

Polyco 

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Introduction to Polyco

Polyco is registered as the Polyolefin Recycling Company, a non-profit company focused on making waste a valuable resource that works for our economy. Polyco was established in 2011 by the South African Plastic Packaging Converters in order to demonstrate to Government their commitment to extended producer responsibility.

But even more than this, these responsible organisations are passionate about the environment and are committed to seeing a clean South Africa, where plastics serve their purpose for which they were designed and are then recycled into a whole new range of products.

Polyco represents the largest plastic polymer group in South Africa.

The latest available statistics have shown that 540 000 tonnes of polyolefin plastics were used in packaging applications in 2016, of which 177 000 (32.9%) tonnes were recycled in the same year. Recycling volumes have stayed at the same level as 2015, due to extremely tough economic conditions. Even though this is disappointing for us to see, we know that through our funding model, we are building capacity and expertise for when the market turnaround comes.

It is noteworthy to add that these 177 000 recycled tonnes in 2016 add approximately R1.7 billion to GDP and creates over 14 000 jobs in South Africa.

+

2
HDPE
High density
polyethylene

+

4
LL/LDPE
Linear low and low
density polyethylene

+

5
PP
Polypropylene

+

7
Multi-layer
materials

Joint message from the Chairman and CEO

Jeremy Mackintosh
Chairman

Mandy Naudé
Chief Executive Officer

Since we were established five years ago, Polycyco has secured its position as the leader in the promotion of polyolefin packaging collection and recycling and is recognised as the polyolefin plastics product responsibility organisation (PRO) in South Africa.

The year 2016 presented the polyolefin recycling sector with significantly arduous trading conditions. This saw us begin the year on the back foot and the polyolefin recycling volumes never fully recovered.

According to the latest 2016 recycling statistics, the polyolefin packaging market grew by 3,3% whilst recycling volumes remained flat.

As is to be expected, these conditions have also had an impact on the performance of our project partners, both collectors and recyclers. Annabe Pretorius, GM of SAPRO confirms, "The demand for recyclate is still at an all time low – which has now been going on for more than 14 months. This low demand can be attributed to the general economic slump, which specifically affected the commodity market applications for recyclate. Despite all the efforts in growing the supply side, the demand for material is rock bottom. There is a desperate need for a high volume

brand-new end-use demand for recyclate, both locally and internationally. South Africa is not alone in facing these tough market conditions."

Well into 2017, now is the time for change.

We, as South Africans, are facing a national crisis, with a recent Council for Scientific and Industrial Research (CSIR) study noting that only 5% of our population recycles (10% urban and 2% rural). The consequences of this lack of responsibility when it comes to our waste has resulted in unsightly and harmful plastics filling our natural environment – both marine and land-based.

Our role in addressing this problem is to collaborate with like-minded industry partners and implement sustainable, long-term solutions. In addition, we have to engage with consumers to change their attitudes and behaviours related to recycling.

After a detailed strategic review of our brand, we realised that in order to achieve the above objective, now is the right time to reposition our identity, in line with our role in implementing the polyolefin Industry Waste Management Plan (IWMP).

Having been issued and withdrawn twice to-date, the Department of Environmental Affairs (DEA) has published the third iteration of the "Notice of Intention to Call for Industry Plans" for gazetting. The proposed IWMP legislation will have far reaching consequences for the industry

and has required input from product responsibility organisations (PRO's) and Packaging SA, in order to ensure that requirements are both reasonable and justified.

The Polyco IWMP will provide polyolefin waste solutions to both metro and rural areas and will bolster enterprise development, job creation and transformation opportunities within the sector.

The Plan will now be representing the interests of packaging converters, brand owners, retailers, collectors and recyclers and we need a platform that can engage all parties. Our new look and feel brand, Polyco +, does just that.

Polyco + not only enables collaborations with various industries and partners, with the ultimate aim of introducing positive change in the management of polyolefin waste, but it also creates a consumer interface platform that allows us to shift the perception of polyolefin plastics recycling.

Unless we secure the support of consumers, we will not win the battle to clean up our environment.

Our vision moving forward is to initiate, promote and maintain a cleaner and more sustainable South African environment by 2030.

With this goal in mind, we will continue our work and collaborate with municipalities and industry sectors to support their operations, so as to be able to take the necessary action to recover from the challenging economic conditions of the past year.

The Polyco vision for the future sees the following coming to fruition:

- Mandatory household separation-at-source schemes implemented and managed by local municipalities;
- Material recovery facilities (MRF's) successfully established - to sort the dry recyclables used as feedstock by the mechanical recycling sector - through collaborative project investments by PRO's;
- A robust polyolefin recycling sector sustainably producing quality recycled pellets for commodity and value-added end-use markets;
- The commercial sector (brand owners and retailers) supporting the industry by prioritising recyclability in product design; and
- Increased diversion of non-recyclable waste from landfills through incineration and/or pyrolysis.

The ultimate long-term objective of the above strategy is to create a society where litter in the environment is minimised and the value of waste is maximised through recycling.

We know that, with the support of all polyolefin packaging converters, brand owners, retailers, recyclers and collectors, we can positively impact the management of plastic waste and meet the expectations of government in terms of the IWMP.

We'd also like to extend a heartfelt thanks to all employees, partners and industry leaders for their contributions and hard work in making Polyco a reality.



Throughout all we do, it is essential that we incorporate the three key pillars that underpin our strategy.

Celebration

Through hard work and innovation, potential successes in the sector will be recognised and developed.

Collaboration

Working together - alongside various industries and partners - we want to create a unified voice and take action to tackle the problem of plastic waste recycling. Together, we can make waste work.

Activation

The crux of our strategy is the implementation of our project funding model, education and awareness campaigns, and the launch of innovative solutions to change consumers' attitudes towards recycling – for example, the PACKA-CHING initiative.

Making our vision a reality for all.

The Polyco strategy is underpinned by 3 key pillars



celebrate

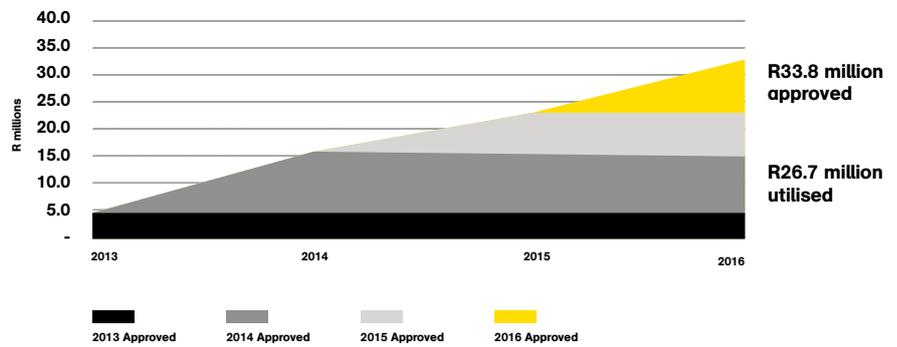
There are many areas of the business where we have reason to recognise and celebrate our progress over the last 3 years. Even though there have been tough business conditions, certain elements have stood out as highlights in these times.

Funding Progress

Our first point of celebration is the success of our project support funding model and the fact that actual volumes are exceeding the projected contracted growth volumes by 8500 tonnes after 4 years. We have grown from awarding funding to 4 projects in 2013 to 45 projects by 2016, a cumulative amount of R33.8 million of which R26.7 million has been utilised.

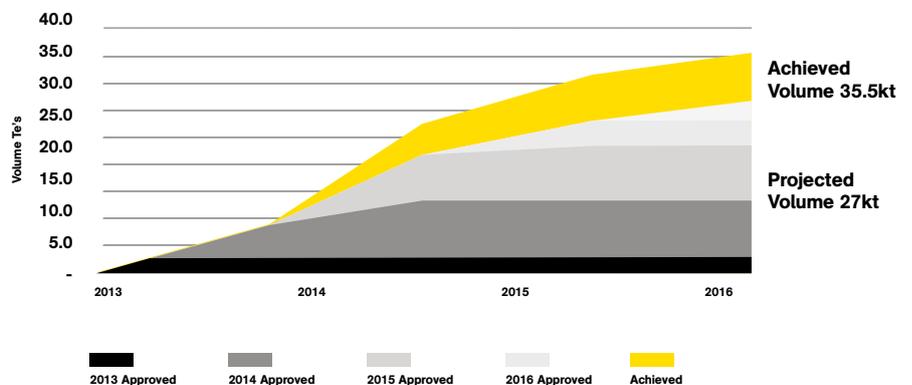
Cumulative Project Support Funding to Date

To date, projects to the value of R33.8 million have been approved. Only R26.7 million of this funding has been utilised. In 2013, R5 million was refunded by a partner due to legal operating issues.



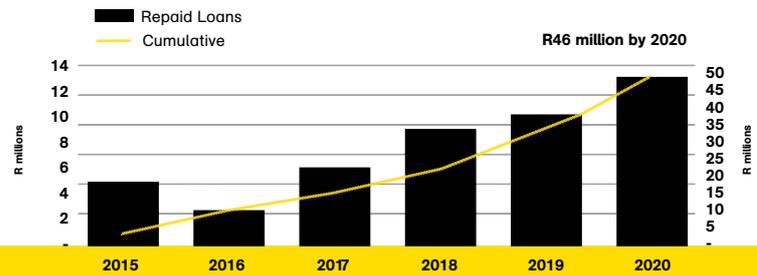
Cumulative Project Support Volume Growth to Date

In 2013, recoveries started in July. Volumes achieved is what has been delivered by the project partners against their growth contracts. It has been assumed that once the project is up and running that these volumes will continue indefinitely.



Repaid loan projections until 2020

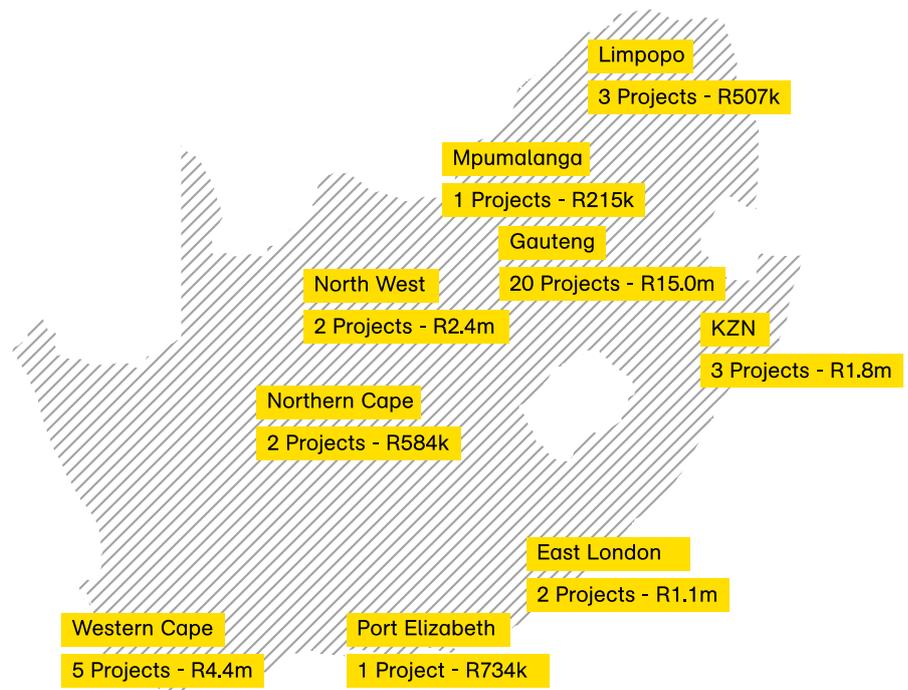
Now that Polyco has been operating its funding model for the past 4 years, the real benefits have become evident. We are in effect “recycling” our shareholder funds. Funds awarded as interest-free loans to successful applicants are re-loaned to new applicants upon repayment.



R4.5 million of the 2015 loan repayments were as a result of a single lump sum repayment from a project. With each year that passes, the repaid loans form a greater part of the Polyco funding pool. By 2020, based on our projected funding, R46 million will have been re-loaned to new partners.

Geographic allocation of projects

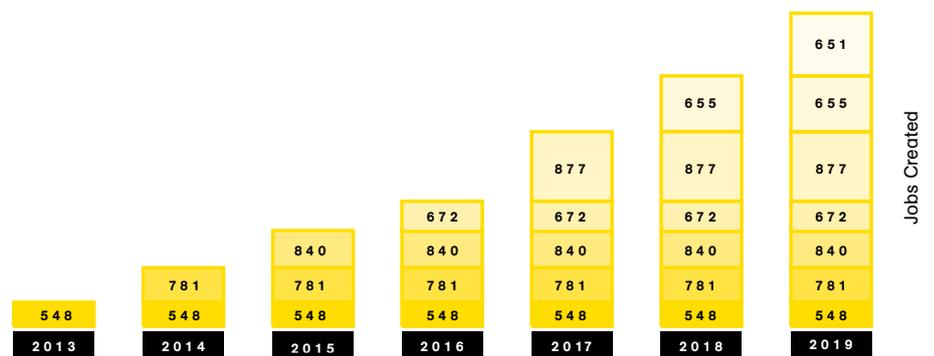
Polyco has established a national presence in all but one province, Orange Free State. As can be seen from the map, 27 of the projects totalling R18.7 million, are situated inland, whilst 11 Coastal projects account for R8 million. Appointing regional representation has been a major benefit, allowing a focus on identifying and developing future project investment opportunities.



Jobs created as a result of Polyco projects

One of the additional benefits of our project funding is the job creation and income earning opportunities that have been created.

Since inception, over 6 000 jobs have been created. Based on our funding projections for the next 3 years, an estimated additional 7 000 jobs will come to fruition as a result of the growth in polyolefin plastics collection and recycling.



Introduction of quality testing into polyolefin recyclers

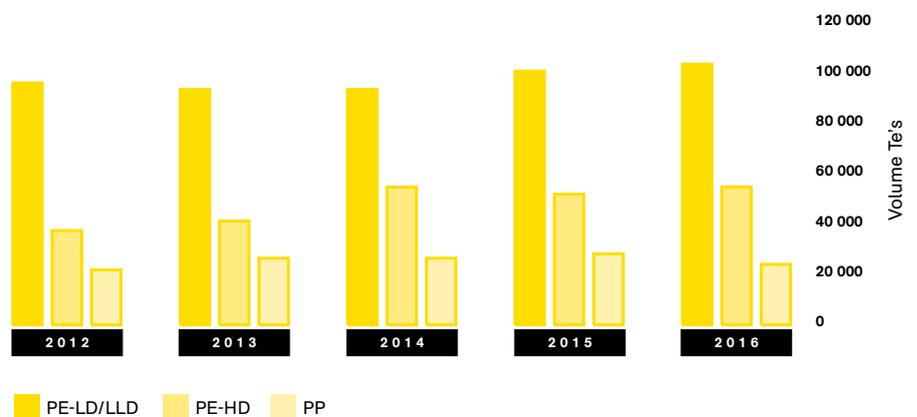
We are thrilled that Polyco's actions have resulted in the desired reaction from the industry.

Since we offered funding for quality testing equipment, we have moved from zero applications in 2014 to having funded 4 recyclers with the necessary equipment, enabling them to differentiate themselves. The sluggish economy affects markets in the building, agriculture, furniture and other related industries, thereby directly impacting on the polyolefin plastic recycling sector.

The current supply of recycled polyolefin plastics exceeds demand, causing a severely overstocked market. This has resulted in the buyers of recycled material being very stringent on quality properties and in many cases requesting a COC (certificate of conformance) per batch. The recycling sector has realised that in order to sustainably succeed in the future, they have to migrate into quality critical product applications, away from supplying into commodity markets. This will be a continued focus for Polyco.

Tracking polyolefin recycling statistics

The polyolefin packaging market grew by 3.3% year on year from 521 000 tonnes to 539 000 tonnes, whilst recycling volumes remained static. The recycling rates therefore reduced from 33.9% to 32.9%. The poor market demand for recycled polymer into commodity markets has meant that we have experienced no growth. The concern is that the delayed impact of this economic downturn will still affect us in 2017.



LL/LDPE Packaging Recycling Rate

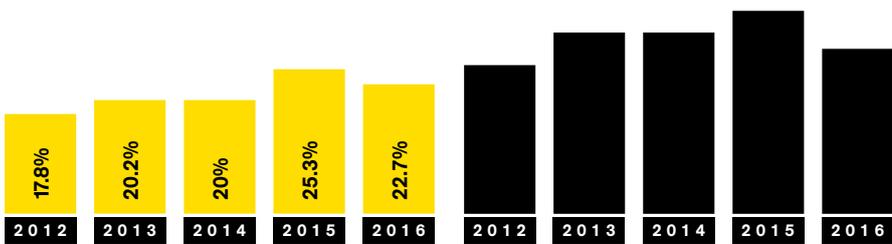
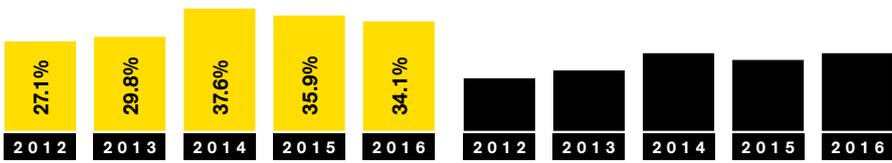
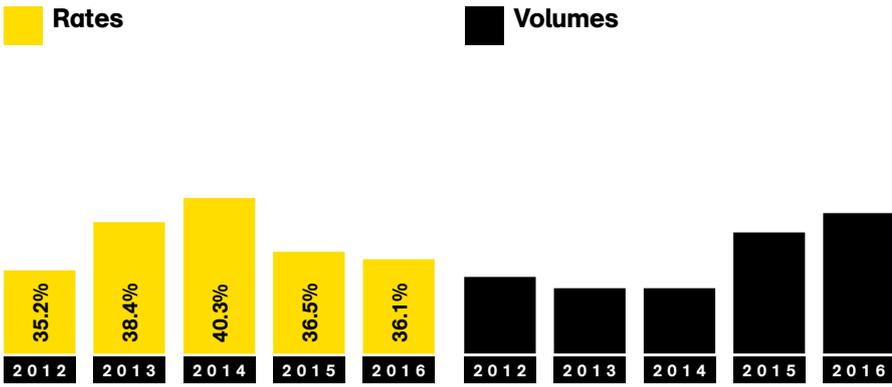
The LL/LDPE recycled tonnages for 2016 were the highest ever recorded at 100 000 tonnes, predominantly flexible material. The reason that the recycling rate has reduced slightly to 36.1%, is due to the virgin market volumes increasing at a higher rate than the recycling volumes.

HDPE Packaging Recycling Rate

The HDPE recycled tonnages for 2016 have increased by 4% from 2015. The reason that the recycling rate has decreased to 34.1% is that the virgin market volumes grew at a higher rate than recycling volumes.

PP Packaging Recycling Rate

The PP virgin market declined year on year by 4.5% and recycling volumes dropped by 14% due to problems with identification of materials by the collectors and recyclers, as well as contamination issues at source. The resultant recycling rate dropped from 25.3% in 2015 to 22.7% in 2016.



Corporate Governance and Controls

A key requirement of a non-profit company is to have rigorous controls and systems in place to ensure strict financial compliance and correct management protocols.

1. Financial audit report

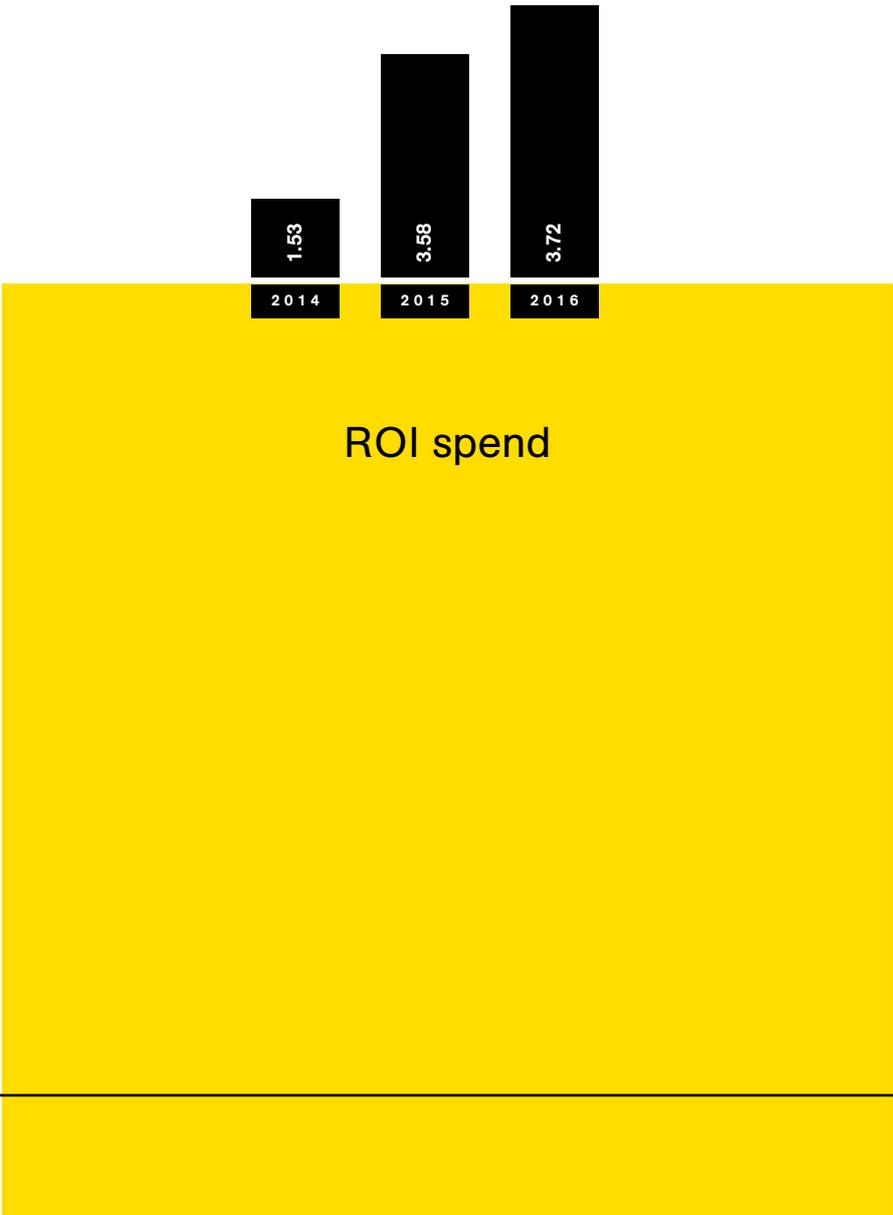
The 2016 financial audit was conducted by Grant Thornton. Polyco once again received a clean audit report for the fourth consecutive year.

2. Online management system implementation

In order to facilitate better management controls in the business, Polyco has implemented the Activ online management system in 2016. This system assists with the introduction of business best practice in line with international management standards, to ensure continuous improvement in all areas of operation. Our ultimate aim is to qualify for ISO9001 certification within the next 2 years.

Marketing/PR Return On Media Spend Investment

Achieving a consistently high return on media spend investment is a desired outcome for any company. As a non-profit company we are extremely conscious of the importance of getting real value for our PR/marketing spend. We have tracked our progress since 2014 and are proud of our achievements to-date.



The Launch of Polyco

Polyco has grown tremendously over the past 5 years, and so has the need for us to review our brand and its positioning in the market. We definitely do not want to walk away from the name we have built up in the trade - Polyco means something now and we want to build on that platform.

Polyco was originally positioned as a “trade or industry” brand – targeting converters, recyclers, government and industry players – to tell them who we were and what we did. The current logo - with the pay-off line “Diverting plastics from landfill”, actually means very little to consumers. What we have identified is that unless we change consumers perceptions about recycling, the recycling rates will never grow.

We have therefore created a brand that can appeal to industry as well as to consumers. One that is strategic but also operational. One that is fresh and modern to break existing perceptions of recycling. The Polyco team strongly believes that the new logo Polyco + logo encapsulates the positivity of Polyco’s activities and also refers to the importance of collaboration in all our operations. We know that this rebrand will have a very positive impact on Polyco’s long term strategic positioning – as it will appeal to converters, brand owners, retailers and recyclers, all of whom have to be part of our IWMP.

What we are aspiring to do with Polyco + is to position polyolefin recycling as a positive movement and not as a “grudge” activity, thus allowing great projects to come to fruition.

Our new creative campaign will focus on the 3 elements of our operational activities:

- We will celebrate the successes of great projects or people that are re-using or recycling polyolefin plastics into new products.
- We will share Polyco’s collaboration within the industry, with our project partners, other industry bodies, designers, other industries or Government.
- And finally, we will share our activation strategy - where we highlight our funded partners and the difference they make, the roll out of PACKA-CHING and the positive impact it makes on ordinary people’s lives.



Collab

collaborate

“It’s a simple idea: we all do better when we work together and invest in our future”. Senator Elizabeth Warren (American academic and politician).

Polyco is looking to change the dynamic between its partners by collaborating and creating one unified voice to bring about the required change in the management of packaging waste, and in particular polyolefin packaging waste.

Some of the exciting areas of collaboration include:

African Marine Waste Network

Polyco is a representative on the African Marine Waste Network organising committee. The purpose is to develop the best-practice strategy and resource network that aims to reduce and better manage waste, to prevent litter contamination of the land and seas of Africa. This initiative is being driven by the Sustainable Seas Trust and PlasticsSA.

Wildlands Trust/Rural Waste for Poverty Alleviation (RWPA)

Wildlands Trust approached Polyco to support their “green desks” project in 2017 by requesting sponsorship for 1 000 desks made from 100% recycled multi-layer material. Whilst exploring this further, it became evident that there is a much greater opportunity to impact on the recycling of this “previously non-recyclable” material. RWPA has developed the technology to successfully recycle multi-layer materials into “pellets” that can be used in a range of market applications. Working together, and with support of the multi-layer packaging converters, Polyco aims to collaborate with Wildlands/RWPA to develop a waste map of post-industrial multi-layer material sources. This will identify the locations for the establishment of manufacturing hubs, where local waste will be recycled and extruded into planks to be assembled into green desks, without incurring unnecessary logistic costs. Phase 2 of this project will be to roll it out to post-consumer material.

Polyco is extremely proud and excited to have collaborated with Old Mutual (OMTOM) and Wildlands Trust on the 2017 Two Oceans Marathon #GoGreen campaign, where runners were introduced to the #GoGreen Throw Zone. Material collected from the race will be used to produce an estimated 500 green desks for placement in schools lacking the necessary infrastructure. A unique desktop has been specifically produced for use on all 1 000 Polyco sponsored green desks.

End-use development funding model

As a result of the downward trend in the economy and its consequent negative effect on the rigid and flexible polyolefin plastics recycling industry, current supply continuously exceeds demand. Polyco aims to stimulate growth in the industry by collaborating with selected industry players through joint investment opportunities on new market development projects, either virgin polymer replacement or new product innovation. The aim is to increase recycled content in commercial “non-food contact” products and therefore initiate a pull through effect, creating a growth in polyolefin recycling with increased diversion from landfill.

Through close collaboration with market players (converters, brand owners and retailers), Polyco will identify the industry sectors and product ranges that will form part of the selected project.

Qualifying industry partners (converters and recyclers) will then be selected to form part of a joint project team focused on developing the required recycled quality pellet that can replace virgin material or be used for quality-critical applications.

A key requirement is that quality and process efficiencies are not compromised with the introduction of recycled content. To ensure the project’s success, R&D and quality testing equipment funding will be an important part of the model.

Status of the Notice of Intention to Call for Industry Waste Management Plans

On the 28th March 2017, a meeting was held at the PlasticsSA offices with the Department of Environmental Affairs (DEA), industry representatives and PRO's. The purpose was to review the proposed third "Notice of Intention to call for Plans" in detail, prior to its imminent publishing.

Until the final Gazette Notice is published, there are many elements of the IWMP that are still uncertain, even after the review meeting. Some of the key areas are:

1. Exclusions to the definition of packaging, especially "industrial packaging".
2. Clarification of who the obligated industry for registration is. Verbally it was communicated by the DEA as the local Packaging Converters as well as the Importers of primary packaging.
3. Who the obligated industry has to register with, either DEA or the PRO's.
4. What the registration period is.
5. What the deadline date for the submission of the IWMP is. The DEA is proposing that all plans will need to be submitted by December 2017, even though the Notice has not even been published yet. If this is the case, then it means that each individual PRO plan needs to be completed and shared with all relevant stake-holders by the end of July 2017, so as to be able to meet this date.
6. The actual content requirements of the plan, with specifically problematic areas being:
 - a) Identifying the regulatory requirements that are applicable to waste transporters, storage facilities and processors;
 - b) Identifying the manner in which waste transporters, storage facilities and processors who will receive the waste through the IWMP will be identified and registered;

- c) Identifying the potential number of storage facilities that will be required and the manner of registration.
7. The consultation process to be followed, specifically problematic is:
 - a) The publishing of the proposed IWMP prior to submission to the Minister. The concern is around the protection of the intellectual property investment that has been made by the PRO's to prepare their plan. It was proposed that an Executive Summary get published in national newspapers in order to minimise the threat of plagiarism.

In preparing itself for the gazetting of the proposed legislation, Polyco has appointed the company JG Afrika as the Environmental Consulting Agency to assist with the preparation of the polyolefin IWMP. A process of obtaining 3 quotations was followed, and the most competitive and logistically suitable company was selected. A detailed project plan time-line is in the process of being compiled to ensure that the potentially tight deadline dates will be met.

Should it be the responsibility of the PRO to manage the obligated party registration process, it will require the development and implementation of a custom-designed Customer Relationship Management (CRM) software system. Polyco has initiated this process in order to enable an online registration process and effectively manage the multiple membership databases.

AC

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Polyco creates real world change by providing recycling solutions in innovative and relevant ways. Nothing great will ever be achieved, unless action plans are put into place.

Support strategy for under-performing projects

Several under-performing projects have been identified and Polyco has highlighted three major factors influencing the performance of these projects: the downturn in the economy, incorrect base tonne submissions and unrealistic projected growth volumes. These factors negatively influence project performance and make volume deliverables difficult to achieve.

Polyco will actively engage and collaborate with these projects to fully understand their challenges and needs. We require a full “corrective” business plan from these projects in order to bring about improved performance.

The operations team will then monitor the performance with constant follow up and feedback sessions to track the turnaround performance.

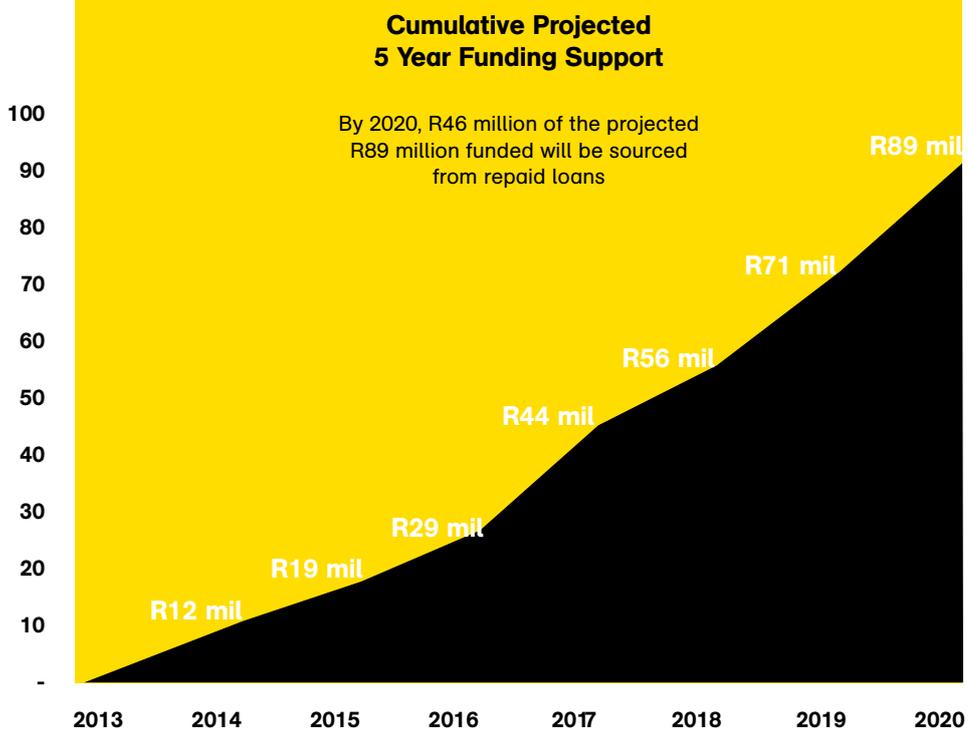
To address the concern of overstated base tonne volumes, Polyco will in future place even more emphasis on verifying the information provided.

Projected cumulative funding support based on the 5 year plan

Our assumptions are that the total packaging market will grow at approximately 2% and that recycling growth will be at approximately 4%. These are down from the original projections of 3% and 6.25% respectively.

These downward changes have been as a result of the latest market and recycling statistics showing a slower growth rate.

At these revised rates, the market will grow organically by 30kt, achieving a 35.5% recycling rate by 2020. Polyco funding will generate a growth of 105kt and achieve a recycling rate of 41% by 2020.



Legal matters

Polyco takes its responsibility of protecting its shareholders money seriously.

Risk is inherent when operating a funding support model in the recycling industry. Not only are some of the project partners informal, but managing performance against a contract in these market conditions is extremely difficult.

To-date Polyco has experienced the following legal incidents:

- One recycler went into liquidation in 2015. After successful litigation which cost R150K, the asset has been recovered and reallocated to a new project partner.
- One machinery supplier failed to deliver the imported machine after receiving full payment prior to shipping. A charge of theft has been laid against the agent and we will be pursuing the full repayment of the funds.
- One collector in Gauteng has had their contract terminated due to non-payment of the R500K loan and the assets have been uplifted for re-allocation to new projects.

Many learnings have been derived from the above instances and the legal contracts have been updated to include the following safeguards, protecting our investments:

- a) a notarial bond is raised for any asset over R100K
- b) a personal or corporate surety is mandatory
- c) a signed landlord's tacit hypothec has to be submitted
- d) only securing deposit payments will be made up-front, not full payment.

Transformation initiatives

In many of the interactions with Government, the industry and PRO's are repeatedly tasked with introducing "radical transformation" into the waste arena, and in particular to the value-added sectors such as recycling.

This can prove challenging as there are a number of issues which hinder this progress:

1. The skill sets required to run a mechanical recycling operation are vastly different to running a collection buy back centre, namely technical, financial, management and commercial skills.
2. The working capital required to start and operate a mechanical recycling operation.
3. Operating expenses are far higher due to higher electricity, rental and employment costs.
4. Sourcing funding for a start up recycling operation is difficult due to the high investment risk.

The Polyco Board made a decision in November 2016, that a business skills development fund allocation will be provided to all previously disadvantaged successful project partners to support the sustainable growth in their business and allow them to maximise their business potential.

What has also become evident in 2016, is that Polyco needs to apply for BBE certification. Previously we were an exempt organisation with revenue of under R10 million. We have commenced the certification process in April 2017, using the organisation Leap Foundation.

Capacity building

With the pending IWMP legislation, the need has been identified for additional manpower to manage the Polyco operations, so as to be effectively resourced to achieve the 5 year IWMP targets.

Currently Polyco employs 6 people nationwide, 3 of which are solely focussed on Polyco activities, 2 of which are solely focussed on the PACKA-CHING project and the CEO that is involved in both Polyco and PACKA-CHING areas.

The key positions required to be filled going forward are for a Financial Manager, an Operations Manager, a PR Manager and a part-time KZN Business development resource. The process has already begun to recruit the Financial Manager position.

PACKA-CHING

community- based project

PACKA-CHING is a community based project that is spearheaded by Polyco, who will be working in partnership with the rest of the Packaging Industry to introduce recycling into informal settlements and lower-income areas around South Africa. Due to a lack of education and awareness around the concept of recycling, a lack of facilities and services to support the activity and a lack of incentive to encourage participation, recycling is often overlooked in low-income areas. Many other daily challenges result in waste management lacking priority.

Community members will be able to bring bags of separated recyclable packaging material (plastic, paper, tin and glass) to PACKA-CHING, a mobile recycling service that will travel between communities, and exchange it for money that is loaded onto their personal Kilorands card.

- No cash – safe and convenient
- Used at any MasterCard accepting outlet
- USSD function to check balance and cancel card
- Users receive money in real time

The driving force behind PACKA-CHING is to clean up the environments in which it operates and to tap into a new market of recyclable packaging material, in order to decrease the amount of packaging waste entering landfills. Through incentivising a change in behaviour and a shift in the perception of recyclable packaging, we will also be uplifting the communities in the areas in which PACKA-CHING operates.

This innovative solution to waste management is based on a cashless card payment system that allows community members to earn an income from their recyclable waste. By educating individuals about recycling and its positive impact on both people and the environment, the value in waste can be recognised. With specially designed educational material, school children from the age of 5 upwards will be educated on recycling through fun, interactive exercises and games, so that they can take these learnings home to their parents and encourage them to use PACKA-CHING to positively impact on their own lives, as well as those of the whole community.

Whilst recyclable packaging waste is valuable, one has to collect a substantial amount of it to make it worthwhile. For this reason, PACKA-CHING will also run a community fund in each area where the project operates. For every kilogram of material brought in, R1 will be donated to the community's fund. Each community will identify particular needs that will benefit the greater good of its population and these will become fund goals to work towards. After 6 months, the accumulated value in this fund will be put towards one or more of these worthy projects. This provides an additional incentive to bring the community together to clean up the environment as they work towards a common goal.

PACKA-CHING is unique

Through educating people on recycling and changing their perceptions towards recyclable waste, mobilising the collection facility to make it of utmost convenience to use, and incentivising individuals to participate by monetising waste, PACKA-CHING offers multiple opportunities to the communities that it reaches.

Firstly, the collection of recyclable packaging now offers an additional income earning opportunity to households who wish to use the PACKA-CHING service. It also offers indirect entrepreneurial opportunities to individuals who can make a livelihood out of recycling.

Secondly, PACKA-CHING will reduce the amount of packaging waste in the environment, making it a cleaner and safer place for everyone and reducing the amount of waste entering landfills, rivers and waterways.

Thirdly, PACKA-CHING will provide employment for 2 permanent staff and between 6-10 contract workers in each respective community, which will include upskilling and training for these individuals.

Outdoor media platforms



How does PACKA-CHING work?

1. The community collects and separates recyclable packaging.
2. On an allocated day, the PACKA-CHING truck and trailer arrive in the community at a designated parking spot.
3. Individuals bring in bags of separated recyclable material. Their Kilorands card is then swiped to bring up their details.
4. Each material is weighed and the value, according to the current market price for each type, is loaded onto the individual's Kilorands card to complete the transaction.
5. This card can be used at any MasterCard accepting outlet.
6. The material is then compacted and loaded onto the truck.

The compactor is fitted to the trailer that is towed by the caged truck. This compactor has been specially designed to compact most of the materials that will be collected. It is powered by a petrol motor to ensure that it is sustainable and can operate from any location. The bales produced are between 4-5kg, making them easy to handle. By compacting before loading the truck, we are able to collect 3 times the volume of material, which is a huge cost saving.

The end goal

Throughout the development of PACKA-CHING, it has come to light that the strength of this project lies in its ability to be replicated and rolled out nationally. For this reason, we are working on a model that will enable us to expand this initiative in an efficient and sustainable manner.

One possible option that is being explored, is to adopt a “franchise” model, so that each PACKA-CHING unit can be run as a separate entity by an individual owner, who then employs people from their community. In this way, PACKA-CHING will also be addressing government’s needs for transformation, enterprise development and job creation.

We believe that this project has ground-breaking potential in terms of its impact on the waste management industry, as well as on the lives of the individuals that it reaches.



Financial Overview 2016

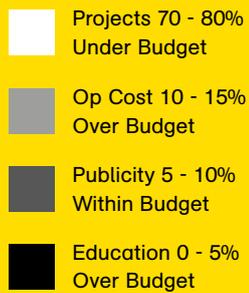
When reviewing the financial graphs, it needs to be noted that the spending ratios are reflected against budgeted spend. If a major category is underspent, it immediately distorts the balance of the spend ratios.

In the graphs that follow, 2016 project spend was significantly lower than the budget due to poor project funding requests received. This has directly inflated the second biggest category, namely operating costs, which are basically fixed. The absolute Rand amounts spent on the remaining categories were all within the 2016 Rands budget.

The 2017 budget assumes a far higher rate of project funding spend, based on our new regional representation and the implementation of our end use development funding model. This results in the significantly improved overall ratios.

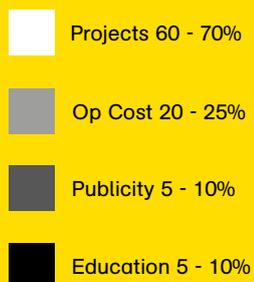
Polyco 2016 Actual vs Budget

Project spend extremely low. Due to this, the ratios of other categories are distorted.



Allocation of the Polyco 2017 Budget

Included in operating cost for 2017 is R1 million in respect of capacity building to accommodate growth.



Way forward

Even though there are many areas of uncertainty facing the Polyco team, we will continue to focus our energies on where we can make the greatest positive impact on the polyolefin recycling sector.

Our major focus areas for 2017 are:

- the polyolefin IWMP preparation and submission
- the implementation of the end-use development project funding model
- the continued push for quality and innovation with mechanical recyclers
- the provision of business support for struggling projects
- the introduction of transformation initiatives
- the focus on waste beneficiation technologies as potential rural waste management solutions
- launching the Polyco + creative platform to engage with consumers and change attitudes towards recycling

“The secret to change is to focus all of your energy not on fighting the old, but on building the new”. Socrates

We are excited to be building the new Polyco + brand.

Thank you to
our Member
Organisations

Astrapak
Bowler Plastics
Boxmore Packaging
Constantia Flexibles
Huhtamaki
MCG Industries
Mpact
Nampak
Polyoak Packaging
Serioplast

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Safripol
SAPRO
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Polyco 

Making w

aste work



16/17

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