

ASX RELEASE

25 May 2020

SECOS Wins City of Melville Compostable Bags Contract valued at more than \$600,000

Highlights:

- **City of Melville awards compostable bag contract valued at more than \$600,000 p.a. with annual renewal options over the next three years**
- **Penrith City Council extends supply contract of compostable bags**
- **Currently over \$2 million p.a. in new council compostable bag tenders are issued pending finalization**

Sustainable and eco-friendly bioplastics developer SECOS Group Limited (ASX: SES, “the Company”) is pleased to advise that it has won a significant sales agreement to supply compostable bags to City Councils.

The contract with the City of Melville is to supply over 42,000 homes with compostable kitchen tidy bags to facilitate food waste diversion from landfills. This is part of the Australian Councils’ Food Organics and Garden Organics (“FOGO”) program. SECOS continues to see Biopolymer Bag sales growth resulting from the roll out of city council FOGO initiatives. Council led FOGO programs are intended to divert millions of tons of organic food and garden waste from landfill to be repurposed as compost for land and soil enrichment across the county. SECOS’ role in supplying compostable bags facilitates household diversion of food waste to green bin collections so both the bag and food waste can be composted back into the environment. The take up by councils and households in the use of SECOS’ compostable bag range provides strong evidence of the quality, price and performance of the Company’s product’s in this category.

The FOGO contract with Penrith City Council is the largest active waste diversion program amongst Australian city councils and SECOS has been supplying Penrith City Council for some time already. SECOS has been granted an extension to this contract which will take it through to year end. Penrith’s FOGO program has achieved over \$10 million in savings for rate payers over ten years attributed to FOGO. On average, 30,000 tons of organic waste is being diverted each year from this council alone¹.

The current success with City of Melville and Penrith City Council adds to earlier wins for the supply of certified compostable bags to Surf Coast Shire and Mildura Rural City Council won during the first half of 2020. In total, SECOS supplies over 30 city councils in Australia.

¹ ABC Corporation, Gardening Australia Series 31, Episode 13

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SECOS CEO, Ian Stacey, said:

“We are seeing more Councils rolling out additional bin services to collect glass and organics in response to the ongoing recycle crisis. At the same time Councils are taking the opportunity to adopt FOGO schemes which utilize the purchase and roll out of Compostable bags to capture and divert food waste to organic or green bin waste streams.

Diverting organic waste away from landfill reduces Council land-fill fees and significantly cuts the release of methane gas produced when food is left to decompose in landfill instead of being diverted to mulch. Research indicates methane is 23 times more harmful than carbon dioxide as a greenhouse gas. The significant cost savings to Councils together with the reduction in greenhouse gases offers a compelling case to support the introduction of compostable bags and the diversion of organic waste from landfill.

“SECOS’ products help to divert food waste away from landfill into composting facilities, thus returning the nutrient value of food waste to the soil to produce more food supporting the circular economy.

*At every opportunity, SECOS is looking to find innovative ways to reduce the ecological impact of the way we live on the planet. After all, SECOS got its name from striving to deliver Sustainable **ECO**logical **S**olutions.”*

SECOS expects to see continued growth in the waste management market both locally and globally as local councils and governments strive to implement organic waste diversion programs aimed at providing significant economic and environmental benefits.

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About SECOS Group Limited

SECOS Group Limited (ASX: SES) is a leading developer and manufacturer of sustainable packaging materials. Based in Melbourne, Australia, SECOS supplies its proprietary biodegradable resins, packaging products and high-quality cast films to a blue-chip global customer base. SECOS Group is integrated from resin production, into film (cast and blown) production 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 fueling 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 resins plant in Malaysia. The Company also has manufacturing plants for high quality cast films in Malaysia.

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

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