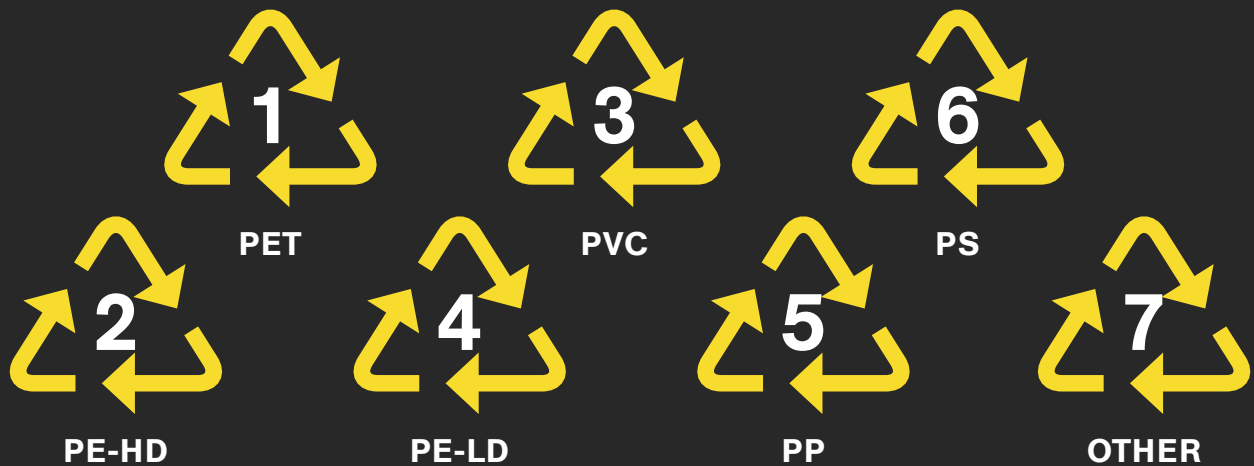




Polyco **EPR Guidelines**





About Polyco

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 industry and consumers about recycling. This is all underpinned by a company philosophy of collaborating with multiple stakeholders.

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. At the introduction of mandatory EPR in 2021, Polyco increased the scope of our activities to include the representation of all plastic packaging polymer types.

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 124 000 tonnes through our 105 project partners during this time.

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.

Polyco's DFFE registration number in terms of South Africa's mandatory EPR legislation is 19/7/5/P/PRO/20210517/002

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1

WHAT IS THE PURPOSE OF EPR IN SOUTH AFRICA?

- ✦ **Environmental Protection:** EPR schemes aim to reduce the environmental impact of products and packaging by encouraging producers to take responsibility for the entire lifecycle of their products, including their disposal. This helps to reduce waste, promote recycling, and prevent pollution.
- ✦ **Resource Conservation:** EPR schemes encourage producers and brand owners to design products that are more resource-efficient and can be easily recycled or reused. This helps to conserve natural resources and reduce the amount of waste that ends up in landfills.
- ✦ **Cost Savings:** EPR schemes can help to reduce the costs associated with waste management and disposal. By encouraging producers to take responsibility for their products, the burden of waste management may be shifted away from government and taxpayers.
- ✦ **Job Creation:** EPR schemes can create new jobs in the recycling and waste management industries. This can help to stimulate economic growth and provide new opportunities for workers.
- ✦ **Compliance with International Agreements:** South Africa is a signatory to several international agreements, such as the Basel Convention and the Stockholm Convention, which require countries to take measures to reduce the environmental impact of waste. EPR schemes help South Africa to comply with these agreements and meet its environmental obligations.



2 BACKGROUND TO EPR IN SOUTH AFRICA

The Department of Forestry, Fisheries and the Environment (DFFE) published its regulations for Extended Producer Responsibility (EPR) in terms of Section 18 of the National Environmental Management Waste Act, 2008 (NEMWA) 5 November 2020.

On 15 January 2021, it was noted that the effective date of these regulations would be delayed and provided a subsequent date of effect, being 5 May 2021. On 5 May 2021, amendments to the EPR Regulations and Notices were published for public viewing. The Regulations were effective from 5 May 2021 and the deadline for compliance was 5 November 2021.

It is therefore required that Producer Responsibility Organisation (PRO's) is to have registered with the DFFE and producers to form part of an EPR Scheme under a registered PRO or form its own PRO by this deadline.

Polyco is registered as a PRO with the DFFE (Ref: 19/7/5/P/PRO/20210517/002).





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Polyco members pay a EPR fee for every tonne of plastic packaging material placed onto the South African market. In turn, Polyco ensures that their member's extended producer responsibilities are performed by Polyco.

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EPR IN PRACTICE

EPR is the Extended Producer Responsibility (EPR) which was gazetted by DFFE to extend the responsibility for the environmental impacts of packaging to the post-consumer stage of the packaging's life cycle.

In practice, EPR involves the producers of the packaging taking responsibility for the management of packaging after it has been used and becomes waste. This can include the collection; sorting, reuse; recovery, recycling and/or final disposal. Producers are responsible for the full cost of collection and treatment of their identified products at its end-of-life.

In South Africa, EPR has been mandatory from 5 November 2021, however obligations were put into legal effect from 1 January 2022.

The EPR fees apply to all plastic packaging (primary, secondary, and tertiary), as identified in the EPR Regulations. This excludes exports and some recycle used in identified plastic packaging.

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WHAT IS AN EPR SCHEME?

An EPR Scheme is the primary plan that Producers agree to and will implement either directly or through a selected PRO, that exercises their EPR obligations. The EPR regulations outlines the responsibility of a producer to ensure that their post-consumer packaging is collected and recycled in line with the legislated targets.

A producer subscribes to an EPR Scheme by either joining an existing EPR scheme managed by a relevant PRO; or by implementing their own scheme by submitting and registering an EPR scheme with DFFE.

Polyco has developed an EPR Scheme on behalf of its members to affect their member's EPR obligations and this Scheme was submitted to, and accepted by DFFE in November 2021.



5 WHAT IS A PRO (PRODUCER RESPONSIBILITY ORGANISATION)?

In South Africa, a Producer Responsibility Organisation is required by the EPR regulations to be a non-profit organisation (NPO) which manages an extended producer responsibility scheme on behalf of its members.

The Producers who have signed a contract with Polyco are expected to declare their monthly identified product tonnages and have paid on such declarations. By doing so, the member will be considered as compliant with their EPR obligations.

6 DO THE EPR REGULATIONS APPLY TO ME AND AM I REGARDED AS AN OBLIGED PARTY?

Goods and products arrive in packaging, but the process is complex with many players and touch points along the value chain. The various parties and components of the packaging value chain are responsible in different ways for the end-of-life of the packaging items and collaboration is required for a successful EPR system.

Further clarification will follow in the sections below.



7 ROLE PLAYERS IN THE EPR REGULATIONS.

The different role players as defined in the EPR Regulations are the manufacturer of identified products packaging, the converter, the importer, the brand owner, or retailer. Collectively, these parties are regarded as the obliged parties.

In South Africa the producer is defined as any person or category of persons, including a brand owner, who is engaged in the commercial manufacture, conversion, refurbishment (where applicable) or import of new or used identified products as identified by the Minister by notice in the Government Gazette in terms of section 18(1) of the Act, and a producer includes, where relevant, the same as defined in the specific section 18 notice for each of the identified products as gazetted by the Minister in terms of section 18(1) and (2) of the Act; [Definition of producer substituted by GN 400 of 5 May 2021.]

Do you qualify as a Producer?

You are firstly a Producer if you are engaged in the following:

- ✦ Commercial manufacture
- ✦ Conversion
- ✦ Import

All the above engagements related to identified products (putting more than 10 tonnes of identified products per annum) at the first point of sale into the SA Market, this introduction into the SA market would make it compulsory to comply with paying EPR fees.



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WHAT IS AN EPR FEE AND WHO NEEDS TO PAY?

An EPR fee is paid based on the total tonnes of identified packaging material placed on the South African market at first point of sale (whether it is imported or locally manufactured). A different fee is charged for the different types of plastic packaging. The EPR fee is paid to Polyco by its members. None of the collected fees is paid to the government.

All identified products manufactured, converted and imported into SA and subsequently exported from SA are exempt from EPR fees.

If an EPR fee was paid for the sale of an identified product into the SA market and then exported, it must be credited, based on auditable proof.

As at 01 January 2022, the EPR Fee shall be applicable for a 12 (twelve) month period. EPR fees are recalculated and submitted to DFFE on an annual basis.

PAY POINT OF THE EPR FEE

Polyco has standard pay points for our Extended Producer Responsibility (EPR) scheme fees in order to reduce complexity and ensure efficiency within the value chain. This serves to avoid any double dipping or any non-payment of the EPR fee as well as to ensure that the correct tonnages are reported.

For a full document outlining the EPR Scheme Fee Pay Points please visit https://www.polyco.co.za/wp-content/uploads/2023/03/POLYCOs_PAY_POINTS_Feb2023.pdf



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THE ROLES AND RESPONSIBILITIES OF EACH PARTY

✦ **Packaging Manufacturer / Converter**

✦ **Locally Produced Plastic Packaging**

If plastic packaging (as identified in the EPR regulations) is manufactured / converted and sold into the South African market locally, then the pay point in the value chain will be the packaging manufacturer / converter.
(this could include a brand owner)

✦ **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 importer of the packaging. This includes primary, secondary and tertiary packaging as identified in the regulations and sold into the South African market.
(this could include a brand owner)

A producer may charge the EPR fee down the value chain, either by: adding the fee to the invoice at the point of sale of the packaging product to their customer(s) or this may be shown as a separate line item.

Committing to declare and pay to Polyco on a monthly basis, based on all imported and locally produced identified packaging sold into the South African market.

✦ **Brand Owners** (including retailers selling product under their own brand)

Pay the EPR fee to the packaging manufacturer / converter / supplier at the point of packaging purchase or finished goods purchase.

Ensure that the EPR fee is included in the invoice from the packaging manufacturer / converter / supplier, either as a line item or included in the price.

Commit to declaring all imported packaging and finished goods products (packaging portion only) directly to Polyco, as an obliged producer based on imports only.

✦ **Retailers**

To include in their procurement policy that they will ensure that all packaged products and packaging utilised in the business has been covered by an EPR Scheme and that they have checked compliance with all their suppliers

Committing to declare and pay to Polyco on a monthly basis, based on all imported identified packaging sold into the South African market.



If you are an indirect-paying member

- e.g. where you are not obliged to pay directly to Polyco, please still submit a nil declaration form to Polyco.

Note for all declarations and fees payable:

Polyco has made a concession regarding locally produced recycled content used for manufacturing identified products, and needs only to be declared but will not be billed (This will require auditable proof when necessary).

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