

Integrated report 2016

In the present. For the future







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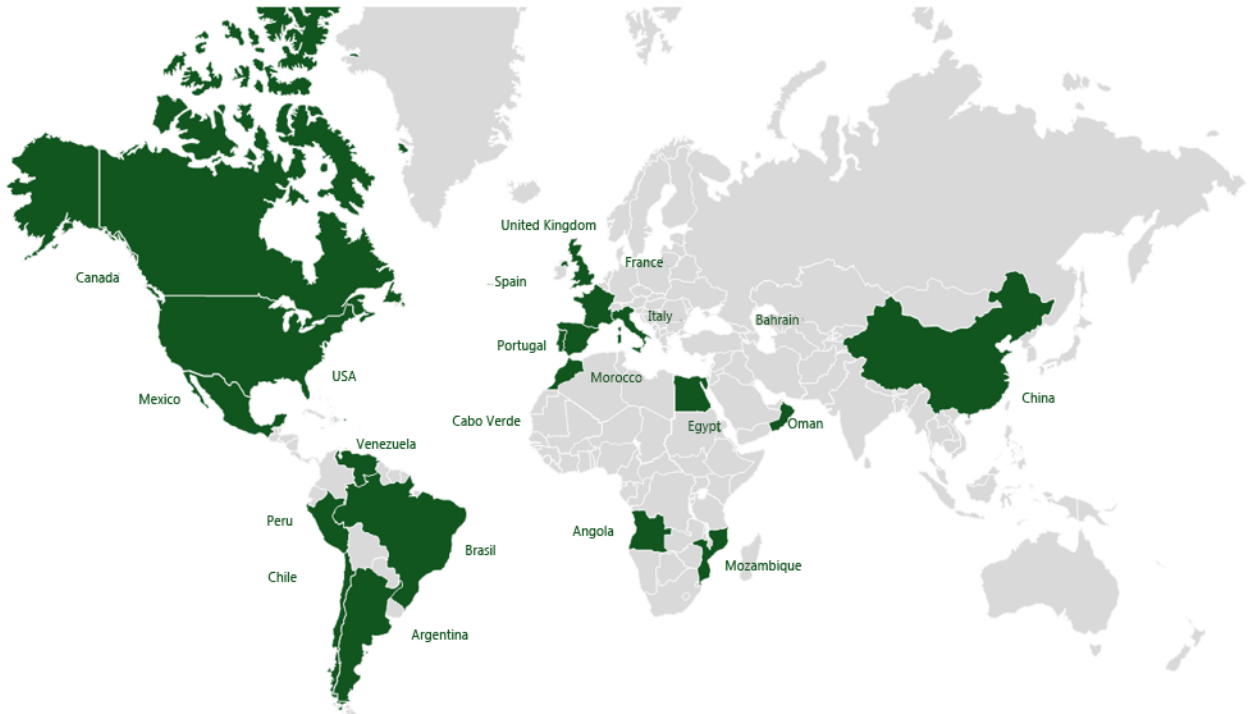
Who we are

Urbaser is a company dedicated to both urban and industrial environmental service provision in the international market.

For a more respected environment and more habitable cities, Urbaser collects, treats, recycles and investigates, treats, transforms and improves, making all its experience, resources and technological means available to its clients.



Urbaser, a global company



More information about Urbaser's mission, vision and values 

Interview with the Delegate Councillor

José Maria López Piñol, Urbaser Group's Delegate Councillor, responds as it plans the company's future and the challenges and opportunities in the Group's corporate new stage.

» We are very proud to be able to present the 2016 Urbaser Group's first Integrated Report. This report is an exercise in transparency and will of communication to our interest groups, with the end of offering them a complete vision of the company and its value creation model. The present document puts the focus on the matters that will be key for the Group's growth and its international consolidation.

How will the Urbaser Group value development in 2016?

Can we say that the results obtained in 2016 have been very positive, thanks to the intense labour performed by our team of professionals in consolidating the current projects and achieve new contracts in our two great business units~: Urban Services and Treatment of residues. The operative excellence and efficiency have brought us to manage the group's entrance into new countries like Bahrain and Oman, as well as to maintain loyalty to the public sector's historic clients. The Group's financing fortress, our ample experience and excellency in service, are our credentials for carrying on advancing in the growth and expansion strategy with prudence and firm step, to the hand of our new owner.

2016 has been a year of changes... How does the company confront the change of shareholder?

Urbaser's purchase on the part of Firion Investments has marked a new route in the Group's trajectory. We face this change with much excitement, knowing that both parts contribute to the common project. Sharing the knowledge, experience and technology and the local knowledge of new markets of our company, it will allow Urbaser to implement improvements in Europe and America's installations and to advance in the urban services strategy in the countries in which the company has presence.

We live in an ever more dynamic and changing surrounding that challenges the company's sustainability. In this sense: which do you consider to be Urbaser's main threats?

Urbaser has the clear conviction of "being in the present for the future". That is to say, the working Group every day in order to contribute the most advanced environmental solutions that indicate the difference in urban development to our clients from the sustainable perspective. We cannot lose sight that our competitive environment is seen affected by the tendencies that certain social changes are provoking and forcing new regulations, like climate change, hydrological stress, demographic growth, increment of residue generation, etc.. For a company like Urbaser this scenery presents new opportunities for our business, but is also a call to our responsibility as an environmental services company to reduce or mitigate the effects of climate change or the increment of generation of residues through our own offer of services.

Which do you consider to be Urbaser's key strategies?

Our vision consists in protecting the environmental surroundings in order to achieve more habitable cities. Therefore, we set into motion all our experience, resources and technological, professional and human means with a clear vocation of service and commitment with society. With these corporate principles, our strategy over the next (few) years is concentrated in contract reservation, specialization in mature markets and international consolidation of our brand and corporate culture in new countries.

How is Urbaser's future conceived?

We wish to be present in the cities of the future, being part of the solution of environmental problems to those that our planet is confronting, through circular economies, energy efficiency and hydrological resource conservation. Over the next (few) years, I hope that we advance in our international expansion, without losing sight of our assessment in mature markets. But doubtlessly, the keys that will capacitate us in order to give solutions to our clients is the team of professionals and its capacity of adaptation to the new circumstances that are starting to make Urbaser a more solid and referent international company in service to the cities.

Urbaser in figures

Invoicing
1,602 million Euros

Net Debt
-814.3 million Euros

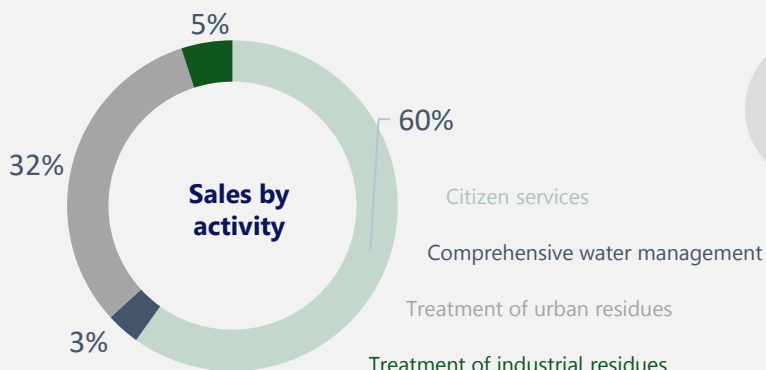
Proper resources
659 million Euros

Investments
146.3 million Euros

I+D+i Investment
7.8 million Euros

Purchases to providers
745.6 million Euros

Client portfolio
7,776 million Euros



Public clients

Nº of clients Invoice volume

7.9% 85%



Private clients

92.1% 15%



30,381
Professionals



85.6%



14.4%



Reduction
20,860.2
Tons of CO2

Consumption
337,174.2
M3 of reutilized water

64%
Certified activity
ISO 14001

172
Environmental
hearings performed



Business model

With the mission of providing a global, comprehensive offer adapted to the needs of its clients, Urbaser organizes its corporate activities into two large lines: urban services and residue treatment; which are subdivided into four branches of activity: citizen services (urban residue collection services, various cleaning and gardening), comprehensive water management, urban residue treatment and industrial residue treatment.

Urbaser covers the whole value chain in the provision of its services, from the design and realization of the project up until its financing and execution.

The successful factors in this model are a highly qualified professional team, a highest level technological equipation, and the incorporation of innovation in the processes and key shares for the provision of services, which allow it to offer sustainable urban solutions adapted to each environ to its clients.

It is fitting to indicate Urbaser's more than 30 years of experience in Spain and the solid international presence in the totality of the company's activity. The Group's ample experience in the public and private sector with local members from the beginning of operations form a tandem.

No **1**
Treatment of Residues in Spain

No **2**
Urban Services in Spain

No **1**
Regeneration of oils in Peninsula

No **1**
Anaerobic digestion in the world.

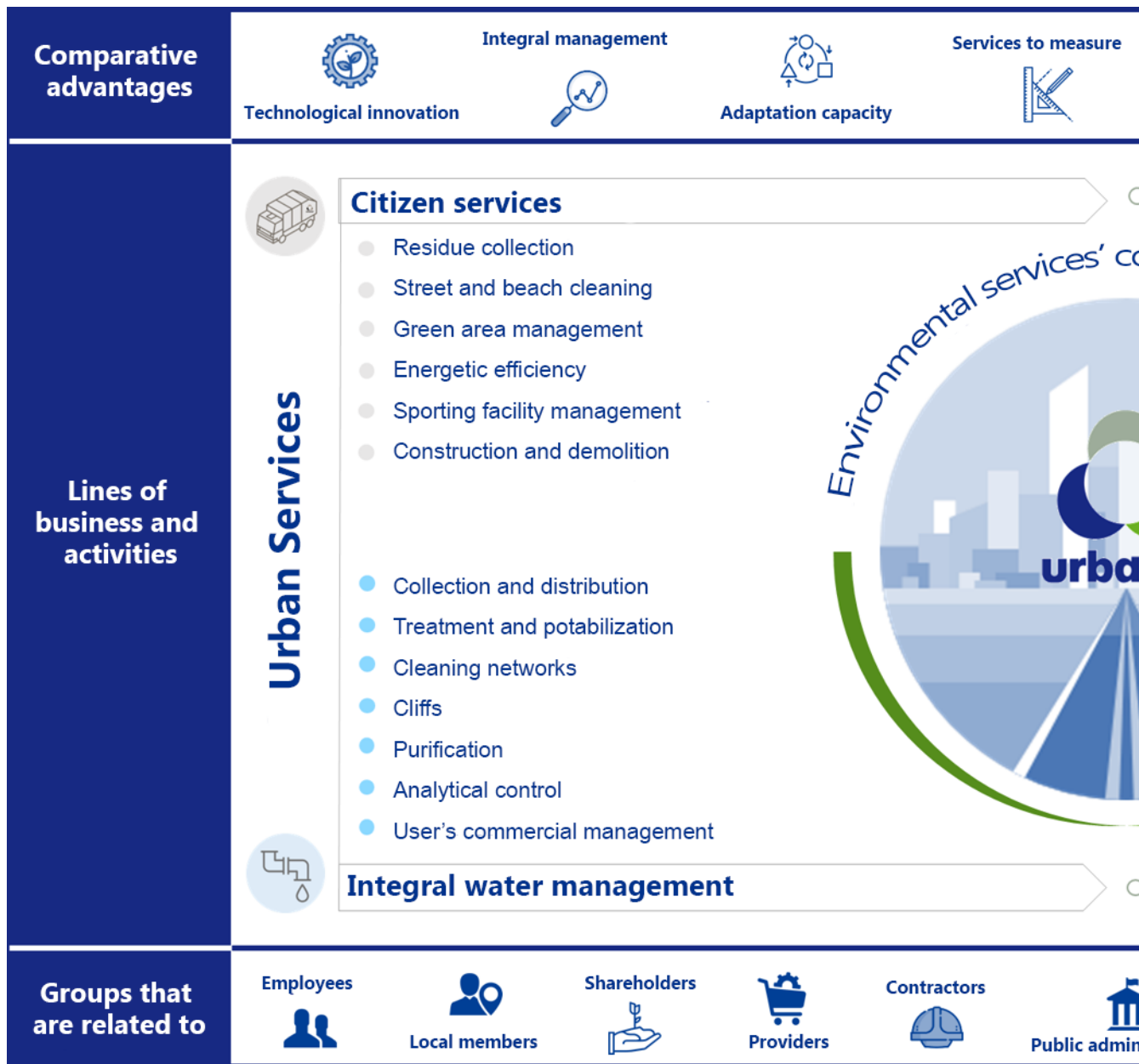
Presence in 21 countries

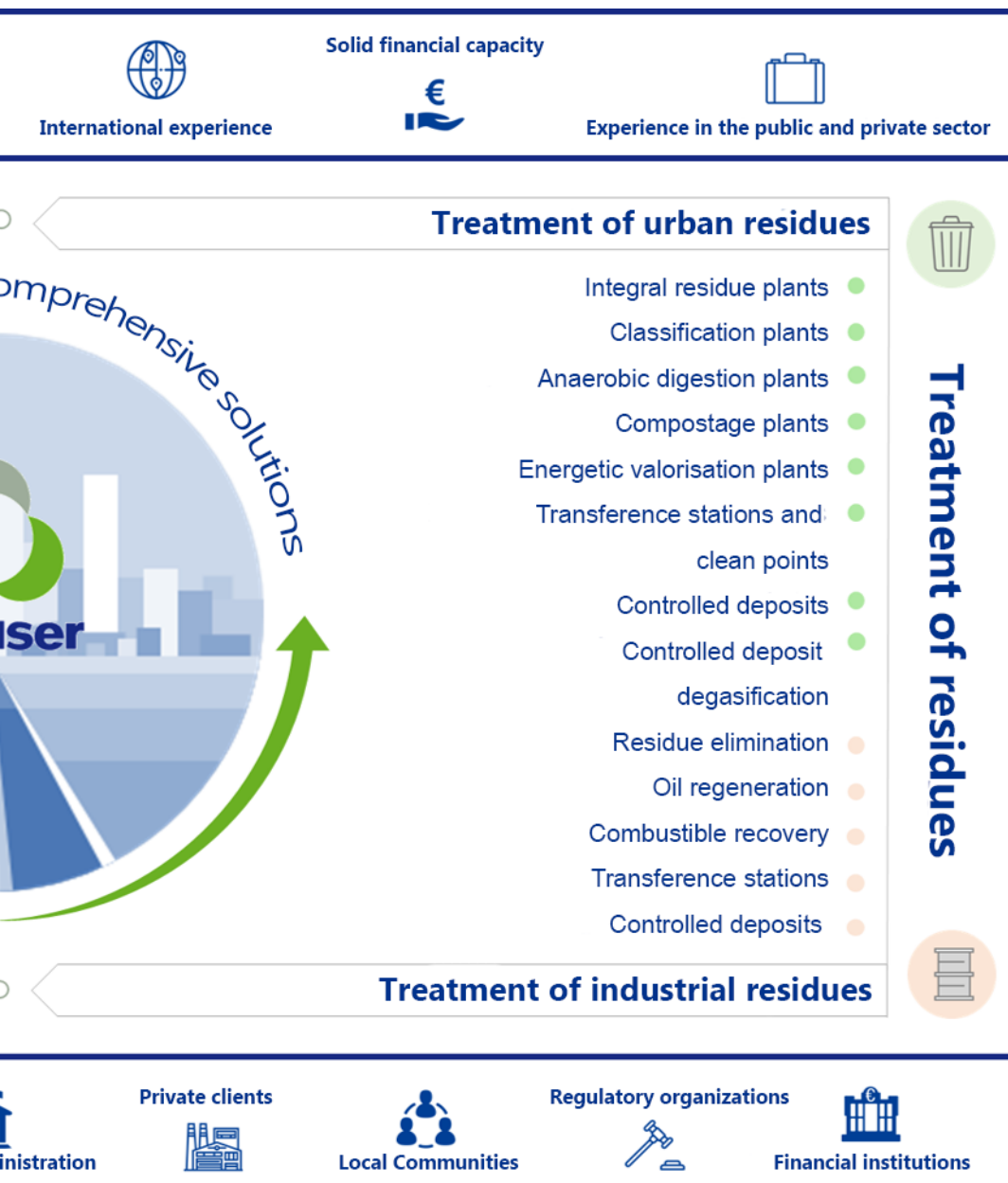
Unique I+D+I centre in Europe



Business model

Contribution to a circular economy





What we do

At the service of present and future city sustainable.



Areas of activity

Urban Services

In the field of the citizen services, the company provides services to 20 million citizens in Spain and 50 million in the rest of the world. Urbaser collects **7.7 million tons of solid urban residues** annually and cleans more than **8 million kilometres** of streets.

Asimismo, the gardening services manage more than **25 million m² of green areas**, equivalent to 3,720 football fields.



Treatment of urban residues

Urbaser relies on **128 facilities** and **73 drains** controlled for the integral management of solid urban residues.

Amongst the Groups facilities, **56** compost plants, **52** packaging and casing classification plants **8** energy valorisation facilities, **28** anaerobic digestion plants, **112** classification plants and **29** processes of bio-methanization stand out.

More than **15.1 million tons** of residues treated and more than **1,175 electric GWh** generated from residues.



Integral water management

All those water contracts, orientated to the good administration of hydric resources, are managed through the **SOCAMEX** subsidiary, and the water analysis is managed through the **LGA** subsidiary (Environmental Management Laboratory).

The Group counts on **206** residual water purification stations for a population equivalent to nearly **6 million people**; cleaning exploitations for a population equivalent to **1.4 million people**, and **7** analysis and control laboratories for a population equivalent to **14 million people**.



Treatment of industrial residues

The **SERTEGO** subsidiary, as part of the group, is occupied with all the stages of the industrial residue management cycle as well as the management of dangerous and non dangerous industrial residue drains.

SERTEGO manages more than **730,000 tons of residues per year**, in its **54** management centres and **14** laboratories.



Main milestone

New property

In December 2016, the Urbaser Group proceeded to constitute part of Firion Investments. This society is in the hands of Chinese state funds and the Chinese CNTY group.

CNTY, the only industrial member in the operation and shareholder of reference is a group with nearly two decades of experience in the provision of urban services, and even though it performs activities in the whole value chain, has a greater specialization in the treatment of solid residues.

This operation allows the expansion of CNTY in Europa and America at the same time as Urbaser's entrance into China.



New contracts

Adjudication in Spain at the ends of 2016 of a energetic valuation plan in Guipúzcoa.

Adjudication in Madrid of urban residue collection batch three.

New markets

Opening of Urban Services in countries like Bahrain and Oman.

Emblematic projects

The company's oldest contract

Urbaser has maintained a residue collection and cleaning contract in Santa Cruz de Tenerife for more than 30 years.

In 2008, the Council signed a municipal cleaning service contract around 150 million Euros, implying the most important contract of its recent years.



Street cleaning and residue collection in Bahrein

From the 1st of July 2016, Urbaser started the street cleaning and domestic, vegetal and work left-over rubbish collection contract in North – Middle – South Bahrein, collecting more than 1,100 tons of residue per day.

Due to the possible conflict that could occasion the trespass of the previous local contractor, the company carried out a potent plan of communication with the objective of informing the citizenry about the new service and being able to get to know its preoccupations and expectations.

Treatment of residues in Guipúzcoa

At the end of 2016, Urbaser has achieved a contract for the design construction and financing, set into motion and operation for 30 years of an energy valuation plant in Guipúzcoa. It has been adjudicated by the Guipúzcoa Residue Consortium (GHK). It implies an investment of 200 million Euros and will have an annual turnover of some 30 million Euros.

Urbaser, in order to respond to the necessity of solvency that the client would require, decided to train a strong group that could give guarantees to the plant's development in the stipulated time and with maximum quality. For this, the company constituted a society trained by four local members (three civil construction and one engineering companies belonging to the Mondragon group) and a European investment fund (meridian) that could contribute financing in the long term being adjusted to the required period of 30 years. As well, it sought the best and most trustworthy available technologies that are encountered in the market in order to offer a latest generation facility in the treatment of residues.

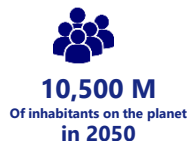
From the strategic point of view the company carried out a strong bet in the reduction of emissions, obtaining some values of up to 80% below those required by the client.



Urbaser: in the present for the future

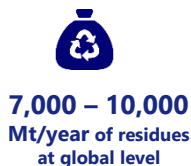
Population growth and that of urbanization

The challenges of sustainable development is concentrated ever more in the cities. Correct resource and residue management will be fundamental in order to preserve health, the environment and the quality of life.



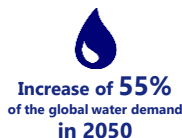
Residue growth and change in their composition

Solid residue generation per capita does not stop increasing and changing in its composition: the electronic residues have been duplicated and have increased the derivatives of the socket. A great opportunity of growth for the residue management sector and a need of specialization in treatment.



Hydrological resource scarcity

According to the world economic forum, water scarcity will be a limiting factor of economic growth. In a scenario in which water availability will diminish whilst demand increases, its management has to be efficient and responsible, ensuring its sustainability in the long term.



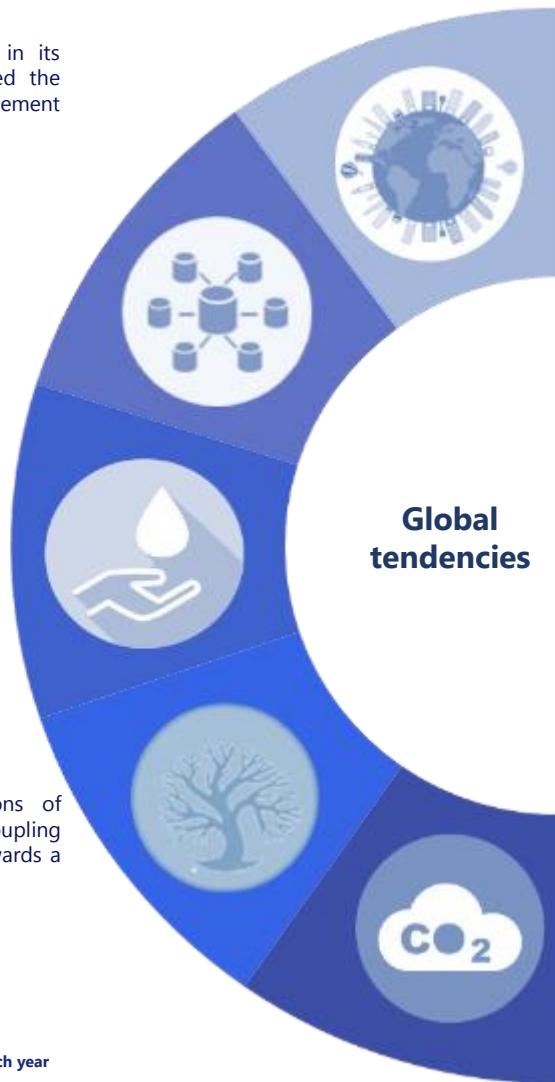
Environmental degradation

Natural resource demand, especially by the industrialized countries' patrons of consumption, has exceeded terrestrial biocapacity with (growths). Uncoupling environmental degradation economic growth implies a change of perspective towards a green and low carbon economic model.



Climate change

The institutions and countries instigate the necessary transition to a low carbon economy. In this environment, the Paris accord signed in 2015 has implied a milestone also for the residue management sector, which will be seen to have benefited by the new politics of emission reductions. This implies a change in residue management searching for its approval as resources and its emissions having to have been reduced.



Reduction of emissions diffused

Urbaser, for years, is taking different measures in order to avoid the emissions diffused, like the improvement of its residue management and treatment processes or the renovation of its fleet with less carbon intensive vehicles.



62%
of the emissions in Spain by
Diffuse sectors



4%
of the emissions in Spain by
residue elimination



20%
of the emissions in the EU by
motorway transport

Stake by energy efficiency

Energetic efficiency is considered the cheapest and easily available medium for being able to ensure a better use of energy resources at global level. Urbaser is equipped with resources to its internal services in order to achieve energy efficiency in all the societies and facilities. Furthermore, it develops projects in this sense, performing public street light maintenance activities, of facilities in buildings and installation of electric vehicle recharge points.



30%
of savings objectives
in energy consumption
for the 2030

Responses to tendencies

Circular economy stimulus

The circular economy is based in maintaining its maximum utility in all product lifestyles. An improvement in residue management will derive in positive effects in the environment, climate, health innovation, economy and employment. It is fitting to indicate that the Urbaser business is strictly linked to the circular economy, contributing with its activity to the set objectives in as much as to valuation and residual recycling, and diminishing of urban residues deposited in drains.



Potential of 20-30%
additional emissions reduction



Potential of 9-25 M
of working positions

European Union Objectives for 2030



65%
Prepared urban residues for reusing or recycling



10%
Deposited urban residues in drainpipes

Hydrological resource conservation

Given the importance of water for development, and the pressure upon the resource, politics and plans have been set out in the national and international ambit in order to ensure its sustainability in the long term.

One of Urbaser's business lines is specifically destined to comprehensive water management. Potable water distribution and treatment stand out amongst its service principles, health networks, development of I+D+i projects, and water service user commercial management, amongst others.



International decade (2018-2028)
for Action - Water for sustainable
development



Directive Water Brand
of the European Commission in order to
guarantee its long term sustainable use

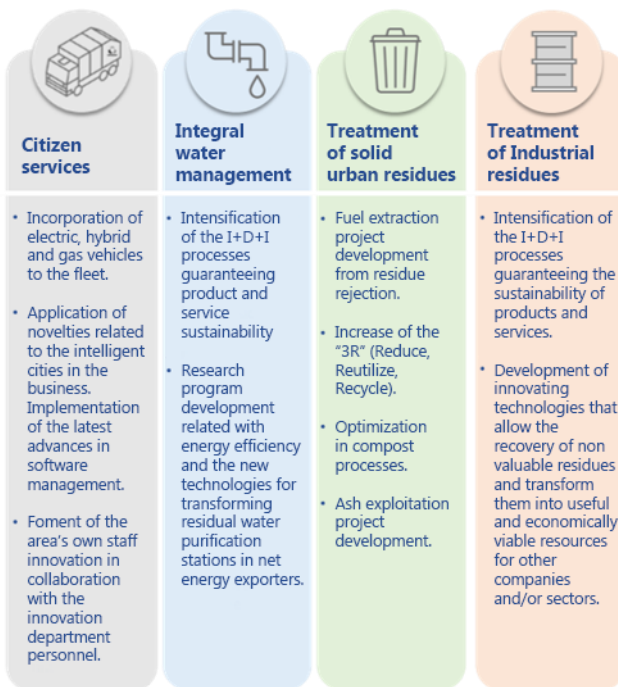
Expected business evolution and the Urbaser strategy

Establishing innovation as a base of progress, both of processes and products and services offered, Urbaser sets out its business line growth strategy.

As well as innovation application in the company's four great activities (citizen services, comprehensive water management, urban residue treatment and industrial residue treatment), Urbaser maintains a clear strategic commitment with process efficiency and supply quality through the use of more advanced technologies.

In this sense, Urbaser disposes of the best technologies available in Spain, by situating it in a position of competitive advantage at the time of entering into new markets.

In line with its vision, the Urbaser consolidation and growth strategy in the world takes into account the plant's limits. All the company's activities are designed and carried out by integrating sustainability in processes and in decision making.




Contribute the most advanced solutions that indicate the difference for a sustainable urban development


Our government



Our government

Corporate government

The Urbaser government body is instrumented with different corporative norms and mechanisms with the objective of making responsible decisions in order to guarantee the company's good functioning.

All the norms that erect the society's internal functioning are gathered in Urbaser Social Statutes.

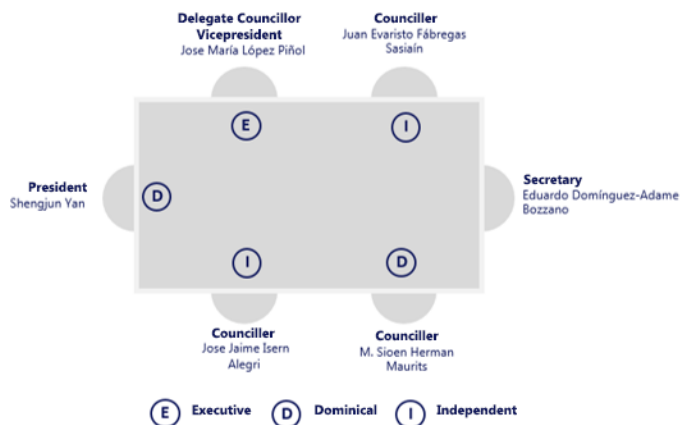
Shareholders

In December of the year 2016, sales were formalized on behalf of ACS Services and Concessions, S.L. Of the 100% of the Urbaser S.A. Shares in favour of Firion Investments S.L.

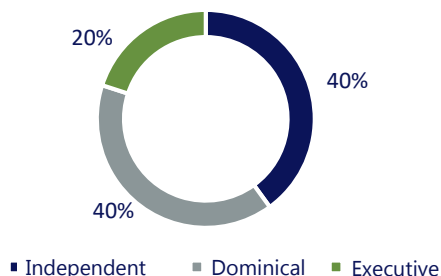
Administration Council: norms and functions

Urbaser Administration Council is the maximum body in the company's decision making. It is composed of five Councillors - two of them of Sunday, another two independent and an executive councillor - and the council secretary.

Administration Council composition



Administration Council Composition according to its nature



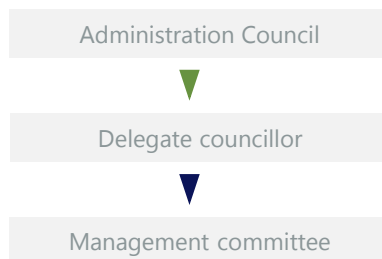
Social, environmental and government issues in the Administration Council

The administration Council is the maximum approval management of the Corporative Social Management, and of the supervision of its compliance. For such ends, the Council meets once each trimester in order to analyse the company's performance in this subject.

Administration Council remuneration politics

The company's only member approved a maximum amount of the Administration's Council member's remuneration in conformity with social statutes.

Government structure: decision making process



Risk management and prevention

Risk analysis

Urbaser is working in the development of a risk management system that allows its supervision and continual monitoring, and the implementation of preventive and mitigation measures in the case of their materialization.

The main risks to those that are confronted are those of financial, operational, strategic, complementary and reputational nature, both for the different activities that it performs and for the countries of operation. Risk management is performed during the whole project life, from the stage of design, up to the conclusion of execution, operation and maintenance works.

Responsibility in risk management

The business units have the responsibility of supervising and managing the operations. Furthermore, these report the relevant information to the Delegate Councillor, for its supervision and monitoring of the installation of their mitigation measures.

Since the year 2016, the Internal Auditory Direction is working in risk management brand development that provides for the production of a politics and normative that develops controls, amongst other questions.

Risk management model

Risk management and control in Urbaser is developed under a model of three levels of independent defence that act in a coordinated way, following the principle directives for a control system's management and installation, like the COSO II Report is.

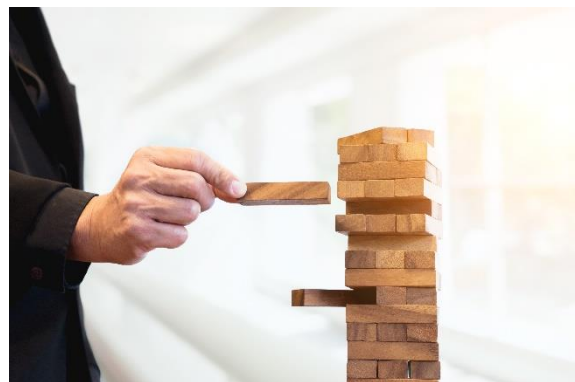
The two first levels of defence correspond with the same business unit activities, whilst the third party originates from different transversal functions with specific supervision and internal control responsibilities managed at corporate level.

Once the Urbaser risks are identified, including the reputational risk, they are valued in the function of its probability and associated impact, and determine the critique of said risks.

The integrated model of risk and compliance management

The Auditory and Control Direction has as its principal function to serve as support to the Administration Council in its general contents of security, supervision, monitoring and risk mitigation and the society internal auditory service supervision.

The Urbaser Risk Management regulation, integrates the risk management process in the Corporate Government in relation to the organization, planning and strategy, management, corporative politics, values and ethical culture. These include strategy and risk aversion, the managed areas or risk takers' functional segregation and the "zero tolerance" towards the commission of illicit actions.



Risk management and prevention

Urbaser's risks and its response



Financial risks

The liquidity risk due to delays in payments and clients' insolvency can affect both the results and Urbaser's own payment capacity.

The negative impact of relevant character occasioned by the types of change fluctuations and the type of interest variations, are broached by Urbaser through the development of mechanisms that allow them to minimize the risk.

On the other hand, the risk of debt is monitored and controlled by the Group's Financial Management and the Internal Control Service.



Operative risks

Urbaser, like any company, is exposed to determined events that might provoke risks in the informational security, damages to people, goods or the environment. The company performs previous analysis to the projects' setting into motion identifying possible scenarios for carrying out the appropriate adaptation measures to each situation. These scenarios can be taken into account under the effects of climate change, hydrological stress, cyber-attacks, socio-political instability or other risks that can put the company's normal operation at risk.



Strategic risks

Once the activity is established in the Spanish market, Urbaser has carried out a strategic reorganisation and a selective increment of exterior presence.. The risks to be managed by the company are different according to the country in which it operates, because, a previous socio-economic and geopolitical instability analysis of these countries is performed (economic interventionism, local growth instability, fiscal risks), valuing the opportunities that this international expansion represents for Urbaser, once the risks are mitigated.



Compliance risks

Legality of compliance constitutes a priority for Urbaser, that actuates under the principles of its Penal Charge Prevention Module. The model has as its objective the establishment of principles that must guide Urbaser's behaviour in all the countries in which it operates: This model is of application in Spain and serves as a mirror for its replication in each country, adapting it to the country's own specifications and characteristics.

The company applies the principle of diligence due for prevention, detection and resolution of irregular conducts with illicit charges or those of any other nature. Furthermore, the company analyses the regulatory context and surveils the normative modifications continually in order to be able to respond in advance by minimizing the risk.



Reputational risks

The reputational risks are intended as those derived from the incomplicity of the interest group expectations or of not reaching the desired result. The company perception deterioration by the interest group implies one of the greatest threats for a company's market value. Urbaser manages these risks, as well as the impact in the financial, operational, strategic and compliance risk reputation.

Risk management and prevention

Long term risks for Urbaser

In a changing surrounding like the one we find ourselves in, Urbaser analyses, supervises and manages the risks and threats in the long term for the company, that is to say, those risks that do not have a potential impact today but that would have in three, four or five years.

These long term risks are associated to the five main tendencies related with Urbaser and its sector: residue generation increment, population and urbanization growth, hydrological resource scarcity, climate change mitigation and adaptation, and environmental degradation.



Principal long term risk	Related tendencies				
Difficulty of adaptation to the change with the required rapidity					
Not having the capacity of giving response to the great demand of services					
Not having the necessary infrastructures and technologies available					
Substantial increase of the dimension and number of contracts and concessions					
New regulatory requirement					
Planning and management difficulty					
Diversification of technologies to be used					
Increase of processes					
Increase of residue generation Population and urbanization growth Hydric resource scarcity					
Mitigation and adaptation to climate change Environmental degradation					

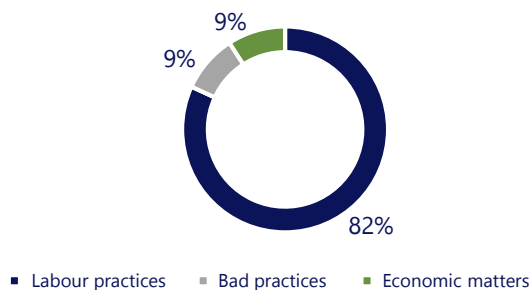
Ethics and integrity

Code of Conduct

Urbaser has a Code of Conduct available, which has passed by a strengthening and actualization stage, in which the principles of actuation that orientate the relationships between Urbaser's employees and that of these with their interest groups. The ethical principles collected in the Code affect all the administrators, directives and employees of the Group's companies and are of obligatory fulfilment.

Furthermore, the employees can make use of the ethical Channel in order to send notices related with these principles' compliance. In 2016, no communication was received through this channel. During the year, a total of 11 were received through the other formal reclamation mechanisms in the Group's international subsidiaries.

Nature of complaint of other formal reclamation mechanisms



Penal charge Prevention Model

The company also counts upon a Prevention and Response Model before Crimes, which is a structured system of control, whose objective is to mitigate crime commission risks of those from which can be derived penal responsibilities for the juridical persons.

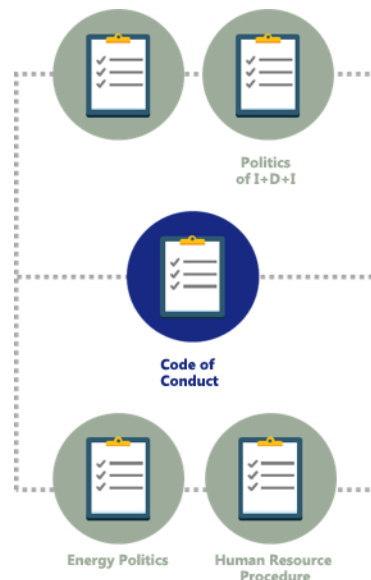
Both the company's crime Prevention Model and the Code of Conduct, are actually in the stage of installation, with the objective of implanting them in all countries in which the group operates in the year 2018.

Urbaser expects to create a Normative Compliance Committee (CCN) in 2017 that will have the responsibility of ensuring the company's ethical commitments and regulation compliance completion. This committee will report directly to the company's Delegate Council.

In Chile, within the company's Crime Prevention Model, furthermore, the Compliance Official post that analyses and manages the received reclamations has been designated. Additionally, the complaints are analysed and derived to the company's Ethics Committee.

During 2016, Urbaser has worked in the elaboration of the politics of Anti-corruption, Corporate Social Responsibility, Use of Technological Devices and their procedure, Sales and Economic Benefits, and the behaviour protocol of professionals. The approval of these politics is expected in the year 2017.

Urbaser political tree



Corporate Social Responsibility in Urbaser

Urbaser, a responsible and compromised business

Urbaser is conscious that the development of its activities depends on the effort and compromise of maintaining an exemplary behaviour, therefore it establishes some internal mechanisms that expose its excellency.

Corporate Social Responsibility (CSR) is understood as the sustainable commitment that Urbaser accepts in the relations with its main interest groups, and ethical incorporation, good government, respect for the environment and the creation of social value in its business model.

Given the company's new situation, fruit of the property exchange, Urbaser is developing its Corporate Social Responsibility Policy. This policy is aligned with the business's nature and perspectives and shape the brand in which the company establishes the responsibilities, directives and actuation principles with the interest groups.

Urbaser's Corporate Social Responsibility Politics, is complements with the rest of the Group's politics.

The same as the rest of the company's politics, this politics will be of global application, Urbaser Administration Council being its main manager. In its manufacture, the company takes into account the CNMV Esteemed Societies' Code of Good Government recommendations and the best international practices in this area.

Sustainability in the strategic access

Urbaser is defining a route sheet in this subject starting from the commitments set out in the Company's Corporate Social Responsibility.

This route sheet is a direct consequence of the RSC's strategic importance for sustainability and business development in the place where the company is present.

In order to give an answer to the commitments set out in Politics, three axes of actuation have been defined.

The axes cover the entirety of Urbaser's value chain, establishing the indicators and objectives at medium and long term in each one of the dimensions that will allow the company to measure and monitor the development of its activities from a responsible and sustainable perspective.



Innovation for a sustainable environmental management

Urbaser maintains a firm compromise with respect for the environment in the provision of its services, guaranteeing an exemplary behaviour.

This compromise is prolonged further to the management guaranteeing that the environmental solutions offer its clients that they incorporate sustainability.



Chain of manager value

Urbaser takes into account that its responsibility is prolonged along the value chain, from the provider up to the client and final user.

In this field, Urbaser guarantees respect for equal opportunities, human rights, security and health of all the people that make up this chain.



Contribution to the community

Urbaser is conscious of the role that it plays in the communities' progress in which it operates.

Through its social and voluntary action, the company performs environmental awareness raising tasks and actuations that generate a positive impact in the surroundings in which Urbaser is present.

Innovation for a sustainable environmental management



Innovation for a sustainable environmental management



Urbaser integrates sustainability and innovation in its processes with the objective of controlling its natural resource consumption, minimize residue generation and contamination and reduce its carbon footprint.

In 2016, the company has developed a new **Environmental Health and Security, Quality Politics**, approved at the beginning of 2017 by the Urbaser Delegate Councillor. This has as its objective to ensure the maximum quality in service provision and guaranteeing its clients' full satisfaction, through an exemplary environmental behaviour and the checking of the working risks.

A robust management system

The **Integrated Quality Management, Security and Health and Environment System**, according to the UNE-EN-ISO 9001:2015, UNE-EN-ISO 14001:2015, OHSAS 18001:2007, guidelines, and audited by an independent third party, ensures the implementation of politics, the monitoring of objectives and continual improvement.

Internal audits are produced in the company in the different in the different services and facilities in order to verify compliance to the Integrated Management System. Likewise, Urbaser has defined Group member functions and responsibilities in the accomplishment, quality, security and health and environmental aims and objectives.

In 2016, the percentage of sales originating from activity according to the ISO 9001:2015 has been of 58% with respect to the total of the countries in which any type of activity exists. Furthermore, a total of 135 internal audits and 86 external audits with the objective of guaranteeing the compliance of said standard.

On the other hand, in 2016, 64% of the company's activity was certified by the ISO :14001:2015 with regard to the total of the countries in which some type of activity exists. Urbaser, as the commitment with the compliance to environmental standards shows, in 2016 has performed 172 environmental audits (96 internal and 76 produced by an external).

In 2016, 15 environmental complaints were received and duly resolved.

Commitment with continual improvement

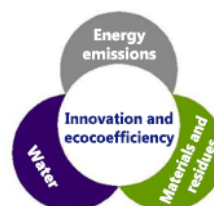
In areas of attainment high levels of quality in service provision through the improvement of the integrated management system, just like the Quality, Security and Health and Environmental politics, the company sets internal objectives for the extension of the ISO 9001:2015 certification coverage, both at national and international level.

Ensuring an environmental management appropriate in each service

Prior to service provision, Urbaser carries out the identification and evaluation of its real and potential environmental impacts.

Likewise, during service provision, the company produces a Management Plan in Service, which is revised and approved by the contract's direct manager whose objective is the adaptation of the Integrated Management System to every service or contract in particular.

Urbaser environmental vectors





Innovation

Innovation constitutes a strategic value for Urbaser in each of the business, activity and processes lines. For the company, innovation has the purpose of encountering efficiencies in the current processes and seeking solutions to the challenges that the new paradigm of circular economies or those related with smart cities sets out.

The **Urbaser's I+D+i Politics**, inspected and approved in 2016 is based in technological surveillance and the development of technical collaboration between Public Administration, civil society, the corporations and investigative organisations

Urbaser relies upon a **I+D+i Management System**, designed and certified according to the **UNE 166002** guideline, for generating innovative actuaciones and an open culture of collaboration that develops innovations applicable to the business.

The **2015-2018 Strategic Innovation Plan**, declines the company strategy in objectives, whose principle lines are:

 <p>Circular economy</p>	<p>Constitutes one of the Urbaser innovation levers, applying it to the design of its services and integrating it into its management. The group demands to transform the residues into resources and contribute to the minimization of the residue both of his clients and those generated by his activity.</p>
 <p>Smart cities</p>	<p>With this line the Group seeks to offer flexible and comprehensive solutions for the urban services through the development and application of digitalization tools and the development of sustainable development.</p>
 <p>Culture of innovation</p>	<p>Inside Urbaser's innovation model the I+D+I actuation impulse is fundamental for that which promotes participation of all the organization's members and third parties.</p>



Innovation Technology Centre for the treatment of residues "Alfonso Maíllo" (CIAM)



Complex for Zaragoza's urban residue treatment, since 2015.

ISO 9001 Certified Quality and ISO 14001 environmental Management certificate; ISO 50001 Energy Management Certificate, in 2016. I+Di UNE 166002 Management System.





5000m² innovation space for prototype trial and collaborations with technologies and providers.

Analytical laboratory innovator for solid, water and gas operative parameters analysis.



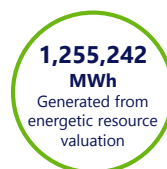
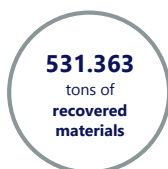


The CIAM expects to be a reference centre at the international level through public-private collaboration between administrations, clients, universities

and technological centres.

The Group's main innovation elements converge in the CIAM. The centre executes pilot projects related with residue treatment in all its stages. It has human resources and advanced equipment available for the generation of knowledge and search of innovative that minimise the rejections produced in residue management.





On the other hand, Urbaser has installed a **Technological Surveillance and Knowledge Management System** that allows it to capture, analyse, disseminate and exploit knowledge, both internal and external, that should be of utility for the continual improvement of business processes. With the objective of generating new ideas and encouraging internal *networking*, the Group has developed "Innovation Conferences", through which it invites its employees to propose ideas and projects. In 2016, 60 ideas have been executed 8 of which have become a reality in projects in course.

The stake by Urbaser Group I+D+i is seen reflected in the augmentation of its own investment for the development of the principle actuations, which is complemented with public and private financing, amongst which the national and European aid programs stand out. In 2016, the total budget destined to I+D+i was 7.8 million Euros, of which 7 million Euros correspond to Spain.

Urbaser Innovative Technology Professor

Convention with University of Zaragoza, signed in 2015.

Urbaser Innovative Technologies Professor prize for works upon "Smart Environment"

In the framework of the Group's collaborations in order to foment innovation and promotion of knowledge, the Urbaser Innovative Technology Cathedratric highlight, by the hand of the University of Zaragoza. This program has as its objective the installation of research project principally in urban sustainability

Maximization of **energy recovery** in the **treatment plants** Urbaser Environment France



Development of a CSR production process (combustible solids prepared from non dangerous residues destined to energy savings)

The CSR will be produced from those denominated waste treatment plants non organic savings.

In 2016, investigations were initiated in order to search for a waste disposal unit capable of processing a range of 50 to 250 mm (the estimated range is the most appropriate).

In 2017, a pilot project will be carried out in the Varennes-Jarcy facility that will allow the CSR's knowledge base to improve.

Improvement of the **Liquid Industrial Residue treatment.**

Chile

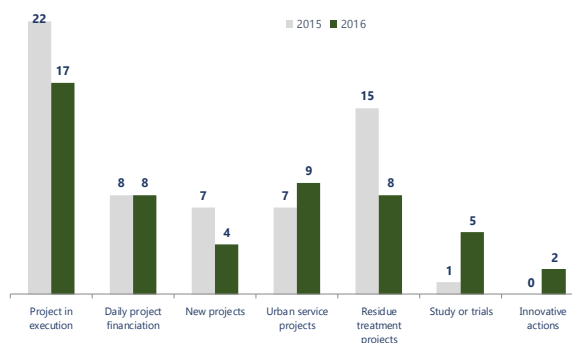


Equalization system change, by a team of DAF technology

During mid year 2016, the implantation of an improvement project in the industrial liquid residues treatment is starting originating from the recollecting trucks' washing process. The process will be improved through the equalization system's change, by a DAF technology team and a press system for the mud drying.

It is expected that the treatment plant will have to be operative at the end of the year 2017.

Statistic principles of I+D+i actuations performed by the URBASER Group





Energy efficiency emission management

Emission reductions and energy efficiency, constitute one of Urbaser's environmental vectors. In 2016, the company has developed a new **Energy Policy**, that covers energy efficiency in the operation as well as in services and products that it offers to its clients.

One of the most relevant aspects that the Policy sets out is the implication of the collaborating companies in the understanding and acceptance of this.

In order to make its commitments appear, Urbaser has been a pioneer in implementation of an **Energy Management System** in the year 2008, according to the UNE-EN-ISO 50001 guideline. In order to measure the grade of advancement in the System's subject, adaptation and efficiency, Urbaser establishes objectives and performs internal audits.

The Group has developed its own system in order to calculate the Carbon Footprint with which to be able to palliate the effects of climate change. This system allows Urbaser to register its data annually in the Agricultural and Fishing, Feeding and Environmental Ministry's official register, as it shows from the entrepreneurial commitment with sustainable development.

Energetic consumption and Carbon Footprint

The company works in initiatives that are in favour of conservation and efficiency in order to reduce its energy consumption year by year. Thanks to these measures, the company has reduced 957 MWh of its energetic consumption with regard to 2015, managing to achieve a consumption in 2016 of 1,428.8 GWh-proceeding 20% of renewable energies-.

The fleet of vehicles constitutes one of the principle foci of emission for Urbaser, because, these are being submitted to a correct preventive maintenance and telemetry is made use of in order to optimize the routes and encourage efficient conduction.

Furthermore actions are carried out in order to reduce CO₂ emissions in the company's different installations. In 2016, 1,321,398 t of CO₂ have been prevented thanks to renewable energy production, to the recovery of materials and fuels and to the compost evaluation, which supposes an increase of 52% with respect to emissions prevented in 2015. In 2016, Urbaser has obtained 1,255,242 MWh generated from energy residue valuation.

Electrictruck, Urbatruck and Telemetria

Stake for sustainable mobility and efficient conduction.



Electrictruck, since 2014, studies the technical and economical viability of electric vehicles of great tonnage

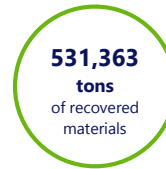
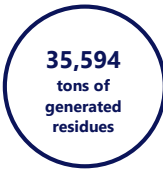
Telemetry Project, since 2015, automates the collection of data about the use and state of the fleet's vehicles.



Urbaser has set into motion various projects for reducing its track derived from the fleet of vehicles, through the incorporation of clean vehicles and telemetry systems. These projects will allow improvement of the maintenance of vehicles, controlling consumption and optimizing the transport routes, in order to reduce emissions.

Discharge of emissions

	2014	2015	2016
CO ₂ - scope 1 (t)	96,555	112,137	123,284
CO ₂ - scope 2 (t)	28,381	28,854	28,221
CO ₂ - scope 3 (t)	3,963,422	4,112,312	4,345,396
Nox (t)		1,040	913
Sox (t)		180	220
Particles (t)		46	54
Other gasses (t)		1,826	1,440



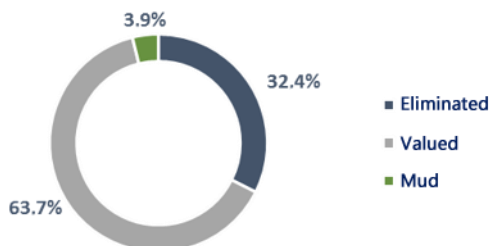
Materials employed and materials generated by the activity

Urbaser guarantees excellency in the management and treatment of the residues that it generates in its activities, as dangerous - including used oils - like those non dangerous ones. Specifically, in the case of dangerous residues, all those centres have enabled a space for its temporal storage up until it performs its collection on behalf of an authorized manager, previously selected by the Group. In 2016, the company has generated 23,830 tons of dangerous residues and 11,764 tons of non dangerous residues sent to management.

Within the Group activity development, exists a strict control of leaks, providing special relevance to the control of leachates proceeding from the residues managed just like those projecting that could have taken place in the facilities.

By the nature of its works, Urbaser's activities are not especially intensive in natural resource consumption, further to the hydrological resource. Nevertheless, Urbaser performs resource consumption control and mediation with the objective of optimizing its use to the maximum.

Dangerous residues generated sent to management



Urbaser in 2016 has managed 23,875,655 tons of non generated residues – 1,004,371 tons of dangerous residues and 22,871,284 tons of non dangerous residues.

Furthermore, in the residue treatment phase, the company has recovered 531,363 tons of materials.

Of the residue to the resource through the recycling: the project 3R202



Financed by the Centre for Industrial Technology Development through the CIEN program

Consortium lead by Urbaser, and trained by another 7 corporations and 9 investigation organizations



Beginning with bleaches, plastic residues, amongst others, fertilizers, metals or chemical products can be obtained



The 3R2020 Project expects to develop innovative technologies that permit recovery and recycling determined residue currents, not currently appreciable, in order to be transformed into secondary raw materials. Urbaser contributes to this

project by contributing the residues that are going to recycle into secondary raw materials, just like the knowledge, preparation technologies for the recycling, and resulting product and technology market internationalization impulse.⁷

Plastic to Oil

3R2020 project investigation line consistent in the auto-motion fuel production from urban plastics.



Demonstration plant integrated in the Centre of Innovation Alfonso Mailló (CIAM)

The plant has a treatment capacity of 30kg of plastic per hour



Plastic to Oil has as its objective the chemical recycling of low density polyethylenic plastic residues like rubbish bag film, for its conversion into auto-motion fuels.

This project is a continuation of the works performed by Urbaser in the field of the fuels proceeding from urban plastics.



Water management

Urbaser, in the in built water management, adopts the most exigent standards in as far as the quality of the resource and service management. An example of this is the **Environmental Management Laboratory**, of SOCAMEX, certified by the **UNE-EN-ISO 9001:2015** and **14001:2015**, **OHSAS 18001:2007**, **UNE-EN-ISO 17025** in potable water, residual water and load and accredited as the Hydraulic Administration Collaborating Entity

Likewise, in the natural resource consumption control framework, the Group establishes a series of general rules of obliged compliance with the objective of avoiding unnecessary water consumption. Within these rules it is fitting to mention from individual conduct norms like the closure of taps and mouths of risk when they are not being utilized, until control mechanisms like the installation of limited devices of flow and other savings systems in the installations. In 2016, Urbaser **has consumed 337,174 m³ of reutilized water**, which implies a 45% more what in 2015.

Applying the innovation in efficient water management

Currently SOCAMEX has various related research projects in motion with the hydrological resource efficiency management and the conversion of residual water purification stations in net energy exporters. The projects within the European Commission's 2020 Horizon program stand out. Energywater, Smart plant and Aquasystem, which are centred in energy efficiency in the water management and of this resources quality measurement in real time.

Lo2x

Improving the residual water quality whilst energy is generated



Persistent pesticide and pollutant degradation through oxidation in supercritical water.

Energy generated by the heat liberated in the chemical reactions is produced during the process.



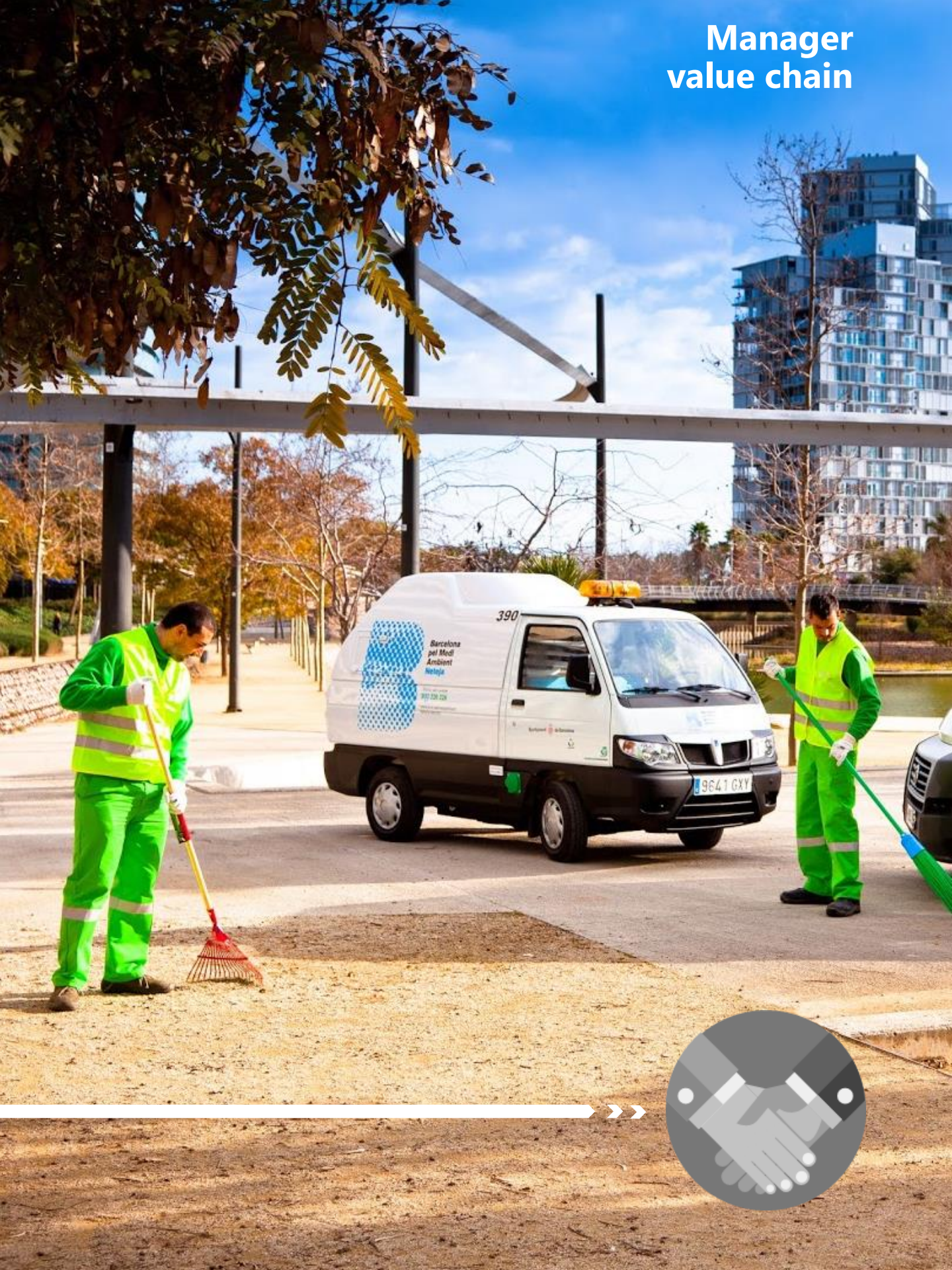
The Lo2x, in motion since 2014, demands to demonstrate the environmental and socioeconomic benefits that can be derived from the co-treatment of the purifier's muds, residues of high organic and pesticide charge.

Through an oxidation process by supercritical water (pressure and temperature superior to the water's critical point), persistent contaminants can be degraded. Furthermore the energy generated in this process can be exploited.

The water at its dried by Urbaser in 2016

Total water consumption (m³)	9,815,495.9
Ground water or well (m ³)	1,495,020.6
Water networks (m ³)	7,686,444.2
Pluvial water	226,592.6
Water drains (m³)	1,313,762.7
Residual generated waters in operation (m ³)	551,582.5
Water contained in the residues (m ³)	762,180.1

Manager value chain



Manager value chain



Urbaser takes into account that its responsibility are prolonged along the value chain, from the provider up to the client and final user.

In this field, the Group ensures respect for equality of opportunities, the human rights and security and health of all the people that make up this chain.



Urbaser persons

The excellency in the Human Resource management constitutes the Group's main pillar of leadership. Urbaser's Human Resource Procedure is orientated to the attainment of a highly qualified and motivated human team, identified with the Group's values, with their own initiative and a great service vocation to the client, which allows business opportunities to be managed efficiently and profitably.

The human team as key to success

One of the most important fixed business assets is the value contributed by the Urbaser professionals contributed by a quality employment favouring equal opportunities in the surroundings that they operate in.

In recent years, an evolution in the employment characteristics within the sector: its perfection, "technification" and professionalisation has implied the activity's evident dignification

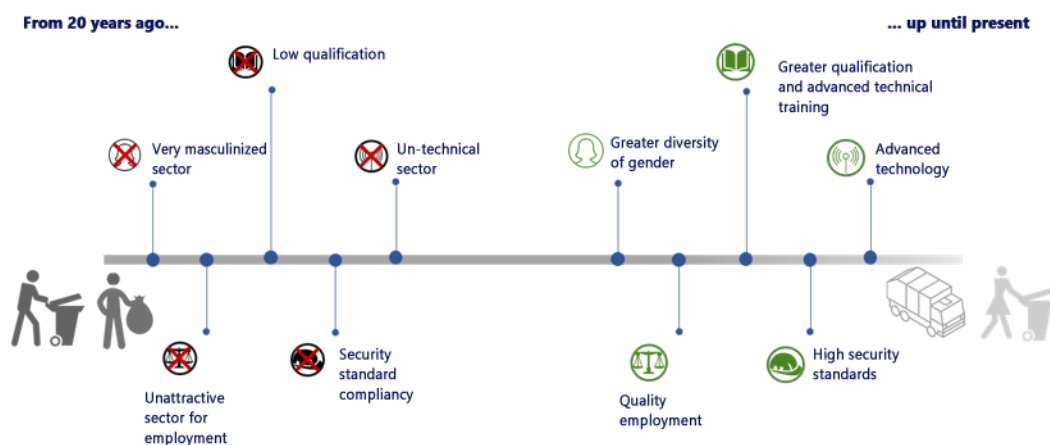
This working dignification, has come accompanied with the best employment quality, with regard to security, health, training and remuneration, which has implied the most diverse talent attraction in questions of gender, professional profile, age etc.

Likewise, the sector is found highly unionised and regulated by collective conventions that cover for ensuring the workers' working conditions.

The human team in figures.

30,381 people work in Urbaser, of which, 14.4% are women and 85.6% are men. 85.35% of the workforce has a fixed contract.

In 2016, the Group has created employment in the regions in which it operates, the figure ascending to 12,011 direct work places.





A firm wager for gender equality and diversity

In a sector traditionally associated to the masculine gender, from years ago Urbaser has carried out numerous initiatives in order to achieve gender equality. In this labour, ha has always counted on the worker representative collaborations as a key piece at the moment of establishing co-jointed compromises and objectives.

In Spain, the company has set into motion its second Plan of Equality, signed by the company and workers representatives at the ends of 2016 and whose validity is prolonged until the 31st of December of 2017. This Plan is based in the quantitative and qualitative study about the company's situation in the subject of equality and has the international, European and National applicable normative as a reference mark.

The Follow-up commission in the Subject of Equality, constituted parityity by the corporation workers and union representatives, is the body in charge of follow-up and development of the actuaciones contemplated in the Urbaser Equality Plan.

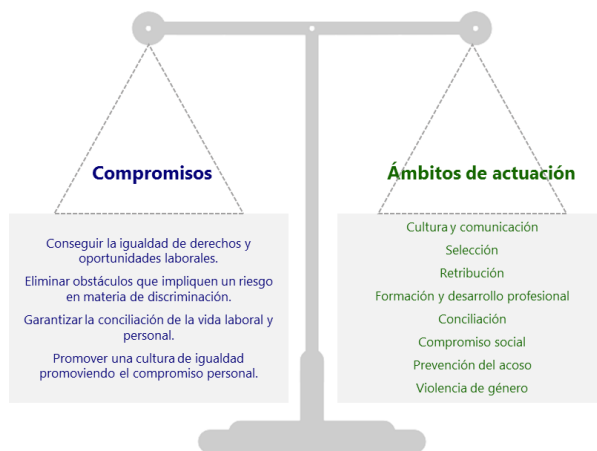
Given the organizational complexity and differences existing in the subject of equality at the international level, Urbaser's ambition is to develop and adapt the Plans of equality to the reality of each region, utilizing the model employed in Spain as example of the party.

In France an integration policy has been set into motion of more women in the collection and cleaning services and the company has been enrolled to the process of the "diversity" process's obtention.



Urbaser is adhered to the Health Minister, Social Services and Equality initiative "more women, better corporations", for which it is committed to promote equality in the highest corporative levels, increasing feminine presence.

Commitments and actuation fields of the 2º Equality plan



Instigating equal opportunities

Urbaser, conscious of the importance of awareness an training in this field, an following the objective of fomenting a culture of equality in the whole organization has created a specific space within the Human Resource department, the area of Equality and social commitment, equipped with personnel with technical specialization and experience in this subject that is in charge of leading the promotion, awareness raising and cultural implementation in the subject of equal opportunities.

Likewise, due to the heterogeneity of collective conventions derived from the nature of the company's activity, it has been considered relevant that the people that integrate the labour relations team in Spain - individuals in charge, amongst other tasks, of negotiating the conventions with the union representatives - have a technical formation recognised in equal opportunities imparted by the Health Ministry, Social Services and Equality.



Furthermore, the Group maintains a strong commitment with the socio-laboral integration of persons with incapacity through its own special employment centre, Urbaser, through which the Group instigates the employment of this collective.

The actions undertaken in the United Kingdom, in which an exhaustive revision of the internal politics and procedures at the root of which a Politics of working conciliation has been created.

The group's participation in initiatives like the celebration of international days that foment gender equality, solidarity careers and local events that foment equality and non discrimination, support to activities in which visibility is given to women in collaboration with special employment centres reflect Urbaser's decided commitment with equal opportunities.

Recognition between the 50 best corporations for working in Chile

STARCO DEMARCO



An 80% of people surveyed indicated that the corporation is a great place for working

73% of confidence in the organization



Number 30 position of the ranking

In 2016, STARCO DEMARCO has obtained the recognition "**Great Place to Work**". The main objective was to be located between the 50 best corporations, however, thanks to the collaborators' work and permanent support a historic landmark has been achieved positioning itself in space number 30 of the ranking.

The survey had a participation rate of 68,42% of total collaborators.

The dimensions evaluated were credibility, respect, impartiality, Pride and Comradery with points superior to 75%.

As a conclusion, 80% of people surveyed indicated that our corporation is a great place to work.

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Urbaser is one of the Diversity Charter's signing companies, assuming and committing itself publicly with the following principles:

- Equal opportunities
- Promoting inclusion
- Respect to diversity and inclusion of different profiles in the workforce managing diversity in Human Rights politics
- Instigating the conciliation through an equilibrium in the times of work, family and leisure.



Urbaser makes up part of the Integrated Foundation's patronate, which since 2001 works with the mission of helping persons in risk of social exclusion and disabled persons through their working integration. Urbaser is socio-strategic for favouring these people's real integration.



Urbaser makes up part of the Caixa Foundation Social Work Incorporate Program Company Network, whose objective is the working integration of persons in risk of social exclusion.

5.131

employees
subject to
unfolding
evaluation

23.292

number of
employees
trained

4 million

euros
invested in
training



Commitments in the fight against discrimination and harassment

As strengthening mechanisms to the actuaciones contemplated in the Equality Plan in the subject of harassment, Urbaser has developed a Protocol of harassment of application to all the Group's employees in Spain, independently to the performance of its work in the Group's facilities or outside of them, for example, in activities such as railway cleaning.

The harassment Protocol revolves around three clear objectives: adopting the necessary measures for preventing any situation of harassment to be produced, facilitating the employees that can identify any situation of moral, sexual harassment for reasons of sex or discriminatory treatment, and establishing an actuation procedure that allows investigation and, if it proceeds, sanctions possible harassment situations.

Operatively, and with the objective of guaranteeing the cases' confidentiality, Urbaser counts on the instructor's figure, to which must be directed the workers or legal figures of these in order to report any possible detected harassment situation.

The Harassment Prevention Commission, constituted paritarily by the company's workers - amongst those the instructor - and union representatives, has as its main commitment assessing the facts and actuaciones contemplated in the report prepared by the instructor with objectivity, deciding about the existence or not of a situation of working harassment and propose, in its case, the correct measures and opportune disciplinarys.

At international level, the practices carried out in France, where it has been proceeded to the enrolment into a Politics of struggle against discrimination, just like actuaciones related with equality of opportunities and diversity. Amongst these measures, training to managers in the subject of discrimination stands out.



Urbaser is one of the great companies adhering to the initiative "Companies for a Gender violence Free society", set into motion by the Health Minister, Social Services and Equality.

Its end is, through the signing companies, to make the society aware in Equality and favour the laboural insertion of the women victims of this violence.

Develop talent: a team of experts

Urbaser has a firm compromise with the professional development of its workers. More than 282,760 in 2016 have imparted more than 282,760 hours of training to 23,292 employees, thanks to an investment of 4,014,783 Euros on behalf of Urbaser.

With its wager for the training and capacitation of the internal talent, Urbaser sets out the following objectives:

- Develop the employees **professional competencies**, for adapting them to the needs of expansion and Group competitiveness.
- Bring up to date and adapt human resources to **technological evolution** and the improvement of the quality of service.
- Introduce a continual **learning culture** for the competencies' bringing up to date and in order to achieve an attitude open to innovation.
- Veil for the diffusion of a culture based in quality management, environmental respect and security and labour health.
- Achieving the **motivation** and identification of its employees with the corporate culture's common project.

The training programs stand out for young engineers whose objective is to develop the Group's international expansion.

Likewise, in 2016, 5,131 employees have been subject to achievement evaluation processes.



Providers

In 2016, the group has worked with a total of 24,834 providers with a total volume of purchases of 745,551,501 euros.

Provider management

In line with the Group's purchase policy, expressed in the Administrative Procedure 15 (PA-15), Urbaser has defined the internal politics necessary for carrying out an efficient and responsible management of its providers throughout the whole selection and evaluation process. Likewise, in order to give coverage to the Provider Management Policy defined, a Provider Pre-portal has been developed

and has commenced to be set up.

Thus then, Urbaser has a Provider Management Politics Manual in which some general policies that facilitate the assignation of managers in decision making, provider typology and a global vision of the distinct processes that conform provider management is defined.

The purchase and provisioning procedure has as its objective to define the general systematics to be followed in the purchase process in the Urbaser Group with the ends of homogenizing and establishing the controls necessary that guarantee an adequate and responsible purchase management. The product and material purchases that can affect the quality of the service provided, at the environmental behaviour and labour security will always be produced that is possible to previously homologated providers by Urbaser.

Likewise, in the case of subcontracting of some services or some part of it, the Group adopts the opportune measures so that activities subcontracted are carried out in the adequate conditions in order to reach the company's quality, security and health and environmental requirements, the requirements solicited by the client, and to ensure a correct environmental behaviour and worker protection.

Provider country of origin and purchase volume

	Spain	379,078,657 €
	France	135,924,595 €
	Chile	69,459,107 €
	Argentina	63,649,474 €
	England	63,491,624 €
	Italy	4,935,379 €
	Switzerland	2,199,573 €
	Holland	1,236,292 €
	Germany	898,437 €
	Arab Emirates	847,045 €
	Portugal	763,435 €
	USA	610,100 €



Contractors and subcontractors

Providers that perform works related to Urbaser's own activity.



Providers of complementary services

Suppliers that perform works that are not directly related to Urbaser's own activity



Material suppliers.

Provision, product, material or equipment providers, also including the manufacturers.



Material suppliers.

Electricity, natural gas, telephony and data providers.

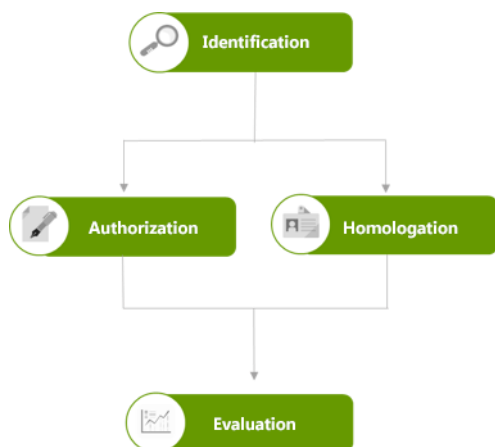


Furthermore, in order to improve the whole Group's purchase process, Urbaser has created the Purchaser application for purchase management, which includes a flow of endorsement of these and a master of materials, in a way that all the orders that are performed will be approved and associated to a material.

Urbaser Group's objective with the establishment of the Provider Pre-portal and the Purchaser application is to unify and invigorate the Group's purchase process at national level. Likewise, a purchase model adapted to the Group's Internal Control System exists in each country.

The provider management stages are designed in order to guarantee the technical and economic requirement compliance, that the providers complete with the basic information in order to operate at global level just like with the legal, environmental, security and health, quality and security requirements and that these are aligned with those of Urbaser. Finally, with the frequency indicated in the Provider Management Politics, said providers are evaluated, incorporating this valuation again to the process of provider management.

Provider management stages



In 2016, has been submitted to an analysis ABC around 5,000 providers, of which 31% of these concentrate 80% of annual expenditure. Critical providers have been identified that represent 7% of the expenditure of the total supplies.



Provider and Purchaser Pre-portal

Seeking excellence and traceability in purchase management



They began to be applied in 2016 and is expected to have them in functioning at the end of 2017 in the whole of Spain

Pre-Portal will facilitate the evaluation of Providers conforming to the PA-15 and Provider Management Politics



Purchaser is an Expenditure and Investment Purchase Management application with approval workflow, supported in a unified Material Master for the whole organization and a unified provider data base.

The provider pre-portal is an application based in a documentary manager (sharepoint) and constitutes a first step in the development of a definitive Provider Portal through the web. Allows to manage a unified data base and actualized for the whole group, at the same time that allows approval through a workflow to said providers.

The criteria used for a provider's qualification are related to the quality, prevention, environment, ethics, human resources and integrity, amongst others. Each provider will receive a qualification in function of its criticality and evaluated aspects.

The material master manufacture implemented in Purchaser will facilitate the control and register of purchases performed by the group, this being the most accessible information.



Clients

The client satisfaction is one of the Group's priorities, and consequently, all the procedures and actuation rules established have as their objective the development of products and the provision of service accords with the current regulations, with the client needs and expectations and with the compromise acquired to advance in the path of continual improvement.

In 2016, the group has worked with more than 13,700 clients of different countries of the whole world. 7.9% of these belong to the public sector (implying 85% of the total invoicing volume), and 92.1% remaining are private clients. The group's experience and its efficiency situate the company in an advantageous position for its contracting in the national and international market.

The group adapts its offer of services to the client needs, both public and private, by helping them to comply with the legal requirements that are exigible in relation to the environmental services.



Residue treatment clients

The company is involved in an ambitious strategic plan that is centred in the extension of market fees in those countries in which the company is present through the development of new treatment installations in countries like US, China, Lebanon, amongst others.

Communication with the clients is key for Urbaser, which is why, it works daily in order to manage a fluid and transparent dialogue with these. In 2016, as part of the company's general analysis, interviews to clients in order to know the satisfaction of thee, obtaining favourable results in the totality of cases.

Urban service clients

Thanks to its compromise in quality and the confidence generated in the clients, during the year 2016, the company has managed the adjudication of 64 new projects and the renovation of 49 already existing ones.

Urbaser offers its clients solutions in order to improve communication with the citizens - by facilitating interaction with public administrations in order to express consultations or preoccupations - and environmental protection.



Security and Health

Urbaser develops its activities taking into account the security and health of the people in each process, from the employees and providers up to the clients.

With this conviction, the Group is going further that the legal obligations in this subject, integrating security and health in its corporate culture. This shows, the commitments accepted by the Group in its Quality, Security and Health and Environmental Politics, specifically in the subject of Security and Health. A culture of security and health has been created around these compromises in all levels of the company, lead by the Administration Council and that is extended to the Group's collaborator company.

The Group's collective commitment in relation to security and health in a work environ exempt from risks, reverts to the people's individual responsibility to maintain a preventive and responsible attitude.

The Group establishes learning as a fundamental piece in the Urbaser security culture, and puts focus upon three axes: continual training in prevention and health, analysis of accidents and incidents and dissemination of the lessons learned amongst the Group's workers and of its collaborative companies.

For all of this, Urbaser provides the resources and measures necessary in order to give compliance to the established security standards.

Occupational security commitment

Occupational health and security are key for the Group for two principle motives: the elevated number of employees that work at the foot of the street and nature of business activities.

That is why, Urbaser puts especial care in workplace and in health and well-being of its workers and their collaborative companies' security.

In this sense, Urbaser is committed with the installation of the OHAS 18001 norm in the most important points and guarantees that these same requirements are complied with in centres that lack this certification.

Likewise, the Group assumes the importance that the Central Office in Spain as motor for the installation and extension of its security and health commitments in the remaining countries.

In the company are performed internal audits in the different services in order to verify the compliance with the Integrated Management Systems. As a Group advance scale show in this subject, in recent years, its technicians have had to increase its level of technical formation.

Workplace accident rate indicators 2016

Incidence index ¹	80.18
Frequency index ²	46.6
Gravity index ³	1.79

Security and health indicators

Employees represented formally by security and health committees	48.3%
Employees covered by OHAS 18001	46.6 %

¹ incidence index (Nº accidents with low / nº workers average)*1000

² frequency index (Nº of accidents with low / hours worked)* 1000000

³ Gravity index (Nº days lost / nº hours worked) *1000



Commitment to employee health

The Urbaser Group wants to be perceived as a beneficial company promoting an environment of secure work and promoting healthy life habits amongst other employees- That is why, it has designed a plan that is sustained in four fundamental pillars: safe working environment, psycho-social health, medical following and social intervention. In order to see its responsive scale, a pilot project has been begun in Barcelona, where 10% of the workforce is found.

In a parallel way, from Central Services, actuations are channelled to the remaining centres in pro of health living and sport between those that solidary careers stand out the incorporation of healthy food into the *vending* spaces and in the Group's canteens, parking for bikes, companies of fruit consumption and use of stairways, amongst others.

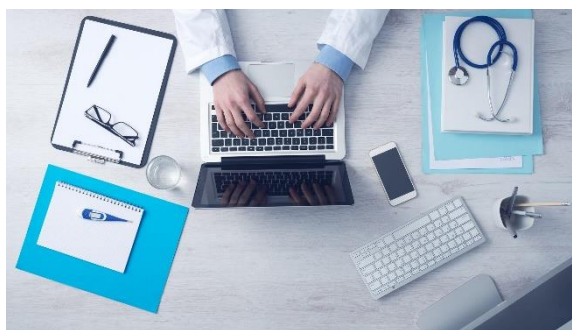
Detection of temporary necessities

As compliment to the health programs established in the Group, Urbaser wants to make a detection of the temporary needs of the employees through the analysis of managed and non managed absenteeism. This study will allow to know the causes or problematics that they carry to to the employees to not being able to exercise its functions and take measures for supporting them in this aspect.

Compromise with product service security

Likewise, the group is ensured that the services and products that supply to its clients are adequate, secure and trustworthy, further to give compliment to the requirements that are applicable, maintaining some quality levels that satisfy the expectations of these and collaborate with them in the improvement of the Group's services and products.

Through a Management Plan adapted to each service, Urbaser exercises a control of quality, environmental management and risk prevention in the whole service life-cycle, from its design up to its maintenance. Likewise, it has an actuation rule in order to ensure that any product does not conform with the requirements specified does not utilize or install in a non intended way.



Contribution to the community



Contribution to the community



Urbaser is conscious of the role that it plays in the progress of the communities in which it operates. By means of its social and voluntary action, the company performs environmental awareness raising work and actuations that generate a positive impact in the environments in which Urbaser is present.

As part of Urbaser's responsible management, its social action incarnates the company's awareness with the communities in which it provides services.

The activities of social action that Urbaser performs, are developed alignedly with the company's activity.

Thus, with the aim of guaranteeing this objective, the Group's actuation, which include sponsorship, donations, and collaboration with Third Sector entities, are centred mainly in the environmental field, in the care of people and support to culture and sports.

In 2016, the Group destined 1,725,208 Euros to its activities of social action, both at national and international level, detaching its contributions to social well-being (87.5%) and to the environment (9.1%).

The three axes of social action in Urbaser



Breakdown of the contribution performed in 2016 by the actuation field

	Social well-being	87.5%
	Environment	9.1%
	Sports	1.0%
	Economic development	1.0%
	Art and culture	0.9%
	Education	0.5%

Urbaser with the community

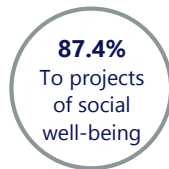
The Group maintains a firm compromise with the communities' social well-being, seeking to satisfy its necessities and cover possible lacks that could be manifested.

Thus, in 2016, both in Spain like in the remaining countries in which the group are encountered, Urbaser has carried out activities related to social well-being, social and labour integration, education and economic development of the same.

For example, the initiatives carried out in Argentina, through the "Vulnerable zones' social action". This program, of annual character has as its objective to improve the level of social inclusion through cleaning and recollection of residues in Buenos Aires' urban areas inhabited by low income communities.

For its part, in Chile, the activities performed stand out for the transport of school children of some communities in which the itinerary is dangerous for pedestrians, making a school van available to these in order to prevent traffic accidents.

In Mexico, with weekly nature, the Group help to the local primary schools, facilitating school transport, giving prizes to the highlighted students, and collaborating in the performance of activities.



Urbaser with the environment

Given the nature of the negotiation, Urbaser performs important environmental awareness raising in the environments that it operates in, both at individual level and accompanying its clients.

In 2016, the principle activities in this field stand out in Spain, Argentina, Chile, Mexico and Oman. The principal objective of all of them has been other than that of raising the society's awareness about the importance of knowing how to manage the residues and care and respect the environment-

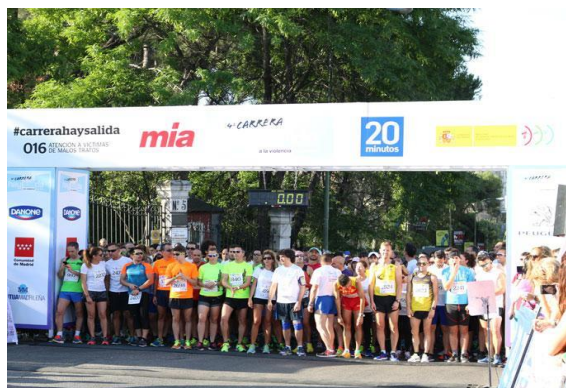
The chosen scenarios have been places concurred by the surrounding's neighbours in which the group is present, as places and other public spaces, just like conferences, congresses and schools.

Urbaser with culture and sports

Urbaser Group also wants to be a participant of the culture in the places in which it operates.

Thus, in 2016 it has collaborated through sponsorship of different cultural events of public interest, as for example music concerts, local festivities or parties like carnivals.

Furthermore, he has cheered support to infant category football teams and to municipal championships of this same sport with the objective of promoting a healthy lifestyle and physical activity amongst the youngest.



Mobile clean point for citizen environmental awareness in Argentina



Circulates by the 5 contracting Consortium's integrated municipalities

Presence in Plazas and other public spaces



Activity performed in collaboration with the client

In 2016, a mobile clean point was set into motion that recurs the five contracting consortium's integrated municipalities. This awareness raising activity is performed through environmental promoters that offer information to the citizens about good practices related to the separation and management of the residues in homes.

This service is provided in continual form in different locations preestablished by the client, especially in public squares, walkways, fairs and events and congresses.

Delivery of potable water to communities in Chile



Delivery of 25.320 m³ of potable water to the community

These communities would not have potable water available and would have subsistence problems



In 2016, being based in its relationship strategy with the community, Urbaser Group has considered the socioeconomic and environmental conditions that certain of Chile's communities in which the company operates.

Specifically, in Montenegro, the Summit, Corner of the Valleys and Runague has been marked the key landmark to make the delivery of 25.320 m³ of potable water since they did not have access to this resource available.

Inciting voluntariety amongst the workers

Urbaser Group gives possibility to its employees of performing activities of social and environmental activities.

The voluntary activities that stand out in 2016 have taken place in Spain, where they have carried out conferences of social voluntariety with the integral Foundation; in Chile, where the employees have imparted days of alphabetization; and in Oman where the Group's employees and those of the client have imparted environmental in schools.

About this report

Urbaser has developed its first Report Integration for the 2016 exercise with the objective of communicating its value creation model to interest groups in the short, medium and long term; its strategy and its performance transparently.

For the 2016 Integrated Report manufacture, the company has been supported in the new standards of *Global Reporting Initiative* (GRI) - GRI standards and just like in the *International Integrated Reporting Council's* (IIRC) brand of integrated reports.

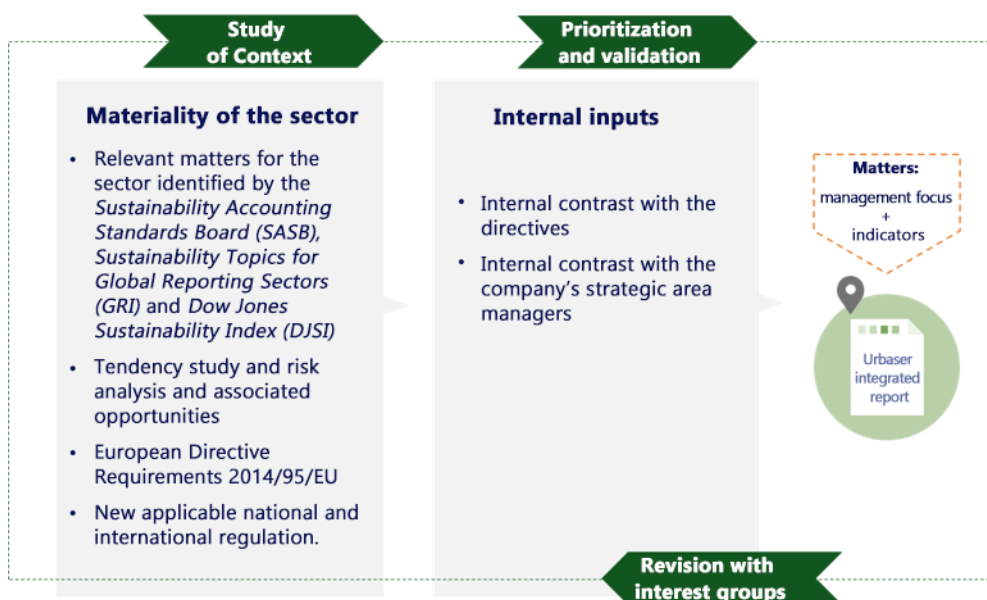
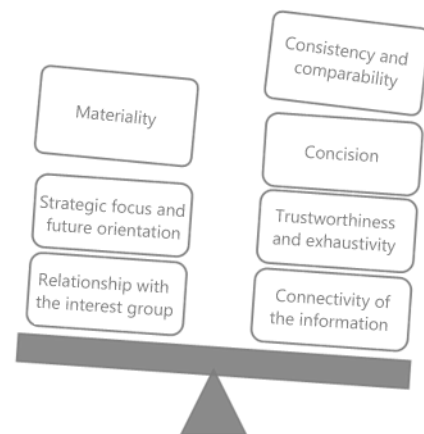
Likewise, attention has been provided to the requirements of directive 2014/95/UE of non financial information and diversity and to the Values Market National Commission (CNMV) in the subject of good government and corporate responsibility.

Focused report in relevant matters

Having as its objective to how Urbaser's creation of value, the content of the present report departs from the material analysis, as framework the GRI and IIRC reference brands.

On one side, analysis puts the focus in the most relevant matters of social, environmental and economic nature for the company's performance in the countries in which they operate. On the other hand, he takes into account those matters that have an impact and/or should be of interest for the decision making of its interest groups.

A report with principles



The company has performed a context study taking into account those matters relevant for its sector according to the international referents in *Global Reporting Initiative* (GRI), Sustainability Accounting Standards Board (SASB) and Dow Jones Sustainability Index (DJSI).

Posteriorly, a pormenorized analysis of the global tendencies, risks and opportunity that these represent for the sector, and consequently, for Urbaser.

From the company’s direction and strategic areas of the business, an internal contrast of the matters, tendencies, risks and opportunities, with the objective of prioritizing and valuing the impact of these in the company and its interest groups. Fruit of this process have been identified ten material matter

As consequence of the rapidity of the change that economies currently experience, this analysis is conceived as a process of continual improvement.

Relevant matters



Therefore, this first Urbaser Integrated Report will serve as a point of departure for the company and its interest groups in the content's revision and validation, and in consequence, if it is fitting, for the material study's actualization.

Interest groups



For Urbaser, are those interest groups or individuals that are seen affected by the company’s present or future actuations. This definition includes internal and external interest groups, depending whether they form part or not of Urbaser value chain.

The importance of the incorporation of interest groups in decision making derives from the dynamic of the surroundings in which the company operates, allowing Urbaser an response adapted to the needs of each moment and environment.

Reach of the information

The information included in this yearly Report makes reference to all the activities and services provided by Urbaser during 2016.

Given the company's global presence, the reach of information that this document contains is corresponded with the perimeter of integration employed in the financial consolidation. This integrates 100% of the participated companies upon which the shareholder or management control majority is held.

Of these societies the totality of relative information to material matters have been reported. A validation and consolidation process has been carried out from Urbaser's central services.

Consultas e información adicional

En la página web www.urbaser.es o a través del correo electrónico info@urbaser.com

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