

Senior Term Loan Facility Agreement

Assurance Statement for Lenders

Statement from Mercia Waste Management

1. Financial Performance & Covid 19

Despite the evolving impact of Covid 19, the Company was able to produce a very satisfactory performance during 2020. As has been noted previously appropriate actions were taken across the business on a site-by-site basis, commensurate with the requirements of the particular operation in question. Our Household Recycling Centres were closed for a period but other processing facilities were kept open to deal with the transfer, recycling or disposal of waste as waste collections continued throughout the two counties.

The Company has continued to perform well in the new Financial Year, assisted by a recovery in the prices of recycled materials.

Whilst the course of the Pandemic cannot be judged with any certainty the business is in a satisfactory position at the current time.

2. Loan Repayment

The payments due to the Councils at the end of December were made in full and on time. The remittances due on 30th June 2021 have been agreed with the Councils and are in the banking system. As at the date of this statement, the Company anticipates being able to continue to make payments as per the Loan Agreement. The Repayments of Capital and Interest for the period ending 31st December 2021 are planned in the Company's forward - looking projections and will be made on or before that date.

3. Buildings, Plant and other Infrastructure

No material problems exist which would require the Lenders attention at any of the Company's Facilities.

4. Compliance with Environmental Conditions and Permits

There are no material issues at any sites.

5. Insurance

The Company's annual insurances have been renewed. The Company's claims history remains extremely good with the Energy for Waste (EfW) and certain other operations being seen as best in class. Unfortunately, Insurers have had bad experience elsewhere, notably with Fires at Recycling Plants and as a result there is now only a very small number of Insurers who will write policies in the Waste Sector. As a result, despite its record the Company has faced increasing premiums along and on certain policies, higher deductibles. Apart from certain environmental risks much of what is insured is the same as other businesses, Material Damage, Business Interruption, Employers Liability and so on.

6. Key Staff

All bar one member of the team of senior staff has remained in place. The Maintenance Manager at the EfW left in May but has been replaced via an internal promotion. Unfortunately, the EfW Operations Manager has been hospitalised after a serious accident whilst cycling. Action has been taken to ensure the role is covered whilst he recovers and there is no detriment to the business.

Appropriate measures are in place in respect of Covid 19 and are where relevant are monitored and updated by the Company's internal Health and Safety Officers.

J W Haywood - Mercia Waste Management. 18.6.2021