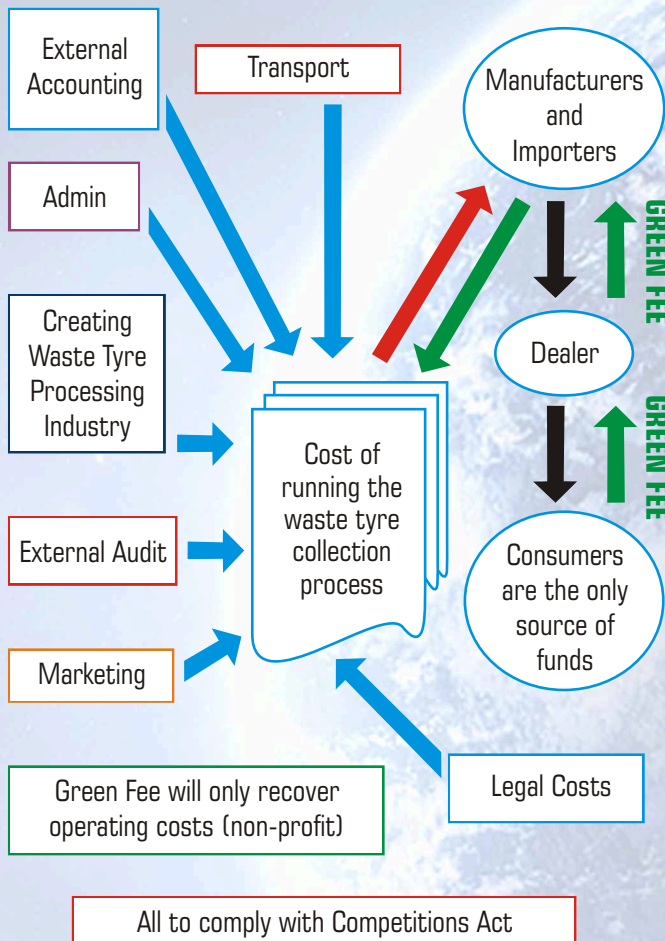


Charging of the Green Fee is planned for commencement during March 2011.

## The Green Fee Issue



### Waste Tyre Processors

Waste Tyre Processors will be requested to tender for the per annum mass of waste tyres expected to be used and the period over which they envisage any ensuing contract to extend. A waste tyre processor must apply for necessary licences from the DEA to operate a waste management facility. Most recycling processes require large capital input and have high operating costs. The cost of establishing a recycling plant is estimated to be between R10 million and R250 million. Thorough research is crucial when considering a recycling plant. The SATRP Company plans to issue tenders for waste tyre processors in July/August 2010.

### Use of Waste Tyre Rubber

- Crumb Rubber Asphalt for road surfaces
- Combination of waste tyres with polyethylene or polypropylene to make polymer products stronger, more elastic and longer-lasting
- Indoor and outdoor sports fields
- Fuel to replace coal

### Waste Tyre Transporters

The SATRP Company will call for tenders to be submitted for the collection, responsible storage and delivery of waste tyres. All waste tyres collected within a province will be accumulated at storage sites within that province. The collection of close to 95,000 tons of Waste Tyres from every town and city in SA will require a disciplined and well-regulated collection process. The projected costs to set up a waste tyre collection company is estimated to be between R20 million and R50 million.

### South African consumer benefits

A sustainable, controlled collection will benefit not only South Africans but also the environment by creating a recycling industry with export possibilities of recycled products. A win-win situation: Dealers will be able to get rid of waste tyres, without cost to them, waste tyre transporters and processors will create jobs, waste tyre processors will receive a virtually free supply of rubber, roads will be safer and, last but not least, South Africa will boast a cleaner, healthier environment. The SATRP Plan is based on similar successful plans operating in Europe and the USA. Example: Aliapur France: [www.aliapur.fr](http://www.aliapur.fr)



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e-mail: [info@rubbersa.com](mailto:info@rubbersa.com)



The Leader in Waste Tyre Management

## The SATRP Integrated Waste Tyre Management Plan

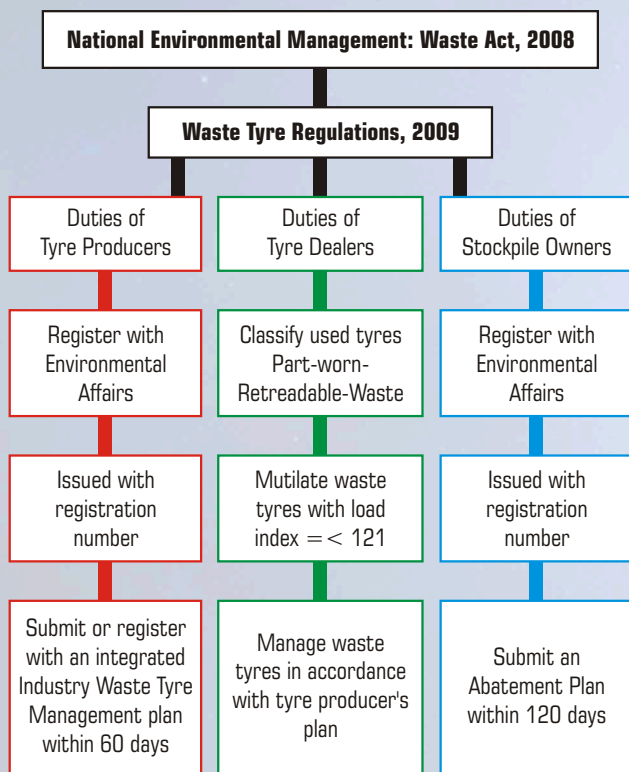
Created and supported by the majority of pneumatic tyre and vehicle suppliers to the South African market.



FOR THE SAKE OF OUR PLANET

The SATRP Company initiative was created by leaders in the tyre industry, at the request of the Department of Environmental Affairs (DEA) to plan and administrate the waste tyre project. Any tyre producer may subscribe to the SATRP Integrated Waste Tyre Management Plan (The Plan). To date, more than 85% of producers have registered with The Plan as subscribers.

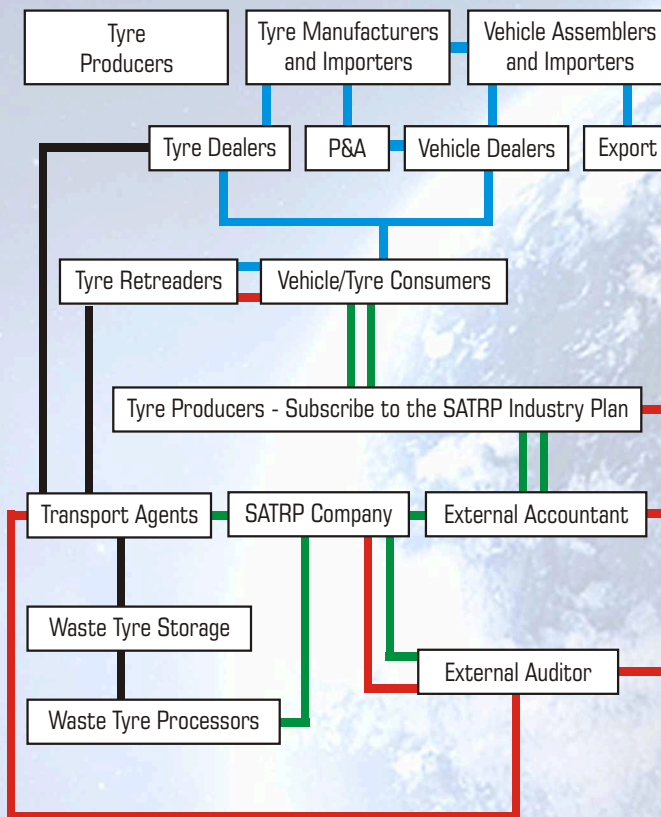
**The purpose of the Waste Tyre Regulation is to regulate the management of all pneumatic waste tyres:**



**Present scenario in South Africa**

- Illegal Burning of waste tyres for the recovery of steel wire
- Dumping of waste tyres / Pollution - ideal breeding ground for insects (mosquitoes) and rodents
- Some landfill sites not accepting waste tyres
- Increased road accidents due to illegal tyre sales
- Unsightly waste tyre stockpiles

**The SATRP Integrated Waste Tyre Plan**



Flow of New Tyres    Flow of Used Tyres    Tyre Retreaders    Flow of Green Fee

The Green Fee is Raised by the Accountant and may be recovered from the Consumer by the Producer

OEMs that subscribe to the SATRP industry Plan pay the Green Fee on the net vehicle sales into SA

According to The Plan, gazetted in 2010, waste tyre collection will commence during June 2011.

**Tyre Producers are defined as:**

- Tyre Manufacturers and Importers as well as vehicle Importers
- A tyre producer may not manufacture or import tyres (new, part-worn, retreadable casings) unless measures have been taken to ensure that when those tyres become waste tyres they will be dealt with in accordance with The Waste Tyre Regulation
  - Tyre producers must either:
    - have a Plan approved by the Minister, or
    - belong to an existing approved Plan

**A Tyre Dealer is:**

A person or entity that distributes, or otherwise deals commercially in tyres

- A tyre dealer must classify any used tyre in his possession or control as either a part-worn tyre or a retreadable casing; any tyre not falling into either of these categories must be classified as a waste tyre
- A tyre dealer must mutilate, or cause all waste tyres with a load index of 121 or less in his control to be mutilated, which includes, but is not limited to:
  - Cutting the bead in two places, or
  - Punching a hole with a minimum diameter of 50mm in the sidewall, or
  - Making a cut of at least 100mm in the sidewall
- The SATRP Company's transporters will collect its subscribers' waste tyres from dealers
- Dealers to register with the SATRP Company

**Phasing in of Tyre categories**

During Phase One, The Plan proposes to collect Passenger and Commercial tyres and other categories will be phased in over a 5 year period.

**The Green Fee**

The Waste Tyre Regulation specifies that a producer's plan must indicate the funding method of the process. The Green Fee on Category 1 & 2, (Passenger and Commercial vehicle tyres), can only be confirmed after the various contracts have been awarded and will be based on the rim size of the tyre as well as the cost of the management process. During Phase One the Green Fee will be based on the following rim sizes: •8" – 14" •14.5 – 19" •19.5 – 25"

The SATRP Company will publicise the Green Fee widely in order to create public awareness of the costs involved.

**SATRP's method of funding the process**

The ongoing running costs of the Company will be funded by a Green Fee levied on the subscribers to the SATRP Industry Plan which will be calculated to recover the waste tyre management process.

The cost of the waste tyre management process is the accumulated cost of:

- Collection and transport of waste tyres to transfer sites
- Storage and sorting of waste tyres
- Delivery of waste tyres to waste tyre processors
- Establishment and disposal fees for waste tyre processors
- External Auditor
- External Accountant
- Social awareness and marketing campaign
- SATRP Company Administration

Where for practical reasons no Green Fee is raised by the subscribers on new tyre sales on a particular tyre category, a Collection fee will be charged by the SATRP Company as an alternative to the Green Fee.