



shanks
making more from waste

Responsibility in Action

Shanks Group plc
Corporate Responsibility Report 2011

shanks



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Responsibility in Action

Tom Drury



Corporate responsibility (CR) is at the heart of Shanks positioning to be Europe's leading sustainable waste management business and is essential to how we operate. This bold aspiration makes our CR performance as fundamental a part of assessing our strategic progress as other more traditional financial and operational measures.

Given this context we have once again sought to enhance the depth and transparency of our CR performance reporting. Our report this year includes more in-depth information on the Group's CR activities and further performance data. In addition, to improve the transparency of our reporting, the detail of how we calculate our corporate responsibility performance data is now available on the Group's website. Taken together we believe these developments bring Shanks 2011 Corporate Responsibility Report into line with the requirements of the Global Reporting Initiative (GRI).

Between this CR Report and our annual financial report readers can assess Shanks performance across the whole spectrum of our business and activities. Our belief is that good standards of corporate responsibility are fully compatible with healthy financial performance and that both aspects of the Group's wellbeing are equal.

Our progress towards the three key long-term, CR objectives we set ourselves last year is given later in this report. However, I would like to highlight one of these - our health and safety performance. While our health and safety performance showed year-on-year improvement during 2010/2011, we recognise that we have some way to go to achieve the key CR objective we set ourselves in this critical area.

Meeting objectives means taking action. In early 2011 Shanks launched its latest health and safety initiative, called 'Action on Safety', based around

77%
recycling and
recovery rate



Our belief is that good standards of corporate responsibility are fully compatible with healthy financial performance and that both aspects of the Group's well-being are equal.

leadership from the very top of the Company. This initiative includes a series of key health and safety essentials for all of our Group's operations, a mandatory site safety tour and employee communication scheme for directors and a dedicated safety leadership policy. Training in safety leadership has also been given to Shanks Group's Executive Committee members and will be rolled out to our country level directors.

This report is aimed at engaging both internal and external stakeholders. Our people across the Group's

operations can comment on the report through our well-established internal communication routes. For external stakeholders I would encourage you to get in touch with us with any comments or queries on the Group's corporate responsibility performance. Your feedback is welcome and important to us. Contact details can be found at the end of this report. I hope you find this report enjoyable and informative.

Tom Drury,
Chief Executive,
Shanks Group plc

We are firmly positioned in the areas of recycling and energy recovery and operate in countries with the highest recycling rates in Europe.

Shanks Group plc is one of Europe's leading waste and resources management businesses. Through our 100 plus facilities and more than 4,000 employees we aim to provide our customers with sustainable solutions to their waste and environmental obligations. We have operations in the Netherlands, Belgium and the UK and an expanding presence in Canada. Shanks Belgium also has some operations in France, close to the Belgian border, which are managed from Belgium.

We provide a range of solutions and technologies, including waste collections, recycling, resource recovery, waste composting, mechanical biological treatment, anaerobic digestion, thermal treatment, production of waste derived fuels, industrial cleaning, hazardous waste treatment and renewable energy production. A wide variety of wastes are handled including domestic refuse, commercial and industrial waste and hazardous waste. Following divestments, Shanks has only minimal landfill left within its portfolio and is committed to developing an infrastructure to provide sustainable solutions.

Our customers range from small commercial concerns, through large national and multi-national

companies to local authorities. These customers are both within our countries of operation and outside. In common with many other waste and resources management companies, we have multiple customer bases, from clients who consign wastes to our operations, such as local authorities and commercial customers, to concerns which receive recycled and recovered materials from them, such as re-processors and users of reclaimed fuels.

We operate in a highly regulated market which is forcing and encouraging everyone to recover more resources from waste. We are firmly positioned in the areas of recycling and energy recovery and operate in countries with the highest recycling rates in Europe. Our strategy going forward is a simple one - to deliver growth by investing in recycling, recovery, organic waste treatments and municipal waste contracts. We already operate with high levels of recycling and are a market leader in implementing sustainable technologies. Our growth strategy is to build upon this expertise and develop a reputation as the leading provider of sustainable alternatives to landfill and incineration disposal.

Shanks at a Glance data

Our Business	Netherlands	Belgium	UK	Canada	Group
Number of employees	2,260	1,151	808	27	4,246
Active operating centres	41	23	39	2	105
Operating centres with recycling/recovery	34	11	17	2	64
Operational landfill sites	1	2	4	0	7
Collection and transport lorries	848	405	185	0	1,438
Tonnes waste handled (million tonnes)	4.75	1.24	1.55	0.12	7.66
Tonnes materials recovered (million tonnes)	4.18	0.92	0.66	0.11	5.87
Overall recycling and recovery rate	88%	74%	43%	86%	77%
Energy generated (megawatt hours)	18,091	68,574	9,858	0	96,523



Our strategic priorities

- Invest to drive organic growth where returns are greatest
- Develop our infrastructure further to support sustainable waste management and conversion of waste to renewable energy
- Share our core capabilities and technologies within the Group
- Maximise asset utilisation and minimise unit costs
- Use acquisitions to improve asset utilisation and re-orient the portfolio to high growth markets

With a strong balance sheet, and the proven ability to assemble a range of technologies which deliver waste and energy solutions to our customers,

we are well aligned strategically with the regulatory, policy and fiscal drivers that will determine future profitability within the waste management industry.

The data presented in the Shanks at a Glance table left gives an indication of the size and scope of our operations and summarises some headline performance figures. Further details on our activities, corporate governance issues, shareholder communications, and company structure can be found in our annual financial report, which is available on our website. Details of Shanks Group's Corporate Responsibility Committee, which produces this report, and its roles and responsibilities, and Shanks CR Policies may also be found on our website. Country specific details may also be found on Shanks country websites (see Contacts section at the end of this report).

Our commitment to corporate responsibility & sustainability is not a static process and we continue to seek improvement. We are a leader in this field.

This Group Corporate Responsibility Report is our third full annual CR publication of its kind. We have reported on our environmental and health and safety performance since the late 1980s and our first wider CR Report was published in 2009 and the last, released in 2010, is available for comparison on our Group website). This report is published each year concurrent with our annual financial report. The data included in this report has been calculated, in outline, on the following basis:

- Data is for the financial year ending March 2011 (in some cases calendar year 2010 data is used, particularly where other reporting requirements, such as regulatory reporting, dictate this) and data for previous year(s) is included for comparative purposes
- Data scope is as per indicated in each table or graph: Shanks Canada's activities are generally included in data for Shanks Netherlands and data for Shanks operations in France are included in data for Shanks Belgium, except where otherwise stated
- The definitions and full scope of the indicators used to report performance are available on our Group website at the address given in the contacts section of this report. This indicators document, produced by Shanks Group's CR Committee, includes the calculations used to arrive at the data given in this report and, where relevant, any exceptions and boundaries
- The performance indicators used in this report are those we consider to be critical and significant (any significant limitations to scope are given in Shanks indicators document as above). We collect and analyse a wide range of other CR data internally and any stakeholder who requires further information may contact us using the details at the end of this report
- For joint ventures within the Group, data is reported as a proportion

representing the shareholding we have in the joint venture, except where contractual arrangements dictate otherwise, such as for health and safety data. The joint venture activities included in this report are Peckfield landfill site in the UK and Silvamo landfill site in Belgium

- The majority of our operations are directly managed by the Group's companies. This report covers all our direct operations but excludes sub-contracted activities. Our main sub-contracted activities being transport in some areas of all three main countries of operation and the operation of civic amenity sites under the Cumbria and Derbyshire County Council PFI waste management contracts in the UK
- This report does not include the activities of our suppliers
- In our 2010 CR report we noted the acquisition of Shanks Foronex (Belgium) and that data from this acquisition would be included in this report, which it has been. This acquisition has, via its waste wood recovery activities, increased the carbon avoidance we facilitate by our operations significantly. No other major changes in company scope, with the exception of organic growth, are included for this report

Many groups of stakeholders may be interested in this report. However, from work conducted by Shanks Group CR Committee, we consider the main stakeholder groups this report is aimed at to be employees, contractors and suppliers, shareholders and other financial stakeholders, regulators, non-governmental organisations, existing and potential customers and clients, communities and businesses near to Shanks sites and operations, internal and external auditors, researchers and corporate responsibility organisations. Should any reader of this report consider themselves a major stakeholder who has not been identified above, please contact us via the details at the end of this report.

Corporate responsibility - a key risk issue

The standards of corporate responsibility (CR) expected of waste management companies by their stakeholders, and legally, have changed beyond all recognition over the past decade. Whether this is in their environmental and sustainability credentials, how they interact with their employees and clients or the reputation of an organisation in the wider community, failure to espouse, enact and embed high levels of corporate responsibility is a key risk area for any waste management company.

We are, and continue to be, a leader in this field. We were one of the first waste management companies to put in place an environmental policy, one of the first large concerns to report publicly on our health and safety performance and have a stated policy of aligning ourselves with sustainable waste management practices. Our commitment to corporate responsibility

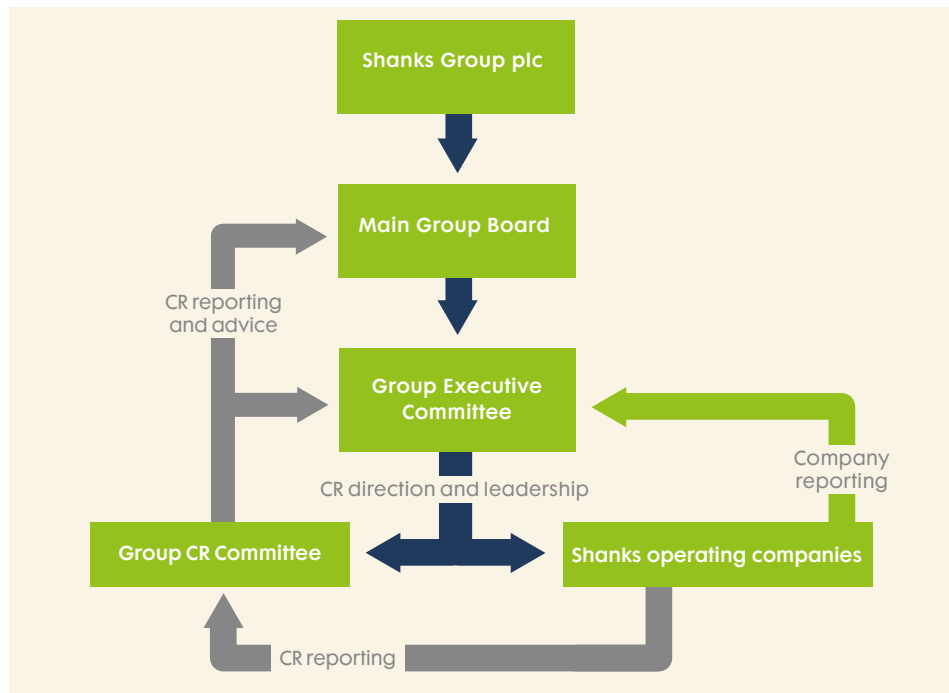
and sustainability is not a static process and we continue to seek improvement.

For example, corporate responsibility and sustainability risks have been embedded in the Group's risk management systems and feature heavily in our risk registers and improvement processes. CR and sustainability issues are not a separate or side issue for us - they are an intrinsic part of how we approach risk and improvement.

To co-ordinate improvement Shanks has established a dedicated Group CR Committee, comprising senior people from across our operations and tasked with producing improvements in all aspects of corporate responsibility. This body reports directly into the Group Executive Committee and its remit is embedded in our Group CR Policy, which is available on our Group website. The framework and architecture this CR Committee sits within is shown in outline below.



Group CR Architecture



Our approach to CR and sustainability issues and our performance in this area are open to interrogation by external bodies. We have been independently assessed to the FTSE4Good criteria and have satisfied the requirements to be included in the FTSE4Good Index Series. Created by the global index company, FTSE4Good is an equity index designed to facilitate investment in companies, such as Shanks, which meet globally recognised CR standards.

Shanks Group's overall recycling and recovery rate rose from 74% in 2009/2010 to 77% in 2010/2011.



We have set ourselves three long-term, key corporate responsibility objectives to achieve by the end of March 2015:

- Increase the potential carbon avoidance facilitated by our activities to more than 1.3 million tonnes per year
- Increase our recycling and recovery rate to more than 80%
- Reduce our more serious accident rate by 25%

Potential carbon avoidance objective

In our previous CR Report we set ourselves the objective of increasing the carbon avoidance facilitated by our activities to more than 800,000 tonnes per year by March 2015. However, and as noted above in the report scope and audiences section of this publication, subsequent to making this commitment we acquired major wood waste recycling and recovery operations in Belgium. These operations have resulted in a significant rise in the carbon avoidance we facilitate (see carbon footprint data later in this report for detail), rendering the original target of 800,000 tonnes redundant.

To keep our key CR objectives fresh, challenging and relevant we have therefore decided to increase this target to 1.3 million tonnes of potential carbon avoidance. This realignment is to ensure we continue to push ourselves towards greater sustainability and reflects both our success to date and our desire to improve further.

Recycling and recovery rate objective

We have made good progress towards this key objective – Shanks Group's overall recycling and recovery rate rose from 74 per cent in 2009/2010 to 77 per cent in 2010/2011. Shanks Belgium led the way in this improvement, increasing its recycling and recovery rate from 68 per cent to 74 per cent, while Shanks UK's performance remained static, largely as a result of increased landfill tonnages and the continuing effects of economic recession. However, we are confident that the development projects currently being pursued will produce improvements in UK performance. Shanks Netherland's recycling and recovery performance increased by some two per cent, but from an already high base. These improvements underline Shanks continuing commitment to more sustainable waste management.





Accident reduction objective

Our health and safety performance improved during the 2010/2011 year. Our more serious accident rate fell by 3 per cent. This was an improvement, but somewhat short of expected progress towards the key long-term CR objective we have set ourselves in this area. However, the overall and long-term trend for Shanks Group, and its three main operating divisions, is still one of improvement and we believe that we can meet our target. To support and enact this belief we are in the process of rolling-out a new safety leadership initiative across all of our operations, no matter where they are located. This initiative is the topic of a case study in the employee wellbeing section in this report and is aimed at producing a step-change in our health and safety performance.

↑
77%
overall
recycling



With more than 4,000 employees spread over in excess of 100 operating centres in five countries written and visible, direct leadership is essential.



Shanks Group CR policies and Group CR Committee

In the end policies are words. But, they are the words which indicate the direction a concern wishes to move in and the ethics it aims to embed and enact in its activities. The content of policies is, of course, important, but the company which has an environmental policy and the company which does not are both making very obvious statements of what they consider to be important, or not. In essence, while simply words, policies provide written leadership – for a company such as Shanks with more than 4,000 employees spread over in excess of 100 operating centres in five countries such written leadership is essential.

All of our operating companies have policies, management standards, procedures and other documents which are the basis for how they operate their businesses. These local level policies, and other critical documents, must be informed and guided by the direction and ethics Shanks Group requires of its operating companies. These directions and values are enshrined in Shanks Group's policies.

In 2010 we produced our first dedicated Group corporate responsibility policy, which replaced older health and safety, environmental and business ethics type policies. Since then other Group policies, such as on critical corporate responsibility event

reporting, have been produced and issued and a Group health and safety leadership policy, aimed at the behaviours of directors and senior managers across Shanks, was released early in 2011. These policies are produced by Shanks Group Corporate Responsibility Committee, approved by the Group Executive Committee and signed by the Group Chief Executive – they come from the very top of our organisation.

Policies are of little use if they are not embedded into a company's operations and businesses. Through the activities of Shanks Group CR Committee, our Group's CR Policy has been presented to and discussed by managers in Shanks Belgium and Netherlands and in the UK all operational managers have signed-up to the policy. The policy has also been the topic of gap analysis in the UK to ensure Shanks UK's systems are in line with the standards contained in the Group Policy. In addition, Shanks Group CR Committee tours our sites as part of its activities and reports back to the Group Executive Committee on performance against the aims set in our Group policies. Policies are words, but when embedded into a business they can become actions and we are committed to ensuring that our operating companies live by the corporate responsibility values Shanks Group requires of them.

Case Study

We are committed to ensuring that our operating companies live by the corporate responsibility values Shanks Group requires of them.



Good levels of environmental compliance and management are critical to our continued wellbeing and development.



Shanks operates under strict environmental regulation, both in terms of overall legislation and site specific environmental permits and permissions which determine how our sites operate, from the waste types they can accept, to emissions limits and the nature of the treatment, recovery and other activities allowed. Failure to comply can result in enforcement action, prosecution and restrictions on operations. In addition, repeated breaches may result in difficulty in gaining new permissions, or varying those already held, to take advantage of new technologies and opportunities. Compliance with environmental law and permissions is a critical risk area for all waste and resources companies.

improvement. The seriousness with which we approach environmental issues may be demonstrated by the low level of prosecution suffered for a company operating in such a strictly regulated and enforced sector (see management systems and compliance section of this report for details).

At its heart Shanks is an environmental management company providing environmental services to customers and clients. These stakeholders are unlikely to view us favourably if we have a poor environmental record. Good levels of environmental compliance and management are critical to our continued wellbeing and development.

For some stakeholders carbon and sustainability are becoming the environmental issue. However, for a company such as Shanks, and while carbon and sustainability are key issues, the range of potential environmental effects from emissions to land, water and air which need considering is wider. All of our major sites have limits set into their various permissions relating to emissions. However, because of the wide range of technologies and processes we employ these emissions types and limits vary significantly from site to site. For our 2012 CR Report we are seeking to find a way to display these various emissions data in an easily accessible manner for stakeholders.

All of our sites operate under environmental management systems, the majority of which are accredited independently to international standards such as ISO14001 (details of accreditations are given in the management systems and compliance section of this report). Breaches of required standards and developing issues are reported on from across the Group, including monthly formal reports at Group Board level. Environmental issues are routine items on country level board agendas and directors are expected to, and do, involve themselves personally in ensuring compliance and



Shanks Foronex Bree sets the example in reducing dust nuisance

The most efficient way to use waste wood as a biomass fuel for renewable energy generation is as wood dust: Which is just what Shanks Foronex's Bree site produces. However, one of the potential issues with this type of production process is that it can cause a dust nuisance for near neighbours. Minimising dust nuisance is critical for Shanks Foronex and its Bree site has taken the lead in adapting its installation to handle potential dust issues.

The first step undertaken by the site was an investigation by the independent research centre VITO (Flemish Institute for Technological Research) to identify the main sources of potential dust nuisance, these being traffic movements, outside storage and loading and unloading activities. Then, based on this exercise, taking measures in line with BAT (best available technologies). Quick-close roller doors were installed to reduce dust emissions during unloading in the main buildings, supported by a mist-air dust suppression system. The actual plant for wood processing is largely enclosed and has been fitted with a force air ventilation system with filters, and new storage silos were constructed to contain all dust particles. In addition, new concrete hard-standing areas have been laid to reduce dust from traffic movements.

Of particular interest, a unique-to-the industry automated lorry loading system was designed and installed. This equipment allows lorries to be loaded without the use of heavy mobile plant, itself providing a reduction in dust emissions, and is also equipped with negative pressure air extraction so preventing dust escape during loading.

Technological solutions such as the above are of no use if they are not actually used: The final step in improved dust control at Shanks Foronex Bree was the enforcement of operational control through procedures and the awareness of employees and customers. These procedures and systems have been extensively publicised to both third parties using the site and Shanks own employees.

Following the above initiative, and to evaluate the results of the actions taken, VITO carried out a survey in the local neighbourhood to the site. Most neighbours indicated that they had noticed a real improvement. This survey will be repeated on a regular basis to ensure local opinion remains positive. To complement this survey Shanks Foronex is communicating in an open and pro-active way with its neighbours and has invited nearby businesses to tour the site and see the improvements made with their own eyes.

Case Study

Shanks Foronex is communicating in an open and pro-active way with its neighbours.



As a measure of our commitment to sustainable waste and resources management, two out of our three key corporate responsibility objectives are aimed at recycling and recovery rate and potential carbon avoidance.



Sustainability and carbon are critical issues for all waste and resources companies. Failure to develop and deliver sustainable waste and resources management options with manifest carbon benefits may limit our ability to grow. In addition, our stakeholders, such as clients, increasingly want to know what the carbon impacts of the waste management services we provide to them are and be reassured that their own requirements are not being compromised. If such assurance is not available then they are likely to turn to another provider.

In addition, investment in new processes and company growth may be at risk if such cannot be seen as sustainable and carbon beneficial. EU and national waste policy is clear in the direction it gives to the sector and investment in less sustainable options may become increasingly difficult to justify. One of our publicly stated strategic objectives is to develop our infrastructure further to support sustainable waste management and conversion of waste to renewable energy. Sustainability and carbon issues form an important part of our strategic decision making process. Over the past year virtually all of our major growth investment has been in treatment facilities and additional recycling and recovery plant capacity. In addition, we are moving into other alternative and sustainable waste management technologies.

As a measure of our commitment to sustainable waste and resources management, two out of our three key corporate responsibility objectives are aimed at recycling and recovery rate and potential carbon avoidance. Detail of our progress towards these objectives is given in this report and a separate

section on recycling and recovery is included below.

While recycling rate may be an easy to understand performance measure, carbon avoidance can be more intangible. Organisations can seek to affect their carbon impact in two main ways - by reducing their emissions (for example by energy use efficiencies) or by using more sustainable energy and other resources (such as by purchasing renewable energy or making greater use of recycled or recovered materials in their products).

Waste and resource management companies can assist in carbon avoidance through facilitating the use of alternative fuels and materials. Producing items containing recycled materials reduces the amount of carbon emitted compared with the use of virgin materials and using a fuel derived from waste rather than a fossil fuel likewise reduces carbon impact. In addition, some waste management processes actually produce renewable energy, such as electricity generation from anaerobic digestion.

However, it is often the case that the technologies which provide a greater carbon benefit are also those with a higher energy need. Recycling waste consumes more energy than disposing of it to landfill, even though landfills produce methane which has a significant greenhouse effect. It is in the relative balance between energy use and carbon avoidance that benefit should be measured. It is a risk to waste and resources companies that by pursuing more sustainable options they may be penalised for the greater energy use this entails, even when the overall carbon benefit is high.



Carbon dioxide equivalent emissions and avoidance

Netherlands

Source	CO ² equivalent ('000 tonnes) ¹ 2011	CO ² equivalent ('000 tonnes) ^{1,3} 2010
Emissions		
Process based emissions		
Emissions from anaerobic digestion	0	0
Emissions from green waste composting	62	60
Emissions from in-vessel/tunnel composting	8	7
Emissions from hazardous waste treatment	287 ²	234
Emissions from landfill	18	19
Transport based emissions		
Fuel used by waste transport vehicles	33	32
Energy use emissions		
Electricity used on sites and in offices	47	45
Gas used on sites and in offices	9	8
Fuel used on sites and in offices for plant and equipment/ heating	16	16
Total emissions from significant sources	480	421
Potential avoided emissions		
Renewable energy generated	11	7
Waste derived fuels produced and sold	47	42
Materials separated for re-use/recycling (some re-used directly, others undergo re-processing by 3rd parties)	372	331
Total potential avoided emissions	430	380

1. Figures rounded to nearest 1,000 tonnes – totals may reflect rounding
2. Increase the result of higher waste inputs and variances inherent in the method of calculating CO₂ emissions from this source
3. Some figures for 2010 restated as a result of data revisions





Carbon dioxide equivalent emissions and avoidance

Belgium

Source	CO ² equivalent ('000 tonnes) ¹ 2011	CO ² equivalent ('000 tonnes) ¹ 2010
Emissions		
Process based emissions		
Emissions from anaerobic digestion	0	0
Emissions from green waste composting	14 ²	4
Emissions from landfill	55	56
Transport based emissions		
Fuel used by waste transport vehicles	28	27
Energy use emissions		
Electricity used on sites and in offices	4	3
Gas used on sites and in offices ²	0 ³	0 ³
Fuel used on sites and in offices for plant and equipment / heating	5 ⁴	8
Total emissions from significant sources	106	98
Potential avoided emissions		
Renewable energy generated	15	15
Waste derived fuels produced and sold	384 ⁵	93 ⁶
Materials separated for re-use/recycling (some re-used directly, others undergo re-processing by 3rd parties)	96 ⁵	34
Total potential avoided emissions	495⁵	141

1. Figures rounded to nearest 1,000 tonnes – totals may reflect rounding
2. Rise the result of increased green waste composting activities
3. Negligible gas consumption and thus emissions
4. Reduction as a result of various factors such as installation of automatic loading systems
5. Significant increases the result of acquisition of wood recovery business , increased SRF production at existing sites and increased recycling
6. Recalculated data using revised conversion factors





Carbon dioxide equivalent emissions and avoidance

UK

Source	CO ₂ equivalent ('000 tonnes) ¹ 2011	CO ₂ equivalent ('000 tonnes) ¹ 2010
Emissions		
Process based emissions²		
Emissions from in-vessel composting (mixed waste)	4	4
Emissions from landfill	84 ³	97
Emissions from mechanical biological treatment (MBT)	12	12
Transport based emissions		
Fuel used by waste transport vehicles	10	10
Energy use emissions		
Electricity used on sites and in offices	13	14
Gas used on sites and in offices ⁴	0	0
Fuel used on sites and in offices for plant and equipment / heating	3	4
Total emissions from significant sources	126	141
Potential avoided emissions		
Renewable energy generated	5	8
Waste derived fuels produced and sold	89	67
Materials separated for re-use/recycling (some re-used directly, others undergo re-processing by 3rd parties)	164	173
Total potential avoided emissions	258	248

1. Figures rounded to nearest 1,000 tonnes – totals may reflect rounding
2. Emissions include biogenic carbon
3. Reduction largely because of gas infrastructure changes on some sites
4. Gas is used at only 5 sites leading to zero figure with rounding



Carbon dioxide equivalent emissions and avoidance**Group**

Source	CO2 equivalent ('000 tonnes) ¹ 2011	CO2 equivalent ('000 tonnes) ¹ 2010
Emissions		
Process based emissions		
Emissions from anaerobic digestion	0	0
Emissions from green waste composting	76	64
Emissions from in-vessel/tunnel composting	12	11
Emissions from hazardous waste treatment	287 ²	234
Emissions from landfill	157 ²	172
Emissions from mechanical biological treatment (MBT)	12	12
Transport based emissions		
Fuel used by waste transport vehicles	71	69
Energy use emissions		
Electricity used on sites and in offices	64	62
Gas used on sites and in offices	9	8
Fuel used on sites and in offices for plant and equipment / heating	24	28
Total emissions from significant sources	712	660
Potential avoided emissions		
Renewable energy generated	31	30
Waste derived fuels produced and sold	520 ²	202
Materials separated for re-use/recycling (some re-used directly, others undergo re-processing by 3rd parties)	632	538
Total potential avoided emissions	1,183	770

1. Figures rounded to nearest 1,000 tonnes – totals may reflect rounding
2. For significant changes please see individual country tables for details and reasons

Energy efficiency Vision Zero posters

Energy efficiencies can be obtained by physical means, such as more efficient diesel engines in lorries, motion sensors which automatically switch lights off when no one is in a room, using waste heat from one section of a process in another part and specifying higher efficiency drive motors for recycling machinery. Efficiencies can also be achieved by promoting changes in human behaviour, the most often quoted example being encouraging people to turn off lights when they leave a room or when it is not in use.

In an industrial waste management setting behavioural changes can pay higher dividends than simply turning office lights off. An item of heavy mobile plant, such as a 20 tonne loading shovel, used on a waste management site may be not in use for up to 10 to 20 percent of a working day, such as when waiting for the next waste collection lorry to arrive to tip its load. If plant operators turn their engine off rather than leaving it running the fuel savings are obvious. A company would be likely to pay a premium for heavy plant with a 10 to 20 percent lower fuel consumption, which also could simply be achieved by turning the engine off when not in use (or even better

specify higher efficiency mobile plant and instruct operators to turn the engine off when not in use). This example also has a health and safety benefit in that plant is not left running when unattended.

Instructions such as the above example to turn off plant engines when not in use can be, and in Shanks case are, embedded into operating procedures and training. But, instruction and training often need supporting with publicity and frequent reminders. Vision Zero was originally used by Shanks UK as a 'badge' for improvements to its health and safety performance, the Vision Zero logo being used on various operating documents and as the basis for a series of health and safety publicity posters. Using this established internal trademark, Vision Zero is now also being used to promote energy efficiency.

Through 2010 and into 2011 Shanks UK has been producing and distributing to all of its sites Vision Zero energy efficiency posters with topics including not leaving information technology equipment on stand-by all of the time, turning off mobile plant engines when not in use, and, of course, reminders to turn off office lights when leaving a room.

Case Study

Using this established internal trademark, Vision Zero is now also being used to promote energy efficiency.



OTHER ENVIRONMENTAL INDICATORS

Indicator	Netherlands		Belgium		UK		Group	
	2011	2010	2011	2010	2011	2010	2011	2010
Amount of greenhouse gases emitted from key operations (CO2 equivalent '000 tonnes) ¹	480	420	106	98	126	141	712	659
Electricity consumption at sites and offices (000' Kilowatt hours) ²	85,456	–	15,773	–	24,869	–	126,098	–
Gas used at sites and offices (cubic metres) ^{2, 3}	5,074,533	–	1,399	–	33,051	–	5,108,983	–
Fuel use at sites and offices (000' litres) ²	6,181	–	1,750	–	1,072	–	9,003	–
Fuel used in waste collection and transport vehicles (000' litres) ^{2, 4}	12,632	–	10,327	–	3,863	–	26,822	–
Total electricity generated (mega-watt hours)	18,091	11,713	68,574	75,464	9,858	15,043	96,523	102,220
Amount of potable water used (000 m3) ³	224	216	112	100	38	34	374	350

1. Data rounded to nearest 1,000 tonnes
2. Data not declared separately in 2010 report
3. Data rounded to nearest 1,000 m3
4. Diesel fuel used





96,253

**mega-watt hours
of green electricity
generated from
Shanks operations
in 2010/11.**

Plant and equipment alone will not produce results; motivated and competent employees are also required.

Shanks can, and does, invest in sustainable waste and resource management technologies. However, plant and equipment alone will not produce results – motivated and competent employees are also required. As we move into more complicated and diverse technologies we need to attract and retain high quality people or risk being incapable of exploiting these technologies to the full. In addition, we need to encourage the development of our existing human resource to face the challenges posed by rapid technological and structural change.

Waste and resource management has not in the past been an industry at the top of most peoples' list for desirable employment. In part this has been a function of the reputation of the sector and in part, perhaps, a result of the employment practices within some sections of the industry. This provides both risks and opportunities for companies such as Shanks whose good reputation and people practices can act as an attractant to new employees, assist in retaining existing key people and in developing its current human resource.

All of our employment and training policies are compliant with employment legislation and regulatory obligations. We are an equal opportunities employer and full and fair consideration is given to applications from, and the continuing employment, career development and training of disabled people. A culture of two way communications is actively promoted and trade unions, works councils and other employee groups are involved wherever

appropriate. At a Group level the approach taken is clearly outlined in our corporate responsibility policy which is available on our Group website.

To ensure continuing employee satisfaction and wellbeing, we have undertaken employee opinion surveys in our three main countries of operation and, from these surveys, Shanks divisions and companies have produced and are pursuing action plans aimed at improving employee wellbeing and retaining our competitive advantage in the employment market.

At its most basic, employee wellbeing is a health and safety issue. We are more than aware that we operate in a hazardous sector and that typical accident rates for waste and resources companies are well above those for manufacturing and similar industries. Health and safety is, and will continue to be, a critical risk area for us.

The most basic indicator of health and safety must be a workplace free, so far as is practical, of physical harm. We have had considerable success in reducing our accident rate and in the past ten years have nearly halved our more serious employee accident rate. However, this is an area where continuous improvement is sought and we have set ourselves a key corporate responsibility objective of reducing our employee RIDDOR (more serious) accident rate by 25%, based on accident data reported in 2010, by the end of March 2015. Progress towards this objective is shown in the performance data in this section of this report.

Case Study

in its first year both Shanks Icova and Shanks Netherlands BV won awards.

Employee Satisfaction survey - Shanks Netherlands

In mid-2010 Shanks Netherlands conducted its first comprehensive employee satisfaction survey aimed at identifying the motivations, expectations, experiences and satisfaction levels of all those who work for the division, both blue and white collar workers, and to provide an insight into the commitment and loyalty of employees. The survey was conducted by an independent, external consultant specialising in the field and resulted in an analysis of employee views across all our Dutch operations.

The overall response rate to Shanks Netherlands' satisfaction survey was 48 per cent, a good result for such initiatives. The average satisfaction score achieved, out of a maximum of ten, was 7.1, with the lowest operation score being 6.7 and the highest 7.3. This is a remarkably even set of results for such a wide variety of operational types and locations showing the consistency of management approach and culture within Shanks Netherlands.

In general, working conditions and health and safety were rated highly by respondents to the survey, whereas communication with employees and representation by operation works councils scored lowest. The themes employees rated as the most important were working conditions and leadership. The results also indicated that Shanks Netherlands' operations have a strong image and that staff have a

high degree of loyalty to their own organisations. However, overall issues identified as requiring improvement were related to leadership, communication and co-operation.

Conducting a survey has a value on its own, but producing actions aimed at improvement is of more benefit. Through July and August 2010 all of Shanks Netherlands operational managers were presented with the results of the survey and were required to produce their own action plans aimed at improving in the areas identified by the survey as requiring enhancement. Progress against these actions is now being tracked at Shanks Netherlands monthly business review meetings to ensure the required improvements are produced. To assess if the planned changes are being effective, a second employee survey will be conducted in the 2012/2013 year.

Each year the external consultant which conducted the survey compares the results of hundreds of such exercises it carries out for a variety of concerns and gives awards to the top three companies in each category. While improvements are always desirable, even in its first year both Shanks Icova and Shanks Netherlands BV won awards in this comparison as the companies most recommended by their employees.



HEALTH AND SAFETY INDICATORS: ACCIDENT RATES AND NUMBERS 2010 AND 2011 YEARS

	2011					2010				
	LTA	LTA rate	RIDDOR	RIDDOR rate	Fatal accidents	LTA	LTA rate	RIDDOR	RIDDOR rate	Fatal accidents
Netherlands	11	500	36	1,700	0	11	500	54	2,600	0
Belgium	6	500	70	6,100	0	11	900	60	4,800	0
UK	15	1,600	21	2,200	0	17	1,800	18	1,800	0
Group	32	800	127	3,000	0	39	900	132	3,100	0

HEALTH AND SAFETY INDICATORS: SYNOPSIS OF RIDDOR ACCIDENT RESULTS 2010 AND 2011 YEARS

	Netherlands		Belgium		UK		Group	
	2011	2010	2011	2010	2011	2010	2011	2010
RIDDOR number	36	54	70	60	21	18	127	132
RIDDOR rate	1,700	2,600	6,100	4,800	2,200	1,800	3,000	3,100
Change	- 45%		+ 27%		+ 22%		- 3%	

In all of the health and safety tables and graphs the accident categories used are:

RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) - RIDDOR is UK law requiring employers to report more serious accidents, such as an injury which prevents an employee from performing their normal duties for more than three days. Shanks requires its operating companies to report as if under RIDDOR to ensure consistency and to allow comparisons to be made.

LTA (lost time accident) injury – any injury suffered by an employee which results in at least one day off work, but which

is not serious enough to fall under RIDDOR. As for RIDDOR, Shanks requires its operating companies to report LTAs. Using both RIDDOR and LTA data Shanks can gain a more complete and consistent measure of its performance and account for differences in country practice on reporting.

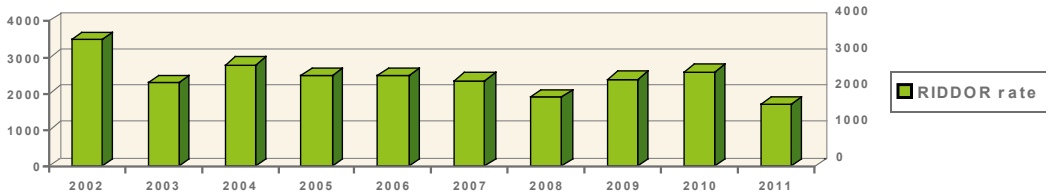
Fatal accidents – fatal workplace accidents.

Accident rates – total accident figures do not allow adequate comparisons to be made over time as employee numbers can, and do, change. The accident rates quoted are per 100,000 employees. These rate figures are a truer measure of accident performance.

HEALTH AND SAFETY INDICATORS: LONG-TERM RIDDOR ACCIDENT TREND GRAPHS 2003 TO 2011

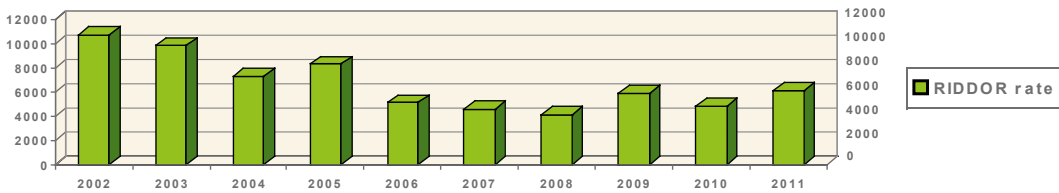
RIDDOR ACCIDENT RATES PER 100,000 EMPLOYEES 2002 TO 2011

Netherlands



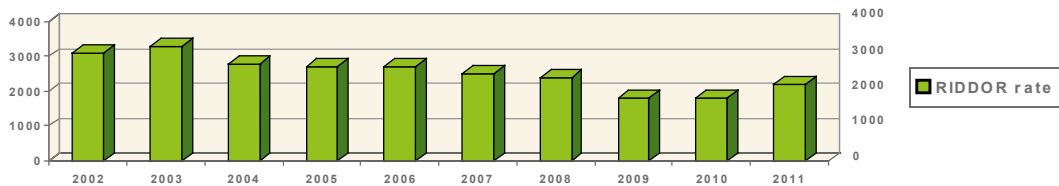
RIDDOR ACCIDENT RATES PER 100,000 EMPLOYEES 2002 TO 2011

Belgium



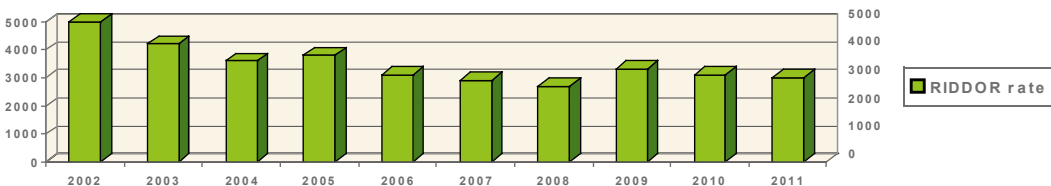
RIDDOR ACCIDENT RATES PER 100,000 EMPLOYEES 2002 TO 2011

UK



RIDDOR ACCIDENT RATES PER 100,000 EMPLOYEES 2002 TO 2011

Group



Case Study

All of the directors trained, both at Group and country level, will take part in site safety tours at least eight times a year.

Shanks Group safety leadership initiative

Health and safety has been one of our key performance indicators for more than three decades, reflecting the long-standing importance we place on this critical risk area. This consistent and sustained concentration on health and safety standards has, from benchmarking exercises, resulted in our performance being at least equal to the best achieved within the waste management sector. In addition, our long-term, overall trend of safety performance is one of improvement. However, this improvement has at times been slow and sometimes subject to reversals.

While the physical aspects of safety (such as machinery guarding) and management systems (such as safety rules and procedures) are important, a good safety culture is critical to sustained and rapid improvement, and the leadership shown by those at the top of an organisation has a strong influence on this culture. To enhance our safety culture we launched a new Group safety leadership initiative at the start of the 2011/2012 year.

All of Shanks senior directors, including the Group Chief Executive and Finance Director and all three country Managing Directors, received safety leadership training in April 2011 and this training is being rolled-out across all of our

operations to senior country level directors. All of the directors trained, both at Group and country level, will take part in site safety tours at least eight times a year – a critical component of these tours being direct, personal communication with operational employees on their views of safety in the workplace.

To support the above training and safety tours, a series of key safety essentials aimed at twelve key health and safety risk areas has been produced. These key essentials will be applied across all of our operations to provide a common set of standards we expect from our activities no matter where they are located. These essentials will also provide the basis for an employee communications campaign to ensure everyone within Shanks receives the message.

To ensure that the initiative is embedded within our operations completion of safety leadership site tours will be tracked by Shanks Group's CR Committee and reported on to the Group Board as part of regular safety performance communication. Improved safety performance is one of our three key, long-term corporate responsibility objectives – cultural change through focussed leadership is one of the tools being used to achieve this objective.



Case Study

The end result was a menu of training alternatives which individual operations managers can chose from.

Driver training to meet European directives

New European law now requires that drivers of specified heavier goods vehicles undergo regular training to support their original driver training, which for a high proportion of drivers may have been completed many years ago. This continual development and reinforcement training is just one example of a change in law which requires Shanks to take action to ensure compliance.

In Shanks Netherlands a team of five employees tackled the issue centrally, using their knowledge and experience to source a single supplier of the required training for all their operations. Starting with pre-qualification the list of potential suppliers was reduced to six, all of whom were invited to present to the Shanks Netherlands' team their competency and ability to provide the training. From this six a final two potential providers were selected for a second, more in-depth presentation exercise from which the successful candidate was chosen.

Once the final supplier had been chosen the next step was to ensure that the training would fit with Shanks Netherland's specific needs and could be arranged without disrupting operations. This could not be achieved without the direct involvement and input of

operational management and, as a result, in summer 2010 a group of operations managers joined the Shanks Netherlands' training team to define the detail of how the training would be delivered. The end result was a menu of training alternatives which individual operations managers can chose from to fit with their specific needs and requirements.

Starting an initiative is one issue, ensuring it continues and is enacted consistently is quite another. The Shanks Netherlands' team has moved on from its initiation phase and is now meeting on a monthly basis to ensure compliance with the changed legislation by the deadline of 2016, and has already formulated its plan for the first year of training.

This approach is not unique within Shanks and the Group's UK operations have likewise partnered with a single training provider to supply its needs under the new law. This single-supplier arrangement has also meant that Shanks UK can input its own operating procedures and processes, such as health and safety systems, into the standard training package to provide a bespoke training scheme aimed both at compliance and achieving the best result for Shanks UK out of the change in legislation.



EMPLOYEE ABSENCE INDICATORS

Indicator	Netherlands		Belgium		UK	
	2011	2010	2011	2010	2011	2010
Total employee absenteeism from work (% of available days)	5.2	5.1	7.8	5.0	3.8	4.0
Work related absenteeism from work (% of available days)	0.3	0.5	0.7	0.9	0.4	0.3
Non-work related absenteeism from work (% available days)	4.9	4.6	7.1	4.1	3.4	3.7
Average duration of employee absence (days)	13	13	12	10	9	19
Average frequency of absence (number of absence periods)	1.1	1.2	1.3	1.8	1.0	1.2
Employees with more than 2 absence periods (% of workforce)	11	14	16	14	12	18
Employees with zero absence days (% of workforce)	41	55	37	43	55	76

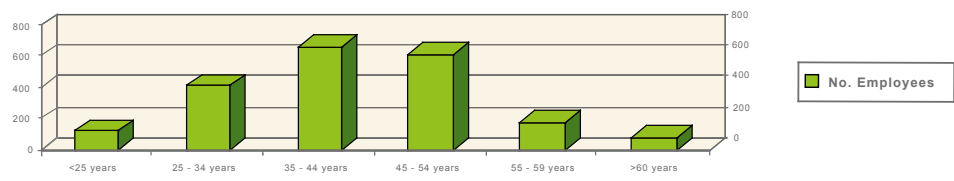
STAFFING, EMPLOYEE RETENTION AND TRAINING INDICATORS

Indicator	Netherlands ¹		Belgium		UK ³		Group	
	2011	2010	2011	2010	2011	2010	2011	2010
Total number of permanent employees ²	2,086	2,093	1,146	1,169	7,953	8,123	4,027	4,074
Number of operational employees	1,622	1,615	842	868	506	518	2,970	3,001
Number of administration, support, etc. employees	464	478	304	301	289	294	1,057	1,073
Number of male permanent employees	1,850	1,867	1,012	1,035	656	673	3,518	3,575
Number of female permanent employees	234	226	134	134	139	139	509	499
Number of full-time permanent employees	1,898	1,904	1,077	1,112	780	797	3,755	3,813
Number of part-time permanent employees	188	189	69	57	15	15	272	261
Permanent employee turnover (% replacement over the year)	7	9	13	3	16	16	-	-
Average number of years service	9	8	8	7	7	7	8	8
Number of training days per permanent employee	2.0	2.3	1.8	2.2	3.0	3.2	2.1	2.4

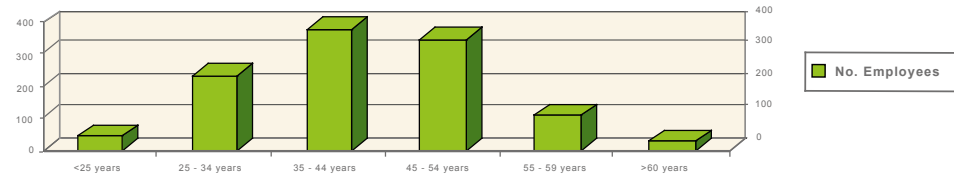
1. Netherlands data includes Shanks Canada statistics
2. Total employee number data may vary from that given in the Shanks at a glance table earlier in this report as a result of the calculation methods used
3. UK data includes Group Central Services.

AGE PROFILE OF EMPLOYEES INDICATORS

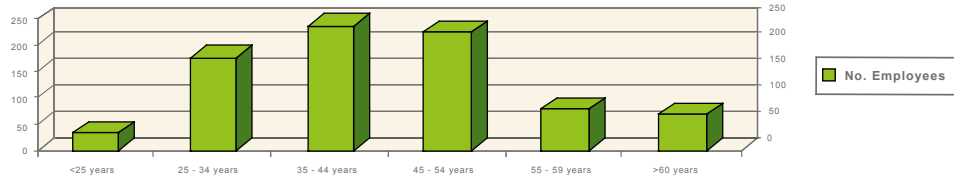
AGE PROFILE OF EMPLOYEES BY NUMBER OF EMPLOYEES Netherlands



AGE PROFILE OF EMPLOYEES BY NUMBER OF EMPLOYEES Belgium



AGE PROFILE OF EMPLOYEES BY NUMBER OF EMPLOYEES UK



Case Study

Experienced, well-trained and motivated employees are the keystone for a safe, healthy, environmentally sound and customer friendly organisation.

Working for Shanks - personal comments from employees

Human capital is of paramount importance - experienced, well-trained and motivated employees are the keystone for a safe, healthy, environmentally sound and customer friendly organisation. Critical to ensuring such competence and motivation is, in the first place, training to ensure competence and to develop employee talents. But perhaps more important is to offer a challenging and stimulating work environment coupled with sustainable and good quality communication and co-operation to allow employees to get the best out of themselves.

When Shanks Belgium tendered recently, and successfully, for the operation of waste collection services in the Mons-Borinage region it asked the Shanks staff involved in the tender project to express their views about work and Shanks. The replies were included in the tender submission and illustrate what Shanks employees think about the Company:

"I was a worker for 15 years and for 13 of these I was a union representative. Then, about four years ago, I successfully passed the aptitude tests to get a promotion to a

Sales Representative. After on-the-job training with my colleagues in Liege, my first assignment was to visit potential customers in order to increase sales related to small and large containers for the Hainaut region, and more specifically for the operational facility of Monceau. There aren't many companies that give this kind of professional development opportunity, moving on from a worker to an officer position."

*Hadri Hicham
Sales Representative, Shanks Hainaut*

"Feeling comfortable at work, receiving the support from your superiors and being given more responsibilities in my job: All of this is what has made me evolve from a worker to a Site Manager."

*Pietro Barca
Shanks' Site Manager at Caterpillar*

"I feel comfortable working at Shanks Nord (Shanks Belgium operations in Northern France). I always get a clear answer to the questions I ask and there really is a climate of dialogue. Come and see and you will experience this yourself."

*Kamel Zeebar
Team Manager and Union representative at Shanks Nord*





Waste and resources operations, no matter how sustainable and what their benefit to the environment and carbon avoidance may be, can be seen at best as an unpopular necessity. Everyone accepts the need, but not always on their own doorstep. Coupled with this, virtually all environmental permission systems have a statutory duty to consider local issues and companies which do not foster good relations and engage with their local stakeholders will find the gaining of new, or revision and maintenance of current, permissions at best difficult.

This is increasingly not a local issue. Electronic communications, the internet, social networking sites and other media have gained in popularity and use over recent years. Any waste and resources organisation applying for permissions for a new site may well be judged by their performance at geographically distant existing sites, and such information is becoming easier and easier to access, not only in one country, but also internationally.

We have an open door policy and encourage visits from local communities, customers and other interested persons and stakeholders. Open days are held at some of our sites, while at others education centres have been established. Formal

liaison groups are encouraged at our high-profile sites and engagement with local stakeholders and political systems is a direct duty of all our operational management.

We cannot rely on our regulators and internal monitoring systems completely when assessing the potential impacts of our operations and it is essential that local community concerns are known and accounted for. As a result, complaint and comment response and reporting systems have been established at all of our sites. Trends in complaints are tracked centrally with the aim of addressing any issues before they either come to the regulator's attention or start to impact significantly on company image and reputation. Such issues and trends are reported across the Group, including to Group Board level.

Beyond our immediate communities we also seek to engage with a wider audience. We have committed to support the Prince's Trust over the next three years to assist this UK charity in its aim of helping disadvantaged young people overcome the barriers facing them and fulfil their potential. We have joined the Trust's Construction and Business Services Group and we believe that the benefits from its support will accrue both the young persons and ourselves in a variety of ways.



Case Study

The Shanks Community Education and Liaison Team have been working with the community and charitable and other local groups to encourage more sustainable waste and resources management.



Working with the community in Cumbria

Shanks UK's Cumbria contract commenced in June 2009 and, since then, Community, Education and Liaison Officer, Joanne Eggleston, and Recycling Ranger, Nadia Bidzinska, have been working with the community and charitable and other local groups to encourage more sustainable waste and resources management. This Shanks Community Education and Liaison Team often engage with residents directly when attending county shows, local events or when giving presentations to neighbourhood forums throughout the whole of Cumbria.

Joanne Eggleston said of the Team's activities: "We have been working very closely with Cumbria County Council's Waste Prevention Team to reach a wide variety of community groups, including multi cultural organisations, and in supporting sustainability and eco-fairs. In 2010 we attended many of the county shows and reached every district with presentations to neighbourhood forums aimed at giving information and advice about recycling facilities in local areas, as well as conveying the objectives of Shanks contract with the local authority and the progress of the recovery plants we are building. We also actively encourage feedback and comments from neighbourhood forum officers, which has been very positive.

In order to increase recycling rates and encourage segregation at household waste recycling centres operated through Shanks, the team has initiated focussed campaigns on meeting and greeting at site entrances and communicating customer care values at lower performing sites. This has proved very successful with two of the sites already recycling 10 per cent more compared to the previous year.

Shanks team also has involvement in local recycling and reuse schemes set-up by charitable and community groups, such as the 'Rebike' scheme. This initiative intercepts pushbikes being brought to household waste recycling centres, and accepts donations of old and unwanted bikes from members of the public, and reconditions them. Not all the bikes can be saved, but even those beyond repair can provide spare parts to rebuild others. The refurbished bikes are given a strict safety check and then put on sale to families on low income or people who wish to embrace the recycling and reuse ethos. In its first three months the project collected around 100 bicycles.

As well as helping the environment, Rebike also supports local communities by providing employment and work based training opportunities for the long term unemployed and people who may otherwise be disadvantaged from mainstream employment. The scheme is growing quickly and it is planned to open a second branch in West Cumbria next year.



NEIGHBOURLINESS INDICATORS

Indicator	Netherlands		Belgium		UK		Group	
	2011	2010	2011	2010	2011	2010	2011	2010
Number of environmental complaints received ¹	452 ²	519	260 ³	26	93 ⁴	218	805	763
Average number of complaints per site (out of total number of sites)	12.6	12.1	11.3	1.3	2.4	5.5	7.7	7.4

Nature of Environmental Complaints Received	Shanks Netherlands		Shanks Belgium		Shanks UK	
	2011	2010	2011	2010	2011	2010
Odour	433	500	253	15	67	178 ²
Litter	0	0	0	0	3	1
Vermin	0	1	0	0	11	18
Traffic	0	0	0	0	0	0
Mud/Dust	2	4	6	8	10	6
Noise	16	12	1	1	0	7
Other	1	2	0	2	2	8
Total	452	519	260	26	93	218

1. Includes all complaints, both those substantiated and those not substantiated
2. Includes 118 odour complaints received relating to Shanks NL's ATM site which have been challenged by ATM as a result of the data collection method used by the regulator involved. Plus 264 odour complaints received by Shanks Canada. In summer of 2010 the Canadian plant in question was closed voluntarily and upgrades made to odour abatement systems. Since reopening in October 2010 odour complaints have reduced significantly
3. Includes 250 odour complaints received relating to the industrial area where Shanks Roeselare is situated. Not all of the complaints are attributable to the site. Actions were and are being taken in cooperation with the Government to come to a reduced and acceptable odour impact for the neighbourhood
4. Reduction the result of fewer odour complaints, although substantive numbers are still being received, relating to Shanks UK's joint venture Peckfield landfill Site

Whether one link in a long chain or the prime player, without companies such as Shanks the whole process of recycling would not take place.

The overall framework for waste and resource management in Europe is set by policy, the waste hierarchy and targets for recycling and recovery which EU member states must enforce. Our stated strategy is to align ourselves with the waste hierarchy, to increase our recycling and recovery rate and move towards more sustainable waste management methods. One obvious measure of our progress towards this aim is the rate at which our operations recycle or recover the wastes they manage - one of our key, long-term corporate responsibility objectives.

Recycling and recovery are words well known to most people and form part of the waste hierarchy. However, the processes behind these words are often more complex and their start and end points may not be obvious. For example, raw materials may be used to manufacture a product, which is used by a consumer before being discarded. A company such as Shanks may collect the discarded product and separate it into its component materials before passing these onto various re-processors. The resultant reprocessed resource may then be passed further down the line to a manufacturer to produce a different item, which is used by a consumer, discarded – and so on. Of course some processes are simpler, such as wastes

taken into a mechanical biological treatment plant which produces a secondary fuel for direct use by a customer seeking to reduce their carbon impact.

As the variety and number of technologies used in waste and resources management increases the complexity of the above situation rises and the methods used to calculate recycling and recovery efficiency likewise potentially become more complex. However, the one constant is the diversion of wastes from landfill and other disposal routes towards more sustainable practices and it is this basis which we use for the calculation of our recycling and recovery rate.

Shanks, and other waste and resources companies, can either be one link in a long chain which leads to recycling or recovery, or we may be the prime player in a shorter process. Such life-cycle thinking cannot practically be covered in depth in this short report and the information presented below is for wastes which pass through our operations, whether for further processing or direct use. However, whether one link in a long chain or the prime player, without companies such as Shanks the whole process would not take place.



Shanks Ghent – better technology to achieve better recycling performance

As part of our strategy to pursue more sustainable waste management, during 2010 Shanks Ghent expanded and developed its existing SRF (solid recovered fuel) installation, which currently processes 120.000 tonnes of industrial and commercial waste per year. The facility turns waste brought to it into SRF, which is used to replace fossil fuels in cement kilns and other high energy use plants, and recyclables, which can be reprocessed further into new products. The development and expansion undertaken at Shanks Ghent was more than successful and the site's recycling and recovery rate has improved to in excess of 90 per cent of the wastes received.

The most prominent technology used in this development is automated waste sorting based on NIR (near infra red) systems. This technology is able to recognise waste materials based on the specific and unique spectral properties of their reflected light. High-resolution NIR sensors continuously scan wastes on the conveyor belts in the facility and, after electronic processing of the scanning-data, separates the detected and required waste materials by high-precision jets of pressurised air located at the end of the conveyor belts. The system has the added advantage of not requiring human intervention during normal running, making it potentially safer in operation.

Using this high-tech NIR equipment the site is able to automatically sort wood, PVC and inert materials. However, NIR is not the only technology used and other devices, such as electromagnets and eddy current generators, separate out non-ferrous and ferrous metal materials from the waste streams processed at the plant.

This type of technology is one example of a new breed of recycling and recovery equipment aimed at better separation of waste materials, automatically and to a high degree of purity. Similar optical sorting devices have also been installed at two of Shanks UK's recycling plants, including the Blochairn Recycling Facility development reported on in last year's Shanks Group CR Report.

Because of the variety of the possible configurations this type of installation can be arranged in, such automated sorting systems offer a high degree of flexibility in the choice of the waste materials or groups of materials to be treated, detected and separated, so allowing Shanks to adapt to changes in waste composition, market demands for recyclates and enables us to capitalise on additional recycling opportunities.

Case Study

This type of technology is one example of a new breed of recycling and recovery equipment aimed at better separation of waste materials.



RECYCLING AND RECOVERY INDICATORS

Indicator	Netherlands ¹		Belgium		UK		Group	
	2011	2010	2011	2010	2011	2010	2011	2010
Total waste handled at Shanks sites ('000 tonnes)	4,875	4,668	1,240	1,154	1,553	1,568	7,668	7,390
Amount of materials recovered from the waste stream at Shanks sites ('000 tonnes)	4,283	4,023	921	782	665	670	5,869	5,475
Proportion of total waste handled recovered from the waste stream (%)	88	86	74	68	43 ²	43	77	74

1. Shanks Netherlands data includes waste handled and recycled/recovered by Shanks Canada
2. Rate remained static largely as a result of increased landfill tonnages and the continued effects of economic recession



Case Study

Shanks is well equipped to face these challenges and turn them into opportunities.

End-of-waste criteria and reach

Waste generated by European industries and consumers is increasingly being reprocessed into secondary materials and new products instead of being buried in landfills or burned in incinerators. However, in the past there has been a lack of clear criteria to determine when a material recovered from waste stops being a waste (end-of-waste criteria) and can be considered as a primary product or raw material.

Based on the Waste Framework Directive it took more than two years before the first EU end-of-waste criteria were adopted in February 2011, and then only for iron, steel and aluminium scrap. The European Commission is now preparing criteria for other materials which are important for EU recycling markets, such as copper, paper, glass and compost and in 2011 studies will be started for aggregates and waste derived fuels. However, when a waste ceases to be waste other EU regulations such as REACH may come into play. REACH is EU law on hazardous substances and their safe use in products and includes obligations to register and test substances before putting them on the market.

Shanks Icopower in the Netherlands produces secondary fuels from the high calorific fractions of commercial and industrial waste. In the Netherlands Icopower energy pellets are considered a product not a waste, but this is not the case in other EU countries where the fuel is still classed as a waste. However, this

means that the energy pellets, when defined as a product, may fall under REACH and all of its obligations.

As a result of this complex and developing situation Shanks Netherlands commissioned Royal Haskoning to review the impact of REACH on Icopower pellets in relation to the Waste Framework Directive and end-of-waste criteria. The conclusion was that as soon as end-of-waste criteria are set for waste derived fuels and Icopower pellets meet these criteria, the energy pellets are either exempt from REACH, or have already been registered as the main components of the pellets (the wastes which go into producing them) would have been registered previously.

This case study illustrates the complexity of legislation the recycling and recovery industry within the EU faces currently. Not only because setting EU criteria for end-of-waste status is a lengthy and sensitive process, but also as a result of the potential clashes and consequences which may be posed by other legislation not specifically aimed at waste management. As the line between waste management and resource management becomes ever more blurred this type of contradiction between different items of legislation seems likely to increase. Shanks, as Europe's leading independent waste and resources management company, however, is well equipped to face these challenges and turn them into opportunities.



We have in place management systems at all of our operations aimed at environmental and other compliance.

This report considers our key corporate responsibility issues and risks and records our performance across a wide range of CR indicators. Management systems are at the core of ensuring our CR performance continues to improve and that our policies and processes remain appropriate to the task of improvement and compliance.

We have in place management systems at all of our operations aimed at environmental and other compliance, maximising the benefits of resource recovery, ensuring adequate levels of health and safety, that employees are treated within the law and in an ethical manner and that issues relating to the wider community are reported on and addressed. While these management systems are internal to Shanks they are based on, audited against and approved to appropriate national and international standards, such as ISO 14001 and OHSAS 18001.

From an external perspective, we also participate in relevant and high-profile benchmarking and assessment schemes. For example, the Group is included in

the FTSE4Good UK index. In addition, tender processes for new waste management contracts are increasingly complex and companies without the required management systems and accreditations may not be successful in gaining new business.

We operate in a high risk sector with very real potential environmental and other impacts. We accept we are not perfect and when we are found to have fallen below the standards required we believe such occurrences should be handled in a transparent and open manner and used as the basis for producing improvement. For this reason we include a public record of any environmental, health and safety or other relevant prosecutions in our CR reports.

Management systems can often be viewed as a dry and mechanical topic, or simply the preserve of the audit function of a company. However, management systems are the glue which binds a company's corporate responsibility policies and processes together and allows them to become embedded in its operations.

MANAGEMENT SYSTEMS INDICATORS

Number of sites/operations certified to a recognised management system:	Netherlands		Belgium		UK ¹		Group	
	2011	2010	2011	2010	2011	2010	2011	2010
ISO14001/EMAS	35	36	5	4	341	321	74	72
ISO 9001	39	39	14	14	341	321	87	85
OSHAS 18001	19	20	0	0	0	0	19	20
SCC/VCA	27	26	8	8	0	0	35	34
Other	26	26	4	2	0	0	30	28

1. Figures include certification for Shanks Dumfries and Galloway, for the project management of the Dumfries and Galloway Council waste management contract, which involves 11 sites and certification for Shanks Derbyshire, which involves a series of sub-contracted operations (both only counted as one certification each)

Case Study

Over the past three years we have been developing our risk management and risk register approach to ensure that all potential risks are identified... ..and required improvements are made

Risk management – a contribution to CR?

Companies face many and diverse risks, from adverse external economic conditions and internal breaches of fiscal controls to changing market conditions and failures to control operating costs. Some risks may be common to all concerns while others may only be relevant to specific sectors, and the relative importance of the risks faced will vary from company to company. Risk management, at its most basic, is concerned with identifying and quantifying the risks faced, and the opportunities presented, ensuring the management processes aimed at these are adequate and, if they are not, improving them. Often the identification of risks and management processes are captured in organisation risk registers – a form of risk assessment.

As a waste and resources management company the risks faced by Shanks will be different in nature and relative importance than, for example, for a bank or financial trading concern. In particular, environmental, health and safety and other corporate responsibility risk areas will be of greater importance than for a non-operational company, or a concern whose activities may not have such direct potential environmental effects, or which operates in a less hazardous sector.

Over the past three years we have been developing our risk

management and risk register approach to ensure that all potential risks are identified, given accurate weighting and, where identified, that required improvements are made. For example, Shanks UK conducted a series of risk management workshops in 2010 which were attended by more than 60 operational managers and support staff. These workshops were aimed at gaining accurate input into Shanks UK's risk registers and embedding the ethos of risk management at an operational level. Corporate responsibility risks featured heavily in, and were debated extensively during, these risk management workshops.

In the past risk management has often been seen as a financial function, closely linked to internal auditing. However, a more modern approach, often termed enterprise risk management, takes a more holistic view and considers the wider range of risks and opportunities which may challenge a company. This is the approach we are taking – and it is an approach which has identified corporate responsibility issues as one of our critical risk areas. We have often stated that we consider corporate responsibility and financial wellbeing to be complementary and supportive of each other. Our risk management activities confirm this approach and also provide a solid base for improvement.



COMPLIANCE INDICATORS

Indicator	Netherlands		Belgium		UK		Group	
	2011	2010	2011	2010	2011	2010	2011	2010
Number of environmental convictions and fines ¹	0	1	0	1	0	0	0	2
Number of health and safety convictions and fines	2	1	0	0	0	0	2	1
Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	0	–	0	–	0	–	0	–
Number of operations which have undergone risk assessment for bribery and other similar risks to identify higher-risk areas ²	41	–	23	–	39	–	103	–
Percentage of operations which have undergone risk assessment for bribery and other similar risks to identify higher-risk areas	100	–	100	–	100	–	100	–

1. Data is for convictions (cases where the company goes to court) and significant administrative fines (such as those that can be received in Belgium and the Netherlands)

2. Number of operations does not include administrative offices. However, these have also been assessed centrally

DETAILS OF CONVICTIONS AND FINES

Operation:	ATM
Date:	March 2011
Penalty:	10,800
Details:	In November 2010 the collapse of a scaffold resulted in an injury to an employee. The regulator ruled that insufficient measures had been taken to prevent the incident and issued an administrative fine.
Operation:	Reym
Date:	October 2010
Penalty:	4,000
Details:	In January 2010 an employee sustained damage to his hand while using high pressure cleaning equipment. The regulator deemed that insufficient controls had been in place to prevent the accident. However, as a result of the precautions which were taken a lower administrative fine was issued.

GRI (GLOBAL REPORTING INITIATIVE) AND SHANKS CR REPORT 2011

The Global Reporting Initiative (GRI) is an internationally recognised standard for the reporting of corporate responsibility issues and performance. In outline, the GRI standard lists both basic information requirements which should be included in CR reports and performance indicators which organisations can choose from to report against, as relevant to the nature of their activities. In addition, GRI places restrictions on the choice of indicators made by organisations to ensure an adequate and relevant range of performance is reported.

During the 2010/2011 year Shanks Group CR Committee performed a gap analysis of the requirements of GRI and Shanks previous corporate responsibility reports. This analysis had two main conclusions: The range of CR performance indicators Shanks reported on previously would only need expanding by a small amount to meet the GRI requirements, but that the information presented in reports would need some substantial extension to comply. GRI has three basic levels, with level C being the earliest qualifying level. GRI produces an application level table which gives detail of the levels. This is included in our GRI navigator document, as mentioned below and available on our Group website. Following its analysis and development of the report Shanks Group CR Committee evaluated the report content and data and came to the conclusion that the report meets the requirements of level C of the GRI guidelines.

However, GRI recognises that including all the required information in one publication may well make a report bulky, repetitive and less accessible to readers. As a result the standard allows CR reports to refer to

complementary information sources, such as other reports produced by a company and the concern's website. Shanks has taken this route.

For many readers of this report the information contained in it may well be sufficient. However, for other readers who require a more detailed or wider view of Shanks and its approach to corporate responsibility the complementary reports, documents and information sources below are also available on the Group's website at the contact details shown at the end of this publication:

- Shanks Group's Annual Financial Report 2010/2011: In-depth financial performance, details of events and developments over the year, corporate governance and risk management issues and other company information
- Shanks Group CR Report 2011 – indicators and definitions document: Details of how Shanks calculates its CR performance data and the boundaries set on such data
- Shanks Group CR Report 2011 – GRI navigator document: The requirements of GRI and where in Shanks CR Report, or other publications and information sources, these are met
- Shanks Group CR Policy: Shanks statement of policy, standards and organisation for corporate responsibility

If a reader cannot find the information they require in the above complementary documents please contact Shanks direct at the contact details given at the end of this report.

www.shankspic.co.uk

BALANCE SHEETS

at 31 March 2011

	Note	Group		Company	
		At 31 March 2011 £m	At 31 March 2010 £m	At 31 March 2011 £m	At 31 March 2010 £m
Non-current assets					
Intangible assets	13	289.6	299.7	0.4	–
Property, plant and equipment	14	397.5	383.8	0.2	0.2
Other investments and loans to joint ventures	15	7.1	6.1	469.6	469.6
Trade and other receivables	21	53.4	170.8	–	–
Retirement benefit asset	26	4.9	–	4.9	–
Derivative financial instruments	16	0.1	–	0.1	–
Deferred tax assets	18	15.3	18.3	0.4	2.2
		767.9	878.7	475.6	472.0
Current assets					
Inventories	19	9.9	9.9	–	–
Trade and other receivables	21	179.5	166.1	284.0	257.2
Derivative financial instruments	16	0.2	–	–	–
Current tax receivable		–	–	4.0	6.1
Cash and cash equivalents	22	54.5	51.3	11.8	14.2
		244.1	227.3	299.8	277.5
Total assets		1,012.0	1,106.0	775.4	749.5
Non-current liabilities					
Borrowings	23	(222.6)	(361.5)	(87.1)	(60.9)
Derivative financial instruments	16	(6.1)	(18.7)	(0.2)	(0.4)
Other non-current liabilities	24	(18.7)	(20.4)	(434.9)	(426.3)
Deferred tax liabilities	18	(51.4)	(68.9)	(1.3)	–
Provisions	25	(39.4)	(33.1)	(0.3)	–
Retirement benefit obligations	26	–	(6.8)	–	(6.8)
		(338.2)	(509.4)	(523.8)	(494.4)
Current liabilities					
Borrowings	23	(39.3)	(9.5)	(10.5)	(5.9)
Trade and other payables	24	(225.4)	(195.6)	(11.7)	(7.9)
Current tax payable		(4.7)	(2.4)	–	–
Provisions	25	(7.0)	(3.9)	(2.4)	(2.6)
		(276.4)	(211.4)	(24.6)	(16.4)
Total liabilities		(614.6)	(720.8)	(548.4)	(510.8)
Net assets		397.4	385.2	227.0	238.7
Equity					
Ordinary shares	27	39.7	39.7	39.7	39.7
Share premium		99.4	99.3	123.4	123.3
Exchange reserve		55.6	57.8	–	–
Retained earnings		202.7	188.4	63.9	75.7
Total equity		397.4	385.2	227.0	238.7

The notes on pages 98 to 136 of Shanks Financial Report are an integral part of these consolidated financial statements.



Further details of Shanks financial performance and other issues relating to governance, company structure and reports on significant developments are available in our financial report for 2011, which is available on our Group website, address on page 44.



Contacts

Further information about the Group's activities, previous years' CR reports and other Shanks publications can be obtained from the Groups' website at www.shankspic.co.uk, or for Shanks operating companies direct from:

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Shanks Belgium - www.shanks.be
Shanks UK - www.shanks.co.uk

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Feedback

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