

3 December 2020

Security Matters Opens A Sustainability Competence Centre Enabling Fashion Brands to Meet Carbon Neutrality Targets & Future Proof the Industry

- SMX officially opened a Fashion Sustainability Competence Centre that targets fashion brands globally.
- SMX's believes that the technology and digital twin blockchain platform 3.0 that will enable participating fashion brands to recycle their own merchandise (clothes, shoes and accessories including sunglasses) back into new high-quality materials and merchandise, is ready for commercial scale operations. SMX will work with fashion brands by building and adapting the technology to their production facilities.
- SMX Blockchain provides a transparent, cost efficient and tangible shared platform for all upstream and downstream value chain players to co-ordinate, share data and evolve production methods from a linear model; take-make-dispose to a circular model; take/reuse-make-recycle.
- SMX's Equilibrium Circular Economy, business model reduces the amount of virgin materials required and amount of waste whilst meeting the financial goals and ESG demands of the market and consumers, which is vital to future-proof the fashion industry.
- Global textile waste is expected to reach 148 million tons annually by 2030.¹
- It is envisaged that the technology will allow US, UK and EU companies to comply with new strict regulation on carbon emissions and sustainability including the EU Green Deal
- Commencing in early 2021, the Sustainability Competence Centre will be focusing its application on sunglasses, sports shoes (trainers) and t-shirts.

Security Matters Limited (ASX: SMX) (Security Matters or the Company), is delighted to announce it has today officially opened its Sustainability Competence Centre following major investments for Fashion Brands. (The 'Centre')

SMX possesses a breakthrough technology that tracks, traces, authenticates and verifies both physically and digitally, at every stage of the supply chain from the raw material extraction phase through the manufacturing supply chain to distribution, retail and end of life. Enabling full supply chain transparency and a tangible sustainable circularity in a measurable and credible way.

By implementing SMX's unique drop in solution and technology, it is envisaged that a fashion brand along with its upstream and downstream value chain partners and suppliers will be able to generate plastic credits and carbon credits, which would in turn increase in value as the raw materials (e.g. plastics, textiles, rubber) that go through additional lifecycle loop count. These credits could then be used to incentivize fashion brands & manufacturers to design for recyclability and consume less virgin materials; thus, enhancing a circular economy.

¹ <https://www.fashionrevolution.org/>

The number of garments produced annually has doubled since 2000 and exceeded 100 billion for the first time in 2014.² From this, an estimated 92 million tons of textile waste is created annually from the fashion industry.³ This waste is also estimated to increase by approximately 60% between 2015 and 2030, meaning an additional 57 million tons of waste being generated annually, reaching an annual total of 148 million tons.⁴

Several Sustainability and ESG regulatory frameworks and initiatives have been introduced such as the EU Green Deal⁵ to encourage the fashion and textile industry to reduce its waste and, where it cannot be avoided, recycled. The EU Commission wants to extend the responsibility of the fashion and textile companies and push them to offer reusable, durable and repairable products, according to the Green Deal plan. With the EU Commission's new plan, voluntary green initiatives by the fashion and textile industry could become legally binding in the future.⁶

The Centre leverages the R&D work from SMX's Plastics and Organics divisions and focuses on empowering fashion and FMCG labels to adopt circular manufacturing and production methods in order to meet both the EU Green Deal; and the new strict regulation around carbon emissions and neutrality, that has been implemented across the EU, Britain and the USA.

The Sustainability Competence Centre has been designed to provide transparent, cost-effective and efficient access to SMX's 'plug and play' proprietary technology that has been specifically created for use within the fast, high volume and low-price fashion industry.

SMX's technology is applicable across a wide range of materials including wool, EVA, TPU, ABS, PET ,vegan leather, polyesters and cottons and its applications encompasses shoes, trainers, clothes and accessories. Commencing in early 2021, the Sustainability Competence Centre will be focusing its application on sunglasses, sports shoes (trainers) and t-shirts.

Haggai Alon, Founder and CEO comments:

"It is uneconomical and inefficient to use 100% virgin raw materials in every new product being manufactured. By using SMX's marking technology and digital blockchain platform, Fashion brands can efficiently sort, reclaim and reuse the raw materials in the unwanted product. Hence reducing the amount of virgin materials required; amount of waste sent to landfills; level of carbon emissions; and meeting the sustainability & ESG expectations of their consumers and stakeholders.

The SMX's Sustainable Competence Centre will enable fashion brands and their value chain partners to future proof their business models. Those ready to adapt and rethink their current business models will be the ones who will survive the best and thrive in the new circular closed loop economy."

--Ends--

² <https://www.fashionrevolution.org/>

³ <https://www.fashionrevolution.org/>

⁴ <https://www.fashionrevolution.org/>

⁵ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁶ [What does the EU's Green Deal mean for the textile industry? \(fashionunit.com\)](https://www.fashionunit.com/what-does-the-eu-green-deal-mean-for-the-textile-industry/)

By order of the Chief Executive Officer.

For further information, please contact:

Corporate Enquiries

Tim Chapman

PAC Partners

P: 04 1989 7062

E: tchapman@pacpartners.com.au

Media Enquiries

Melissa Hamilton


Media and Capital Partners

P: 04 1775 0274

E: Melissa.hamilton@mcpartners.com.au

About Security Matters Limited

Security Matters has commenced the commercialisation of its unique, patented technology that uses a hidden chemical-based 'barcode' to permanently and irrevocably 'mark' any object, be it solid, liquid or gas. The barcode is read using the company's unique 'reader' to access the corresponding stored data, recorded and protected using blockchain technology.

Follow us through our social channel  @secmattersltd