



Euro Closed Loop Recycling Limited

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To UK Recycling Industry Stakeholders

Euro Closed Loop Recycling (ECLR) is facing considerable difficulties regarding the continuing viability of the business. The reasons are as follows:

1. We were unable to secure parity with virgin resin prices therefore disadvantaging ECLR and the recycling industry.
2. Our waste plastics supplier base states that it is more advantageous to sell material collected in the UK to overseas buyers at prices which this business cannot sustain.
3. The current EPRN system encourages this.
4. The business is presently losing at least £300,000 per month under current conditions.

As a consequence on Monday 29 June 2015, 32 staff were laid off with an additional 12 moved to shorter hours and the plant is now operating on a 4 day working week. This, however, is not sustainable and it is therefore our intention to cease production and lay off an additional 60 staff on Wednesday 8 July 2015 unless a solution can be found.

There is a vast gap in the co-ordinated commitment by the dairy supply chain, customers and governmental bodies to fix what is structurally wrong in this sector.

The dairy supply chain established a world leading model for sustainability in the dairy industry and the shutdown of ECLR will have implications for many businesses and undermine the confidence of investors in the UK recycling sector.

To avoid permanent closure of the plant, which ultimately would result in a significant number of employee redundancies, the following cooperation is urgently required:

1. Parity with virgin resin pricing to agreed indexes.
2. A waste supplier base that is supportive with pricing in line with the Dairy Roadmap.
3. Support from all stakeholders to implement a sustainable cost plus model.

Yours sincerely

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Shareholder

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