

PUT THE BRAKES ON TOXIC TYRES

Michelin – They Sell Rubber Not Performance!

Dave West & Anthony Lazzaro, 16th June 2014

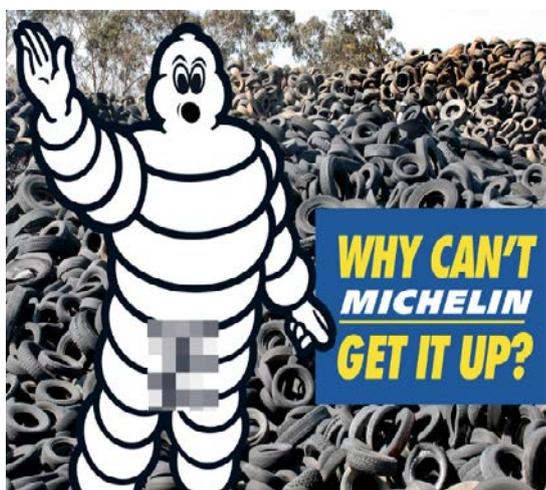
This preliminary report is prepared by Boomerang Alliance as part of our ongoing investigations and surveillance into illegal and dangerous practices by some tyre retailers.

The report summarises our findings regarding the waste tyre practices of the Michelin branded tyre retail franchise; TYREPLUS. Based on the information collected, it is our opinion that:

- Michelin retailers are amongst the worst waste managers in the tyre trade; with many TYREPLUS stores ignoring their environmental responsibilities. 57% of TYREPLUS and Advantage tyre stores are not using a legitimate tyre recycling service.
- Many of these collectors are well known rogue operators who have been penalised by EPA's and are associated with illegal dumping activities, suspicious tyre fires and smuggling into S.E. Asia.
- The Michelin and TYREPLUS websites carry false and misleading claims and when approached by prospective customers a number of stores lied about their waste management arrangements. Subsequently, Boomerang Alliance will be reporting Michelin to the ACCC for making false and misleading environmental claims.
- In contravention of both the Tyre Stewardship Australia guidelines, warnings by the NSW EPA and repeated offers of assistance, Michelin is one of the few retail tyre chains operated by a major tyre manufacturer who refused to ensure their retail outlets responsibly manage their waste.

Recent actions by the NSW Government (including the NSW Tyre Summit in November 2013, hosted by former Environment Minister Robin Parker) and changes to waste tyre regulations by the Victorian Government highlight concerns about the current industry practices and commitment to reforming dangerous and illegal activities.

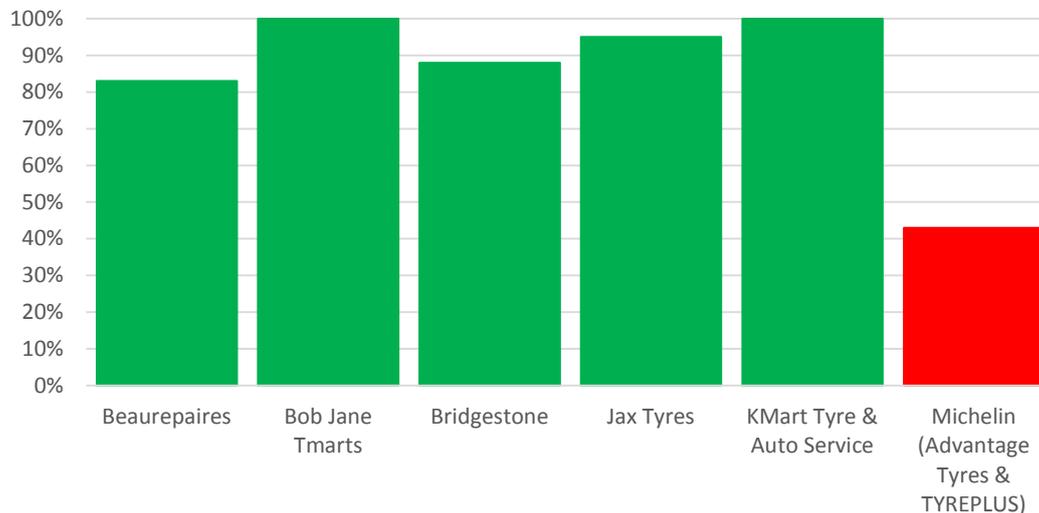
Similarly, leading tyre retailers like Beaurepaires, Bob Jane T-Marts, Bridgestone, Jax Tyres and Kmart Tyre and Auto have risen to the challenge by committing to legitimately recycling 100% of the tyres they remove from vehicles. If these responsible tyre companies are able to perform so well the question needs to be asked ...



... WHY CAN'T MICHELIN GET IT UP?

Despite a number of misleading public claims, Michelin has no enforceable standards to ensure their stores do the right thing by the environment or their customers. As a result Boomerang Alliance found that nearly half of all TYREPLUS stores are not managing waste tyres in the manner they claim; many of whom are simply using rogue operators to dump their waste tyres - it seems that Michelin don't care that their tyres are ruining our environment and jeopardising the health and safety of thousands of Australians.

% of Tyre Stores Recycling: Michelin Vs Responsible Dealers



SUMMARY OF MICHELIN ISSUES:

Issue	Commentary
Recycling waste tyres	Of the 103 TYREPLUS and Advantage Tyre stores investigated only 43% were using a legitimate tyre recycler.
Legal Compliance	30% of TYREPLUS stores investigated were using waste operators who were unlicensed and/or non-compliant with their licensing conditions.
Waste Dumping	17% of Michelin stores investigated were found to be using known illegal dumpers.
Baling and Smuggling	25% of Michelin stores investigated were sending to facilities that export to Vietnam to be smuggled into China.
Misleading Customers	3 stores were dishonest in explaining the fate of their tyres to a prospective customer. Information regarding waste management and environment practices on both the Michelin Australia and TYREPLUS websites was at best green wash, at worst an outright lie.

OUR INVESTIGATION:

Over a number of months Boomerang Alliance has been investigating both the legitimacy of supposed tyre recyclers and their connections to leading tyre retailers. These investigations have included: surveillance of some 40 tyre recycling operations (both legitimate and illegitimate), inspecting around 70 dump sites, tracking rogue operators' trucks to identify the retailers using them, and mystery shopping to understand retailers' disposal practices. Legitimate tyre recyclers across the country also provided their customer lists to Boomerang Alliance on a confidential basis to allow us ascertain which brands are ignoring their responsibilities. The appalling performance levels outlined by this information led Boomerang Alliance to take a close look at Michelin's exclusive franchise network, TYREPLUS.

MICHELIN'S IRRESPONSIBILITY

Michelin stores have strong associations with rogue waste collectors. For example our investigations have shown that at least 7 TYREPLUS stores are using collectors associated with illegal dumping. Many of the dump sites identified represent a direct threat to community safety.

Our investigations highlight that there are literally hundreds of dump sites (both in the bush and at abandoned industrial sites) across Australia, with well in excess of 20million illegally dumped tyres polluting the country.

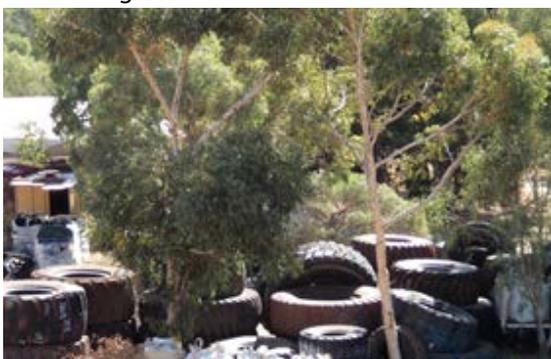
Examples of illegal dumps associated with retailers such as TYREPLUS who avoid paying legitimate disposal fees to save as little as 20¢ per passenger tyre:



Over 150,000 tyres were dumped in this rural site at Singleton NSW



This illegal dump site in Stawell Victoria is thought to be the largest in the world.



One of 5 illegal dumps north of Perth, WA



90,000+ tyres abandoned in Burton, SA

The impacts of illegally dumped tyres are devastating. Not only are they a blight on our landscape, they are a primary cause of the increasing rates of Dengue Fever, Ross River Virus, Japanese Encephalitis, and Barmah Forest Virus, by creating literally millions of breeding grounds for the deadly Tiger Mosquito in or near residential populations. As a result the number of infections in Australia each year is skyrocketing, with 10,953 cases in 2013 – a 30% increase over the past 5 year average.

Dumped and stockpiled tyres are also a major fire problem; in NSW alone the Fire Service has identified some 322 fires involving tyres over the past 5 years. Tyre fires are amongst the most difficult a fire fighter faces; not only are the fires toxic, producing a thick black smoke that makes it impossible to see or breath – they are also almost impossible to put out with some tyre fires burning for over 15 years. As a result firefighters are often required to enter the actual fire and manually pull apart the burning tyres to bring it under control.

tyre related fires are a major hazard in Australia



Thousands of waste tyres from TYREPLUS stores burnt at this Sydney fire on 1/1/13



Over 100 firefighters were needed to put out this small tyre fire in Victoria on 3/4/13



The Tracy tyre fire in California burnt for 2 years & cost over \$16million to clean up



This fire on 20/10/13 saw up to 75,000 litres of pyrolitic oil released into Botany Bay

The manner in which TYREPLUS stores manage their waste creates significant concern for fire safety. For example, in Queensland, 3 TYREPLUS stores have been identified as using rogue operators to illegally dump tyres at an industrial site at Pinkenba, near Brisbane Airport. Brisbane City Council estimates up to 300,000 tyres have been dumped, leaving the owners of the site with a clean-up bill that could exceed \$1million.

Feedback from the QLD Fire Service has stated that a tyre fire at this site would close Brisbane Airport for a significant time and lead to economic losses in the millions of dollars.

Fires are common events for rogue waste collectors who offer a competitive price advantage over legitimate recyclers by cutting important health and safety provisions such as:

- Overstocking sites with waste, which stops fire fighters accessing the site;
- Not stacking tyres correctly, inhibiting firefighting and allowing the fire to spread;
- Not fitting fire hydrants, sprinklers and fire safety equipment;
- Storing fuel and flammable ignition sources near the waste tyres;
- Inadequate fencing and security measures to stop arson or mischief, causing fire;
- No bund walls or stormwater shut offs to capture contaminated water.

Over one-third of TYREPLUS and Advantage Tyre stores are using recyclers whose operations appear to ignore state fire service guidelines, putting the community at risk. Examples below:



Overstocking by rogue operators like this one in Melbourne make access for fire fighters almost impossible



These improperly stacked tyres in Western Sydney will cause any tyre fire to spread into the nearby bushland



Without sprinklers systems or stockpile management this NSW site will become an inferno in the event of a fire



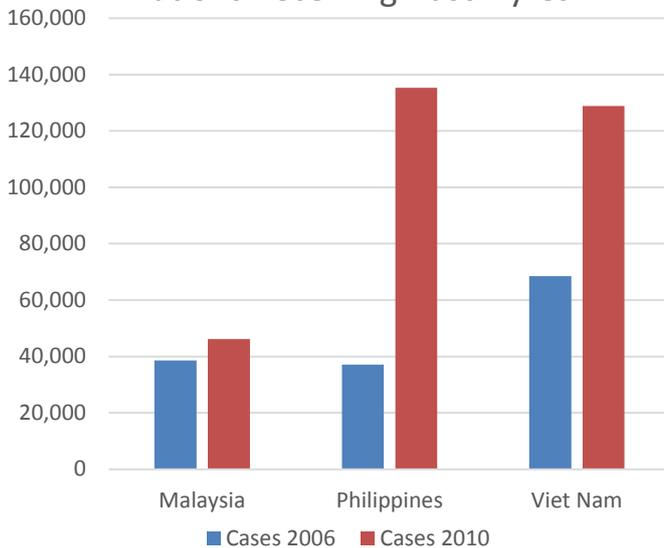
Unlicensed operators often stack tyres and waste around fire ignition points like this transformer at a western Sydney facility

The risks created by dealing with improper tyre collectors couldn't be clearer - while there have been over 300 tyre-related fires in NSW over the past 5 years, there has not been a single fire incident at a licensed tyre recycler's facility.

As if the damage caused by irresponsible Michelin retailers in Australia weren't enough, TYREPLUS' poor waste management is also causing damage overseas. At least 12 TYREPLUS stores are identified using tyre collectors found to be smuggling waste tyres to China via Vietnam, in contravention of guidance provided by the international treaty on hazardous waste exportation into developing nations, The Basel Convention.

The incidence of vector borne disease is skyrocketing with the World Health Organization (WHO) estimating that over 2.5 billion people – over 40% of the world's population – are now at risk from dengue. WHO has identified that the poor management and international transportation of tyres across national boundaries has been a primary vehicle for the spread of this terrible disease.

Increasing Incidence of Dengue: Nations Receiving Aust. Tyres



Exploiting a loop hole in Australian law, in 2007, tyre retailers like TYREPLUS began using operators exporting our waste tyres into countries like Vietnam, Malaysia and the Philippines with devastating results. Today, 11million+ waste tyres are dumped in S.E. Asia each year, literally creating millions of portable mosquito incubators.

Esteemed organisation, WHO and UNEP have identified this practice as a cause of both the escalation and spread of Dengue Fever (and other vector borne disease), which has seen the number of infections in the western region of Southeast Asia explode from 171,000 in 2006 to over 352,000 in 2010 – an increase of 215% in just 3 years. The chart to the left shows the suffering contributed by Australian tyre retailers like TYREPLUS' neglect.

TYREPLUS stores claim: "For a small environmental disposal charge, TYREPLUS will dispose of all waste products from your car in a Government-approved manner." But the reality is that many of their stores are simply dumping their waste into Asia or the Australian landscape.



TYREPLUS' waste practices are resulting in dumps across Southeast Asia like this one we visited last year



Waste tyres collected from TYREPLUS are being smuggled across the Vietnam / Chinese border



This antiquated Chinese tyre pyrolysis plant is hardly the sort of facility that receives government approval



Dengue Fever has reached epidemic proportions across S.E. Asia, thanks largely to retailers', like TYREPLUS's, poor stewardship



Many leading tyre companies are moving quickly to take decisive action. Retailers such as Beaufort, Bob Jane T-Marts, Jax Tyres and K-Mart Tyre and Auto Service have all read the riot act to their retailers and can now boast recycling rates close to 100%. Global market leader Bridgestone has gone even further, both threatening to ban any of their stores involved with rogue tyre collectors and even funding clean ups of historic stockpiles where their products have been identified. Other companies like Goodyear Dunlop and Sumitomo are following suit - introducing strong internal controls to ensure they are not associated with this venal practice.

Governments are also taking significant action. In NSW, the state government has released tough new regulations while Victoria has recently passed emergency regulations. Both are targeting rogue operators and the greedy tyre merchants who support them.

Conversely Michelin and its key retail networks like TYREPLUS and Advantage Tyres continue to stick their heads in the sand, dismissing requests to ensure their stores comply with all state and local government regulations and fire safety guidelines, preferring to try and green wash their waste practices with misleading and false statements designed to con their customers.

These are some of the public statements Michelin makes:

The TYREPLUS website

<http://www.tyreplus.com.au/about-us/our-social-responsibility/>

"For a small environmental disposal charge, TYREPLUS will dispose of all waste products from your car in a Government-approved manner." This is simply untrue – at least 30% of tyre retailers in Western Australia, NSW, South Australia and Queensland (where licensing exists) use unlicensed tyre collectors.

"Storage, collection, elimination or recycling solutions have been implemented with the participation of registered professional collectors and in accordance with current regulations." Our investigations show that only 47% of TYREPLUS stores do this and none do so because of instructions from Michelin head office.

"With all this, you can rest assured that when you leave TYREPLUS with your car in great shape, you're leaving the planet equally healthy." We don't agree!

The Michelin Australia website:

<http://www.michelin.com.au/About-Michelin/Michelin-Local/Michelin-and-Society.html>

"...fulfilling our social responsibilities has always been an integral part of Michelin's corporate mission" ... By allowing its franchisees and licensees to ignore their legal obligations?

"As the leader in the tyre industry" ... perhaps the correct term is the 'misleader' in the tyre industry?

".. caring for the environment." Hardly!

Further, in a recent mystery shop Boomerang Alliance engaged volunteers to act as a potential customer at 48 stores. A number of TYREPLUS stores refused to explain how they managed the tyres they removed from vehicles, were evasive in their answers and some actually lied regarding what they do with their waste tyres.

For example, a retail store in South Melbourne claimed that their local council collected their waste tyres. Calls to Port Phillip City and Wyndham City councils identified that neither of the area's tips (the South Melbourne Transfer Station & Werribee) accepts tyres, whilst the nearest option (Brooklyn Tip) charges \$15/tyre, which would make it an unlikely disposal point.

Not only do Michelin stores commonly not recycle the waste tyres they remove from customers' vehicles, they actively finance illegal and unlicensed waste tyre collectors and are deliberately misleading consumers regarding what they do with their waste.

CONCLUSIONS

Our investigations highlight a lack of care and diligence across Michelin retail networks. Unlike responsible companies such as Bob Jane TMarts, Jax Tyres or Bridgestone, Michelin along with Yokohama are now the only tyre importers with a substantial retail network who refuse to enforce legal compliance as a condition of supply.

It is Boomerang Alliance's opinion that Michelin's poor waste management practices are jeopardising the health and well-being of thousands of people and supporting tyre collectors that are undermining genuine efforts by legitimate tyre recycling businesses to responsibly manage waste tyres in Australia.

Despite public claims by Michelin to be a leader in the tyre industry, taking its social responsibilities seriously and the explicit claims by TYREPLUS - *"With all this, you can rest assured that when you leave TYREPLUS with your car in great shape, you're leaving the planet equally healthy"* - we believe that the Australian operations of Michelin, TYREPLUS, Advantage Tyres and Michelin Service Centres are undertaken with reckless disregard for community safety and environmental health.

We estimate the cost for Michelin's retailers to ensure its tyres are properly managed would be around 20¢ a passenger tyre - a pittance for a company whose turnover is estimated in excess of \$60million p.a.

We think the public has a right to know that Michelin is not living up to expected community standards. Michelin, it's time to stop the green wash and clean up your act!

Disclaimer: *This report contains information about Michelin and associated retail tyre operations waste management. The review, represents our best efforts to honestly reflect information available to us.*

This information is not advice, and should not be treated as such. Readers should not rely on the information in this report as an alternative to the opinions of local government, state regulatory authorities or fire service officials. Any conclusions are our opinions based on what we observed at a particular moment in time. To this end, readers should always consult suitable qualified professionals to make final decisions regarding their commercial arrangements.

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CLEAN UP YOUR ACT MICHELIN!

Stop allowing your waste tyres to be dumped at sites like this one in Pinkenba, Queensland