

Code of Participation

25 September 2024

The purpose of this document

This Code of Participation (COP) is a set of guidelines for participants of Tyrewise. In ASNZ's view, following this Code should facilitate compliance with the Scheme, but all Participants should take their own legal advice as appropriate. There is overarching regulation in place for regulated tyres and liable parties. This supports compliance within the tyre supply chain for regulated tyres and managing them at end of life.

This document sets out the <u>obligations</u>, <u>objectives</u>, and <u>controls</u> for Tyrewise scheme participants. It also contains essential information on how the Tyre Stewardship Fee (fee) is collected and what it can be used for.

- a) Obligations are set out in Acts and Regulations, including:
 - Waste Minimisation (Tyres) Regulations 2023
 - Waste Minimisation Act 2008, section 10, 12, 22
 - General Guidelines for Product Stewardship Schemes for Priority Products Notice 2020
 - Declaration of Priority Products Notice 2020
 - Regulations supporting tyre product stewardship

b) Objectives and Controls

The obligations set out in Acts and Regulations refer to *acting in accordance with the regulated scheme* – this COP covers how to do that. All Registered scheme participants must act in accordance with Tyrewise to receive any benefits (service or payments) from the Tyre Stewardship Fee.

The Tyrewise objectives are designed to assist and promote compliance within the regulated tyre supply chain. The scheme policy settings provide controls to improve outcomes for end-of-life tyres. Tyrewise intends to provide additional benefits, beyond the minimum standards set by the regulations.

This Code of Practice is not endorsed by the Ministry for the Environment; adherence to this Code does not guarantee compliance with the Tyrewise Scheme, the Waste Minimisation Act 2008, or the Waste Minimisation (Tyres) Regulations 2023.

In this document you will find:

- Mission, guiding principles, and objectives of Tyrewise.
- Information about what "acting in accordance with the accredited scheme" means.
- Your role and obligations including eligible payments.
- Fair Participation expectations
- Service quality and performance.
- Disputes resolution, and how to make a complaint.
- How complaints will be managed

Acknowledgement

We acknowledge that financial support has been received from the Tyre Stewardship Fee, which is administered by the Ministry for the Environment to fund Tyrewise, the Regulated Product Stewardship Scheme for Tyres.

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Tyrewise

Tyrewise is Aotearoa New Zealand's regulated product stewardship scheme for the management of end-of-life tyres.

Tyres were declared a priority product under the Waste Minimisation Act 2008 in July 2020. The <u>Waste Minimisation</u> (<u>Tyres</u>) Regulations 2023 sets key aspects such as the timeline, fees and which tyres are regulated.

Tyrewise is the scheme which participants must act in accordance with. It is accredited by the Minister for the Environment and governed by Auto Stewardship New Zealand (ASNZ), an incorporated charitable trust and the recognised Product Stewardship Organisation.

Participants are those who have successfully completed their registration with Tyrewise. Tyrewise helps all stakeholders demonstrate their commitment to environmental sustainability and responsible product stewardship of end-of-life tyres.

Tyrewise is the tyre supply chain's regulated product stewardship scheme – you're a key part of it and we want you to feel proud of your contribution to our collective success.

How Tyrewise works

Tyrewise will minimise the environmental impacts of end-of-life tyres by managing them from collection through to processing. Payments provided by Tyrewise for collection and transport will create sustainable income streams, while incentives for eligible processing and manufacturing along with research and development (R&D) grants will stimulate the development of innovative end uses in the domestic market. The system and its payments are designed to correct a market failure where manufacturers and processors experience insecure supply.

The Tyrewise Scheme Manager will track tyres via a network of Registered participants, with processes to ensure tyres are kept from illegal dumping, stockpiling and landfilling. Tyrewise will ensure end-of-life tyres move from collection through to processors to meet demand for Tyre-Derived Fuel and Tyre-Derived Products - ensuring processors receive end-of-life tyres in the right quantity and the right condition to the right place at the right time.

The Tyre Stewardship Fee is used by Tyrewise for:

- management of the scheme
- tyre collection services
- incentive payment for processing and tyre-derived product manufacture
- research and development grants
- monitoring of the scheme by Ministry for the Environment (this is set at 0.48% of the fee)

This ensures environmentally-sound outcomes and a clear chain of custody.

The Scheme Manager, through the PSO, will report to the Ministry for the Environment on progress. It will also publish reports showing progress against the objectives.

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Mission

Improve the value for end-of-life tyres in cost-effective and environmentally-sound ways.

Guiding principles

The four guiding principles of Tyrewise set out the common values the tyre supply chain must demonstrate to achieve the intentions expressed in the mission statement (above) and the objectives (following). Collaborative efforts with all stakeholders will enable success.

The guiding principles are:

- To be collaborative
- To be economically effective
- To be environmentally sound
- To operate according to best practice

Principles and Expectations for all stakeholders in Tyrewise

Stakeholders in respect to their roles:

- 1. Must operate with transparency and accountability providing accurate and truthful information about their eligible tyres at point of import (size, weight, type and other identifying factors).
- 2. Must comply with all applicable laws, regulations and standards relevant to eligible tyres.
- 3. Abide by the Health and Safety At Work Act.
- 4. Treat each other with respect, dignity, and fairness, and resolve conflicts in a professional manner.
- 5. Must ensure proper end-of-life management for tyres.
- 6. Must participate in corrective action initiatives for the continuous improvement of Tyrewise.
- 7. Must respect and protect the confidentiality of any confidential information obtained through participation in Tyrewise.
- 8. Must provide regular reports on activities and progress towards meeting the objectives of Tyrewise (for collection sites, transporters, processors and manufacturers as agreed in relevant service level agreement).
- 9. Must promptly report any instances of non-compliance with the Code of Participation to the Code Administrator.
- 10. Should promote behaviour that minimises the environmental impact of managing tyres throughout their lifecycle.
- 11. Should encourage uptake of use of Tyre-Derived Products as a domestic resource
- 12. Should collaborate and co-operate with other stakeholders to share knowledge, best practice, and innovative ideas that can lead to more effective product stewardship outcomes for end-of-life tyres.

Objectives

The objectives are applicable to all Registered participants. They set out what Tyrewise will achieve (i.e., what difference the scheme will make to New Zealand and New Zealanders) and the measures we will use to show the scheme is on track. In addition, these objectives describe specifically what this Code of Participation should achieve.

The objectives are aligned to the following areas:

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- Transparent and accurate reporting of tyre movements and financial transactions (waste tracking and payment systems) including:
 - Increased transportation efficiencies including the reduction of greenhouse gas emissions Innovative;
 - cost-saving transportation methods and a fair and competitive process
- Tyre transportation volumes
- Take-back service (tyre collection network)
- Tyre processing volumes
- Accurate budget estimation, spending, and forecasting
- Market growth and investment strategy
- Participant awareness and satisfaction
- Compliance and audits

More details for each objective, including targets, timeframes, and monitoring targets for each objective can be seen in Appendix A.

What is our role and what do we do?

The Tyrewise Scheme Manager is responsible for establishing and managing an effective and efficient process for end-of-life tyre collection and processing network, including collection and transportation of end-of-life tyres directly to a processor in a manner that will deliver the most cost effective and environmentally sound outcomes to the scheme.

We will secure and manage a national collection network that includes generators of end-of-life tyres and public collection sites. We will negotiate regional service level Agreements for the transport of end-of-life tyres from generators and collection sites to processors ensuring that end of life tyres are transported directly to a processor.

We will monitor that timely collection of end-of-life tyres is occurring within the collection network and ensure that all retailers and tyre generators can adhere to standards related to storage of end-of-life tyres on their site. The Tyrewise app provides us with this level of oversight with mechanisms in place to monitor against these standards.

We are required to report on this supply chain performance and how the scheme is meeting the goals and objectives quarterly.

In addition, we are responsible for working with the whole tyre supply chain to develop a market growth and investment strategy that will guide investment in our domestic market to enable all end-of-life tyres to be used as a domestic resource.

More on the role of the Tyrewise Scheme Manager can be found in the Accountability Section.

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What your role is and what you should do?

Roles (You can have	What that means	Act in accordance with	the scheme
more than one role)	what that means	What you'll do	Fees and Incentives
Tyre Importer (Liable Party)	You import regulated tyres for sale in New Zealand - New tyre importers - Used tyre importers - New vehicle importers - Used vehicle importers	You must register with Tyrewise. You will be required to supply data directly to Ministry for the Environment and/or Tyrewise for auditing and compliance. NZ Customs Services will provide your import data to Ministry for the Environment for billing. Upon receipt of the invoice, you will correct any import information that would lead to incorrect declaration of regulated tyres imported that have been used to calculate the Fee.	You will pay a Tyre Stewardship Fee for all imported regulated tyres, whether loose or attached to a vehicle. You will pass this fee transparently through the supply chain such as your wholesaler / retailer network.
Tyre Manufacturer (Liable Party)	You manufacture regulated tyres in New Zealand for sale in New Zealand	You must register with Tyrewise. You are required to supply data directly to Tyrewise for auditing and compliance and for Tyrewise to provide data to Ministry for the Environment for payment of the Tyre Stewardship Fee.	You will pay a Tyre Stewardship Fee per Equivalent Passenger Unit (EPU) for all tyres manufactured for sale in New Zealand. You will pass this fee transparently through the supply chain such as your wholesaler / retailer network.
Generator / Fitter	You are a large user of tyres (e.g. fleet operator), and your tyres are replaced on-site. Or You are a seller / fitter who takes old tyres when fitting new ones.	You must register with Tyrewise. You will use the tyre tracking web-based application so that Registered Transporters can pick up tyres from you. You may be required to supply data directly to Ministry for the Environment and/or Tyrewise for auditing and compliance.	As the user of the tyres, you will absorb the Tyre Stewardship Fee from the Importer when you buy new tyres. Tyrewise will pay for collection of your end-of-life tyres. You will not pay additional fees for disposal of old tyres.

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Roles (You can have	Miles that makes	Act in accordance with	the scheme
more than one role)	What that means	What you'll do	Fees and Incentives
Tyre Retailer Read the Retailer Handbook in the Tyrewise toolbox - Tyrewise for specific information for tyre sellers.	You are a tyre retailer who takes old tyres when you sell new ones.	You must register with Tyrewise to enable free collection of end-of-life tyres. The registration process will seek evidence of compliance with any local bylaws and consents relevant to your location / operation including compliance with the National Environmental Standard for outdoor storage for tyres (if applicable). You must accept the use tyres from your customers when replacing with new tyres for free. You will use the tyre tracking web-based application so that Registered Transporters can reconcile tyres picked up from you. You may be required to supply data directly to Ministry for the Environment and/or Tyrewise for auditing and compliance.	You will pass on the Tyre Stewardship Fee charged to you by the importer to your customers when selling new tyres. You must transparently declare this fee on the point-of-sale receipt to your customer. Tyrewise will pay for collection of your end-of-life tyres. You may not charge additional fees for disposal of old tyres.
Collection Site	You are a place where the public (consumers) can drop off unwanted tyres (such as a transfer station or community recycling centre). Collection sites are for public use only.	You must register with Tyrewise to have tyres collected for free. You act as an aggregation point for tyres dropped off by public. Your will be published as a Registered Collection Site once registration conditions have been met which includes a site audit to evidence compliance with any local bylaws and consents relevant to your location / operation including compliance with the National Environmental Standard for outdoor storage for tyres (if applicable). The public can drop off up to 5 tyres at any one time. You will use the tyre tracking web-based application so that we can record what tyres Transporters pick up from you.	Collection sites are paid a nominal service fee by Tyrewise to act as aggregation points for tyres to be collected from the public only. Payments are on a sliding scale (very busy sites would get paid more than small sites).

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Roles (You can have	Miles Alexander	Act in accordance with	the scheme
more than one role)	What that means	What you'll do	Fees and Incentives
Transporter	You collect tyres from Generators and/or Collection Sites and transport (deliver them) to Registered Processors.	You must register with Tyrewise to be paid. You are responsible for the timely collection of tyres and transport of these tyres to processors. If you aggregate tyres during transport, this will include compliance with any local bylaws, consents, and the National Environmental Standard for outdoor storage for tyres (if applicable). You will use the tyre tracking web-based application that will track pick up and drop off volumes that will be verified by the receiving processor.	You must provide Tyrewise a price list for your services upon request and/or as part of a competitive tender process Tyrewise pays you for the tyres you deliver to a Registered Processor. Payment can be directly from Tyrewise or through another commercial arrangement.
Processor	You transform the tyres in some way so that they can be put to end-use.	To be paid you must register with Tyrewise, complete the registration onboarding process and then go through an approval process before you can be a Registered Processor. That process includes evidence of compliance with any local bylaws and consents relevant to your location / operation, including compliance with the National Environmental Standard for outdoor storage for tyres (if applicable). You will be offered a Service Level Agreement, which will include the evidence of a financial assurance instrument in place should the business close (which covers the cost of clean-up of site and delivery of any ELTs to an alternative Registered processor upon closure). You will use the tyre tracking web-based application which will track volume you receive and to track the tyre-derived products you supply to Registered Manufacturers (end users). To receive payments from Tyrewise you can only sell to a Registered Manufacturer (end user); if exported the Manufacturer must have completed the Foreign End Market Verification. Your data and reports may be subject to audit by Tyrewise or Ministry for the Environment to ensure the payments are being made correctly.	Tyrewise arrangements transport of the volume and type of waste regulated tyres you need through a network of Registered Transporters. In addition to what you earn from selling your products to your customers, Tyrewise may make an incentive payment for product produced by type, according to the Tyrewise Incentive Schedule.

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Roles (You can have	NATIONAL AND	Act in accordance with	the scheme
more than one role)	What that means	What you'll do	Fees and Incentives
Manufacturer (End User)	You purchase Tyre-Derived Products from a Registered Processor to use in your business (such as for fuel or as an ingredient for a new product).	If you receive Tyre-Derived Product (TDP) or Tyre-Derived Fuel (TDF) you must register with Tyrewise and complete the registration onboarding process and become a Registered Manufacturer. That process includes evidence of compliance with any local bylaws relevant to your location / operation. Depending on type of recycled rubber product manufactured, you may be offered a Service Level Agreement which will include the evidence of the % of recycled rubber content used You may need to use the tyre tracking web-based application to evidence receipt of Tyre-Derived Products by type from the Registered Processor. You will need to provide Tyrewise with evidence of what you use the Tyre-Derived Products for - this is because it affects the incentive payment made to you by Tyrewise. If you use tyre-derived products in playing surfaces such as synthetic turf, playgrounds, or other sport applications you must meet a quality standard set by the PSO and in accordance with the Regulations to reduce risk of harm to the environment and human health.	Tyrewise may pay you an incentive payment for the Tyre-Derived Product you use in manufacturing depending on the type of product, and that it is based on eligible sale to the domestic market, and in accordance with the Tyrewise Incentive Schedule. No incentive payment is made for exported product.
Consumer	When you buy new tyres, you need to get rid of the old ones. OR You may have old tyres for other reasons that you need to get rid of.	Tyre retailers and garages (we call these Generators) will keep your old tyres when you replace them with new ones. You can drop them at a public Collection Site for free (limit of 5). Landfills or transfer stations that are not Registered Collection Sites will no longer accept end-of-life tyres.	You will pay a Tyre Stewardship Fee when you purchase new tyres. This means the cost of recycling the tyre at end-of-life is built into the price of the new tyre. The fee must be transparently disclosed to you on the point-of-sale docket. You cannot be charged any additional environmental or disposal fee for your old tyres. From 1 September 2024, you only pay the Tyre Stewardship Fee, ad hoc disposal fees must cease.

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Acting in accordance with Tyrewise (the scheme)

Acting in accordance with Tyrewise means abiding by the written policies and procedures of the Scheme, which relate to the services delivered, all applicable statutes, regulations and other laws.

In addition, the Ministry for the Environment (the Ministry) and the PSO (ASNZ as Recipient of the Fee) have a Deed of Delivery, which describes how the Tyre Stewardship Fee can be used and sets out the requirements the Scheme Manager must meet and report against.

This Deed of Delivery is part of the contractual arrangements between the PSO and the Crown, which is legally enforceable. This includes meeting the objectives of Tyrewise. Some obligations found in the Deed of Delivery will be also found in agreements with Registered participants, based on their respective responsibility to contribute to the objectives for Tyrewise.

This Code of Participation sets out in summary what acting in accordance with the regulated scheme means.

1. Who this Code of Participation applies to

It applies to all people involved in Tyrewise.

Specifically, liable parties and Registered participants that receive services from or are paid by Tyrewise are required to sign the Code of Participation upon joining the scheme. It is a condition of registration with Tyrewise that participants undertake to abide by this Code of Participation.

2. Objectives of this Code of Participation

- That the guiding principles of Tyrewise are upheld (to be collaborative, economically effective, environmentally sound and to operate according to best practice).
- To be clear about who is responsible for what activity or transaction.
- To improve the value for end-of-life tyres in cost-effective and environmentally sound ways.
- To provide clear information to household and business consumers on how Tyrewise participants are held to account.
- To demonstrate a transparent chain of custody for collected and processed materials, to both onshore and
 offshore processors, and publish mass balance data showing rates of reuse/ recycling or environmentally sound
 disposal of the priority product.

3. Ethical Representation of Tyrewise

Liable parties and Registered participants in Tyrewise commit to upholding the highest standards of integrity and transparency.

We expect liable parties and Registered participants to agree to engage in fair competition and respect the business relationships of others. This includes refraining from any actions that may be perceived as soliciting or enticing customers away from competitors through unethical means. We commit to fostering an end of life tyre stewardship marketplace underpinned by integrity and mutual respect, upholding the values of our brand and the trust that comes with use of public funds.

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4. Legal Disclosure

Disclose any legal matters (if any) that may impact on your eligibility as a liable party or Registered participant.

This includes, but not limited to any pending litigation, regulatory investigations, or compliance issues, civil, criminal, statutory offence or administrative proceedings.

The participant must provide written notice to ASNZ of any such matters promptly upon becoming aware of them.

5. Monitoring, Review and Amendments

This Code of Participation may be amended from time to time. It is a controlled record and version changes are documented on the Code Administration page. Any printed, unsigned copy of this Code of Participation is an uncontrolled record. Any interested party may refer comments and proposals for amendment to this Code of Participation to the Code Administrator.

The Scheme Manager will routinely monitor participants to ensure they understand their responsibilities under the Regulation, scheme accreditation and against policies and supply agreements for services. Monitoring may include (but is not necessarily limited to) reviewing data, undertaking site visits, and reviewing third-party information.

6. Data Collection and Protection

The Scheme Manager collects information and manages it to inform future policy and processes. This ensures Tyrewise continuously improves. This information is captured when we speak to participants, users, stakeholders, attend meetings with industry groups, conduct site visits and receive requests for funding applications and through activities related to the collection, transport, processing and end use of end-of-life tyres.

All information the Scheme Manager handles is managed confidentially. Our privacy and data protection policy can be found on www.tyrewise.co.nz.

All Registered Tyrewise Partners which are public collection sites, tyre collectors, processors and manufacturers will be listed on the Tyrewise website as their registration is complete.

7. Complaints and Dispute Resolution Procedures

Any person may refer a complaint against a signatory to this Code of Participation to the Code Administrator. The complaint shall be in writing and shall be addressed to the Code Administrator.

The Code Administrator will seek resolution of any complaint. If the complaint is not resolved in a manner acceptable to the Complainant, the Code Administrator shall:

- refer the complaint to the Chair of the PSO (ASNZ) via info@autostewardship.org.nz, with a summary of the nature of the complaint and, where appropriate, general reasons for that outcome; and
- inform the Complainant that the matter has been referred to the Chair and advise generally of the procedure which follows.

All complaints are documented and presented clearly to facilitate appropriate action. They will be reported by the Code Administrator to the Chair and a summary will be made available to Ministry for the Environment, in accordance with the reporting obligations covered in the Deed of Delivery.

In the case of a complaint against a Registered participant, failure of the participant to rectify a complaint in accordance with the Code Administrator and PSO requirements may result in expulsion of the participant from Tyrewise. This will

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remove their ability to collect, transport or process end-of-life tyres and withdraw any permission to use the Tyrewise logo and branding. Any other legal rights of Tyrewise and ASNZ as the PSO will be preserved.

Complaints that will immediately be referred to the Chair of the PSO (ASNA) are those that typically involve serious issues that require higher-level intervention. Here are some examples:

Legal Violations: Any complaints regarding illegal activities, such as harassment, discrimination, or financial misconduct

Mismanagement: Concerns about the Scheme Manager or Registered Participants actions that may harm the scheme such as mismanagement of funds or unethical behaviour.

Policy Violations: Complaints that indicate a breach of policies or ethical standards if they involve significant risks to the Scheme.

Strategic Concerns: Complaints that impact the PSO or Scheme's strategic direction or reputation.

8. Reporting

Tyrewise will ensure transparency by communicating openly and honestly with all stakeholder groups, including:

- Ministry for the Environment
- Product Stewardship Organisation (Auto Stewardship NZ) Trustees
- Vehicle and loose tyre importers
- Wholesalers and retailers
- Consumers
- All other Registered scheme participants, eg Collection Sites, Transporters, Processors, Manufacturers (End users)

9. Rules for use of the Tyrewise brand

Scheme participants must adhere to the following rules when using the Tyrewise logos and trademarks:

- (a) The Tyrewise Registered Partner logo is available for Registered scheme participants to use on their website or in marketing material.
- (b) The master versions of the Tyrewise logo are held by the Scheme Manager.
- (c) Adhere to the Tyrewise Brand Guidelines when using the logo. This means you may only use the master artwork when using the Tyrewise logo. Never recreate the logo or alter it in any way.
- (d) Do not shorten, abbreviate, or create acronyms out of the Tyrewise trademark.
- (e) Do not display the Tyrewise logo in any manner that implies a relationship or affiliation with, sponsorship, or endorsement or that can be reasonably interpreted to suggest editorial content has been authored by or represents the views or opinions of Tyrewise or any scheme participant.
- (f) Do not display the Tyrewise brand in a manner that is misleading, unfair, defamatory, infringing, libellous, disparaging, obscene or otherwise objectionable to Tyrewise or individual scheme participants.

If you have any questions about the use of the Tyrewise brand or logo, please contact the Tyrewise marketing team at marketing@tyrewise.co.nz

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10. Tyre Stewardship Fee

Information specific to tyre sellers and how to display the fee on invoices can be found in the retailer handbook in the Tyrewise toolbox section - For Tyre Sellers <u>Tyrewise toolbox - Tyrewise</u>

How and what the Tyre Stewardship Fee can be used for is specified in the regulations, and further defined in the Deed of Funding between the Crown and the PSO.

It is to cover the cost of future stewardship of the tyre on which the fee is paid. It shifts the cost burden of managing an end-of-life tyre from disposal to the point of purchase. The fee is initially paid by the Importer and then passed on through the supply chain by the seller to the customer. At each point of sale, the fee must be transparently declared on the invoice. The fees are outlined in <u>Schedule 2 of the Regulations</u>. The Tyre Stewardship Fee is considered a service payment and therefore GST applies to the fee outlined in the Regulations.

According to the Regulations, the fee will be used to cover the following activities:

- monitoring performance of the scheme by Ministry for the Environment
- management of the scheme (Tyrewise)
- tyre collection services (take back service)
- incentive payment for processing and tyre-derived product manufacture for the domestic market
- research and development grants

10.1 Monitoring Performance of the Scheme

Compliance Monitoring and Enforcement

Waste Minimisation (Tyres) Regulations 2023

The Ministry for the Environment is responsible for monitoring compliance with the regulations and enforcing obligations under the Waste Minimisation Act 2008. Further information can be found at Compliance monitoring and enforcement of the Waste Minimisation Act 2008.

The Tyrewise Scheme Manager will support the Ministry in helping scheme participants understand their responsibilities under the regulations.

Tyrewise Scheme Manager

Under the Regulations, the Tyrewise Scheme Manager must—

- (a) provide, or arrange for others to provide, a take-back service for waste regulated tyres; and
- (b) collect, and provide to the Secretary for the Environment, information about the requirements for the take-back service imposed by this regulation.

Tyrewise will have a Service Level Agreement with its service providers, which will outline which information should be collected and provided to the Secretary for the Environment. In addition to this, the Tyrewise Code of Participation covers the expectations of all participants acting in accordance with the scheme. The Product Stewardship Organisation (Governance) and the Operator of the Scheme (Tyrewise Scheme Manager) are collectively responsible for the performance of the accredited tyre scheme and are responsible for reporting to the Secretary for the Environment. This relationship is further detailed in a Deed of Delivery Funding Agreement which includes an Operational Delivery Plan.

Site Assessments and Performance Monitoring:

The Tyrewise Scheme Manager will undertake site assessments of all Registered participants (e.g. tyre retailers, collection sites, tyre transporters, and tyre processors) annually. Site assessments will determine whether the participant is meeting the expectations within the Code of Practice to participate in the Tyrewise Scheme and

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performance monitoring against any contractual agreements entered by participants with the PSO to receive payments from the Tyrewise Scheme.

All instances of importers or tyre retailers non-compliance of sale of regulated tyres in accordance with the scheme observed or reported to the Scheme Manager will be escalated to the Ministry for appropriate action under the Waste Minimisation Act 2008.

- Instances of observed breaches of the Health and Safety at Work Act and other non-MfE Acts and Regulations should be referred to the relevant Government or local authorities.
- Instances of not operating within the intent of the Code of Practice or other relevant agreements relating to the operation of the scheme will be managed in accordance with the policies and procedures of the scheme.

Fee Monitoring - Disclosure of the Fee if absorbed by the seller.

The responsibilities of importers/sellers of regulated tyres are covered specifically by the Waste Minimisation Regulation (Tyres) 2023.

The Tyre Stewardship Fee is required to be transparently disclosed throughout the supply chain to the eventual customer; this means that it cannot be included as the cost of the sale of the tyre, that it must be disclosed separately as a service fee.

If the seller of the tyre wishes to absorb the Tyre Stewardship Fee (i.e. not pass it onto the consumer) then they must disclose what the fee would have been, less the value they are absorbing, resulting in either a zero value or subsidised value.

Fee Monitoring - Use of the Fee to gain competitive advantage.

Importers of loose regulated tyres are charged the Tyre Stewardship Fee by the Ministry for the Environment based on accurate application of the tariff item per tyre by the importers Customs Broker/Freight Forwarder. Importers must work with their Customs Brokers/Freight Forwarders to ensure that the correct tariff item is disclosed. NZ Customs has updated information on the correct use of tariff items for tyres on the NZ Customs website.

The Tyre Stewardship Fee charged to the Importer must be transparently passed onto the seller/retailer of the tyre; at no stage in the supply chain can the Tyre Stewardship Fee be modified or adapted, resulting in the seller/retailer gaining commercial advantage in the market.

For vehicles that are potentially road Registered, within a supply chain system such as an importer who has specific distributors for their products, they should make each other aware of where the Tyre Stewardship Fee is being charged and declared to avoid the customer being charged at point of sale and at point of road registration.

Monitoring inventory limits (processors)

A processor will only be permitted to accumulate a total maximum inventory of whole tyres, processed/semi-processed tyres or finished products up to a maximum of six months' worth of sales, or, if applicable, in accordance with the National Environmental Standard for Outdoor Storage of Tyres – whichever is the larger.

The specific inventory limits agreed to and monitored by the Scheme Manager will be in the Service Level Agreement with the Registered Processor. The Scheme Manager, in consultation with the Registered Processor and the PSO, may withhold incentive payments to a Registered Processor that has exceeded their maximum inventory, and/or may redirect supply of end-of-life tyres to an alternative location.

Eligible Sale

Eligible sale is defined as a sale of Tyre-Derived Product or Tyre-Derived Fuel from Registered Processors or Registered Manufacturers to the domestic market as an Arm's Length transaction. A sale refers to the exchange of goods, services, or property for money or money's worth. It involves transferring ownership and title from one party to another in return for a price.

Arm's Length Sale

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An eligible sale is a sale transaction at arm's length where the price is not affected by any relationship between the buyer and seller, or if there is no compensation or reimbursement, other than price. (Ref www.mbie.govt.nz). All sales are intended to be Arm's Length sales.

A non-arm's length sale may be accepted by ASNZ as an Eligible Sale if the Registered Manufacturer proves to the satisfaction of ASNZ that the transaction was done on the same terms and conditions as if the transaction was an arm's length transaction. Examples of transactions that may be impacted are related persons/companies.

Related companies means as defined in section 2(3) of the Companies Act 1993 and without limiting that definition includes a company (Company A) in which another company (Company B) owns a minority interest or a shareholder in Company A holds a minority interest in Company B.

Related persons and Related Companies are deemed not to be dealing with each other at arm's length. Related persons are generally those connected by blood, marriage, or adoption or who otherwise have a commercial relationship.

Survey

Surveys of Registered Participants and stakeholders are intended to be conducted to gauge satisfaction of the services received from or provided to Tyrewise.

10.2 Management of Tyrewise (the scheme)

Product Stewardship Organisation

ASNZ, as the Product Stewardship Organisation (PSO) which governs Tyrewise, must produce the following reports for the Ministry of the Environment:

- Quarterly reporting of collection and processing volumes
- Quarterly reporting of financial performance
- Annual Financial Audit Report (undertaken by a qualified financial auditor separate from the PSO)
- Annual Accreditation Report for a Regulated Product Stewardship Scheme

Scheme Manager

The Scheme Manager is responsible for ensuring the scheme meets its obligations under the Waste Minimisation Act 2008 and the General Guidelines for Product Stewardship Schemes for Priority Products Notice 2020. This includes, but is not limited to:

- Transparent, non-discriminatory and competitive processes for securing services (e.g. collection, sorting, material recovery and disposal)
- Clear, regular and open reporting and communication to scheme participants and stakeholders.
- Managing commercially confidential or sensitive information appropriately.
- Ensuring all people involved in the scheme, including participants, have suitable training to complete their roles and ensure best practice in prevention and reduction of harm to people and the environment.
- Meeting objectives and targets as outlined in the Scheme's accreditation or as agreed to in the Deed of Delivery between ASNZ (the PSO) and the Crown.
- Delivering monitoring activities to help Scheme Participants meet their requirements, uphold its policies and meet accreditation requirements.
- Enacting procedures to ensure proper financial management and accountability within its delegated authority.

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10.3 Take-back Service.

Under the Regulation, Tyrewise must provide, or arrange for others to provide, a take-back service for waste regulated tyres. The take-back service must apply to waste regulated tyres that satisfy criteria for acceptance under the accredited tyre scheme (Tyrewise); and be available to any person, including any consumer or commercial user; and provide a system for tracking the collection of waste regulated tyres; and meet any targets that are set by the accredited tyre scheme (refer Appendix A for detail on targets).

Criteria for acceptance (Tyre Sellers)

A waste regulated tyre (end-of-life) means a pneumatic or solid tyre that is used, or intended for use, on a motor vehicle or an aircraft. They must be free of rims, excessive dirt and debris and water. For collection they must be properly stored.

Accessibility (Public Collection Sites)

In areas where there is low coverage of tyre sellers and generators who retain the waste tyre when they replace it with a new one, Tyrewise will fund public collection sites where consumers can drop off up to 5 tyres at a time for free. The Registered Public Collection sites are paid for their services by Tyrewise based on how busy the site is.

The Public Collection Site Service Level Agreement outlines eligibility for the site and payment schedule agreed to. A Public Collection site must not accept any payment from Registered transporters or Registered processors/manufacturers for access to waste regulated tyres (end-of-life).

In addition, large volumes of waste regulated tyres can be booked through the Tyrewise app (available from 1 September 2024) and arrangements for collection will be discussed.

Tyre Collection Services (Transporters)

Collection of waste regulated tyres is paid for by Tyrewise from 1 September 2024. Tyrewise pays Registered Transporters to collect tyres from Registered public collection sites and tyre sellers/generators in a region, then deliver to the nearest eligible Registered processor with the capability and capacity to accept that end-of-life tyres.

The Service Level Agreement with the Transporter will include rates payable which will include eligible distances to processors' facilities.

Registered Transporter payments will not be paid for any end-of-life tyres delivered to a Registered Processor which were not supplied by Tyrewise through the scheme. Likewise, Processor incentives will not be payable.

Tyre sellers/generators must not seek nor accept any payment from Registered transporters or Registered processors / manufacturers for access to waste regulated tyres.

Tyre Tracking app (Tyre Sellers, Collection Sites, Transporters and Processors)

A centralised cloud based electronic system (Tyrewise app.) is the key element in managing the supply and demand for whole waste regulated tyres, evidencing the movement of whole tyres or Tyre-Derived Products, and providing scheme performance metrics publicly and to the regulator, Ministry for the Environment.

It will also provide an audit trail for the movement of waste regulated tyres.

The electronic system also identifies anomalies and variances that will trigger investigation, and this may result in the delay in payments to Registered Transporters.

Registered Participants agree to use the Tyrewise app. at the direction of the Tyrewise Scheme Manager to enable them to see their available collections from Registered retailers/generators/collection sites and for Tyrewise to track and ensure that collections and drop offs are made only by Tyrewise Registered participants (including export of waste regulated tyres).

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10.4 Incentive Payments (For Processors & Manufacturers)

Use of rubber from end-of-life tyres (purpose of incentive payments)

The mission of Tyrewise is to improve the value for end-of-life tyres in cost-effective and environmentally-sound ways.

Incentives placed on the processing of whole tyres into tyre crumb, chip, powder and Tyre-Derived Fuel; and the subsequent manufacturing of products that utilise those processed products.

Incentives are provided to incentivise domestic manufacturers to use recycled rubber in recycled rubber products to create a stable and sustainable market for Registered Processors and Registered Manufacturers. On that basis, the Processor commits to supplying the whole of the Processor's production of Tyre Derived Rubber Materials to the New Zealand domestic market before giving any consideration to export.

Export of Tyre Derived Rubber Materials by a Processor requires prior approval from ASNZ.

For Processors

Incentives are provided to Registered Processors based on eligible sale of Tyre-Derived Products or Tyre-Derived Fuel in the domestic market and is intended to reduce the expenses of Registered Processors in carrying out recycling activities pursuant to the Tyrewise Scheme. Under no circumstances will Processing Incentive payments exceed the expenses incurred by the Processor to process the particular format of Tyre Derived Rubber Material produced by the Processor and approved by the PSO.

For Manufacturers

Incentives are provided to Registered Manufacturers who purchase eligible Tyre-Derived Products from Registered Processors to use in their business in the domestic market, for example for fuel or as an ingredient for a new product. Incentives are provided to incentivise domestic manufacturers to use recycled rubber in recycled products to create a stable and sustainable market for Registered Processors and Registered Manufacturers. Under no circumstances will Manufacturing Incentive payments exceed the Expenses incurred by the Manufacturer to produce the particular format of product manufacture

Incentive Schedule

The Incentive Schedule is published on the Tyrewise website www.tyrewise.co.nz and is reviewable annually through a process which includes consideration by the respective Technical Advisory Group, or when a new product enters the market for which an incentive has not yet been agreed. Where adjustments are determined appropriate, the changes will be communicated to Registered participants in a timely fashion.

There are no planned increases of funding to be made available to fund the incentive schedule within the term of the current Deed of Delivery (1 March 2024 - 28 February 2031). The PSO reserves the right to change incentive levels within the incentive schedule at any time when necessary for the viability of Tyrewise or to achieve key scheme objectives. This will be done in consultation with, and with as much notice as possible, to affected parties. The PSO reserves the right to change incentive rates at any time, when necessary for the viability of Tyrewise or to achieve key scheme objectives.

The Service Level Agreement with the Registered Processor or Registered Manufacturer will include the incentive rate agreed, the period of time agreed to, and the consultation process for any change.

ASNZ Policy - Tyrewise Incentive Schedule Review (26-1-7 PD) refers.

End market verification.

All stakeholders in the supply chain need assurance that tyres and Tyre-Derived Product (TDP) which leave our shores do not cause environmental or social harm at their destination. Those that export end-of-life tyres or tyre-derived products offshore are required to gain independent verification that the end of their supply chain is operating as legally and responsibly as we do in Aotearoa New Zealand. This end market verification is paid for by Tyrewise, in accordance with the Service Level Agreement signed between parties.

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10.5 Grants

Contestable grant funding will be available from April 2025. The intention is that this supports the domestic market to move from use of Tyre-Derived Fuel to higher value Tyre-Derived Products and Materials over the first 7 years of operation. These grants may be a % of that requested or may cover the full request, this is entirely dependent upon evaluation of the application and highest need/highest value to New Zealand supporting the mission and vision of Tyrewise. Grants will be subject to availability of funds collected from the Tyre Stewardship Fee.

A Market Growth and Investment Strategy will be developed by 31 August 2025 to ensure that any investments improve upon the national tyre management network. It will detail the proposed expansion of Aotearoa New Zealand's end-of-life tyre market from the status quo to a robust national network and domestic economy.

Research & Development & Emerging Markets

Funds available by application, to support a range of activities including market development (ie investment in system that enables processing of mining tyres), support new product development investment.

Community Development & Infrastructure Investments

To support local employment / community initiatives which include the use of end-of-life tyres, likely to be used in remote areas where pre-processing of whole tyres advantages the scheme.

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Code Administrator

The Code Administrator is:

Scheme Manager Tyrewise

info@tyrewise.co.nz 0800 897 394 | +64 6 762 7235

c/- PO Box 1216 Hastings 4156 Hawkes Bay New Zealand

www.tyrewise.co.nz

The Code Administrator is responsible for:

- Reviewing the Code of Participation
- Consulting with affected parties when material changes are made to the Code of Participation
- Administering the Code of Participation
- Reporting on its effectiveness

Date	Description of changes and person responsible for making the changes
10 July 2023	Internal working drafts, required to support implementation activity. Tyrewise
	implementation project manager, ACR
29 Jan 2024	Example copy released to Tyrewise website for information purposes. Tyrewise
	implementation project manager, ACR
26 March 2024	Onboarding Tyrewise Scheme Participants, updated Regulators Compliance, Monitoring &
	Enforcement section, Index, eligible sale definition. Tyrewise Scheme Manager, ACR
01 September 2024	Updating language regarding incentives and eligible sale to reflect SLAs, reformatting flow
	of document. Removed references to activities prior to 1 September 2024. Tyrewise
	Scheme Manager, ACR.
25 September 2024	Addition of 3. Ethical Representation of Tyrewise, 4. Legal Disclosure, and updated
	Complaints Process.
	10 July 2023 29 Jan 2024 26 March 2024 01 September 2024

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Acknowledgment of receipt of Code of Participation

I acknowledge that I have received this Code of Participation and have had the opportunity to discuss it with the Tyrewise Scheme Manager representative.

If I have questions regarding this Code of Participation, I will contact the Code Administrator above.

I understand that the Code of Participation can be updated, upon which time I will receive notification there is an updated copy.

A copy of my signed acknowledgement may be provided to the Ministry for the Environment as part of the Scheme Manager's reporting responsibilities.

Tyrewise Registration Number	Added by Tyrewise when issued
Company Name	
Trading Name (if different)	
Authorised Signatory Name	
Signature	
Date of signing	
	 ·

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Appendix A – Tyrewise Objectives, Targets, Timeframes and Monitoring

These objectives are applicable to all Registered participants. They set out what Tyrewise will achieve (i.e., what difference the scheme will make to New Zealand and New Zealanders) and the measures we will use to show the scheme is on track. In addition, these objectives describe specifically what this Code of Participation should achieve.

Objective Describe the tangible outcomes your scheme is trying to achieve	Target Measurable values that show progress towards objective	Timeframe Realistic and achievable timeframes	Monitoring targets Describe how you will measure and monitor the targets
Transparent and accurate reporting of tyre movements and financial transactions (waste tracking and payment systems).	The Scheme Manager will effectively manage the Tyrewise software (waste tracking tool) which is made up of the waste tracking system and the scheme participants payment system to: a. Provide a high-quality service to users. b. Record information about mass balances including materials flow from collection to reuse. c. Transparently provide this information to the Ministry and the Public (in aggregated form if required to protect commercially sensitive information).	Baseline measurement is nil. First year of the scheme the public dashboard is available which is a graphical representation of ELT movement through the supply chain from collection to processing updated at the end of each working day. The first quarterly report will have been delivered fulfilling reporting requirements by the scheme to the Crown. Through the balance of the accreditation period (7 years) high quality standards of data collection and reporting should be maintained.	The use of the dashboard will be evidenced by website analytic reports. Use of recorded data about mass balance information including materials flow from collection to reuse (and the associated payments) will be used support Objective 1, 4, 5 & 6 including the shift in volume from TDF (low value use on the waste hierarchy to TDP (manufactured products at the top of the waste hierarchy).
2. Tyre transportation volumes	Registered tyre transporters will transport via established <u>but Registered</u> collection networks (e.g., tyre retailers, transfer sites and generators) and/or new Registered collection services (e.g., community collection centres). Registered tyre transporters will deliver ELTs to Registered tyre processors.	Baseline is nil. First year of the scheme more than 17,000 tonnes of ELTs will be delivered to Registered processors by Registered transporters. By year seven of the scheme, more than 60,000 tonnes of ELTs will be delivered to Registered processors by Registered transporters (based on projections used for the Financial Model Nov 23)	Measurement is via the Tyrewise app and scheme participants payments system records actual volumes transported and actual payments made for transport. The public dashboard runs off the Tyrewise website giving a graphical representation of tyres transported through to processing updated at the end of each working day.

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3. Take-back service (tyre collection network)	Nationwide collection sites, being both existing established services (e.g., tyre retailers, transfer sites and generators) will receive tyres from their own activities / services provided to customers, and new collection services (e.g., community collection centres), will receive tyres from consumers at up to 5 tyres per visit. This is to provide a free and accessible take-back service. All tyres received by collection services will enter the scheme via Registered transporters (as specified in Objective 2).	First year of the scheme By 1 March 2024 the scheme will have Registered all tyre retailers who are taking back end of life tyres – expected to be more than 6,000. By 1 September 2024, all sites will be Registered, and an accurate baseline measurement will be reported that will constitute baseline national coverage. Forecast year one risks of tyre leakage down- stream is said to be 10% of tonnage available to Tyrewise (6,200 tonnes). By year seven of the scheme risks of tyre leakage down-stream of collection sites will have been managed to 5% of tonnage available to Tyrewise (3,100 tonnes).	Tyrewise will quantify the number of tyres received at collection sites for the purposes of: • Future market analysis (Obj. 6) Identifying and reconciling tyre leakaged down-stream of collection (refer to Risks and Mitigations). Annual reporting that demonstrates nationwide free and accessible takeback service.
4. Tyre processing volumes	Fee incentive payments will be made to Registered tyre processors to support the processing of tyres into tyre-derived products (TDP) or tyre-derived fuel (TDF).	Baseline is nil. During the first year of the Tyrewise scheme incentive payments for more than 14,000 tonnes of tyres into Tyre-Derived Products / fuel (TDP or TDF) will have been paid out. By year seven of the Tyrewise scheme incentive payments for more than 60,000 tonnes of tyres into Tyre-Derived Products / fuel (TDP or TDF) will have been paid out annually.	

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5. Accurate budget estimation, spending, and forecasting.

Costs of recoverable activities under Tyrewise per EPU cannot exceed the Tyre Stewardship Fee set at \$6.65/EPU.

The PSO will report on budget spends to support annual operational costs and develop future annual budgets demonstrating how and where the Fee will be spent in successive years of the scheme to support the mission statement of Tyrewise "Improving the value for end-of-life tyres in cost effective and environmentally sound ways."

For year 1 the ratio of expenditure / EPU is forecast to be:

PER EPU data	\$ 6.65	%
Year	1	1
Governance	\$ 0.18	3%
Enforcement	\$ 0.04	1%
Management	\$ 0.34	5%
Promotion/education	\$ 0.32	5%
Collection Payments	\$ 0.08	1%
Transport Payments	\$ 3.61	54%
Processing Payments	\$ 1.49	22%
R&D and Community Developmen	\$ 0.60	9%
	\$ 6.65	100%

By Year 7 with market stabilisation, efficiencies and investment in market infrastructure the ratio

of expenditure / EPU is forecast to be:

PER EPU data	\$ 6.65	%
Year	7	7
Governance	\$ 0.17	3%
Enforcement	\$ 0.04	1%
Management	\$ 0.32	5%
Promotion/education	\$ 0.15	2%
Collection Payments	\$ 0.08	1%
Transport Payments	\$ 3.57	54%
Processing Payments	\$ 2.16	32%
R&D and Community Developme	\$ 0.17	3%
	\$ 6.65	100%

*Source Financial Model – Nov 2023

Future budgets shall be formally captured in an annual Variation [of the Deed of Delivery between the Crown and the PSO] to be developed towards the end of Year 1.

6. Market Growth and Investment Strategy.

Tyrewise will work towards the future development (i.e., Years 2+) of a Market Growth and Investment Strategy to ensure that any investments improve upon the national tyre management network. It will detail the proposed expansion of Aotearoa New Zealand's end-of-life tyre market from the status quo to a robust national network and domestic economy *

Year 1 activities include:

- Measurement of baselines to track progress from the status quo.
- All assessments and reports to the Ministry should consider how Tyrewise plans to use the information collected by the Scheme to continue to grow New Zealand's ELT market, so as to be formally captured in the

Delivery of the Market Growth and Investment Strategy.

Tracking against the vision for the robust domestic economy for end of life tyres as expressed during the scheme design process and captured in the Tyrewise Business Plan – Nov 23.

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	*Reference the Tyrewise Business Plan – Nov 2023 for detail on the envisaged domestic economy.	Market Growth and Investment Strategy in future years of the Scheme's operations. Tyrewise will receive applications and proposals for market development grants such as R&D grants, community or infrastructure investments, though no grants will be offered in the first year and any grants subsequent to the first year will be subject to availability of funds collected from the Fee.	
7. Participant awareness/satisfaction:	Survey (intended to be conducted annually) will be conducted across all Registered participants and stakeholders to gauge satisfaction of the services received from or provided to Tyrewise (e.g., the waste tracking system, incentive payments). This survey(s) should also clarify the capabilities, sentiment, and make-up of the regulated community.	Baseline awareness/satisfaction measurement nil. By the end of the first year of the Tyrewise Scheme initial survey conducted which will cover 6 months of operations (from 1 September 2024 to 28 February 2024). This will be used to establish a baseline for each community of Registered participants.	Surveys continue to demonstrate an upwards trend in awareness/satisfaction measurements against the baseline established in the first year.
8. Compliance and audits.	Robust compliance processes will be established to mitigate risks. Annual audits of any Registered participant of the scheme that undertakes tyre movements (e.g., tyre retailers, collection sites, tyre transporters and tyre processors) will be conducted to ensure that Registered participants comply with the Waste Minimisation (Tyres) Regulations 2023, policies of Tyrewise such as the Code of Participation and any local bylaws and relevant National Environment Standards.	During the first six months of the Tyrewise Scheme from 1 March 2024 to 31 August 2024, compliance processes in draft will be firmed up as they are put in place in readiness for operational launch 1 September 2024. By year seven compliance reports should be by exception after seven years of scheme operations.	Identified non-compliance with tyre importers loose and on vehicles (sale not in accordance with the scheme) are expedited to the regulator (MfE) through an agreed process. Quarterly compliance reports show gradual reduction of non-compliance as regulated participants engage with Tyrewise.

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