



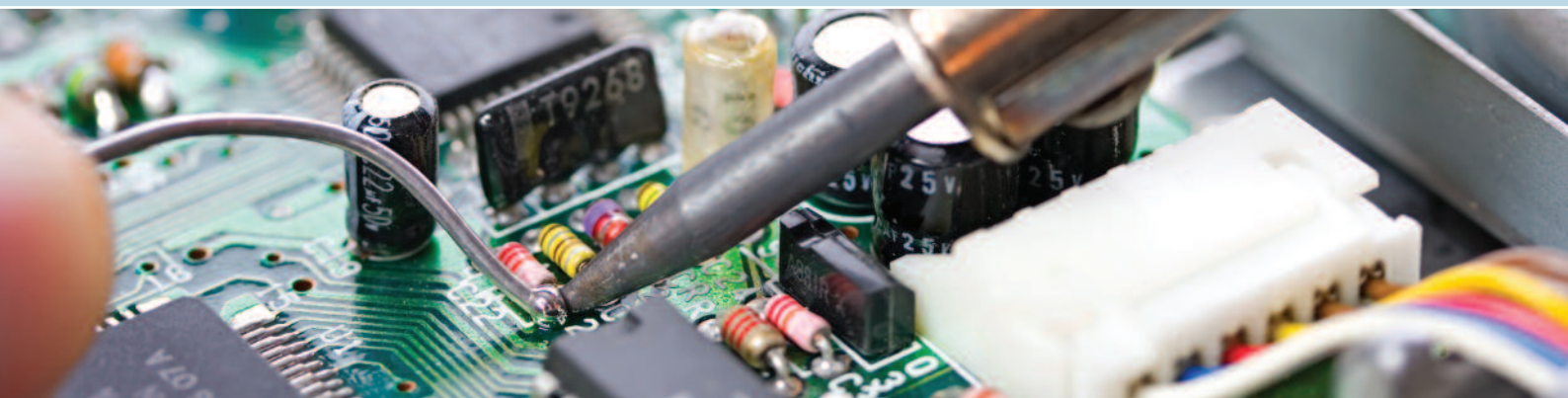
2010 Environmental Statement

Integrating the needs of business and the environment



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Chairman's Introduction

This is the tenth year that we have reported under EMAS - contributing towards our thirty years of pursuing and supporting sustainability.

Shields Environmental offers a positive global business service, supporting telecom companies worldwide in managing their networks with maximum financial efficiency and the highest standards of environmental care. We continue to support all the major UK mobile networks and many networks, both fixed line and mobile, throughout Europe, North America, Africa and Asia.

This year in EMEA we saw a substantial increase in business, however we still continued to improve our environmental performance. In the USA we invested in a new facility in New Hampshire and backed both our existing Florida facility and New Hampshire facility with an investment in a new dedicated recycling operation.

During 2010, the Shields Group introduced a new program which consolidates all existing offerings and many new innovations into a package we have named 'WIRED'. The aim is to further reduce the total cost of ownership of running networks for operators and Original Equipment Manufacturers (OEM) by managing the Whole Life Cycle of network assets – including but not limited to: Inventory Management, Logistics & Services, Repair,

Exchange, Re-sale, Recycling and all aspects of Reporting & Software. We continue to be very successful in the delivery of such services and again in 2010 have received many commendations from our clients.

Another exciting addition to the Shields Environmental Group is the creation of Shields Energy Services. The model is simple, we offer free energy surveys, free reports on energy savings achievable, implementation of energy conservation products and detailed reporting on payback and ROI calculations. I believe this addition will further enhance the Shields brand in environmental leadership and innovation, demonstrating Shields Environmental's ability to continue to create cutting-edge environmental solutions. In time, we will commit to using the carbon savings of our customers as a footnote in this EMAS statement, with the aim being to show a carbon positive impact of the Shields business operations!

Sustainability is still our key focus and we continue to support the route to sustainability, not only by our business services, but also via Business in the Community, The Essex Wildlife Trust and with The Cambridge University Programme for Industry and other voluntary support.

This is the tenth year that we have publicly reported under EMAS – providing a solid track record and contributing towards our thirty years of pursuing and supporting sustainability.

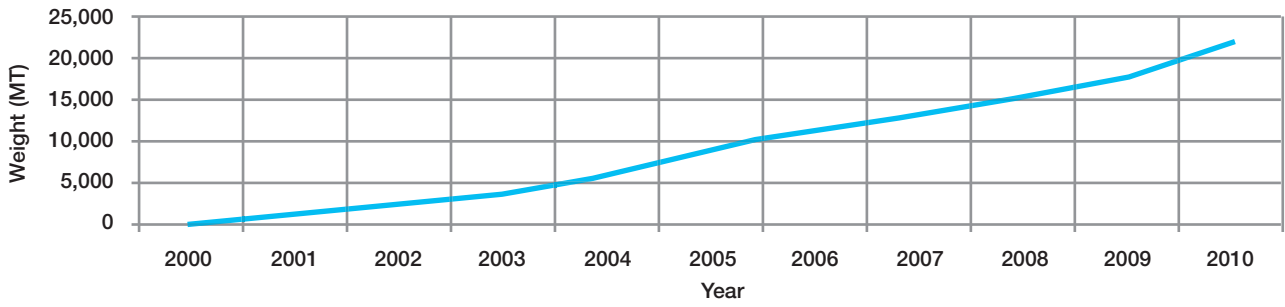
During the past ten years we have received and managed over 21,700 Metric Tonnes of network equipment and achieved an average re-use/recycling percentage of 94.95%. The following page includes a selection of charts which demonstrates our performance.

Alongside delivery of the highest standards of Environmental Care, Corporate Responsibility and Customer Service, we have made further investments in Energy Reduction as stated, and we are also looking to support new ventures in renewable energy. This is only made possible by outstanding commitments to the Environment from both our clients and our employees. We sincerely thank them all.

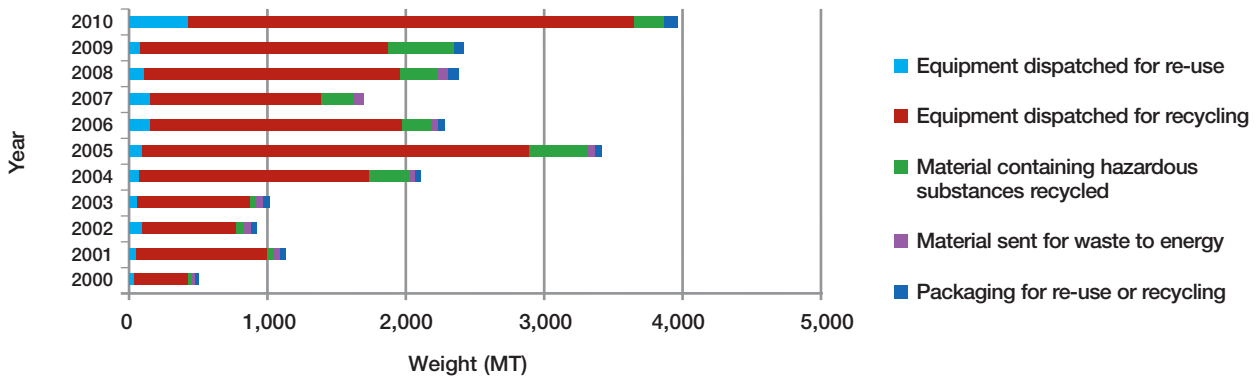


Gordon Shields
Chairman

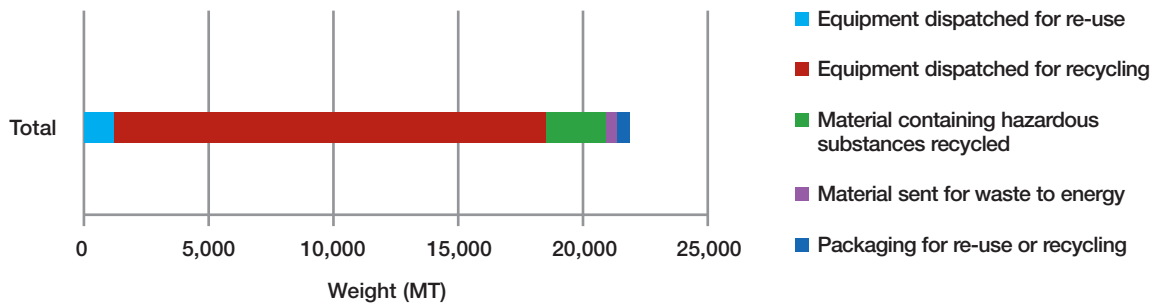
Cumulative material re-used and recycled since 1st January 2000



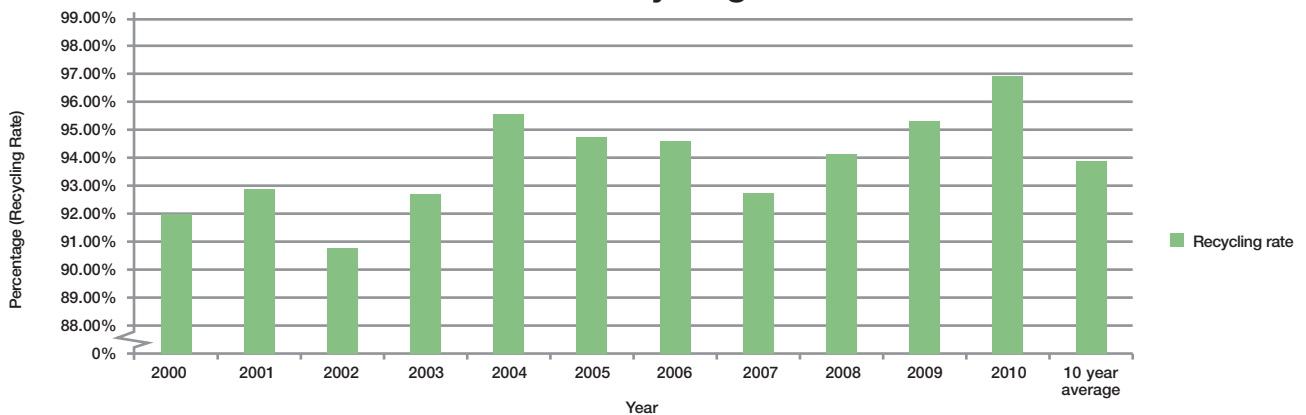
How equipment is treated - year on year comparison



How equipment is treated - 1st Jan 2000 to 31st Dec 2010 totals



Re-Use & Recycling % Rates



The Company's Business Activities

Network Infrastructure

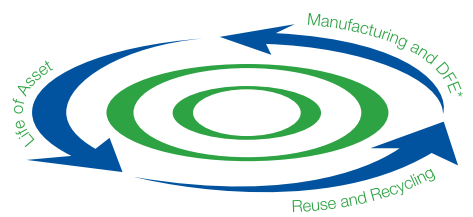
Our infrastructure solution provides a completely integrated solution to manage the life cycle of our clients assets - from inventory management and provision of spares, through to de-installation, logistics, repair, re-use and recycling.

This is all supported with complete reporting on all aspects of a project - from valuable sales data to a complete audit trail of all materials sent for safe and secure recycling. We ensure that the corporate responsibility policies of our clients are met and they have secure risk management, both financial and to support compliance with ever-strengthening environmental legislation.

Part of our strategy to maintain our strong customer relationships and distinguish Shields Environmental in the marketplace, is to ensure we supply highest quality equipment and services. This year we further invested substantially in both our North American and EMEA state-of-the-art facilities.

Service providers are looking to expand their networks with maximum financial efficiency. They need a reliable and affordable source of equipment for their expansion needs and to support legacy networks. They turn to Shields for the highest quality.

Whole Lifecycle Management



*Design for the Environment

Vodafone have been partnering with Shields Environmental since 1998. Shields supply services to Vodafone that enable Vodafone to manage the whole life cycle of its telecommunications network with maximum financial efficiency and care for the environment.

Shields Environmental provide a complete end to end asset management service which encompasses all aspects of:

- International Equipment Provision and Resale
- Inventory Evaluation/Management
- Fully Warranted Products
- Reverse Logistics Service
- Compliance Risk Management
- Secure Materials Recycling (Zero Landfill)
- Financial and Environmental Reporting

Shields Environmental's culture, innovation, quality of service and integrity has made Shields Environmental one of our strategic partners, and this partnership is more than 10 years old and continuing strongly. ☺

Vodafone April 2009

Environmental Policy Statement

Protection of the environment is central to our business strategy. Accordingly, we have developed an Environmental Management System that is certificated to ISO 14001 and registered with EMAS, the European Eco-Management and Audit Scheme. Our system has been incorporated into all company operations to ensure that we:

- Provide a fully auditable and sustainable solution that enables whole life-cycle management for telecommunications, data and IT equipment through re-use and recycling, husbanding the world's resources, eliminating landfill and protecting the environment.
- Manage and minimise environmental risk identified in our processing operations, and support services activities performed at client sites.
- Maintain our 100% regulatory compliance record.
- Measure and publicly report our environmental performance annually.
- Assess the environmental performance of key suppliers, and cooperate with suppliers, customers and business partners to achieve higher environmental standards.

- Encourage sustainable development through business example and voluntary endeavours, both nationally and in our local community.
- Support the aims of Essex Wildlife Trust in maintaining the biodiversity of our locality.
- Minimise the impact on the environment of our operations as related to the emissions of Green House Gases (CO₂) to help combat climate change.

We shall distribute a copy of this policy to all employees, and to other organizations, and the public on request.

We shall periodically audit our operations for compliance with this policy and associated legislation, and measure progress made in our quest for continuous environmental improvement.



Gordon Shields
Chairman
Reviewed October 2010



Environmental Management System

Our Environmental Management System (EMS) has been certificated to ISO14001 for more than fifteen years. As a consequence, it has matured and is part of all company activities.

Our commitment to continuous improvement meant that in 2009 we completely reviewed the structure of the system.

The key elements of our EMS are:

1. An environmental policy for best environmental practice, copied in full on page four.
2. A review of all environmental effects created by our activities and to determine their significance. These effects are held in a register, and subject to annual review and inclusion within the improvement plan.
3. The creation of a Register of Environmental Legislation and regular documented audits ensuring that we comply with all applicable legislation and other requirements, ensuring that our legal duties are met. During 2010 there were no breaches of environmental legislation.
4. The development of a routine audit plan to ensure maintenance of the EMS and to identify any areas for improvement.
5. Environmental management review meetings, to review performance and to set objectives and targets for improvement and identify training requirements.

Our EMS operates alongside and complements the Quality System, which is certificated to ISO 9001: 2008, our certified OHSAS 18001: 2007 Health and Safety System, which is designed to meet or exceed current Health and Safety legislation and our Management Information System (MIS) that links together Company business systems. Working together, these systems provide the core for managing all Company operations.

Our EMS provides the structure and basis for environmental management within the organization. The documented system includes those elements summarized in this statement and the control procedures for ensuring continuous improvement of our environmental performance. The EMS is subject to internal audit and management review. There is also an ongoing training programme for all new and existing employees in the skills that they need to manage environmental aspects of the business.

Verification Statement

SGS United Kingdom Limited with EMAS environmental verifier registration number UK-V0007 declares to have verified the whole organisation as indicated in the environmental statement of Shields Environmental PLC (registration number UK-000014) in meeting all requirements of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisation in a Community eco-management and audit scheme (EMAS).

Further to consideration of the documentation, data and information resulting from the organisation's internal procedures examined on a sampling basis during the verification process, it is evident that the environmental policy, program, management system, review (or audit procedure) and environmental statement meet the requirements of Regulation 1221/2009 (The EMAS Regulation).

Amanda Thorpe

18th April 2011

SGS United Kingdom Ltd
(UK-V-0007)

Our Environmental Management System (EMS) has been certificated to ISO14001 for more than fifteen years. As a consequence, it has matured and is part of all company activities.

Direct Aspects of Significance

The environmental effects of our operations are identified and recorded in a register. We ensure that significant environmental issues are reviewed each year when setting annual environmental objectives and targets. The register is also regularly reviewed to ensure that new activities are considered, and that any previously unidentified aspect is accounted for.

Re-use of telecommunications network equipment

The principal activities of Shields Environmental focus on the reuse of telecommunications equipment. Re-use is the highest form of recycling and is promoted by both government and legislation.

Equipment that is not suitable for re-use is securely recycled. Over 98% of the materials received by the Company was either re-used or recycled in 2010. We continue to maintain our voluntary zero landfill policy which we implemented in October 2002. Instead, anything that cannot be recycled is dispatched for waste-to-energy incineration. This outlet provides an environmentally sound solution for materials that cannot be recycled at the moment. A useful by-product of the incineration process is electricity that is used for power.

Compliance and Licences

We fully met our environmental legal obligations during the year, continuing our compliance record that now extends to 32 years. We are a registered waste carrier, and our facility in the UK is

permitted with two waste management licenses. During 2010 we continued with our licenses under the WEEE legislation to be an Approved Authorised Treatment Facility and Approved Exporter. We will continue to review forthcoming legislation, ensuring that our system meets regulations before implementation.

Hazardous substances

We manage hazardous substances contained in products and equipment seamlessly throughout our business operations. We first assess the products and equipment before they are sent to us for potential hazards in order to identify any hazardous substances (e.g. batteries, beryllium).

During subsequent processing, we follow operational procedures in place to manage and store hazardous substances and materials securely pending safe treatment or recycling. As newer technologies appear, we will continue to process with care, identifying future hazards and implementing procedures for their safe management.

Non-hazardous wastes

There is a small but inevitable residue of material for which there is currently no economic or practicable outlet for its return into productive use. This material typically consists of co-mingled paper, card, timber and plastics. Any of these materials, if they arise in a large enough quantity in the future, will be separated out for recycling. If they

cannot be recycled they will be sent for incineration to energy.

CO₂ Emissions/Transportation

More than nine years ago, the Company had already recognized the growing concern by government and the public at large for the effects of transportation upon the environment. We put a programme into place to minimize transportation effects, including:

- Operating a modern fleet of vehicles, most of which are fitted with the latest and most efficient diesel engines;
- All vehicles routinely maintained, which includes checks on diesel engine exhausts to ensure that they meet current emission standards;
- Routing of vehicles is worked out using a computerized traffic management programme, minimizing mileage and potential hold-ups;
- Vehicles are subject to early morning starts, minimizing delays caused by local morning commuter traffic congestion.

However, all activities using energy contribute to global warming, therefore we not only monitor fuel consumed by our vehicle fleet, but also estimate by calculation the amount of Carbon Dioxide generated by all our activities. We use this data to take action in order to improve our performance in this area.

Indirect Aspects of Significance

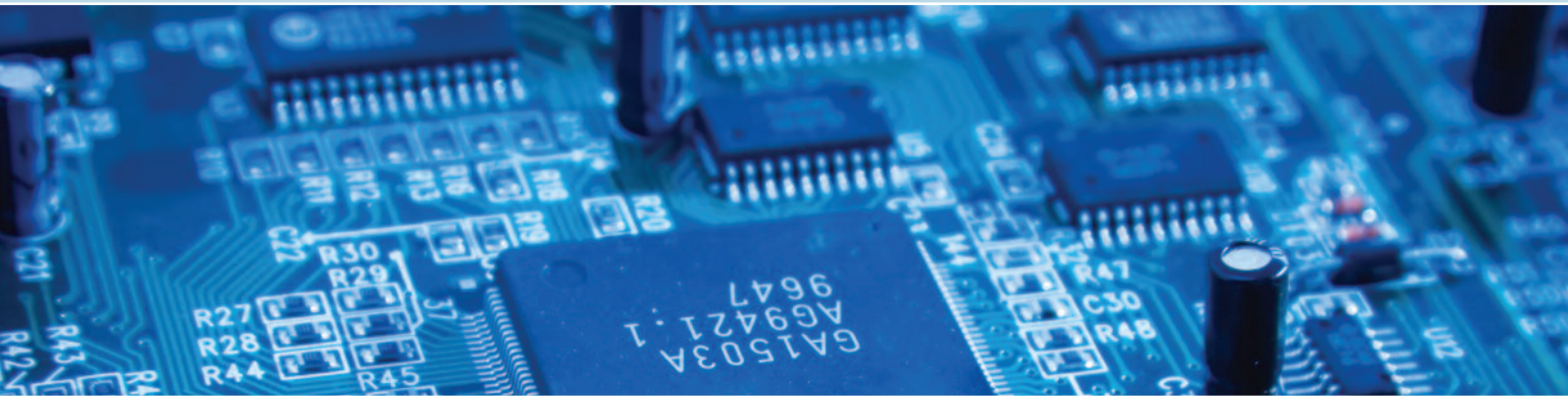
Indirect effects created as a result of our operations are also identified and recorded in a register, and we ensure that significant issues are reviewed each year when setting our environmental objectives and targets.

Indirect effects of our activities include those effects indirectly created by our suppliers when carrying out work for us. While many of these effects are not directly our responsibility, we take them seriously, accounting for them in our EMS programmes.

Supplier programmes

Concern for materials processed by our operations extends beyond our premises and after materials are dispatched from the site for onward processing. We take our 'Duty of Care' responsibility very seriously, ensuring that materials leaving the site are packed and transported safely and in full conformance with environmental and transportation regulations. We carry out on-site environmental audits on our key suppliers, including each organization receiving material from us. This checking

process provides us with the assurance that the highest environmental standards are being maintained when our materials are transported and subsequently re-processed. During the year we continued to utilize our comprehensive audit checklist to improve our consistent and rigorous evaluation of the environmental performance of our suppliers.




How to recycle a base station

Advances in telecommunications technology mean we often need to replace network equipment at our base stations. We resell used equipment where possible, or recycle it through recycling partners such as Shields Environmental.

At the end of a base station's useful life, Shields technicians identify and test the parts that can be sold for reuse. Vodafone's used network equipment makes modern technology affordable to network operators in emerging and developing countries, helping to improve communication in these countries.

Equipment that cannot be resold is broken down into separate materials for recycling. The first step in recycling is to identify and remove any hazardous substances from the equipment. Materials from lead acid batteries are separated to produce bullion (which can be refined into lead alloys), gypsum and a copolymer that can be sold. The remaining materials (acids) are neutralised. Some components contain the hazardous material beryllium oxide which cannot be recycled at present. Shields has a zero landfill policy, so it is storing the beryllium oxide safely while it works with other organisations to find a way to recycle this material.

The remaining non-hazardous materials are then separated. Cardboard, aluminium and steel are recycled and returned to productive use; plastics are incinerated to produce energy; circuit boards are sent to a specialist refiner to recover precious metals including palladium, copper, gold and silver. Vodafone receives a share of the revenue from the sale of these precious metals. 



Vodafone Group plc Corporate Responsibility 2006

Consumption of Resources

Carbon Emissions origins are from transport, electricity and natural gas usage.

Consumption of Resources		Total	Per £000 turnover	Per employee
Renewable Electricity	MWh	96.6277	0.0344 MWh	4.201 MWh
Natural Gas	MWh	105.493	0.0376 MWh	4.587 MWh
Water	m ³	943.00	0.3358 m ³	41.00 m ³
Diesel Fuel	litres	43,785.78	15.5877 litres	1,904 litres
Petrol	litres	-	-	-
Red Diesel	litres	2,000.00	0.7120 litres	86.957 litres

Environmental Balance Sheet

Metric Tonnes	Totals
Equipment and materials received	3,924.76
Equipment re-used *1	409.86
Equipment recycled *2	3,209.89
Materials recycled containing hazardous substances *3	201.40
Materials sent for waste to energy incineration	10.48
Materials land-filled (non-hazardous)	-
Materials specialized landfill (containing hazardous substances)	-
Packaging for recycling	93.13
Total Equipment and materials processed	3,924.76

To aid comparison between 2009 and 2010 we have introduced the following table:

Consumption of Resources	Total 2009	Total 2010	Per £000 turnover 2009	Per £000 turnover 2010	% Improvement	Per employee 2009	Per employee 2010	% Improvement
Renewable Electricity (MWh)	112.95	96.6277	0.0355	0.0344	3.1%	4.706	4.201	10.7%
Natural Gas (MWh)	144.84	105.493	0.0455	0.0376	17.4%	6.035	4.587	24.0%
Water (m ³)	836.00	943.00	0.2628	0.3358	-27.8%	34.830	41.00	-17.7%
Diesel Fuel (litres)	41,557.88	43,785.78	13.0644	15.5877	-19.3%	1,732	1,904	-9.9%
Petrol (litres)	-	-	-	-	-	-	-	-
Red Diesel (litres)	2,800.00	2,000.00	0.8802	0.7120	19.1%	117.00	86.957	25.7%

Some Radio Base Stations have components that contain a small quantity of Beryllium Oxide, a hazardous substance. To ensure protection of the environment, Shields Environmental removes these before materials are sent for reprocessing. As there is no solution currently available that is acceptable to Shields standards for this substance, we are storing this until a suitable recycling solution is available.

Data 1st January 2010 to 31st December 2010

Average number of employees during 2010 was 23. Biodiversity core indicator of built up area was 6,787m² for 2009 and 2010.

No electricity or heat is self generated by Shields Environmental from renewable sources.

Water consumption is for two neighbouring sites, of which Shields occupy one site.

*1 Equipment and Materials dispatched for reuse.

*2 Equipment and Materials dispatched for recycling including cable, circuit boards, steel and aluminium.

*3 Hazardous substances include batteries.

Shields Environmental plc Environmental Management Report for 2010

For the sixth year in a row we have driven our actual CO₂ emissions down. This year we have driven down actual emissions from 148.89 tonnes of CO₂ to 142.08 tonnes of CO₂. For 2010 Shields Environmental plc has reviewed its 2006 objective of improving and refining our methods of measurement and reporting. Although 2010 does not show a normalised improvement against 2009 due to reduced turnover, it has been decided to continue to normalise based on turnover generated per tonne of CO₂ emissions.

	Units	2005 Baseline Year	Year 2006	Year 2007	Year 2008	Year 2009	Year 2010
Turnover	£'000	£2,474	£3,182	£2,897	£3,122	£3,181	£2,808
Actual emissions	Metric tonnes of CO ₂	301.73	279.20	197.11	159.15	148.89	144.97
Turnover generated per tonne of CO ₂		£8,199	£11,379	£14,697	£19,617	£21,365	£19,370
Improvement		n/a	39%	29%	33%	9%	-9%

Report on Achievement of 2010 Objectives and Targets

The following is the review of targets set for 2010, and describes how our organisation performed in achieving them.

Environmental Policy Area	2010 Objective	Target	2010 Results
Provide a sustainable service for the reuse and recycling of products, equipment and materials managed by the Company for its clients	Maximise reuse, the highest form of recycling to enable the continuation of our voluntary ban on landfill disposal and to identify innovative new recycling outlets	<ol style="list-style-type: none"> 1. Maintain or improve the amounts of reused and recycled equipment. 2. Increase our record to 32 years of meeting or exceeding environmental standards 	<ol style="list-style-type: none"> 1. In 2010, Shields Environmental improved the amounts of reused and recycled equipment by 62% 2. Shields has exceeded environmental standards for 32 years
Manage and minimise our environmental risks to ensure protection of the environment	Maintain our 31 year record for meeting or exceeding environmental standards achieved during the reuse, recycling and treatment of materials process by the Company	<ol style="list-style-type: none"> 1. Continue to review and ensure suitable integrated ISO9001, ISO14001 and OHSAS18001 system works for the business and employee needs 	<ol style="list-style-type: none"> 1. Integrated management system was implemented, audited and approved by external auditors. It has continued to serve and meet the needs of the business and employees well
Assess the environmental performance of our key suppliers	Maintain and wherever possible improve the effectiveness of our supplier audit programme	<ol style="list-style-type: none"> 1. Search out and qualify any new suppliers in support of existing and new waste streams for our clients 	<ol style="list-style-type: none"> 1. As no new waste streams have been received during 2010, no new suppliers have been added to our supplier audit schedule
<p>Encourage sustainable development through business example and voluntary endeavour</p> <p>Assess the environmental performance of our key suppliers</p>	<p>Maintain and wherever possible improve our commitment to sustainable development through business example and voluntary endeavour</p> <p>Maintain and wherever possible improve the effectiveness of our supplier audit programme</p>	<ol style="list-style-type: none"> 1. Our Chairman will continue to support various environmental initiatives 2. Complete pilot in 2010 offering energy conservation services 3. Continue to measure the company performance against the Sunday Times Best Green Companies award criteria 4. Obtain Carbon Trust Standard for the Shields Environmental UK facility 	<ol style="list-style-type: none"> 1. Gordon Shields continued to support Business in the Community and also supported the University of Cambridge Programme for Industry 2. The pilot was completed and a new company "Shields Energy Services Ltd" was created on 1st July 2010 3. We continued to measure our performance against these metrics with continued improvement seen 4. Shields Environmental obtained a Carbon Trust Standard on 1st January 2010
Encourage sustainable development through business example and voluntary endeavour	Maintain and wherever possible improve our commitment to sustainable development through business example and voluntary endeavour	<ol style="list-style-type: none"> 1. Implement any changes recommended from the property energy survey which result is a saving of CO2 emissions 2. Measure average power usage per employee and target improvement of 5% from 2009 figures 	<ol style="list-style-type: none"> 1. A Voltage Optimisation solution was installed at headquarters along with energy efficient lighting 2. During 2010, electricity usage per employee was down 11% and gas usage per employee down 24%

2011 Objectives and Targets

Environmental Policy Area	Objective	Target
Provide a sustainable service for the reuse and recycling of products, equipment and materials managed by the Company for its clients	Maximise reuse, the highest form of recycling to enable the continuation of our voluntary ban on landfill disposal and to identify innovative new recycling outlets	<ol style="list-style-type: none"> 1. Maintain or improve the amounts of reused and recycled equipment 2. Increase our record to 33 years of meeting or exceeding environmental standards 3. Promote spares management and internal redeployment to clients
Manage and minimise our environmental risks to ensure protection of the environment	Maintain our 32 year record for meeting or exceeding environmental standards achieved during the reuse, recycling and treatment of materials processed by the Company	<ol style="list-style-type: none"> 1. Continue to review and ensure suitable integrated ISO9001, ISO14001 and OHSAS18001 system works for the business and employees needs
Assess the environmental performance of our key suppliers	Maintain and wherever possible improve the effectiveness of our supplier audit programme	<ol style="list-style-type: none"> 1. Search out and qualify any new suppliers in support of existing and new waste streams for our clients
Encourage sustainable development through business example and voluntary endeavour	Maintain and wherever possible improve our commitment to sustainable development through business example and voluntary endeavour	<ol style="list-style-type: none"> 1. Our Chairman will continue to support various environmental initiatives 2. Support local environment. Try to involve as many staff as possible in environmental initiatives
Encourage sustainable development through business example and voluntary endeavour	Maintain and wherever possible improve our commitment to sustainable development through business example and voluntary endeavour	<ol style="list-style-type: none"> 1. Measure average power usage per employee and target improvement of 5% from 2010 figures 2. Convert all lighting at headquarters to energy efficient lighting by the end of 2011



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EMAS

Verified
environmental
management

REG.NO. UK-000014