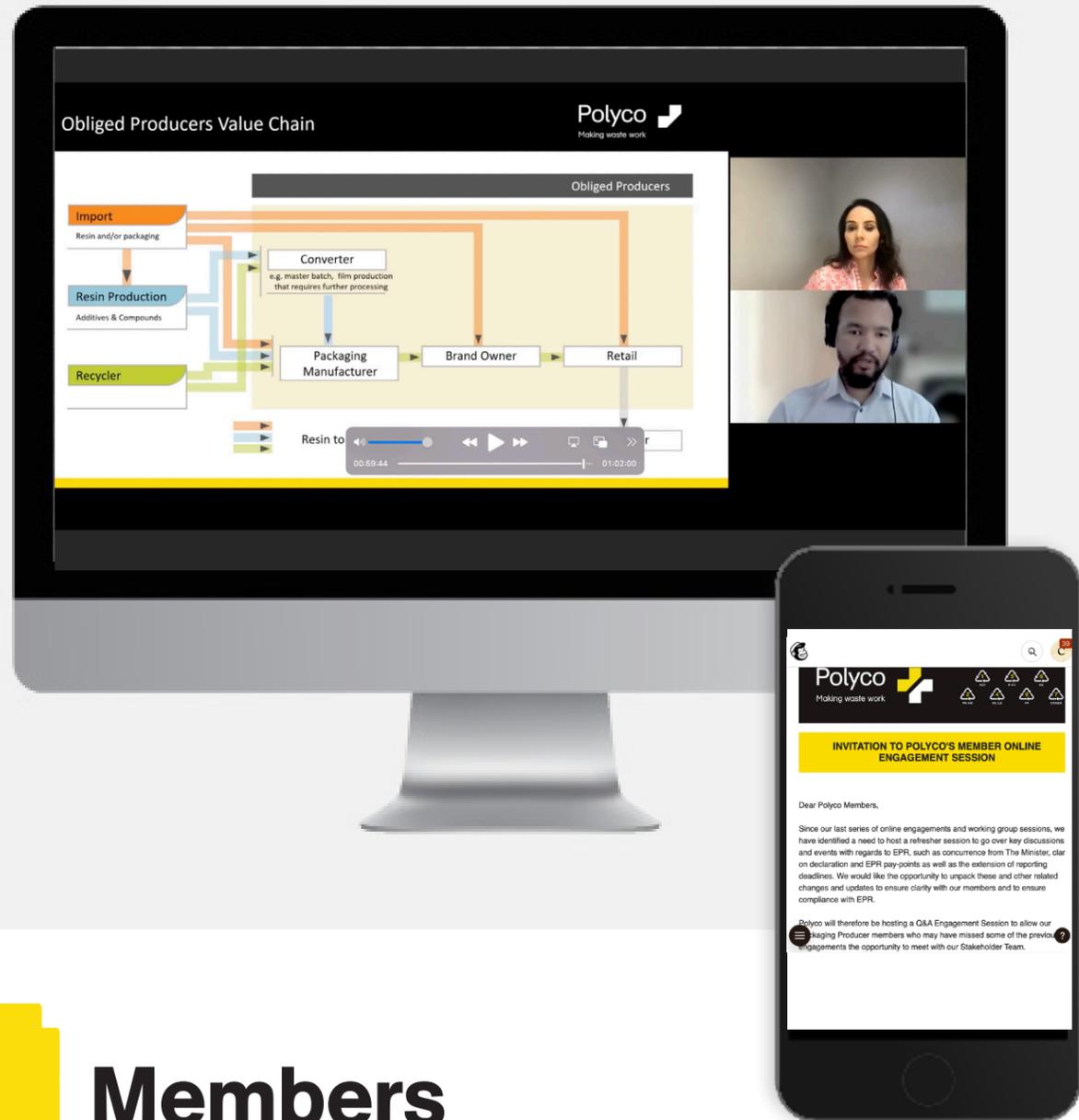
We also engaged with our Packa-Ching enterprise owners to identify the schools that they service in order to develop educational materials for these schools. We are providing these schools with bulk bags, clear recycling bags and educational material to enhance their recycling capacity and, in turn, Packa-Ching's collection results.

To reach schools out of our current network and to support the digitising of educational content, we partnered with Plant the Seed, a nonprofit focused on circular economy education. We supported Plant the Seed in developing a plastic recycling curriculum for primary schools, with the aim of getting plastic recycling education into more schools across South Africa. The curriculum and materials are available online and are supported by teacher resources, making them accessible to and supportive for the educator.

To reach the high school learner and those thinking about selecting their future careers, we took a stand at the World of Work (WoW) career exhibition in September to educate learners about the recycling industry. We showcased Polyco and educated learners about the potential for careers in the plastic recycling industry. WoW's objectives are to create awareness of non-traditional careers for youth development and to showcase critical skills shortages within South Africa's Green Economy. More than 4 000 learners from more than 80 schools attended.

Our Enterprise Development team also presents at various events to encourage young people to enter the plastic recycling industry. An example of such an event was the Mahikeng Municipality Youth in Waste Recycling workshop to support the Keep Mahikeng Clean Project, in collaboration with the North West Department of Economic Development, Environment, Conservation and Tourism (DEDECT).

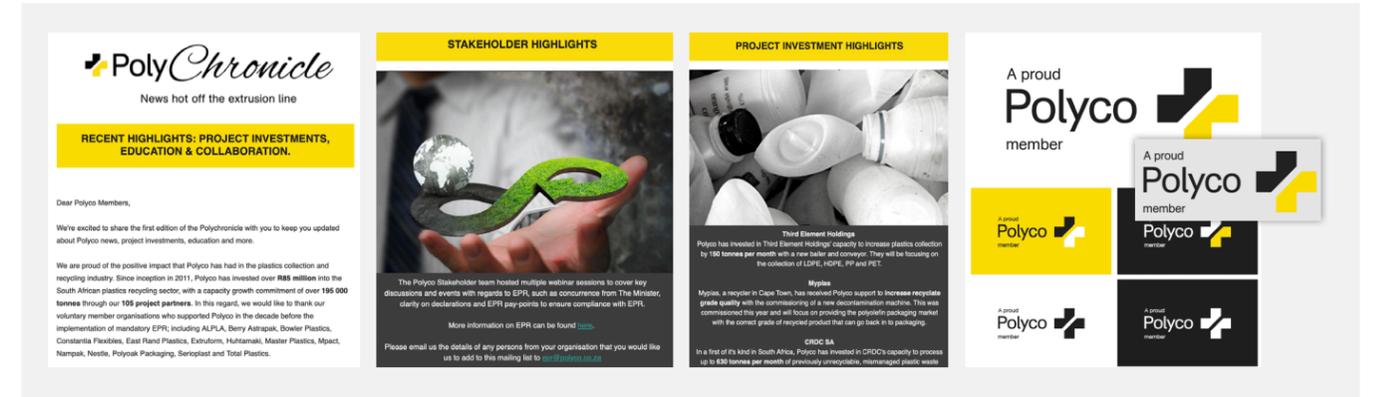




Polyco is currently in the process of updating our member onboarding process and upgrading our system to be fully online. In 2022 we implemented an interim system whereby the obliged industry could declare their tonnages and pay their EPR fees. This system measured the members' commitment on a quarterly basis, and members were issued a letter of good standing to demonstrate their participation in and support of Polyco's EPR scheme. With the completion of our contract, we are ensuring that all good-standing members sign a contract, and once it has been signed they will then receive a Polyco member certificate. The member certificate supersedes the good-standing letter

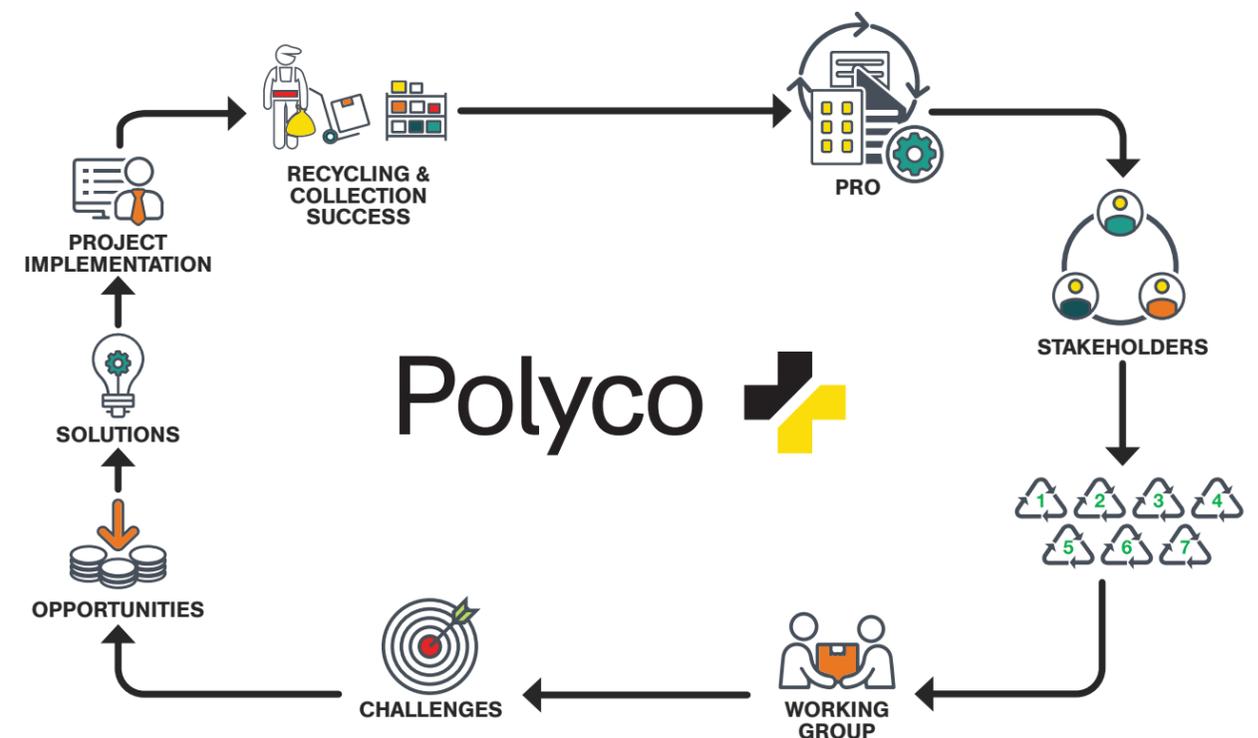
and will be the only measurement of being a Polyco member. The certificate is valid for one year and will have to be renewed annually, providing the member is up to date with their tonnage declarations and fee payments. In addition to the certificates, members receive a support pack that includes a "Proud Polyco Member" logo, logo usage guideline and an email design to add below their email signatures.

Polyco's PolyChronicle, a quarterly emailer to ensure that our members are kept informed about Polyco news, project investments, education and more, was developed in 2022.



The Stakeholder Engagement team is also currently initiating Polyco's Working Groups. These Working Groups are set up to establish a closer working relationship with our members surrounding EPR. Polyco's Member Working Groups are streamlined per material type. The aim of the Working Groups

is to engage with Polyco members across the value chain to inform our members about progress on our collection and recycling targets, and to collaborate with our members on opportunities within the sector.



8 Members

Polyco's Members

At the end of 2022, there were more than 800 companies that had registered to be members of Polyco. Polyco is in the process of following up with all registered companies to complete their membership.

Member Services

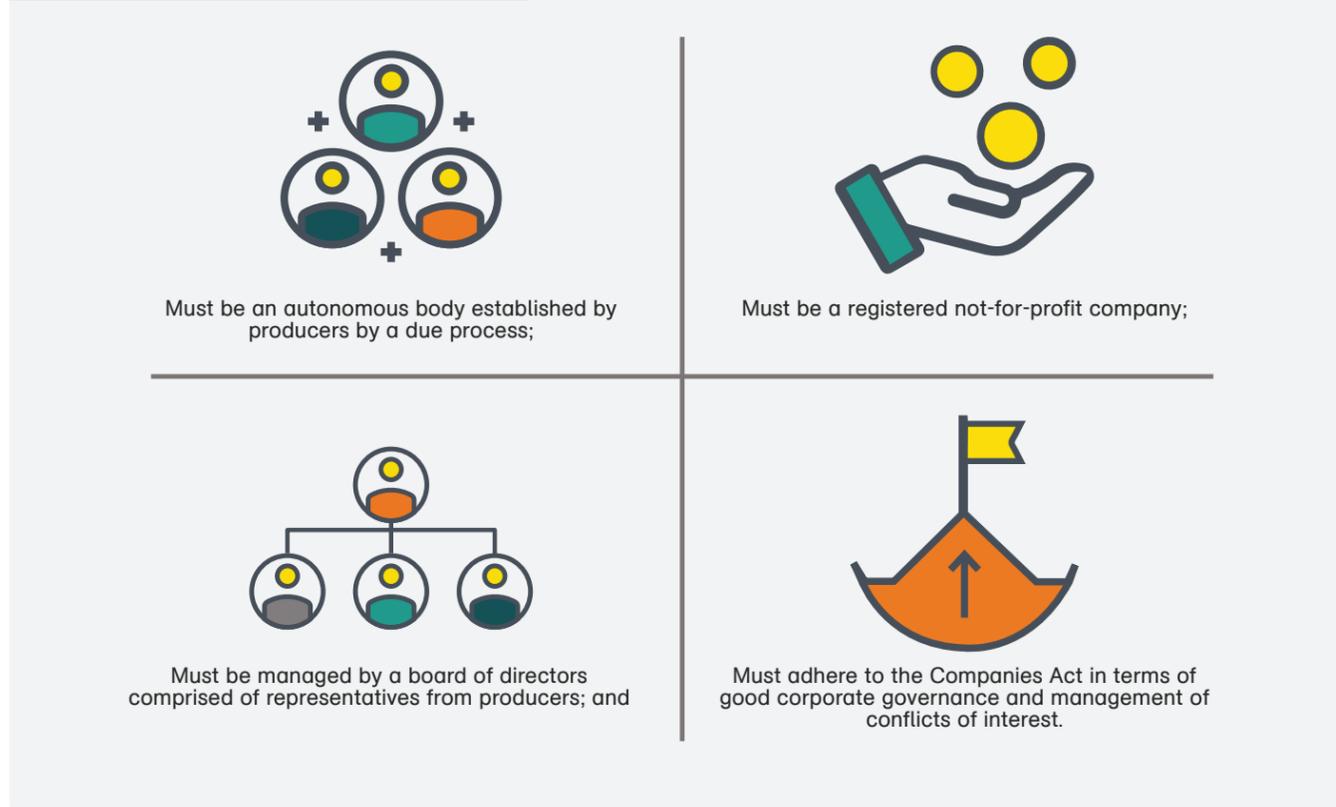
Polyco has a dedicated Stakeholder Engagement team that is responsible for member services. During the run-up to the 5 November 2021 deadline (for member registration) and through 2022, we reached out to the industry to encourage potential

members to join Polyco's EPR scheme. To do this, we sent out emailers and hosted various webinars to inform and educate the industry about the new regulations and what they needed to do to be compliant. We also created an animated explainer video, sent out press releases, took out advertising and shared news on social media platforms.

To support our members, we sent out various member communications, including letters and emailers addressing EPR fees and advising members about declaration forms, and invitations to webinars. Our stakeholder team continues to engage with members daily via phone, email, online and in-person meetings.

9 Governance

Figure 1: PRO Criteria in terms of the Regulations



Polyco is represented by its members and functions under the leadership of its executive structure, headed by its chief executive officer (CEO) and a board made up of representatives of its member sectors. The member sectors currently represented in the Polyco board are packaging converters, resin producers, brand owners, industry bodies and retailer associations.

Polyco was previously an exempt organisation, as its turnover was under R10 million. However, Polyco is presently undergoing a certification process to ascertain the Black Economic Empowerment level. Currently the organisation employs 19 people primarily based in the Western Cape and Gauteng.

Polyco achieved a clean audit opinion by our appointed auditors, Watson Incorporated, for 2022.

Polyco Board and Governance

To meet the requirements of the EPR regulations and implement the scheme, changes have been made from board level all the way through the organisation.

The structure of the board is in the process of being changed. An interim board has been nominated, from our members, to provide guidance.

The interim board is as follows:

- 4 x brand owner representatives
- 4 x retailer representatives
- 3 x converter representatives
- 2 x resin producer representatives
- 2 x industry association representatives

Polyco Polyco Board Representatives





Patricia Pillay
CEO



Quinton Williams
Executive: Projects & Operations



Austen Nenguke
Executive: Finance & IT Systems



Nicola Rowe
Executive: Brand & Marketing



Francois Marais
Executive: EPR Specialist



Kyle Dewar
Marketing Manager



Adriaan van Wyk
Head of Projects



Lisl Doherty
Enterprise Development Manager



Rughshana Zoutenberg
Stakeholder Manager



Selloane Moshane
Legal and Compliance Manager



Yumna Thomas
Financial Manager



Thabiso Ndlovu
Financial Accountant



Siyasanga Boyce
Financial Administrator



Pumeza Kalolo
Office Coordinator



Leigh Elvidge
Stakeholder Liaison



Chantal Philander
Marketing Coordinator



Marion Arendse
Customer Care



Elizabeth Betha
Project Coordinator: Collections



Liziwe Nonkongolo
Office Assistant



Maymunah Safudien
Project Coordinator



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REVIEW



THANK
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