Without Prejudice, subject to the MOU

20 July 2026 Non-Binding Heads of Terms

Without Prejudice and Subject to the Memorandum of Understanding dated 23 January 2026 and subsequently amended extended Memorandum of Understanding dated 31 March 2026

1 Parties

These **Non-Binding** Heads of Terms are entered into between:

1.1 **North London Waste Authority** ("**NLWA**"), located at Unit 1 B, Berol House, 25 Ashley Road, Tottenham Hale, London N17 9LJ; and

1.2 **Acciona Industrial S.A.** ("**Acciona**"), registered in Madrid, Spain, with its office at Calle Mesena, 80, 28033 Madrid.

Each a "Party" and collectively, NLWA and Acciona are referred to as "the Parties".

2 Background and non-binding agreement of the Parties

2.1 The Parties executed a contract for the engineering, procurement and construction of an Energy Recovery Facility (ERF) which forms part of the North London Heat and Power Project (NLHPP) at Edmonton EcoPark which was subsequently amended by a Variation Agreement on 27 June 2023 (the "**Contract**").

2.2 These Heads of Terms relate to potential amendments to be made to the Contract provided that these Heads of Terms shall be negotiated on a confidential and without prejudice basis and remain non-binding and not legally enforceable on the Parties. The potential amendments to the Contract that the Parties are discussing shall be effected by a Settlement and Variation Agreement (hereinafter referred to as "**Settlement and Variation Agreement (No.3)**") (noting that the Settlement and Variation Agreement No. 3 would become binding upon execution). Within five (5) Business Days of the signing of these Heads of Terms, the Parties shall agree a plan (including an agreed staged timeline) for the preparation, finalisation and signing of Settlement and Variation Agreement (No.3) to occur within three (3) months of the signing by both Parties of these Heads of Terms. Subject to clause 9.3 below, until such time as the Parties enter into Settlement and Variation Agreement (No.3), the Contract shall continue to have full force and effect. Once Settlement and Variation Agreement (No.3) has been entered into, the Contract shall continue to have effect as amended and varied by Settlement and Variation Agreement (No.3).

2.3 The Parties hereby confirm and agree to negotiate in good faith the terms of the Settlement and Variation Agreement No.3 and to use their best endeavours to obtain all respective board and/or Members approvals and complete all other formalities necessary to enable the Parties to finalise and sign the Settlement and Variation Agreement No.3

Unless otherwise defined in these Heads of Terms, any capitalised terms shall have the meaning given to them in the Contract.

3 Historical matters

3.1 The intention of these Heads of Terms is that the Parties will agree a full and final settlement for all claims, Variations and/or disputes that have arisen under the Contract or otherwise at law, including:

(a) all claims, Variations and/or disputes between the Parties under the Contract and in relation to the claim intimated against the United Kingdom under the Energy Charter Treaty; and

(b) any potential claims, Variations and/or disputes whether notified or not notified under the Contract provided that the Parties agree that this shall not include any potential claims that may arise in connection with the ongoing conflict in the Middle East

as at the date of these Heads of Terms, including the future effects of all such claims, Variations and/or disputes and potential claims, Variations and/or disputes which may present after the date of Settlement and Variation Agreement (No.3).

3.2 The claims, Variations and/or disputes to be resolved and fully and finally settled under Settlement and Variation Agreement (No.3) include the following (without limitation):

(a) The requirement to comply with NAECI and all impacts of compliance with NAECI including delays and/or disruption to the progress of the Works (whether to In Scope NAECI Activities or otherwise) resulting from compliance with the NAECI requirements, and including insufficient deployment of NAECI labour;

(b) The Social Value requirements and the impact of compliance with the Social Value requirements, including all associated delay and/or disruption and costs;

(c) Delays and/or disruption and costs in connection with the Administration Building;

(d) Delays and/or disruption and costs in connection with the Steam Turbine;

(e) Recovery of any delay, disruption, costs and/or any other relief in connection with the Stay Agreement (including any extensions thereto);

(f) To the extent not covered by (a) to (e) above, the arbitration claims under the Contract (such as they are or such as they will be developed or expanded on pursuant to the Notice of Arbitration dated 30 July 2025) including but not limited to any claims in connection with the lawfulness of the NAECI requirements and/or the Social Value requirements of the Contract;

(g) The dispute intimated against the United Kingdom Government (the "**ECT Arbitration**") which must be withdrawn and fully and finally settled under an enforceable deed of release between Acciona and the United Kingdom on the basis of no admissions, no relief (whether compensation or otherwise) agreed to be provided to Acciona and no legal or other cost recovery to Acciona in respect of the same. The Parties shall bear their own legal or related costs in connection with the ECT Arbitration (including its withdrawal) provided that NLWA shall additionally bear any legal or related costs that have arisen on behalf of the United Kingdom Government; and

(h) All impacts of and/or any disputes and/or claims in connection with Contract price escalation arising in connection with indexation and/or any escalation of NAECI rates and allowances.

3.3 For the avoidance of doubt, following the date of Settlement and Variation Agreement (No.3), neither Party shall be able to raise any future claims and/or disputes in connection with the settled matters.

3.4 Acciona agrees that it will not request NLWA to respond to its request made to NLWA under the Freedom of Information Act 2000 on 2 March 2026 nor will Acciona issue a complaint to the Information Commissioner Office at any time during the stay period referred to in clause 3.5 below. Within two (2) Business Days of the signing by both Parties of the Settlement and

Variation Agreement (No. 3), Acciona shall in writing fully and finally withdraw its request made to NLWA under the Freedom of Information Act 2000 on 2 March 2026

3.5 Within two (2) Business Days of the signing by both Parties of these Heads of Terms, the Parties shall take all reasonable steps to obtain a stay of the arbitration proceedings for a period of three (3) months from the date that the stay is ordered by the tribunal. Taking reasonable steps shall include a joint approach by the Parties to the tribunal requesting an order for the stay by the consent of the Parties. The stay shall be sought by the Parties in order for the Parties to attempt to finalise and sign the anticipated Settlement and Variation Agreement (No.3).

3.6 During the stay period, no steps shall be taken by either Party to progress the procedural steps in the arbitration timetable. The stay period shall automatically expire at the expiration of three (3) months following the signature by both Parties of these Heads of Terms, whether or not Settlement and Variation Agreement (No.3) has been finalised and signed, unless the Parties agree in writing before the stay expires that the stay period should be further extended, and, the tribunal orders such a requested extension to the stay.

3.7 Within five (5) business days of the expiration of the stay, the Parties shall attempt to agree new dates with each other and the tribunal in respect of the procedural steps set out under the current procedural timetable, noting that the procedural steps agreed and the orders set out under Procedural Orders No. 1, 2 and 3 shall otherwise remain unchanged. Where the Parties are unable to agree all new dates under the procedural timetable, the tribunal shall decide those new dates.

3.8 Acciona agrees that it shall not make any further requests to NLWA pursuant to the Freedom of Information Act 2000 during the period of the stay that is set out above.

3.9 Within five (5) business days of the date of Settlement and Variation Agreement (No.3), the Parties shall notify the tribunal appointed in connection with the arbitration claims under the Contract that they have settled their claims and that the arbitration accordingly ends with requested immediate effect. For the avoidance of doubt, the Parties shall bear their own legal or related costs in connection with the arbitration including its withdrawal.

3.10 Acciona shall, following the Parties entering into Settlement and Variation Agreement (No.3), provide NLWA with a signed copy of the deed of release between Acciona and the United Kingdom showing, as set out above, that Acciona have withdrawn their claims against the United Kingdom Government in connection with the ECT Arbitration. The

provision of the signed deed of release shall be specified in the updated Schedule 19 (*Terms of payment*) as one of the Milestone completion criteria for the first Milestone payment following the date of Settlement and Variation Agreement (No.3).

4 NAECI risk transfer

4.1 The Parties agree that, subject to Settlement and Variation Agreement (No.3) being agreed between the Parties, the definitions of "Productivity" and "Productivity Baseline" and Sub-clauses 14.4(o) and 28.6A shall be deleted from the Contract (provided that the first sentence of Sub-Clause 28.6A shall be retained although the words ", subject to the provisions of this Sub-clause 28.6A," shall be deleted). The words "and other than an industrial dispute in connection with NAECI and any of the In Scope NAECI Activities as specified in Sub-clause 28.6A" shall be deleted from Sub-clause 14.6(h). The remaining NAECI provisions in the Contract shall otherwise remain unchanged.

4.2 The revised date for Take Over and the increase to the Contract Price shall (as detailed below) reflect, among other things, the transfer of the risk including in respect of all claims, Variations and/or disputes that may arise after the date of Settlement and Variation Agreement No.3, posed by any of the matters set out at Sub-clause 28.6A from NLWA to Acciona.

5 Price escalation and Indexation

5.1 The Parties agree to transfer the risk of price escalation for all Works, whether in connection with indexation or increases in NAECI rates and allowances or otherwise, from the date of the Settlement and Variation Agreement (No.3) from NLWA to Acciona.

5.2 The provisions relating to Contract Price escalation and indexation and NAECI rates and allowance adjustment set out in Schedule 19 (*Terms of payment*) shall be deleted and Schedule 19 (*Terms of payment*) shall be amended as detailed below. For the avoidance of doubt, the indexation provisions set out in Schedule 19 (*Terms of payment*) in connection with the following items shall remain unamended and indexation shall continue to apply in respect of them:

(a) The rates used to calculate Delay Liquidated Damages;

(b) The rates used to calculate the Performance Liquidated Damages; and

(c) The pay rates and allowances included within Schedule 18 (*Valuation of Variations and claims*).

5.3 The increase to the Contract Price (as detailed below) reflects, among other things, the transfer of Contract Price escalation arising from indexation risk and the transfer of NAECI rate and allowance adjustment risk from NLWA to Acciona, including in respect of all claims, Variations and/or disputes that may arise after the date of the Settlement and Variation Agreement (No.3) posed by any of the matters set out at Schedule 19 (*Terms of payment*) of the Contract.

6 Optimised Contractual Processes

6.1 The Parties shall develop optimised contractual processes based on the principles appended to these Heads of Terms at Schedule 1, such that they support mutually beneficial collaboration and align with the Contract's terms and its risk profile. The processes must ensure that NLWA is able to undertake its legitimate assurance duties in order that its risks are well managed, while respecting Acciona's responsibility for delivering the Works. The processes will adopt a risk-based, proportionate approach that avoids unnecessary interference by NLWA or the Project Manager and ensures that every interaction has a clear purpose, agreed scope, and supports safe, timely and efficient delivery.

6.2 The Parties will agree any necessary changes to the Schedules to the Contract (to be incorporated into Settlement and Variation Agreement (No.3)) to reflect principles for these optimised processes which are appended at Schedule 1 of these Heads of Terms.

7 Opportunity Management

Notwithstanding the optimised contractual processes and collaborative framework agreed between the Parties, the Parties acknowledge that there are certain aspects of the Works — including Value Engineering, Commissioning Labour and Commissioning Consumables —that present further opportunities for cost optimisation and efficiency gains. The Parties agree that such opportunities shall be considered within the scope of the present Heads of Terms. The Parties shall use their best endeavours to develop and study these opportunities with a view to including these in the Settlement and Variation Agreement (No.3), provided that NLWA shall not be required to accept any matter that does not comply with any legal requirement(s) and/or which reduces the performance requirements,

guarantees and/or functionality of the Plant under Schedule 16 and Schedule 17 of the Contract. The Parties agree that the net saving of any cost optimisation measures that are included in Settlement and Variation Agreement (No.3) shall accrue exclusively to Acciona.

8 New Approved Programme and Take-Over Date

8.1 The Parties shall agree a new Approved Programme in accordance with the relevant clauses of the Contract, together with updated Schedule 11 (*Times of completion*) and Schedule 19 (*Terms of payment*) all of which shall be included as appendices to the Settlement and Variation Agreement (No.3).

8.2 As part of the process of agreeing a new Approved Programme and varying Schedule 11 (*Times of completion*), the Parties agree that under Settlement and Variation Agreement (No.3), Acciona will be granted an extension of time of 962 days so that the date set for Take Over in Schedule 11 (*Times of completion*) ("**Date for Take Over**") will be extended from 14 May 2027 to 31 December 2029, including a settlement of any costs in connection with that extension of time.

8.3 The Parties also agree that the Contract shall be varied so that:

(a) Notwithstanding any other provision of the Contract, no Delay Liquidated Damages shall accrue or become payable in respect of any period falling between the date set for Take Over in the amended Schedule 11 (*Times of completion*) until 30 June2030 (the "**Grace Period**"). Where, following the date of Settlement and Variation Agreement (No.3), the Date for Take Over is amended in accordance with the Contract, the end of the Grace Period shall be extended or contracted (as applicable) to ensure that Acciona is entitled to the same duration of Grace Period as at the date of Settlement and Variation Agreement (No.3); and

(b) From the end of the Grace Period (where Take Over has not occurred) Acciona's liability for Delay Liquidated Damages as specified in Clause 15 and at the rates stated in Schedule 12 (*Liquidated Damages for Delay*) shall apply.

8.4 The addition to the Contract Price under Settlement and Variation Agreement (No.3) will also account for the costs in connection with the extension of time which shall include all costs in connection with (i) Sub-Clause 28.6A (whether or not falling under the dispute referred to arbitration) that have arisen or that may arise up to the date of issue of the Final Certificate and (ii) all costs in connection with In Scope NAECI Activities (whether arising from Sub-Clause 28.6A or otherwise) up to and including the date of the Settlement and Variation Agreement (No.3).

9 Settlement structure

9.1 The Parties agree that in full and final settlement of the matters referred to in these Heads of Terms, the Contract Price shall be adjusted to £1,250,000,000 (£1.25 billion) comprising a Euro Element of EUR 337,285,225 (three hundred and thirty-seven million, two hundred and eighty-five thousand, two hundred and twenty-five euros) and a Pounds Sterling Element of £965,635,085 (nine hundred and sixty-five million, six hundred and thirty-five thousand and eighty-five pounds).

9.2 Payments of the increase to the Contract Price shall be made in accordance with the updated Schedule 19 (*Terms of payment*) as follows:

(a) The sum of £50,000,000 (fifty million pounds) will be included in the payment request following the date of Settlement and Variation Agreement (No.3) which shall be payable in accordance with the Contract as the first milestone of the updated Schedule 19 (*Terms of payment*); and

(b) The balance of the increase to the Contract Price will be allocated to the remaining Milestones to be developed as part of the updated Schedule 19 (*Terms of payment*) and will, less amounts already certified, be payable in accordance with the terms of the Contract.

9.3 NLWA agrees to pay £50,000,000 (fifty million pounds) which will be included in the payment request to be submitted by Acciona in accordance with the Contract following the signature of these Heads of Terms. Such payment shall be conditional on Acciona providing to NLWA an advance payment bond in accordance with 41.1A.1 of the Contract. Such advance payment will be repaid in a 12-month period following the advance payment date, with a fixed monthly fee deduction from regular invoices. After that period, the bond will be returned to Acciona. As soon as reasonably practicable following the date of these Heads of Terms, the Parties shall (acting reasonably) agree a variation to the Contract ("**Variation Agreement No.2**") to document provision of the advance payment described in this clause 9.3 in an amended Schedule 19 (*Terms of payment)*. Save in relation to these changes to be made to Schedule 19 *(Terms of payment),* the Contract shall not otherwise be amended by Variation Agreement No.2.

9.4 The Parties agree that clause 3 of the Agreement entered into between the Parties on 24 January 2022 shall not be amended and that whenever the Contract refers to an amount as a percentage of the Contract Price, then the "Contract Price" shall be deemed to mean and the relevant percentage shall be calculated by reference to the sum of £799,339,566.00 (seven hundred and ninety-nine million, three hundred and thirty-nine thousand, five hundred and sixty six pounds).

10 Final Provisions

10.1 This Head of Terms shall be governed by and be construed in accordance with the laws of England.

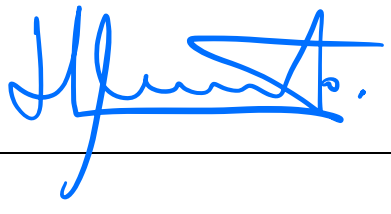
10.2 These Head of Terms may be executed in any number of counterparts, and all of such counterparts will, taken together, be deemed to constitute one and the same document.

Signed for and on behalf of:



Martin Capstick

North London Waste Authority: _____



Huberto Moreno

Acciona Industrial S.A.: _____

Schedule 1 Principles of optimised contractual processes

Schedule 1 - Principles for Developing Optimised Contractual Processes – Rev 1 1. Introduction and Purpose

The Parties recognize that, in order to facilitate the efficient and uninterrupted delivery of the remaining works, certain provisions of the Contract Schedules require modification to ensure that engagement between the Parties will be risk-based, proportionate and purposeful, ensuring that every interaction supports clear project outcomes by:

- Enabling NLWA to discharge its legitimate assurance duties.
- Protecting Acciona from unnecessary interference in delivery of the works.
- Aligning with the collaboration requirements in Schedule 24 of the Contract.

2. Engagement Charter

Engagement will be guided by the following overarching Engagement Charter:

"Contractual processes will be optimised such that they support mutually beneficial collaboration and align with the Contract philosophy. The processes must ensure that NLWA is able to undertake its legitimate assurance duties in order that its strategic risks are well managed, while respecting Acciona's responsibility for delivering the Works. The processes will adopt a risk-based, proportionate approach that avoids unnecessary disruption and ensures that every interaction has a clear purpose, agreed scope, and supports safe, timely and efficient delivery."

3. Core Engagement Principles

The Core Engagement Principles described below are intended to sit alongside and support the operation of Schedule 24 of the Contract, which establishes the formal contractual mechanisms governing engagement, collaboration and information exchange between the Purchaser and the Contractor. The amendments to the Contract Schedules will translate these principles into practical, proportionate and predictable engagement arrangements, supporting collaboration and protecting delivery outcomes throughout the life of the Project.

3.1 Assurance, Not Interference

NLWA's role is to obtain assurance that strategic risks are being effectively managed. Acciona's role is to deliver the Works. NLWA will not:

- Direct Acciona's construction methodology.
- Duplicate Acciona's management systems.
- Intervene in routine day-to-day delivery.

3.2 Proportionate, Risk-Based Engagement

Routine, generic or blanket engagement will be avoided in order to minimise diversion of Acciona's resources and protect overall programme efficiency. Engagement will be targeted to areas of highest relevance and risk, including:

- Critical path activities.

- Safety, environmental and performance-critical systems.
- Statutory and regulatory obligations.
- Matters with direct impact on NLWA's exposure.

3.3 Protecting Programme Progress

Unplanned or urgent engagement will be limited to situations involving safety, compliance or material emerging risk. Every engagement activity must add value and must not unnecessarily disrupt the Works. Assurance activities such as reviews, audits, inspections and witnessing will be:

- Planned in advance.
- Proportionate in scope.
- Aligned with delivery sequencing.

3.4 Structured Points of Contact

The detailed amendments to the Contract Schedules will formalise roles, interfaces and escalation routes. To avoid noise, duplication and conflicting instructions:

- Engagement will be channelled through clearly defined points of contact on both sides.
- Unstructured or ad-hoc interactions will be avoided.
- Communications will be coherent, coordinated and traceable.

3.5 Evidence-Based Engagement

Subjective opinion, preference-based challenge, or retrospective commentary will be avoided. Engagement will be based on:

- Contractual requirements, documented standards and acceptance criteria.
- Identifiable evidence.
- Objective observations.

3.6 No duplication of Acciona's Work by NLWA

Any review, witnessing or inspection by NLWA will be limited to what is essential for contractual, technical and operational assurance or statutory compliance. NLWA will not routinely redo or replicate:

- Acciona's reviews.
- Inspections.
- Audits and Internal quality processes.

4. Principal Level Constructive Dialogue and Early Resolution

The Negotiation Group, comprising NLWA Representatives and Acciona Group senior leadership, shall continue to meet regularly to maintain oversight and strategic involvement in all aspects of the project to motivate and complete the works.

5. Assurance of Technical and Regulatory Compliance

NLWA's Quality Assurance activity will be selective, risk-based and proportionate, focusing on verifying that processes are functioning as intended, that interfaces are being managed, and ensuring that evidence of all inspections, testing and verification of individual elements of the Works exists to provide evidence of compliance with contractual, regulatory and operational requirements. Witnessing by NLWA of inspections, testing and commissioning by Acciona will be maintained in accordance with the Contract, but this approach will avoid duplication of Acciona's quality control activities, support efficient delivery, and ensure that assurance is achieved through objective evidence and system effectiveness rather than re-inspection of the Works.

To enable this approach, Acciona will provide NLWA and its advisers with ongoing view-only access to the Field View system used on the Project. This access will allow NLWA to see information held in Field View relating to quality management plans, records of implementation of quality management plans, quality inspections, defects and snags, test and commissioning records, and the close-out of works, so that NLWA has clear visibility of progress, quality and readiness for handover. Access will be provided for the duration of the works and through commissioning and defects resolution.

6. Use of Digital Tools to Capture Site Progress

NLWA will use Oculo as a site-capture and visual record tool to support oversight, progress tracking and handover discussions. Acciona will support and facilitate the use of Oculo on the Project, including enabling reasonable access to site, coordination with site activities, and cooperation with data capture so that Oculo can be used effectively alongside Acciona's own delivery processes. The parties will work together to agree practical arrangements for implementation, with the shared aim of improving transparency and supporting a smooth commissioning and handover process. NLWA will share access to the Oculo database with Acciona.