

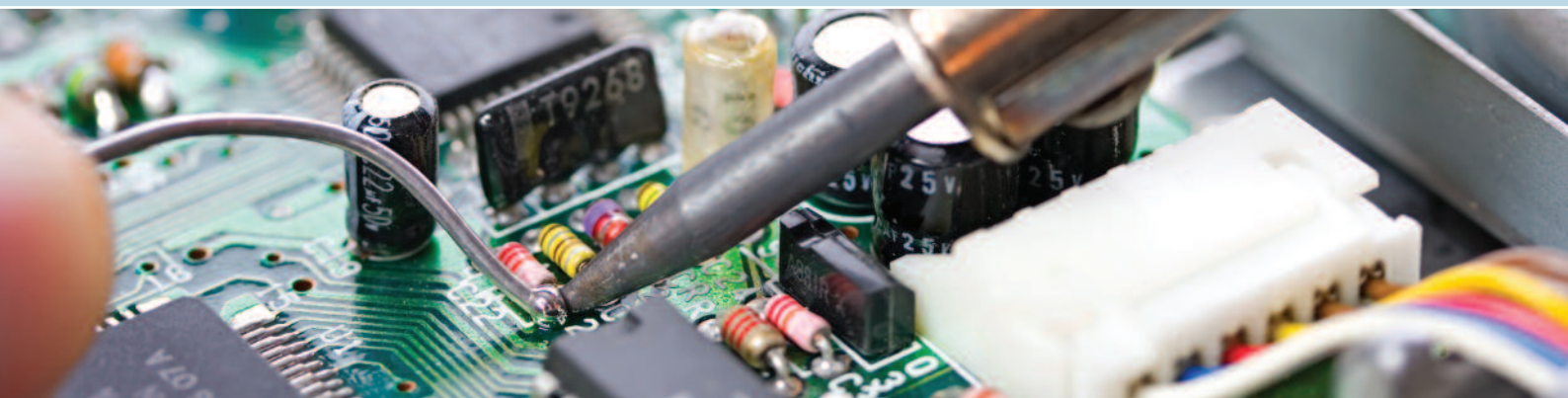


2008 Environmental Statement

Integrating the needs of business and the environment

Contents

01	Chairman's Introduction
02	The Company's Business Activities
03	Environmental Policy Statement
04	Environmental Management System (EMS)
05	Direct Aspects of Significance
06	Indirect Aspects of Significance
07	Consumption of Resources and Environmental Balance Sheet
08	Normalizing Methodology Shields Environmental plc Environmental Management Report for 2008
09-10	Report on Achievements of Objectives and Targets in 2008
11	2009 Objectives and Targets



Chairman's Introduction

At the end of 2008 we launched Shield Energy Conservation Services, which brings our clients further cost savings and energy efficient savings.

Shields Environmental continues to offer a global business-to-business solution for telecoms network infrastructure assets and continues to work successfully in partnership with all the UK major mobile networks and many networks throughout Europe, Africa, Asia and North America. It continues to serve these clients from its operations or sales offices in the UK, Netherlands, Eastern Europe, France and the USA.

We successfully retained our global Environmental and Quality registrations in 2008 with all our major facilities certificated to ISO9001 and ISO14001 ensuring our systems are leaders in environmental care. We continued to contribute to many activities supporting sustainability, these included membership to the UK Governments Business Taskforce on Sustainable Consumption and Production, Business in the

Environment, The Essex Wildlife Trust and the Cambridge University Programme for Industry.

With the ever continuing focus on climate change and reducing carbon emissions we are seeing much more interest in environmental services and therefore Shields Environmentals solutions will become even more important, enabling clients to achieve environmental compliance alongside maximum financial efficiency. For this reason, at the end of 2008 we launched Shields Energy Conservation Services. To start, Shields conducts a free comprehensive energy survey which details the current energy consumption of our client and then highlights the areas where Shields solutions can bring immediate cost and efficiency benefits. In addition to the energy reductions, our energy reports clearly indicate the reduction in carbon emissions that will be

achieved by our clients following the introduction of Shields energy conservation products, which can be reported publicly via EMAS statements.

Our solutions offer the highest standards of environmental care and corporate responsibility, and we thank our clients for their ongoing support.

Our employees are dedicated to delivering excellence to our clients worldwide whilst ensuring care for the environment. I thank them for their continuing good work.



Gordon Shields
Chairman

The Company's Business Activities

Network Infrastructure

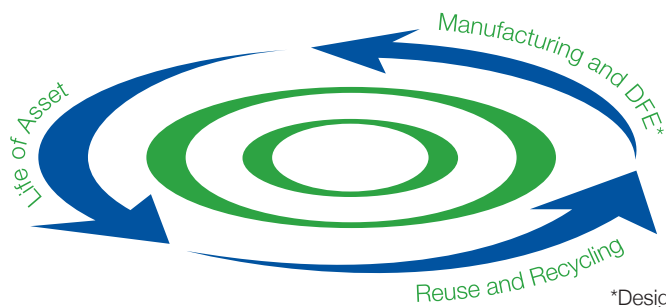
Our infrastructure solution provides a completely integrated solution to manage the life cycle of our clients assets - from inventory management and provision of spares, through to de-installation, logistics, repair, re-use and recycling.

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



“ Shields Environmental has helped Vodafone to manage network asset retirement and the disposal of that equipment through an Equipment Reuse and Material Recycling programme since 1998. Shields provide a complete outsourced solution that unlocks maximum residual value from our surplus assets and ensures equipment that cannot be re-used is securely recycled. In addition to the financial benefits, their audit trail and reporting proves that we meet our corporate responsibility targets and ensures that we are ready for forthcoming legislation. ”

Vodafone September 2004

“ 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

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 measure progress made in our quest for continuous environmental improvement.



Gordon Shields
Chairman
Reviewed October 2008



Environmental Management System

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

Our commitment to continuous improvement meant that in 2005 we completely reviewed the structure of the system. We will be performing a full review of this system again in 2009.

The key elements of our EMS are:

1. An environmental policy for best environmental practice, copied in full on page three.
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, ensuring that our legal duties are met.
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: 2000, our 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

Further to consideration of the document, data and information resulting from the Company's internal procedures examined during the verification process at Shields Environmental plc, it is evident that the environmental policy, programme, management system, review (or audit procedure) and environmental statement meet the requirements of Regulation 761/2001 (the EMAS Regulation).

Amanda Thorpe

12th February 2009

SGS United Kingdom Ltd
(UK-V-0007)
Rossmore Business Park
Ellesmere Port, England
CH65 3EN



Our Environmental Management System (EMS) has been certificated to ISO14001 for more than thirteen 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 90% of the materials received by the Company are either re-used or recycled. 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 30 years. We are a registered waste carrier, and our facility in the UK is

permitted with two waste management licenses. During 2007 we was granted licenses under the WEEE legislation to be a Producer Compliance Scheme, 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 seven 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

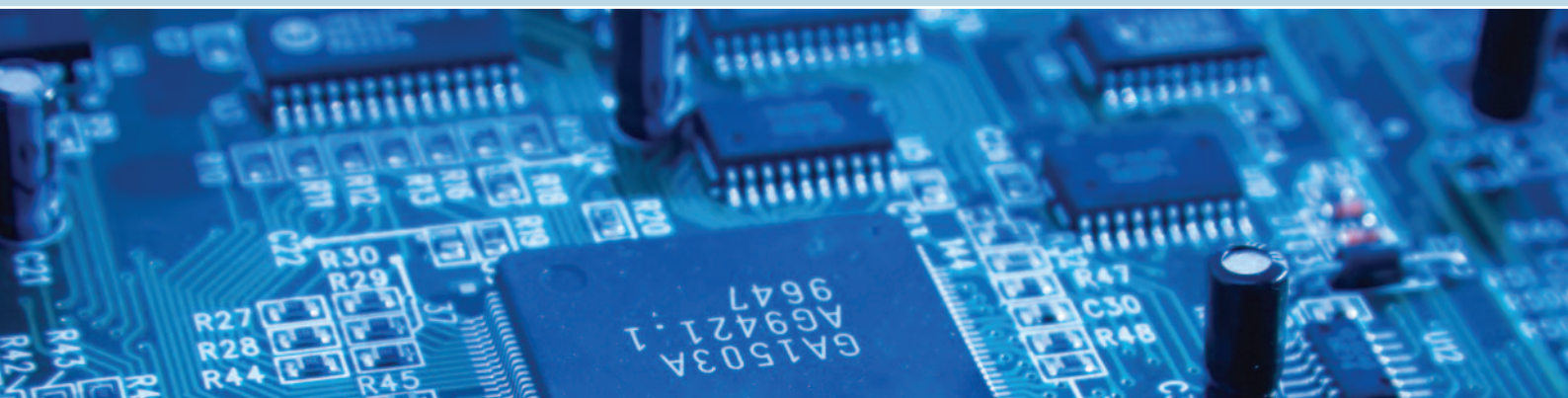
Indirect effects created as a result of our operations are also identified and recorded in a register, and we ensure that significant issues are reviewed each year when setting our environmental objectives and targets.

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.



Consumption of Resources

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

Consumption of Resources		Total
Renewable Electricity	kwh	145,367.30
Natural Gas	kwh	193,522.33
Water	m ³	927.00
Diesel Fuel	litres	40,940.34
Petrol	litres	0.00
Red Diesel	litres	2,789.00

Environmental Balance Sheet

Metric Tonnes	Totals
Equipment and materials processed	2,384.38
Equipment re-used	99.15
Equipment recycled	1,860.22
Materials recycled containing hazardous substances	319.38
Materials sent for waste to energy incineration	51.25
Materials land-filled (non-hazardous)	11.92
Materials specialized landfill (containing hazardous substances)	0
Materials sent for high temperature incineration	0
Packaging for re-use or recycle	42.45
Total Equipment and materials processed	2,384.38

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 2008 to 31st December 2008

Shields Environmental plc Environmental Management Report for 2008

For the fourth year in a row we have driven our actual CO₂ emissions down. This year we have driven down actual emissions from 197.11 tonnes of CO₂ to 158.39 tonnes of CO₂ whilst still growing our business. For 2008 Shields Environmental plc has reviewed its 2006 objective of improving and refining our methods of measurement and reporting. With the development of business into new service areas, it has been decided to report on turnover generated per tonne of CO₂ emissions.

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

Report on Achievement of 2008 Objectives and Targets

The following is the review of targets set for 2008, and describes how our organization performed in achieving them.

Environmental Policy Area	2008 Objective	Target	2008 Results
Provide a sustainable service for the reuse and recycling of products, equipment and materials managed by the Company for its clients	Maximize reuse, the highest form of recycling to enable the continuation of our voluntary ban on landfill disposal and to identify innovative new recycling outlets.	1. Maintain or improve the amounts of reused and recycled equipment.	1. In 2008 Shields increased the amount of processed equipment by 43.70%.
Manage and minimize our environmental risks to ensure protection of the environment	Maintain our 30 year record for meeting or exceeding environmental standards achieved during the reuse, recycling and treatment of materials processed by the Company.	2. Increase our record to 30 years of meeting or exceeding environmental standards. 3. Continue to increase our use of renewable energy to 100% in 2008.	2. We continued to exceed environmental standards. 3. All our sources of electricity are taken from renewable energy.
Maintain our 100% compliance record	Ensure compliance is maintained for new development projects in which we operate or plan to operate during the next 12 month period.	4. Research and review any new WEEE related opportunities and needs.	4. Shields current offering to clients continues to lead the way on WEEE solutions. Late 2008 saw the launch of Shields Energy Conservation Services.

Report on Achievement of 2008 Objectives and Targets

Continued

Environmental Policy Area	2008 Objective	Target	2008 Results
Measure and publicly report our environmental performance annually	Improve and refine methods of measurement and reporting.	5. Continue to review the suitability of turnover per tonne of equipment processed.	5. Results are now analysed as turnover generated per tonne of CO ₂ .
Assess the environmental performance of our key suppliers	Maintain and wherever possible improve the effectiveness of our supplier audit programme.	6. Search out and qualify any new suppliers in support of existing and new WEEE related waste streams for our clients.	6. As no new waste streams have been received during 2008, no new suppliers have been added to our supplier audit schedule.
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.	7. Continue to support business in the environment, Cambridge University for Industry and other sustainable activities.	7. Gordon Shields continued to support the UK Government's Business Steering Group on Sustainable Consumption and Production. Gordon also continued to sit on the Business in the Environment (BiE) Leadership Team and also supported the University of Cambridge Programme for Industry.

2009 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 31 years of meeting or exceeding environmental standards.
Manage and minimise our environmental risks to ensure protection of the environment	Maintain our 30 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 increase our use of renewable energy to 100% in 2009. 2. Implement a fully integrated ISO9001, ISO14001 and OHSAS18001 system.
Assess the environmental performance of our key suppliers	Maintain and wherever possible improve the effectiveness of our supplier audit programme	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. Measure the Companies performance against the Sunday Times Best Green Companies award using internal environmental audits (based on the Sunday Times format). This will include input from all staff at Shields Environmental ensuring feedback is received from all departments on further improving our environmental performance.
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"> 3. Research the requirements for the Queens Award for Enterprise - Sustainable Development and if criteria is met, apply for recognition in 2010. 4. Perform and complete pilot in 2009 offering energy conservation services.
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. Perform an energy survey of our premises and implement any changes which result in a saving of CO2 emissions. 2. Measure average power usage per employee target improvement of 5%. 3. Implement the "Bin the Bin" campaign to reduce facility waste and further increase recycling.



Shields Environmental plc

Kerry Avenue
Purfleet Industrial Park
South Ockendon
Essex RM15 4YE
United Kingdom

Tel: +44 (0) 1708 684000
Fax: +44 (0) 1708 684021
Email: enquiries@shields-e.com
www.shields-e.com



Produced by Mathews, Waite & Associates +44 (0) 1702 472727