

SOFT PLASTIC RECYCLING SCHEME VOLUNTARY PRODUCT STEWARDSHIP SCHEME

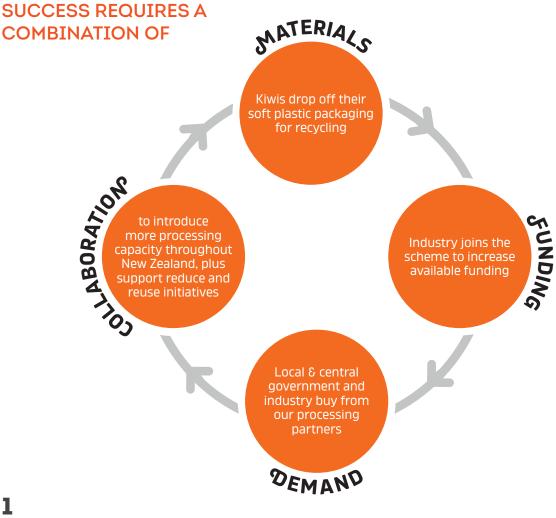
ACCREDITATION REPORT 01.04.2018-31.12.2019











SCOPE OF SCHEME

The scope of the Soft Plastic Recycling Scheme includes the collection of post-consumer soft plastic packaging at designated retailers and drop off points. Soft plastic packaging consists of film ready made largely from LDPE (low density polyethylene) and includes laminated plastics. Post-consumer flexible plastic includes bread bags, frozen food bags, toilet paper packaging, confectionery and biscuit wrap, chip bags, pasta and rice bags, courier envelopes, sanitary hygiene packaging, squeeze pouches and, in general terms, anything made of soft plastic which can be scrunched into a ball.

The scheme includes the funding of collection systems, transportation and recycling of the plastic materials so that consumers can recycle their soft plastic packaging consumed at home, work or

in public places. Since its accreditation in March 2018, the scope of the scheme has now changed to include paying New Zealand processors for every tonne of soft plastic material that they recycle.

Scheme members include plastic packaging manufacturers, brand owners that use soft plastic packaging, retailers and other organisations that want to get involved.

The Soft Plastic Recycling Scheme is one of three product stewardship schemes operating under The Packaging Forum umbrella. The scheme differs from other Packaging Forum schemes in that it fully funds and operates the collection and processing of post-consumer soft plastics, allowing New Zealanders the opportunity to recycle their soft plastic materials. The scheme has become incredibly popular and well received by the New Zealand public.

1.1 Reporting period

The Soft Plastic Recycling Scheme achieved accreditation on 22 March 2018. The scheme suspended collections from 31 December 2018 when it became evident that the impact of the China Sword policy on global recycling of mixed plastics had removed access to overseas processing.

The nationwide collection service was suspended from 1 January 2019; and then resumed in Auckland in May 2019. By October 2019, the collection service had resumed in the Hamilton and Wellington regions.

During the suspension period, processing of collected materials continued at two New Zealand processors.

As such, this report provides data for the **period 1 April 2018 to 31 December 2019**; and outlines the scheme's direction since the "restart" in May 2019.

1.2. Scheme governance

The Soft Plastic Recycling Scheme operates under the governance of The Packaging Forum (TPF) with its governing board appointed from the TPF's voluntary product stewardship schemes. The Packaging Forum governing board is responsible for overall governance of all schemes. Financial governance is provided by The Packaging Forum's Finance & Risk Committee.

The Soft Plastic Steering Committee has its own committee that comprises representatives from its levy paying membership. The Steering Committee provides guidance to the scheme manager with regards to the operational management of the soft plastics collection service, and approves the scheme's budget. The Steering Committee has met monthly during the past 18 months to steward the scheme through the reset process.

The scheme manager reports to the chair and is responsible for the day to day management of the scheme.

SOFT PLASTIC RECYCLING SCHEME STEERING COMMITTEE

MALCOLM EVERTS SP Chair

Marketing Manager Cottonsoft

RICHARD SMITH

Director

Amcor Flexibles Asia Pacific - ANZ Safety, Quality & Sustainability

LOUISE HEVACAN

Facilities Specialist/Property Services Westpac

CAMPBELL EVERETT

NZ Product Care Sales & Marketing Manager Sealed Air

MICHAEL ANDERSON

Group Sustainability Manager Goodman Fielder

LYNDA GOSTON

Safety, Health & Environment Specialist Nestle

LOU SHERMAN

Senior Packaging Technologist **Asaleo Care**

SUZANNE COWLING

Innovation Manager ANZ

Jacobs Douwe Egberts NZ

STEFFAN PEDERSEN

National Sales Manager Cas-Pak Products NZ

CHARLOTTE HAYCOCK

Senior Advisor-Sustainability & Government Countdown

2 REVIEW OF THE SCHEME

At the end of 2018, the Soft Plastic Recycling Scheme provided a collection service for an estimated 78% New Zealanders, with collection bins at all Countdown and Foodstuffs stores across the South Island; and at The Warehouse, Countdown, Foodstuffs and other retail outlets in the Auckland, Waikato and Wellington regions serviced by social enterprises. In addition, Countdown had introduced collection bins at their Upper North Island stores.

The scheme is 100% funded by industry and meets the expectations outlined in the Section 12 Guidelines for priority product scheme accreditation in that it covers the costs of collection, management and processing of the products.

The scheme represents approximately 70% of the post-consumer soft plastic packaging market. Members' levies fund collections from stores, quality checks, baling, transport to end markets and pay an agreed rate per tonne to cover the processing costs. This is different from the traditional model where the processor pays the collector/recycler for the materials.

Soft Plastic Recycling Scheme Reset May 2019: Transition from collecting as much as possible for export, to collecting only what NZ can process.

As is well documented, the impact of China's National Sword policy and the collapse of global markets for mixed plastics forced a major re-set of the scheme.

The scheme re-started in the Auckland region in May 2019 with collections at 40 Countdown and The Warehouse stores, and other selected stores from Silverdale in the North to Pukekohe in the South; Hobsonville in the East to Highland Park in the West; and with a service for Waiheke Island residents.

Collections re-commenced in the Hamilton area on 9 September, and from October collections restarted at selected stores in the Wellington region.

By the end of 2019, up to 50% of the population again had access to drop off recycling points for their soft plastics.

Until processing capacity increases, expansion will be limited to those areas which are close to the processing plants, and the number of collection points in each region will be limited.

The scheme notes from experience that targets need to be subject to adjustment. The impact of China's National Sword policy, and the decision by the scheme's Australian processing partner to no longer accept New Zealand soft plastics, forced a change in direction for the scheme. The scheme also notes that to its knowledge, only Australia is collecting soft plastics for recycling apart from New Zealand. Other jurisdictions may collect soft plastics as part of a kerbside waste collection to be processed at Waste to Energy plants in Europe, Asia and America.

Targets needs to reflect the collection of material and the ability to process material. As the scheme experienced – collecting as much material as possible for export is no longer viable. The scheme needs to collect to the available capacity.

CREATING A CIRCULAR ECONOMY FOR SOFT PLASTIC IN NEW ZEALAND



2.1 Membership

The scheme has 63 members, having retained its membership levels despite a temporary cessation in soft plastic recycling collections and a re-set which has reduced the geographic coverage.

Members pay a levy based on their company turnover, and an understanding of the volume of soft plastic materials they place on the New Zealand market.

The scheme has defined its membership by the resin codes which are acceptable to processors. The scheme also notes that it has measured consumption using available industry market data, however targets will be improved through access to data on imported/distributed materials.

Participation Levels in Scheme. Based on AZTEC data and the brands identified in the Waste Not Consulting Branded Audit, the scheme represents approximately 70% of the soft plastic packaging market as defined by the categories listed in Chart 3. The scheme is working hard to encourage the non-participant brands to join.

Chart 1. Membership

SOFT PLASTIC SCHEME MEMBERSHIP

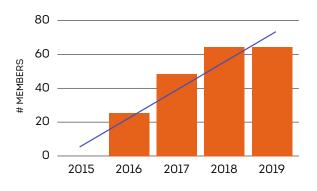
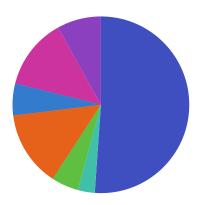


Chart 2. Members by Category Type

SOFT PLASTIC SCHEME MEMBER CATEGORIES



FOOD BRAND 51%
DRINKS BRAND 3%
GROCERY BRAND 5%
MANUFACTURER/DISTRIBUTER 14%
FOOD RETAILER 6%
OTHER RETAILER 14%
SERVICE/TOURISM INDUSTRY 8%

Chart 3. Scheme Member's Market Share

CATEGORY	ESTIMATED SPRS SHARE OF AZTEC UNIT SALES	UNIT SALES BY MEMBER BRANDS
Bread bags	90%	122,310,102
Frozen food bags	70%	36,503,725
Confectionery	80%	54,611,514
Cereal	65%	29,625,545
Biscuit wrap	60%	58,824,256
Toilet roll/towels	75%	26,367,612
Pasta/rice bags	50%	36,643,860
Sanitary hygiene incl. kitchen towels	75%	19,443,092
Potato chips/ snack food	75%	100,258,632
Miscellaneous	30%	15,000,000
Total	70%	499,588,338

Member companies



l day Abe's Bagels Amcor Flexibles

Asaleo Care

Bluebird

BNZ

Cas-Pak Products NZ

Chantal

Coca Cola Amatil

Coffee Supreme

Countdown

Cottonsoft

Ecolean

Epic Dairy

Fairfax Media

Farrah's

Fonterra

Frucor Beverages

George Weston

Goodman Fielder

Griffins

Heinz Watties

Hello Fresh

Hubbards

Huckleberry Farms

Jacobs Douwe Egberts

Jersey Organics

Kelloggs

Kathmandu

Kimberly Clark

Leader Brand

Lululemon

McCain

Maritime Museum

Mars NZ

Meadow Mushrooms

Mexicano

Mother Earth (Prolife Foods)

Mondelez (Cadbury)

Mrs Rogers

Naturally Organic

Nestle

NZ Hothouse

New Zealand Post

Oob Foods

PrimePac

Proper Crisps

Sealed Air

Serious Food Co.

Snell Packaging

Simplot (Birdseye)

Something to Crow About

Stratex Group

Sunrice - James Crisp

T & G Global

TC Transcontinental Packaging (Coveris)

Tui Products

Watercare Services

Westpac

Wrigleys

The Warehouse

Unilever

Z Energy







2.2 Stakeholder relationships

The scheme has a major focus on communicating with the consumer as reported in Section 5 below. In March 2018, the Horizon Research poll found that 55.5% of respondents have heard that they can recycle their soft plastic bags and packaging at supermarkets and other stores (38.5% in 2017; 22% in 2016), meaning around 1.78 million adults are aware of the programme. In Auckland, 42% of respondents had used the service (28% in 2017), compared with 27% in Christchurch, 52% in Hamilton, and 26% in the Greater Wellington region.

The scheme has provided information to the Sustainable Business Network's "Developing a Circular Economy for Plastics" programme; the Science Advisor to the Prime Minister's "Rethinking Plastics" report and promoted the service at the WasteMINZ conference. In addition, the scheme receives and responds to numerous requests for information from schools and tertiary institutions.

On an ongoing basis, the scheme is seeking companies that can offer new processing capacity and is monitoring opportunities including pyrolysis, plastic to oil, extrusion, injection moulding, use in aggregates and waste to energy.

The scheme has supply agreements with two New Zealand processors Future Post in Waiuku, and Second Life Plastics in Levin.

The scheme works with councils in the regions where there is a collection service to promote the scheme to the local community. There is considerable demand by councils and their communities for a soft plastics recycling collection service, however there is a broad understanding that collections can only be re-instated if local processing capacity exists.

The scheme actively promotes the need for local and central government, and industry, to purchase products made from recycled soft plastics in order to create demand.









3 CURRENT WASTE GENERATION: MASS BALANCE

3.1. Methodology

The volume of bags by type has been calculated from information supplied by AZTEC MAT data. The average weight per items is calculated from the audit conducted by Waste Not Consulting in September 2018.

Unit sales of shopping bags were included in the 2018 consumption data, but have been excluded from the 2019 data. Supermarkets voluntarily stopped offering single use carrier bags from 1 January 2019, and a national ban on single use plastic bags came into effect from 1 July 2019.

On 1 July 2019, single use plastic carrier bags were banned in New Zealand. This has removed around 6,424 tonnes of soft plastic materials from the waste stream. Brand owners and retailers have also increased their efforts to reduce plastic consumption by encouraging an increase in reusable options for the likes of fresh produce, for example.

An estimated 718 million bags are consumed annually at a combined weight of 4,762 tonnes of soft plastic packaging per annum. This equates to around 1kg of soft plastic packaging consumed per annum, per New Zealander.

AROUND 1KG OF SOFT PLASTIC PACKAGING FOR FOOD AND GROCERY PRODUCTS IS CONSUMED BY EVERY NEW ZEALANDER PER YEAR.



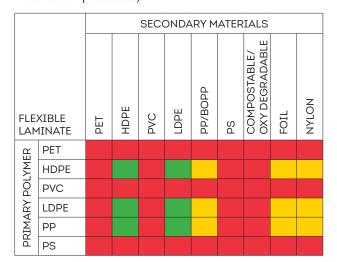
Prime Minister Jacinda Ardern pictured with the team from Future Post at the 2019 Fieldays event

Chart 4. Estimated volume of soft plastic bags by category

BAG TYPE	UNIT SALES	AVE WEIGHT IN GRAMS	TOTAL TONNES
Bread bags	135,900,113	8.4	1142
Frozen food bags	52,148,179	8.4	438
Confectionery	68,264,392	2.2	150
Cereal	45,577,761	10.3	469
Biscuit wrap	98,040,427	3.8	373
Toilet roll/towels	35,156,816	11.8	415
Pasta/rice bags	73,287,720	6.5	476
Sanitary hygiene incl. kitchen towels	25,924,123	11.8	306
Potato chips/ snack food	133,678,176	6.5	655
Miscellaneous	50,000,000	5.2	260
Total	717,977,707		4762

Acceptable Plastic Resins

The scheme currently accepts materials which are plastics resin code 2, 4, with acceptance of resin codes 5 and 7 in a blended mix with the primary plastic. The range of acceptable plastics is governed by what can be processed at present. However the scheme is aware of new projects which will accept a broader range of resins (typically still excluding PVC, PS and compostables).



1	FGF	ND

not accepted for recycling	not recyclable	no
secondary polymer	recyclable in a blended mix	yes
primary polymer	recyclable	yes
COLOUR LIMITS	FUTURE POST CLASSIFICATION	ACCEPTED

Chart 5: Average monthly collection of 52 tonnes per month from 1.1.8 to 31.1.18

KILOGRAMS COLLECTED 2018

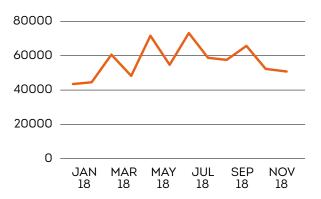
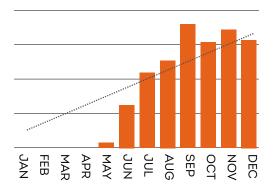


Chart 6: Volume collected 2019

2019 SOFT PLASTIC COLLECTIONS



3.2. Collection & Processing

The measurement of tonnes collected is measured by collection records, and tonnes received by end processors.

The measurement of demand from recyclers is measured by tonnages requested by processors to meet their production needs.

Chart 5 shows the monthly collections by kilograms in 2018. 101.4 tonnes of soft plastics were sent overseas for recycling during 2018.

In 2019 collections restarted in May following a fivemonth cessation. 100% of the collected materials have been processed in New Zealand by project partners Future Post and Second Life Plastics. Tonnages are not published due to commercial sensitivity.

4 OBJECTIVES + TARGETS

The following table outlines the objectives and targets set for the scheme and shows the performance for two reporting periods:

- From calendar year 2018, which is prior to suspension of collection services on 31.12.18
- For the calendar year 2019, noting that collections were suspended from 1.1.19 to 19.5.19

Proposed New Scheme Objectives

The changes to the scheme following the impact of the China Sword policy, and the lack of processing for mixed plastics globally, has required the scheme to reset. The initial focus on collecting as much soft plastic materials as possible and exporting them overseas for processing is no longer viable. The new focus is on working with scheme members to reduce plastic consumption; working with processing partners to support their growth through paying processing fees; and on only collecting the volume of plastic which can be processed in New Zealand or in near shore markets.

OBJECTIVE	PARAMETER	2025 TARGET	2018 PERFORMANCE	2019 PERFORMANCE	TARGET 2020
Increase the accessibility of the scheme to New Zealanders	Increase number of regions offering collection facilities	70%	78%	50%	55%
Improve quality of collected materials	Increase education and awareness to reduce contamination	Below 8%	8.7% (Sept 2018)	Not measured	Below 8%
Increased engagement in minimising plastic consumption to close the gap between consumption and recycling	Report on tonnes of soft plastic packaging consumed	TBC	Estimated 11,186 tonnes Incl. 6424T single use carrier bags	4762 Tonnes soft plastic consumed	N/A
Stakeholder support	# members	80 members	61 members	63 members	65 members
	Quarterly e-news to stakeholders	Deliver to 200 stakeholders)	Delivered to 88	Deliver to 120 stakeholders
	# councils promoting the scheme	All councils with collections in region		stakeholders	2 councils promote scheme

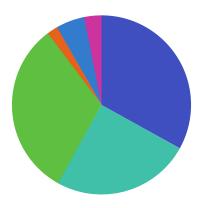
5 PROMOTION OF THE SCHEME

Media Evaluation

Independent media evaluation was carried out by Impact Media Evaluation for the period July 2018-June 2019.

The Soft Plastic Recycling Scheme was specifically mentioned in 96 items compared to 70 in 2017/2018. Love NZ was mentioned with the Soft Plastic Recycling Scheme 28 items compared to 13 in 2017/2018.

TYPES OF NEWS MEDIA

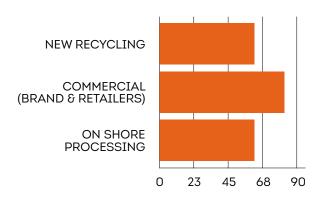


DAILY NEWSPAPERS **33%**LOCAL NEWSPAPERS **25%**RADIO **32%**

TV 2%

BUSINESS 5% OTHER 3%

RECYCLING MESSAGES BY ITEMS





E-newsletters - The Wrap Up

The Wrap Up is a bi-monthly newsletter for scheme members, and other stakeholders. It is posted on the website and shared with news media.

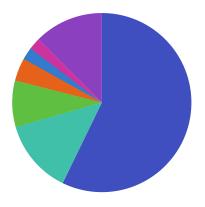
Website

The Soft Plastic website provides up-to-date information about collection locations, and what can be recycled through the programme. The website provides an important interface with New Zealanders. In 12 months, there were 82,947 visits to the soft plastics pages representing 90% of all traffic to the Packaging Forum's recycling.kiwi website. 57% of traffic is from Aucklanders. The visitor by region is similar to the Facebook profile.

During 2020 the website is being upgraded as a stand-alone website which will allow it to be more consumer facing.

People can check out which stores are currently providing the service on our website: recycling.kiwi.nz/solutions/soft-plastics/store-locator/, otherwise they can search "soft plastic stores" online.

VISITORS BY CITY



AUCKLAND 57.4%
WELLINGTON 13.4%
CHRISTCHURCH 8.3%
HAMILTON 4%
NOT SET 2.2%
TAURANGA 2.2%
OTHER 12.5%

Social Media

The Soft Plastic Recycling Facebook page had 6,594 likes at the end of December 2019. It operates as our major communication channel with New Zealanders that use or have used the scheme. 86% of users are female, and more than 50% of users are in the 25-44 age group.

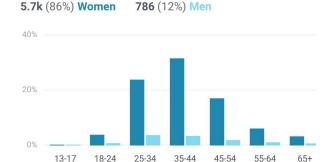
People from Auckland, Wellington and Hamilton are most interested in the scheme. However, Christchurch residents are the second largest group, although we are not offering a South Island collection service at present.

← Audience Insights



Age and Gender

People who like your Page are in these age and gender groups. These numbers are estimates.



Scheme posts during 2019

← Posts Insights Posts Insights Posts Insights Plastic bags to plastic flake to plastic posts.... VIN 6, Link Clicks Post Reach Engagements Engagements 1.6K Reach 6.2K Check out our new video showing what y... Engagements 1.1K Posts ? 3.8K Future Post have asked Reach me to share this photo... 0 posts published in the last 28 days. 644 3.7K Reach Turning soft plastics 6 September into fence posts....a gr... Engagements 229 3.5K Fantastic short video Soft Plastic Collections return to Hamilton on ... Reach 8K produced by The Ware... Engagements 149 1.4K 8.6K Engagements Please make sure that Reach you are only putting yo. 27 May 1.6K From Monday 21st 26.7K Reach 7.3K October Wellington re... We are proud to be Engagements 3.4K supporting the team a... 37.1K The Soft Plastic Reach Engagements 854 Recycling Scheme res... 4.4K Engagements 5.3K Reach Great to see Jerome showing how soft pla.. Love NZ Soft Plastics Engagements 787 Recycling's cover photo TV3 Newshub reports on the re-start of soft ... Reach 7K Engagements 57 Engagements 2.1K 4.5K Great to see Jerome Reach showing how they are Reach 28K 6,000 kilograms of Engagements 677 soft plastic packaging... The Soft Plastic Reach 40.9K Engagements 3.6K Recycling Scheme will... 25 July Engagements 6.1K 4.9K As Hamilton City Council Council Comp... Reach Future Post are 6.2K Engagements 310 deserving winners of t... Soft Plastic Recycling scheme planning colle. Reach 19.7K Engagements 289 16 June 2.9K Engagements 12 April 4.7K https://i.stuff.co Reach .nz/environment/115... 5.7K Engagements Congratulations Future Scheme plans to re-start collections in ... Reach 7.9K Post team Engagements 651 687 Engagements 18 January

6 FACTORS AFFECTING THE SCHEME

The scheme does not lack industry support or consumer willingness to drop off their soft plastic packaging, the principal limiting factor is that there are currently only two processors in the North Island which are able to process post-consumer soft plastics.

Expansion of processing capacity requires:

- Demand for the plastic fence posts, garden edging, cable cover and other products currently being manufactured from soft plastic materials;
- Investment in new processing facilities around New Zealand by central and local government in partnership with industry. There needs to be multiple "Future Posts" to create capacity; and
- Commitment by local and central government departments and Industry to purchase products made from recycled materials.

The Steering Committee consider that without a significant increase in recycling capacity, and without addressing the limitations of other materials, for example fibre and compostable packaging, declaring soft plastic materials (covered within its scheme) a priority product requiring mandatory stewardship, will simply add cost without providing a solution.

7 LOOKING FORWARD

In 2020, the scheme will look at the potential for new collections points around the country, as it continues to manage the amount of soft plastics collected with the available processing capacity. One of the deciding factors in which region will be next, depends greatly on which regions are buying the fence posts to help create and drive a local circular economy.

As the Government progresses its discussion on priority products, the scheme will continue to advocate for its voluntary product stewardship scheme, and increased government support for New Zealand's plastic processing capacity.

IMPACT EVALUATION: THE SOFT PLASTIC RECYCLING SCHEME JULY 2018-JUNE 2019

This is not an exhaustive list of every item but picks out examples to give a sense of the coverage.

The Soft Plastic Recycling Scheme continued to account for the biggest share of coverage for the Packaging Forum. It was mentioned in 96 items compared to 70 in the previous 12 months.

In August *The Leader* (9/8/18) quoted the Citizens Advice Bureau. "Remember that recycling is only part of the solution. The best thing you can do for the environment is to reduce the amount of waste you create".

The need to halt (if only temporarily) the Soft Plastic Recycling Scheme due to closed export options and limited New Zealand capacity emphasised the importance of recycling in the short term. The decision to pause or halt the scheme was sympathetically received by the majority of commentators.

The *Daily Post* (11/8/18) reported 42 Countdown stores are to phase out single use plastic bags and that Warehouse had announced a similar initiative.

In September *The Consumer* (1/9/18) reported: "The supermarkets are ditching single-use plastic bags. The move can be chalked up as a win for consumer pressure but what are the stores doing about the huge amount of other plastic packaging lining the shelves?" They carried a survey of plastic packaging at a Wellington Countdown, New World and Pak'n'Save highlighting the extent of the job still to be done.

The Hokitika Guardian (13/9/18) "Soft plastic for recycling is being put in storage because the Australian company taking it had been inundated".

It does point out that "the soft packaging recycling scheme covered 70% of the country and although initially funded by the government is now fully funded by the packaging industry".

In November the initiative with Future Post recycling into fence posts was widely covered in a newspapers and the radio. It served to emphasis both the importance of recycling and the need to find more on shore reprocessing capacity.

On December 22 the media started covering the news that the Soft Plastic Recycling Scheme was to be suspended (at least temporarily). It was widely covered in the newspapers and on the radio. The coverage was largely sympathetic explaining the background of reduced opportunities for processing abroad and limited capacity in New Zealand. It also covered the economic factors of recycled plastic having little financial value.

The Southland Times (22/12/18) describe the Soft Packaging Recycling scheme as being in "crisis". It quotes Lesley Ottey of Eco-Educate: "the supermarkets will be super busy now having to deal with grumpy customers dropping off their soft plastics after December 31".

In January the *Dominion Post Weekend* (4/1/19) carried an opinion piece by Rebecca Stevenson. She argued that following the suspension of the soft plastics recycling scheme that as soft-plastics recycling has no value - recycling is not an option, the answer is not to use them in the first place.

In February Supermarket News (1/2/19) said the soft plastics recycling scheme was successful with

about 400 tonnes equivalent to 100 million plastic bags, were recycled...."Not making the decision [to temporarily suspend] the scheme could have undermined the historic success and future potential, for local soft plastics recycling".

In March perhaps the most negative coverage was on RNZ (8/3/19) - an extended piece in their 'ten cents' segment. A number of strongly negative comments about the scheme were made: "recycling a tokenist ploy", "bins not saving the world at all", "Tiny proportion of soft plastics end in a bin".

In April Dominion Post (17/4/19) by Amber-Leigh Woolf and syndicated to a number of local papers reported the Ministry of Environment has released guidelines for businesses to find alternatives to plastic bags by July. Malcolm Everts, chairman of the Soft Plastic Recycling Scheme is quoted: "The big companies are already winding down - there won't be many plastic bags left".

In May Auckland newspapers and radio welcomed soft plastic recycling's return in their area.

TVNZ1 (23/5/19) host Hayley Holt said she thought the blame for soft plastics should be put on the industry not the consumer.

At the end of June the banning of single-use plastic bags came into force.