

ASX RELEASE

20 June 2024

Draft Victorian Household Waste and Recycling Service Standard 2024

SECOS Group Limited (ASX: SES) (**Company or SECOS**) notes that Recycling Victoria has released for consultation the draft *Proposed Household Waste and Recycling Service Standard 2024 (Draft Service Standards)* developed pursuant to the *Circular Economy (Waste Reduction and Recycling) Act 2021 (the Act)*. The Draft Service Standards classifies certified compostable caddy bin liners, including caddy liners certified to AS 4736 and AS 5810 as a non-accepted material in Victoria's new standardised four-stream household waste and recycling system.

SECOS is deeply concerned and intends to oppose these Draft Service Standards which was released for final comment on 18 June 2024. The new classification is in clear misalignment with Australia's broader environmental commitments. SECOS further notes that the non-acceptance of certified compostable caddy bin liners is in direct conflict with one of the objectives of the Draft Service Standards which is to reduce the volume of household recyclables and organic material being sent to landfills.

SECOS strongly opposes any restriction of compostable packaging or certified compostable caddy bin liners in household green bins as outlined in the Draft Service Standards and is currently seeking a meeting with the Victorian Minister for the Environment to explain the benefits of certified compostable caddy bin liners and seek a satisfactory resolution in the best interest of the Victorian public, the environment, and shareholders.

The compostable bioplastic industry was initially consulted regarding an earlier version of the Draft Service Standards which resulted in the adoption of certified compostable caddy bin liners as an accepted organic material to be used in household green bins for FOGO programs. During the initial consultation period certified compostable caddy bin liners were acknowledged as positively contributing to the improved diversion of household food waste, lowering of contamination in soils and well supported by households, processors, and the community alike.

The Draft Service Standards has reversed this position and has been released to the public without warning or consultation, with our company being one of the largest providers of compostable bin liners in Australia or with the industry at large. The Company has conducted an initial review of the Draft Service Standards and its accompanying Regulator Impact Statement (**RIS**) and concluded that:

- Certified compostable caddy bin liners cannot be adequately replaced with newspaper or paper towels and will result in households having to deal with their wet food waste spilling, leaking, and creating a highly unhygienic process to separate into the green bin.
- Paper alternatives are a less environmentally friendly option compared to certified compostable caddy bin liners that are made from corn instead of cutting down trees.

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- Current research shows that households within Local Government Councils that use certified compostable caddy bin liners divert up to 30% more food waste than households not permitted to use them.
- The stated financial savings to Local Government Councils outlined in the RIS are overstated because this data has been derived from households where 85% of councils currently utilise certified compostable caddy bin liners to divert food waste from their homes. This will not be the case if compostable bin liners are not permitted.
- The RIS fails to acknowledge the significant increase in plastic use or production that will occur if certified compostable caddy bin liners are not permitted.
- The RIS inappropriately claims that certified compostable caddy bin liners cause contamination in FOGO waste streams. This is an untrue claim from a few processors that only currently represent 15% of all FOGO waste processed from Local Government Councils who have inferior composting facilities. Processors that use compostable bin liners have reported evidence that contamination is reduced rather than increased.
- The RIS misrepresents that processors' efficiency is reduced with the use of certified compostable caddy bin liners as they are only quoting a few processors that represent 15% of all FOGO waste processed from Local Government Councils, who have invested in composting facilities and equipment with very limited capability to accept the full range of organic material. Processors should be mandated to accept all organic material regardless of their economic benefit.

A decision to ban certified compostable caddy bin liners will:

- Discourage household to separate their food waste resulting in an increased amount of organic waste going to landfill causing harmful greenhouse gases.
- Increase in landfill costs for councils and ultimately rate payers.
- Make it less hygienic, safe, and practical for people to separate and handle their food waste.
- Increase the amount of contamination in our soils of which compostable bags have been proven to reduce.
- Increase the amount of conventional plastic in our environment.
- Reduce investment in developing compostable technology in Australia.
- Unfairly benefit plastic companies over legitimate and environmentally friendly alternatives such as compostable plastics.
- Make Victoria the only State in Australia and possibly the only jurisdiction in the world to ban certified compostable bags.
- Limit the standard of composting infrastructure and technology by allowing restrictions on what types of organic waste can be composted.
- Contradict with over 85% of local government councils across Australia that currently use compostable bags to support the implementation of FOGO programs with excellent results.

The deadline for consultation is 11.59 pm on 14 August 2024, marking the last opportunity for all stakeholders to express their concerns before the Proposed Service Standards are enacted and enforced from 1 July 2027. The Company is committed to preventing these Draft Services Standards from being implemented to the extent they apply to compostable caddy liners, given the Company's certified compostable caddy bin liners significantly enhance environmental outcomes by diverting over 30% more organic household waste from landfills.

We encourage all shareholders to lodge their objection against the Draft Service Standards by going to Link to the survey attached [here](#) or to contact their local member of parliament. The Company will continue to review the Draft Service Standards, seek engagement with the Victorian Government, and continue to inform shareholders appropriately.

This announcement was authorised for release by the Board of SECOS Group Limited.

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About SECOS Group Limited

SECOS Group Limited (ASX: SES) is a leading developer and manufacturer of sustainable packaging materials. SECOS supplies its proprietary biodegradable and compostable resins, packaging products and films to a blue-chip global customer base. SECOS Group is integrated from resin production, into film and can develop bespoke compostable solutions for a range of applications.

SECOS holds a strong patent portfolio and the global trend toward sustainable packaging is fuelling the Company's growth.

The Company's headquarters and Global Application Development Centre are based in Melbourne, Australia. SECOS has a Product Development Centre and manufacturing plant for resins and finished products in China and a resins plant in Malaysia.

SECOS has sales offices in Australia, Malaysia, China Mexico and the USA, with a network of leading distributors across the Americas, Europe and Asia.

Disclaimer and Explanatory Notes Forward Looking Statements

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