



12 August 2019

Recycling & Recovery

**Subject: Update on commodities market.**

Dear valued customer,

Thank you for continuing to partner with SUEZ for your recycling and resource recovery needs. We value your custom and look forward to our ongoing collaboration.

As you may be aware, over the last 18 months the recycling industry has experienced a period of significant turmoil due to China's decision to implement their National Sword legislation. This legislation tightened the quality controls on contamination levels of incoming imports. Effectively this meant that China, the world's largest importer of commodities (circa 26 million tonnes), closed its borders to receiving many grades of recycled material. This includes a reduction in cardboard supply quotas into China by approximately 17 Million tonnes per year. This has consequently flooded the supply of cardboard to market, with an excess of supply over demand.

These changes have had an unprecedented impact on global prices, highlighted by a 55% fall in cardboard prices for the 12 months period to January 2019 and since then a further 52% fall from January prices to June 19 - representing a 78% fall overall within 18 months.

**What does this mean for you?**

The overall impact on the Australian recycling and resource recovery industry is that where there used to be rebates associated with commodities, these are either no longer available or now reduced. SUEZ has witnessed a sharp decline in the commodity value and rebates have significantly declined.

SUEZ has tried to mitigate the increased costs of disposal and reduced rebates, to protect our customers from this global market shock, however this is no longer economically sustainable. Therefore, from October 2019, rebates will be adjusted accordingly, and any contamination costs incurred from your operations, will be directly passed through to yourselves.

Whilst we understand that these increased costs may seem sudden, they are necessary for the industry to survive this period of unrest and be in the position to continue to collect and recover these recyclables in an environmentally friendly manner on behalf of our customers.

Should you have any queries or concerns relating to this situation please feel free to contact your account manager or our customer service teams on 13 13 35.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Hassett".

John Hassett – COO Recycling & Recovery