

2017 INTEGRATED REPORT

TODAY FOR TOMORROW



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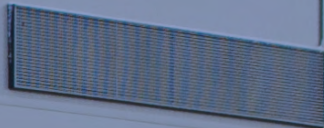
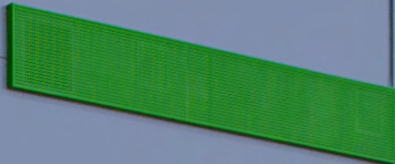
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ABOUT URBASER

Urbaser is the world leader in environmental management. As a global company focused on sustainability, it provides service to more than 57 million individuals in 25 countries through an enormous organisation of more than 31,000 employees and more than 201 subsidiary companies.

With its mission of providing global, integrated proposals that are adapted to the needs of its clients, Urbaser organises its entrepreneurial activities into two major lines of business: urban services and waste treatment. In turn, these two lines are subdivided into four branches of activity: citizen services (urban waste collection, landscaping, and street cleaning), integrated water management, urban waste treatment, and industrial waste treatment.

Urbaser is committed to sustainable development as the best way to create social well-being, environmental balance, and progress, making its experience, resources, and technological means available to its clients.

Urbaser stands out for being Spain's leading waste-to-energy conversion company, and is responsible for the construction and operations of Europe's first integrated solid urban waste treatment plant. It is also the first company in Spain to introduce the biomethanisation technique to the organic aspect of the process.

i [More information about Urbaser.](#)



LETTER FROM THE CEO

It is my pleasure to present our new Integrated Report, corresponding to the year 2017. We believe that 2017 consolidated the change of cycle initiated by the Urbaser Group in 2016, moving towards a new stage of growth.

This year has confirmed the proper path taken towards Urbaser's future through the development of our Strategic Plan and the consolidation of our business while achieving sustainable growth, which is perfectly reflected in the data and major milestones presented in the following pages.

In 2017, we earned 43 new contracts, with the Urban Services and Urban Waste Treatment business units standing out above all, representing a 5% increase in total turnover. At Urbaser, we want to continue being leaders in environmental services, and we hope to be able to multiply our growth in the future once the synergies with CNTY, our main shareholder, are performing fully.

This year, we have successfully moved forward with the development of a new Strategic Plan based on regulated and profitable growth in existing markets and opening up new ones, increasing the international expansion of our business units and applying innovation in order to differentiate ourselves from the competition. Our entry in the US, Swedish, and Finnish markets confirms the work that the company has done to comply with this Plan.

At Urbaser, we believe that the development of this influence will allow us to continue generating a positive, economic, environmental, and social impact on all of the countries where we operate, while contributing to the progress and well-being of their citizens.

We are a company with a long-term vision that is committed to business activities that will continue growing in the future.



The estimated increase in population and subsequent production of waste, countries pushing towards a low-carbon economy, circular economy goals, or the ever-increasing 'water stress' suffered in some areas of the planet are a few of the challenges that Urbaser is working to transform into opportunities.

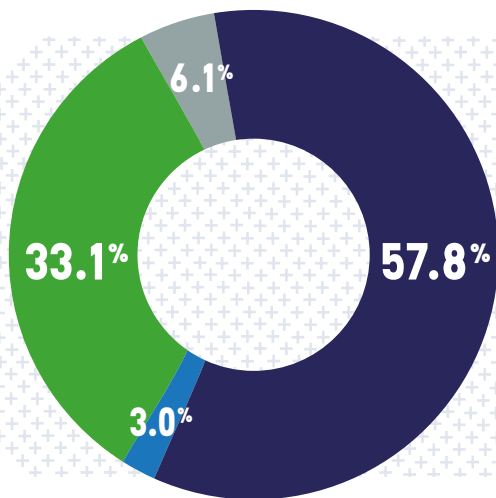
This year, we are joining the United Nations initiative and its 17 Sustainable Development Goals in order to contribute to the achievement of those that are aligned with our activities and can provide real value. In this context, Urbaser is a company that is fully able to respond to global challenges through innovative projects, while helping to improve quality of life in the societies where we do business.

Transparency and continuous dialogue with our stakeholders are key to encouraging a culture of trust and belonging to a profitable, global, and sustainable business project. This Report is part of our commitment to openly providing information on our Group's work.

Jose María López Piñol

CEO of the Urbaser Group.

URBASER'S 2017 IN NUMBERS



- Urban Services
- Integrated Water Management
- S.U.W. Treatment (Solid Urban Waste)
- Industrial Waste Treatment

Turnover
1,680.3
million Euros

Net debt
815.4
million Euros

Internal resources
761
million Euros

Investments
208.3
million Euros

R&D+i investment
8.5
million Euros

Purchases from suppliers
769.4
million Euros

Client portfolio
7,790.6
million Euros

31,004
PROFESSIONALS

14.5%

86.5%

	Number of Clients	Turnover Volume
PUBLIC CLIENTS	7.6%	83.1%
PRIVATE CLIENTS	92.4%	16.9%



Energy produced **1,324 GWh**



Energy consumed **1,457 GWh**



Emissions produced **4,366,807 tCO₂**



Emissions avoided **1,379,886 tCO₂**

MAJOR MILESTONES

February:

Urbaser is chosen as the **successful bidder for the Environmental Complex Gipuzkoa project**, including the financing, construction, and 35-year operation of the Energy Recovery Plant and the Mechanical-Biological Treatment Plant.

May:

Urbaser signs the **More Women, Better Companies** agreement for Steering Committees.

August:

Urbacet S.L.U. begins its collaboration with **L'Arca del Maresme**, a company based on employment and social insertion.

October:

Urbaser receives the **2017 AEDIVE-Santiago Losada Award in Innovation** for the development of the world's first 100% electric HGV for solid urban waste, using automated selection during urban waste collection.

October:

Urbaser acquires the **-Movus** company ('Movilidad Urbana Sostenible', or Sustainable Urban Mobility).

November:

Urbaser's "Barcelona Zona Este" centre obtains **ISO 39001:2013** certification for its Roadway Safety Management System and for following the World Health Organisation's Healthy Company model.

November:

TIRME receives the **"Gold Medal for Merit at Work"** from the European Association of Economy and Competitiveness (Aedeec) in recognition of its work to promote employment, excellence in its business practices, and encourage Corporate Social Responsibility.

November:

Urbaser receives **"Madrid's Best Public Service Performance Award"** for the cleaning system used during World Pride.

December:

Urbaser is chosen as the successful bidder for the design and operation of an **Organic Material Processing Plant on Davis St.**, in Alameda County, California.

December:

Urbaser adheres to the **2018-2020 Circular Economy Pact**.

OUR BUSINESS MODEL

- [Business model](#)
- [Urban Services](#)
- [Urban Waste Treatment](#)
- [Industrial Waste Treatment](#)
- [Integrated Water Management](#)
- [Urbaser Around the World](#)
- [Expected Business Development and Strategy](#)
- [Risk and Opportunity](#)



BUSINESS MODEL

Urbaser provides global, integrated proposals that are adapted to the needs of its clients, with the provision of its services covering the entire value chain, from design and project development, to financing and execution. This model's success factors

#1
WASTE
TREATMENT
IN SPAIN

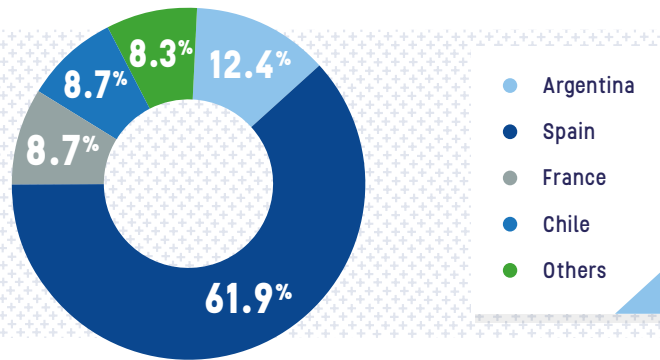
#2
URBAN
SERVICES
IN SPAIN

#1
REGENERATION
OF WASTE OILS
ON THE IBERIAN
PENINSULA

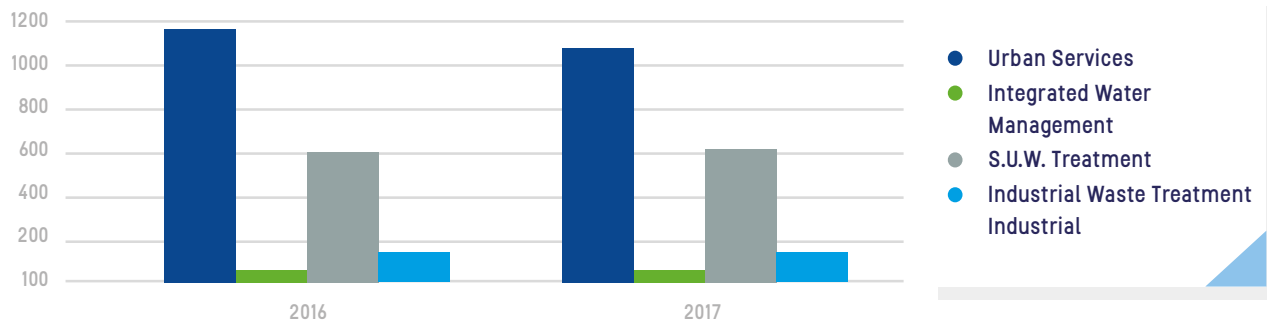
#1
ANAEROBIC
DIGESTION
AROUND THE
WORLD

are a highly-qualified team, first-rate technology, the incorporation of innovation into its processes, and key assets used to provide services. All of this lets Urbaser offer its clients sustainable urban solutions that are adapted to each environment.

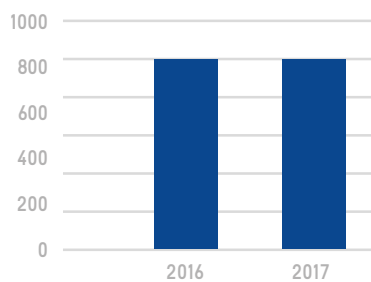
TURNOVER BY COUNTRY



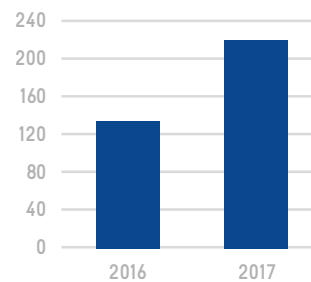
Total Turnover by Activity
(Millions of €)



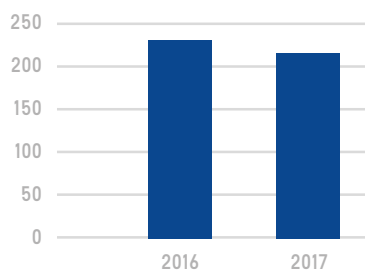
Net Debt
(Millions of €)



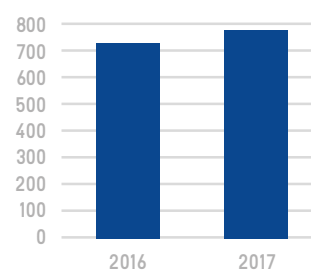
Investment
(Millions of €)



Economic Value Retained
(Millions of €)



Equity
(Millions of €)



URBAN SERVICES



The Urban Services department is the largest of Urbaser's four business units, with a turnover around 1,054 million Euros. This department encompasses the following services:

- Municipal waste collection.
- Beach and road cleaning.
- Management of landscaped areas.

These are extremely sensitive services that directly affect the quality of life of millions of citizens around the world.

The collection of municipal waste is the most important service in this area. That is why Urbaser works constantly to improve this service. Included among the various innovation initiatives are:

The incorporation of a fleet of electric, hybrid, and gas vehicles, resulting in improved air quality and noise levels.

The inclusion of compact vehicles to operate in historic city centres.

The implementation of the latest advancements in management software to increase the quality of services provided.

All of which enjoying citizen participation, and leading to the collection of urban waste in different groups with the goal of facilitating and optimising the recycling process.

Collection is the first step of all phases included in the waste management cycle. Due to its cost and logistical component, it is also a key factor for future Smart Cities, which is one of three main courses of action at Urbaser's Innovation Department.

Improving urban waste collection services is one of the biggest challenges facing cities, specifically due to growing populations. In addition, vehicle fleets are also one of the main sources of emissions. For this reason, they are subjected to proper corrective maintenance, and telemetry is used to optimise routes and encourage efficient driving.



URBAELECTRIC

Urbaelectric is a 100% electric trash collection truck developed by Urbaser that is a world's first in a sector that has always relayed on combustion engines. This is a completely silent lorry that helps to improve the quality of life of residents without affecting the collection service's quality or load capacity.

2017 Figures



34 million citizens in Spain provided with customer service, as well as 24 million more in the rest of the world.



7 million tonnes of solid urban waste collected.



257,555 kilometres of streets cleaned.



63 million square metres of green space tended to by our landscaping service.

URBAN WASTE TREATMENT

Urbaser is a leader in waste management and treatment and, as such, it carries out design and financing activities in addition to the construction, commissioning, and maintenance of waste treatment and recycling facilities. These activities represent a turnover of 605 million Euros.

Included among our services are mechanical-biological treatment (along with anaerobic digestion and composting), energy recovery, transfer stations, and municipal waste elimination facilities.

In terms of the Group's facilities, of note are the 56 composting plants, 53 container sorting plants, 8 energy recovery facilities, 59 pre-treatment processes, and 29 anaerobic digestion processes.

Under the motto 'Transforming Waste into Resources', URBASER contributes to the European Union's circular economy project that, among other things, seeks to increase the percentage of recovered and/or recycled waste, as well as reduce the volume of waste disposed of at dumping sites.

To do this, the Company is putting a culture of continuous innovation into practice, which allows it to recover the vast majority of waste and minimise the environmental impact of rejected material.

Waste treatment activities have the potential to produce a significant environmental impact. For this reason, they are subject to exhaustive and specific legal framework, such as the Integrated Pollution Prevention and Control (IPPC) regulation. In this case, there is an Integrated Environmental Authorisation, from which an environmental clause is derived, requiring legal compliance be strictly monitored.



2017 Figures



15 million tonnes of waste managed.



1.4 million tonnes of CO₂eq. avoided.



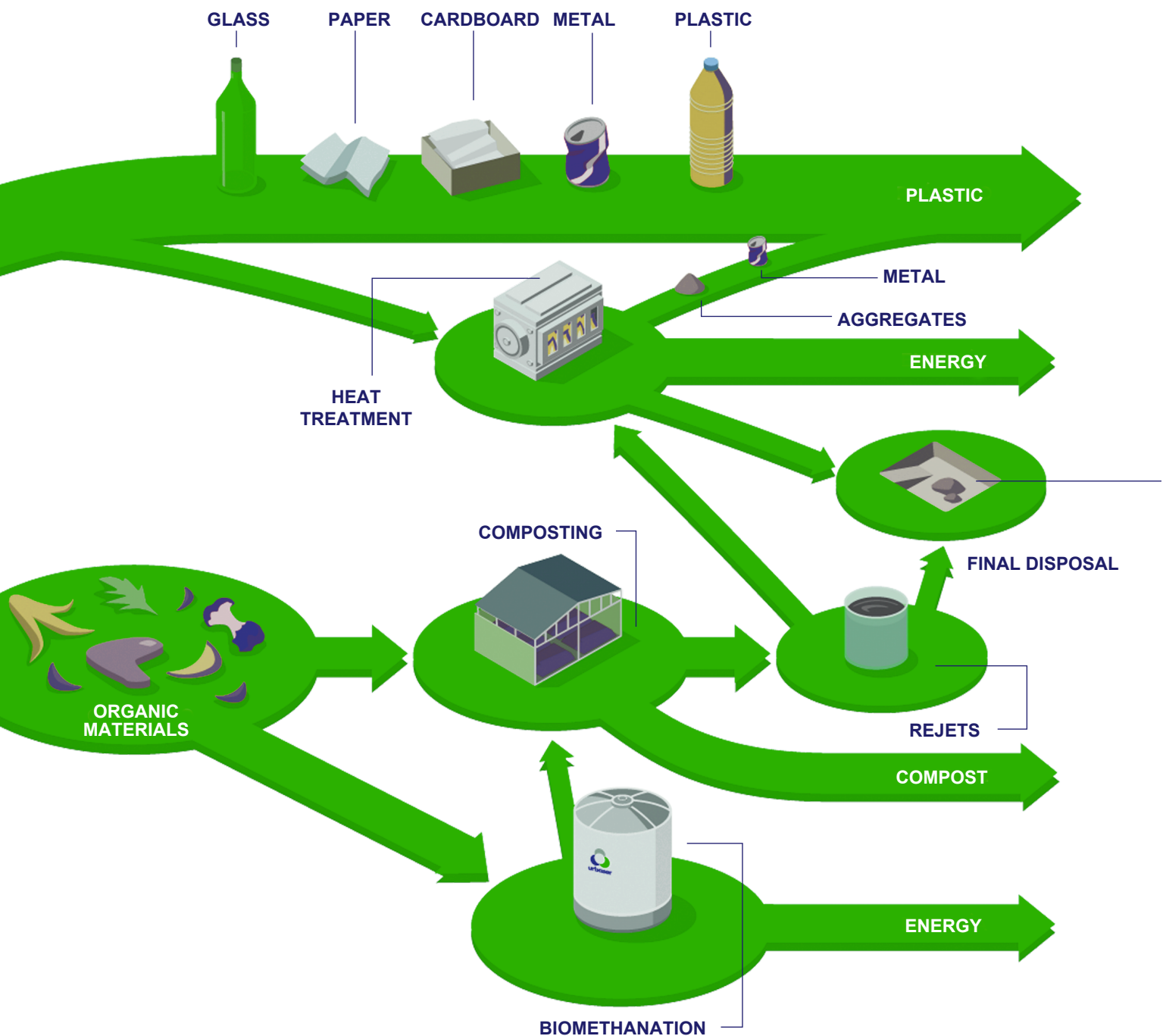
73 dumping sites and 201 facilities for solid urban waste controlled.



1.2 Gigawatt hours (GWh) of electricity generated from waste.



475,389 tonnes of recovered materials.



EUROPEAN H2020 PROJECT

In 2017, Urbaser was chosen as the successful bidder for a major consortium project, the first European H2020 project focused on transforming waste treatment plants into bio-refineries. In this sense, Urbaser is building a pilot plant at its Research Centre that is focused on extracting the so-called 'building blocks' required by the chemical industry. These 'building blocks' are extracted from products through anaerobic digestion and, thanks to its VALORGA technology, Urbaser is a leader in this process.

INDUSTRIAL WASTE TREATMENT



The Industrial Waste Treatment department is managed through Sertego, a member of the Urbaser Group, and a leader in sustainable and integrated hazardous and non-hazardous industrial waste management. Sertego is responsible for its collection, transport, treatment, processing, recovery, regeneration, and elimination.

Sertego boasts its own operating and logistics network. Industrial waste is treated in 56 plants destined for used oil regeneration and lubricant base sales, MARPOL¹ waste treatment and fuel sales, and industrial waste dumping sites (hazardous and non-hazardous waste). The company also develops recycling and recovery treatments at some of our other waste management facilities. With these activities, this business unit surpassed a turnover of 111 million Euros in 2017.

Lubricating oils used in vehicles and machinery are some of the world's most common waste, and have the highest polluting potential. Sertego works to develop treatments that reduce the impact of these used oils as much as possible through recovery, recycling, and regeneration processes.

Arising from the International Convention to Prevent Marine Pollution, MARPOL¹ waste management is based on the treatment and recovery of the type of hydrocarbon waste present in ship bilge or fuel purification equipment and motor oil. Sertego is equipped with the latest technology, allowing waste to be subjected to advanced physical and chemical treatments. This is the only way to obtain a recycled fuel that can be re-introduced into the market. Thanks to Sertego's activity, more than 200,000 tonnes of this extremely toxic waste are returned to the value chain each year, instead of being dumped into the sea as they were in the past.



BILGE OILS

At Sertego's facilities in Cartagena (Murcia), research, modifications, and the changes necessary to obtain new commercial products through the expansion of raw materials accepted for the process have been carried out. The facility's new source material is bilge oil from ships. With this, Urbaser is integrating the circular economy concept into its business, by recovering waste that would otherwise have an enormous environmental impact.

2017 Figures



2.4 million tonnes of industrial waste managed.



56 centres for the management of industrial waste.



25 laboratories.



27 ports where we manage fuel recovery and recycling.



78,700 Tm of fuel reintroduced to the market.



68.4% of hazardous waste recovered.

INTEGRATED WATER MANAGEMENT

Socamex is the division of the Group that has been dedicated to integrated water cycle management for more than 25 years. This business unit is the smallest of the Urbaser's four departments, with a 2017 turnover of around 55.5 million Euros. Its activity is mainly focused on Spain and South America.

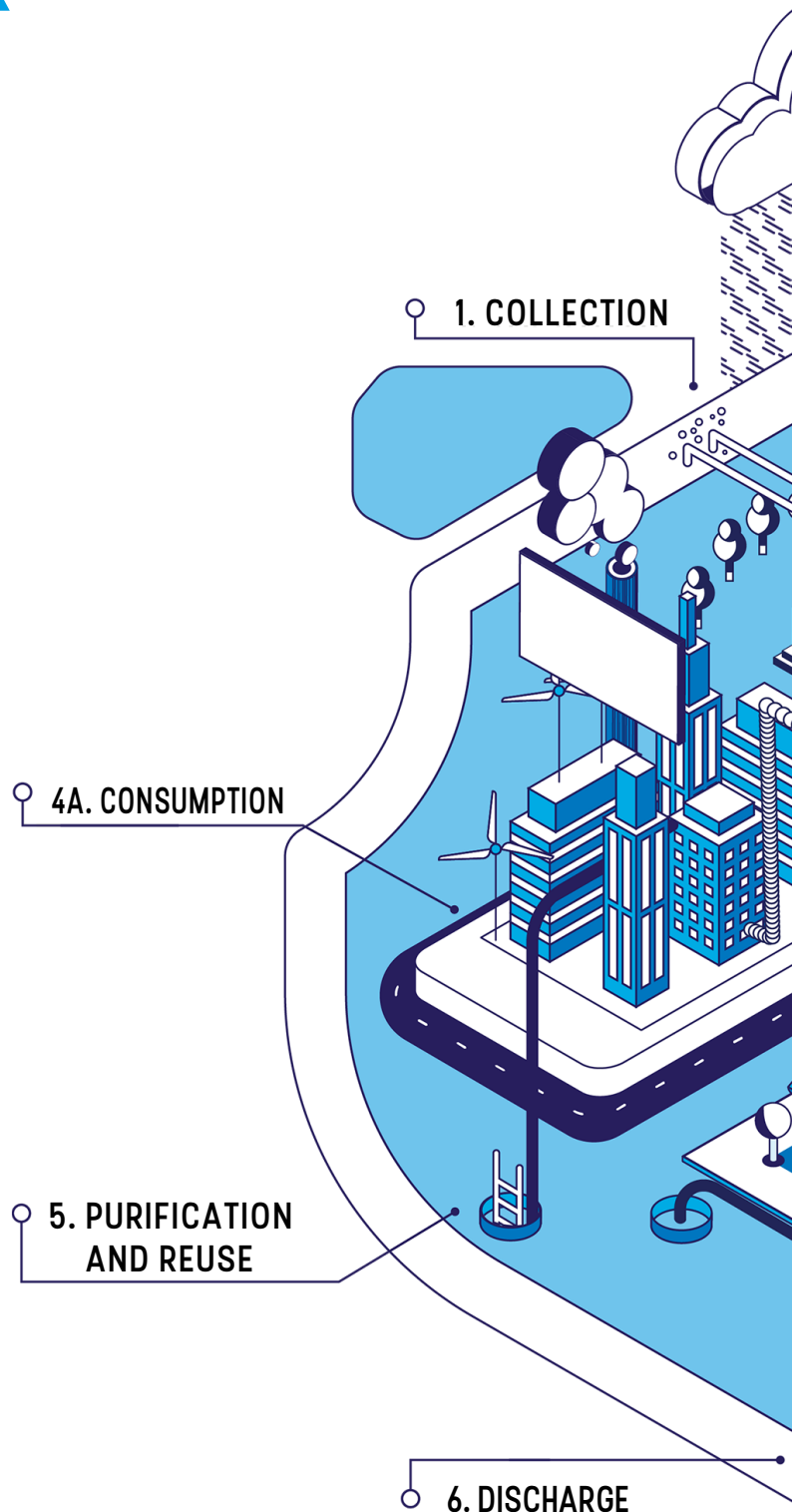
Socamex carries out design, construction, maintenance, and operations for drinking water and purification plants, waste treatment and water treatment facilities, and also provides technical assistance to companies, towns, and communities.

Socamex's activity contributes to sustainable development and improved water quality, guaranteeing citizen access to this basic resource while ensuring that water returns to the natural environment in the same condition it was originally captured.

Socamex's main areas of work in the field of R&D+i are:

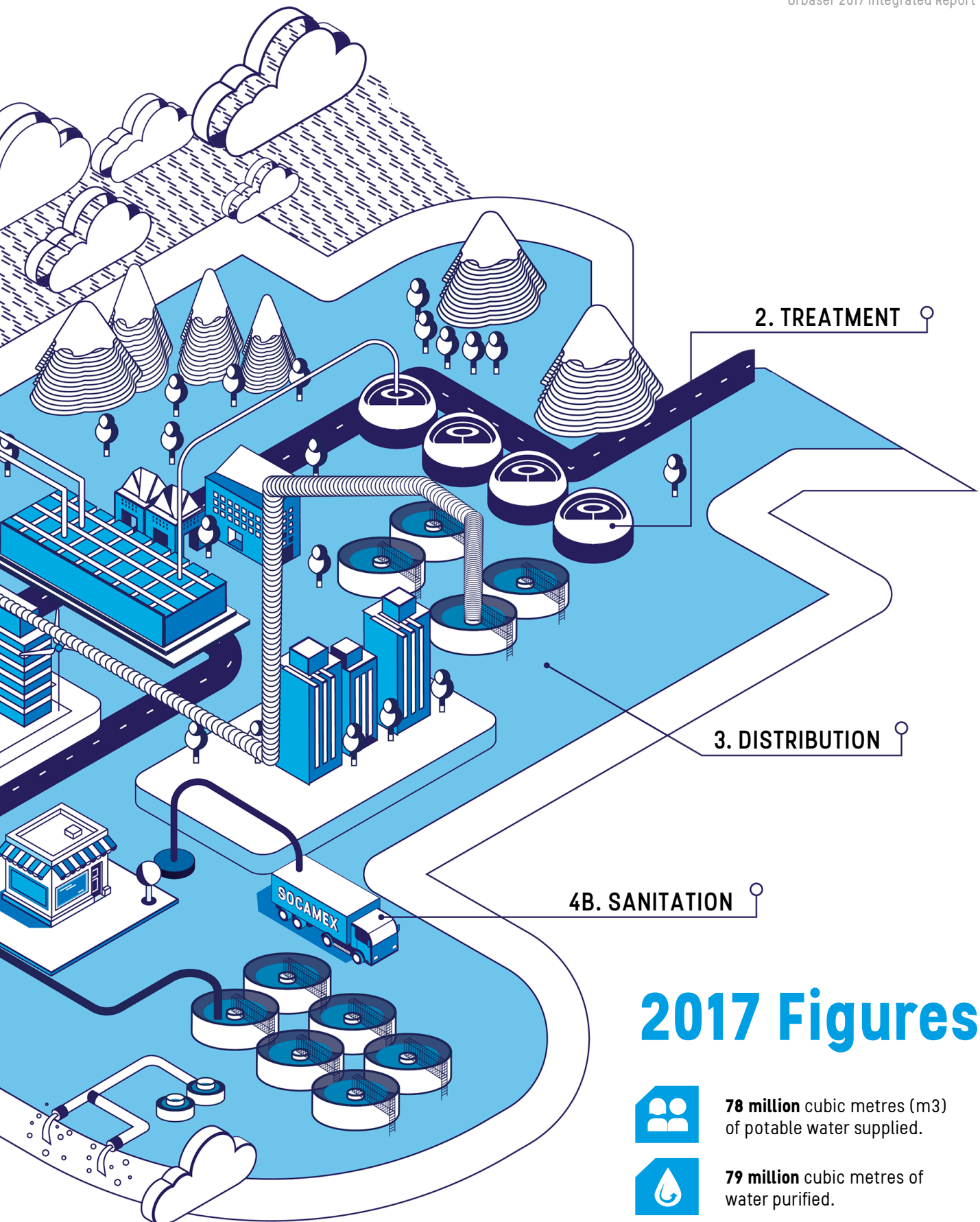
- Nexo water-energy: optimising the energy efficiency of water treatments.
- Improving the quality of effluents, controlling the microbiology of contaminants and emerging contaminants.
- Obtaining new raw materials from wastewater treatment plants: recovering struvite, nitrogen, phosphorus, PHA, etc.

The projects benefit from collaboration with a diverse group public organisations, and provide the company with a great deal of added value. In their development, Socamex collaborates with various universities and companies, and takes advantage of the synergies produced in these joint efforts. Of note are projects within the European Commission's Horizon 2020 programme: Energywater, Smart Plant, and Aquasystem, which are focused on the energy efficiency of water management and the real-time measurement of this resource's quality.



PROJECT SMART-PLANT

The European "SMART-PLANT" project consists of scaling up techniques that have a small carbon footprint so they can be used to recover materials from water treatment plants that already exist.



2017 Figures



78 million cubic metres (m3) of potable water supplied.



79 million cubic metres of water purified.



176 water purification facilities.

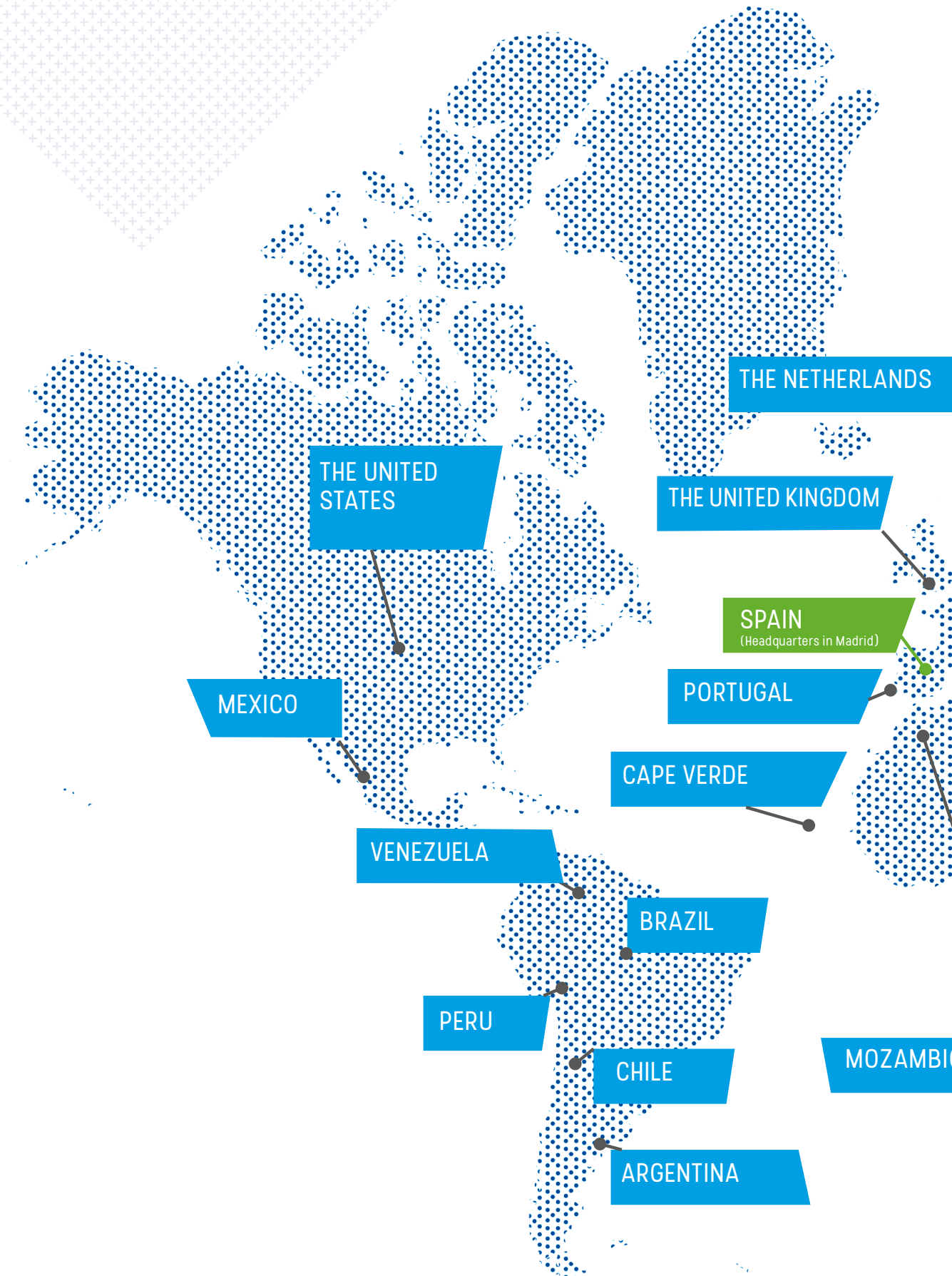


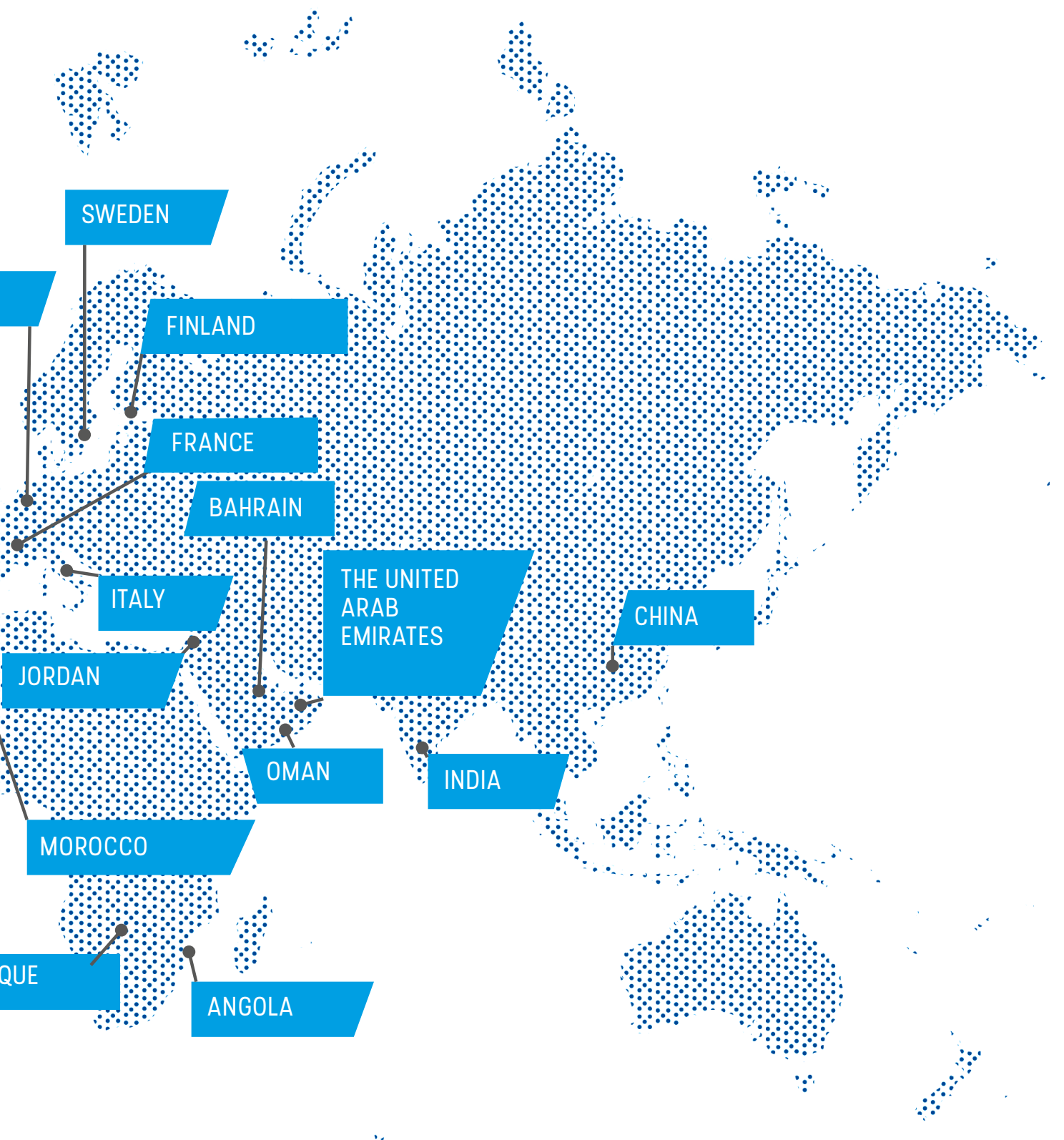
16 drinking water plants.



2,568 kilometres of sewage system managed.

URBASER AROUND THE WORLD





URBASER'S EXPECTED BUSINESS DEVELOPMENT AND STRATEGY

Establishing innovation as the basis for progress, both for processes as well as the products and services offered, Urbaser is presenting a strategy of growth for its lines of business. Using the vision of "Today for Tomorrow" as a starting point, Urbaser has the clear conviction of providing its clients with the most advanced environmental solutions, marking

the difference in the handling of urban development from a more sustainable point of view.

This strategy is based on three main pillars: maintaining a benchmark position in the Spanish market, consolidating market share in the countries where we operate, and the internationalisation of the business.

Maintaining a benchmark position on the Spanish market

- Expanding the areas of action in urban services and water management.
- Incorporating electric, hybrid, and gas vehicles into the fleet.
- Development of research programmes relating to energy efficiency and new technologies to transform wastewater purification stations into net energy exporters.
- Development of ash reutilisation projects.
- Expansion of new areas that let us enter directly into the production chain.

Consolidating market share

- Maintaining major contracts in Spain.
- Increasing activity in Europe, specifically in terms of urban waste treatment in countries where we are already present.
- Intensifying R&D+i processes to ensure the sustainability of products and services.
- Optimising biomethanisation processes for biogas production and use.
- Optimising composting processes.

Internationalisation

Urbaser has carried out a selective analysis of existing opportunities in markets it has yet to enter. Following this analysis, these action points have been defined:

- Expansion into new business units, such as the sale of finished products derived from the treatment of industrial waste.
- Leading the sector in those countries where we have started operations.
- Participating in multi-lateral projects.

RISK AND OPPORTUNITY



In a changing environment such as ours, Urbaser analyses, supervises, and manages the company's risks and opportunities.

Risk analysis

Urbaser is working to develop a risk management system that allows continuous monitoring and supervision, and the implementation of mitigation and preventative measures if risks do materialise.

The main risks faced are those of a financial, operational, or strategic nature, or involving compliance or reputation, due to the various activities carried out, as well as the countries in which operations take place.

Risk management responsibility

The business units are responsible for supervising and managing operating risks. In addition, relevant information is reported to the CEO through Internal Auditing Management so it can be supervised, and so the implementation of mitigation measures can be monitored. This report happens twice per year.

Integrated risk management and compliance model

Risk management and control at Urbaser is carried out under a model with three independent levels of

defence that act in a coordinated manner following the main directives in order to implement and manage a system of control, such as the COSO II Report.

The first level of defence corresponds to the activity of the business units themselves, while the second and third come from different transversal functions, with specific internal control and supervision responsibilities which are managed on the corporate level.

Internal Audit Management's main function serves to support the Steering Committee and the CEO with their general risk surveillance, supervision, monitoring, and mitigation content, as well as the company's internal auditing services.

Urbaser's risk management standards are made up of the Corporate Governance risk management process in terms of organisation, planning and strategy, management, corporate policies, values, and ethical culture. These include the definition of the strategy and aversion to risk, functional segregation of risk takers or managing departments, and 'zero tolerance' towards the encouragement of illegal acts.

URBASER'S RISK AND THEIR MANAGEMENT



Financial risks

The risk of liquidity due to delayed payments or client insolvency may affect both Urbaser's performance and its ability to pay.

Urbaser addresses the circumstantial negative impacts caused by fluctuations in exchange rates and variations in interest rates through the development of mechanisms that allow it to minimise risk.

On the other hand, debt risk is monitored and controlled by the Group's Finance Division and the Internal Control Department.



Operating risk

Like all companies, Urbaser is exposed to certain events that can lead to risk involving data security, personal injury, damage to assets, or environmental harm. The company carries out an analysis prior to projects being commissioned, indicating possible scenarios in order to carry out appropriate measures that are adapted to each situation. These scenarios can be included under the effects of climate change, hydric stress, cyberattack, socio-political instability, or other risks that may place the company's normal operations at risk.

Following the publication of the 2015 version of the ISO 9001:2015 and ISO 14001:2015 standards, the Map of Risks and Opportunities was revised on a corporate level. In it, potential risks were identified within the service's block of risks in terms of the interpretation and monitoring of contracts, and production data. Within the block of environmental and energy aspects, risks such as the lack of control over environmental impacts and energy consumption caused by accidental situations arising from the provision of service were identified and assessed.



Strategic risks

Once activity was stabilised on the Spanish market, Urbaser carried out a strategic reorganisation and selective increase of its presence abroad. The risks that the company must manage are different according to the country in which it operates. For this reason, the company first carries out an analysis of geo-political and socio-economic instability of the country in question (economic interventionism, instability in local growth, fiscal risks), assessing the opportunities that this international expansion represents for Urbaser once the risks are mitigated.



Compliance risks

Legal compliance constitutes a priority for Urbaser, which acts under the principles of its Criminal Offence Prevention Model. The model has the goal of establishing the principles that should guide Urbaser's behaviour in all countries where it operates. This model is applicable in Spain, and serves as an example to be replicated in every country, adapting it to the specific needs and individual characteristics of each nation.

The company applies the due diligence principle for the prevention, detection, and resolution of irregular conduct related to illicit actions or any other illegal behaviour. In addition, the company analyses the regulatory context and continuously monitors modifications to standards so that it can respond in advance and minimise risk.



Reputational risks

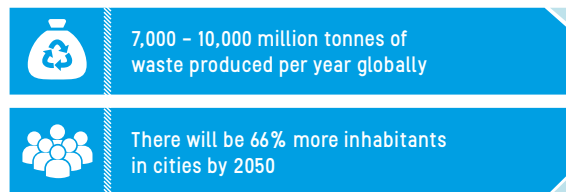
Reputational risks are understood to be those derived from a failure to meet the expectations of stakeholders, or not reaching a desired level of renown. The deterioration of the perception of a company in the eyes of its stakeholders is one of the major threats to market value. In addition to reputational risks, Urbaser manages financial, operational, strategic, and compliance risks.

TRANSFORMING GLOBAL CHALLENGES INTO OPPORTUNITIES

Population growth and urbanisation

Sustainable development challenges are increasingly focused on cities. The proper management of resources and waste will be fundamental to preserving health, the environment, and quality of life.

The per capita production of solid waste continues to increase and change in terms of its composition: electronic waste has doubled, and food-derived waste has increased. The waste management sector has a great opportunity for growth and a need to specialise in its treatment.



Climate change

Institutions and nations are driving the necessary transition to a low-carbon economy. The Paris Accord signed in 2015 represents the first global and legally binding accord on climate change.

This accord will promote policies to reduce emissions in all sectors of activity, including waste management, which must increase the amount of recovered materials and renewable energy contained in waste in order to mitigate its impact.

The European Union places energy efficiency at the centre of its energy strategy for 2020 and 2030, with the goal of reducing energy consumption by at least 27% by 2030.

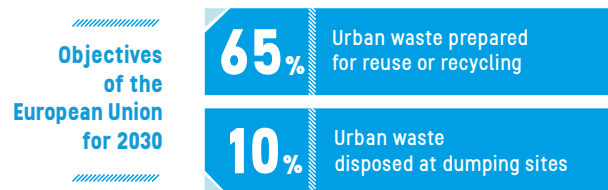
Energy efficiency is considered to be the most economic and easily available way to collaborate on these objectives. In 2016, the company developed a new Energy Policy, and has an Energy Management System in accordance with the UNE EN ISO 50001:2011 standard.

In addition, as an Energy Services Company (ESCO), Urbaser develops projects that fit with this title, carrying out public lighting maintenance, electric vehicle recharge point installation, and installations in buildings.

Driving the circular economy

In 2015, the European Commission adopted an ambitious package of measures on the circular economy. The package consists of an EU action

plan with measures that span the entire lifecycle of products: from design, storage, production, and consumption, to waste management and the secondary raw materials market.

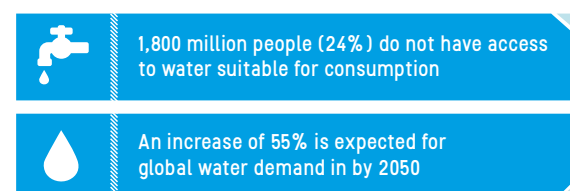


Within the framework of the circular economy package, the first European Strategy on Plastic Waste was approved in January of 2018. One of its goals is to ensure that 10 million tonnes of recycled plastics are converted into new products for the European market by 2025.

It should be noted that Urbaser's business is closely linked to the circular economy. Through innovation, Urbaser can guarantee and contribute to society's sustainable development, pursuing the circular economy goal as an indispensable part of the waste to new raw material transformation cycle, thereby reducing dumping. In collaboration with administrations, universities, and companies, the company is investing to improve all its waste management processes in order to reduce its environmental impact and improve quality of life for citizens.

Scarcity of water resources

According to the World Economic Forum, the scarcity of water will be factor limiting economic growth. In this scenario, where the availability of water will decrease while demand continues to increase, its management must be efficient and responsible, ensuring long-term sustainability.



Included among the service principles of our "Integrated Water Management" business unit is the treatment and distribution of potable water, sanitation networks, developing R&D+i projects, and the commercial management of water services users.

CSR AT URBASER

- Corporate governance and ethics
- Innovation for sustainable environmental management
- Responsible value chain
- Contributing to the community



URBASER'S CORPORATE SOCIAL RESPONSIBILITY

Urbaser – committed, responsible business

As one of Spain's main environmental sector operators, and one of the most renowned on an international level, Urbaser focuses its activity on the provision of services to citizens, and promotes the prosperity of the communities where it develops its operations due to the nature of its activities.

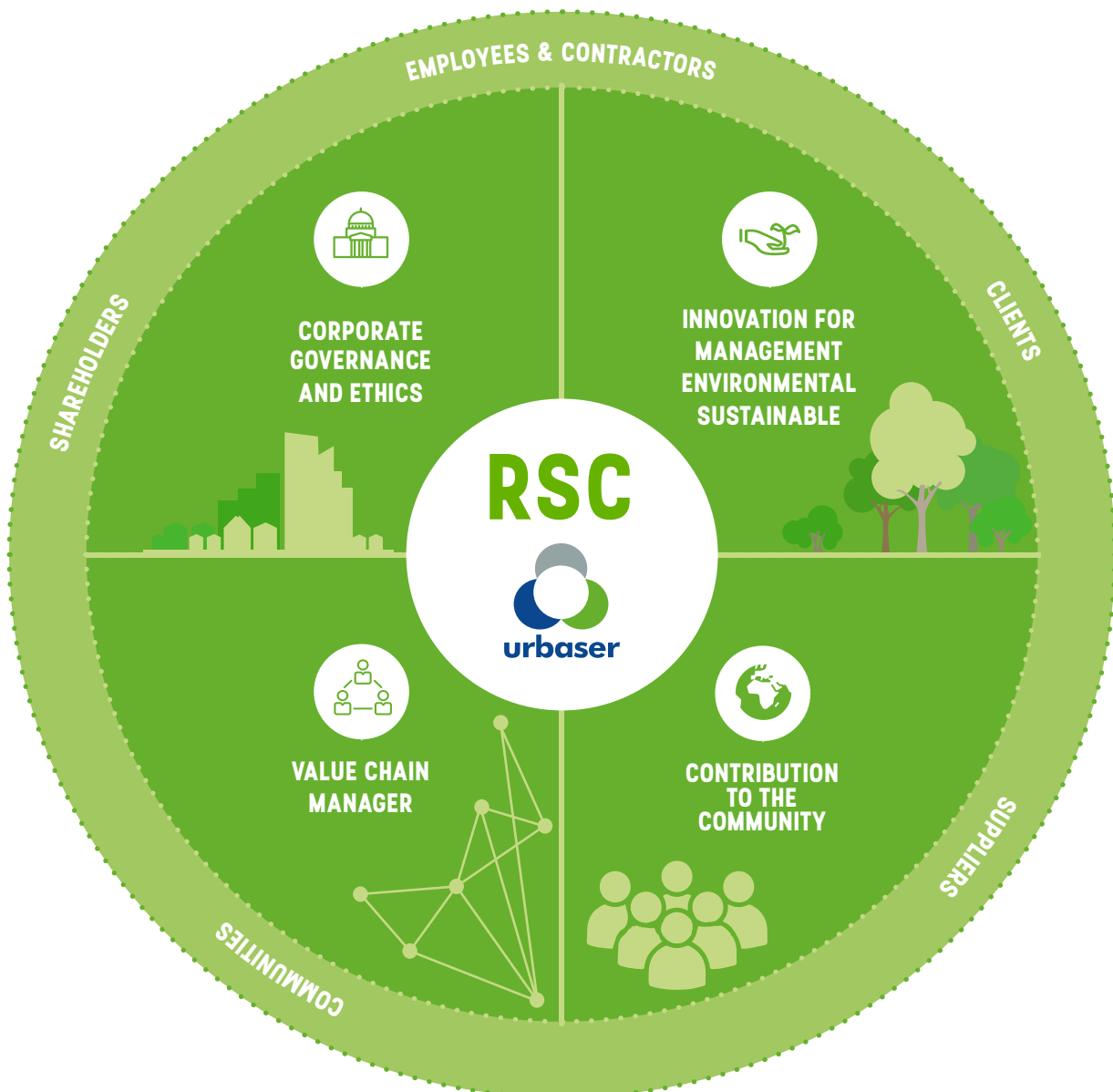
Corporate Social Responsibility (CSR) is understood to be the commitment to sustainability that Urbaser assumes through its strategic lines of action, with environmental and operational efficiency, integrity, and ethics when it comes to stakeholder relations, the closeness and deep-rooted connection with the communities it serves, and the use of innovation

and technology in the continuous evolution of its products and services.

Therefore, CSR is a transversal concept that affects various areas of the company's management.

The Board of Directors has ultimate responsibility for approving policies related to CSR, as well as supervising compliance. For this reason, the Board meets once per year to analyse the company's performance in this matter.

In addition, the CSR Department was created, which reports directly to the Steering Committee, and has the goal of providing added value for stakeholders that make the company's existence possible, beyond simply complying with the minimum requirements demanded by the laws in effect.





SUSTAINABLE DEVELOPMENT OBJECTIVES

As a response to the global challenges presented throughout this Report, the United Nations (UN) formulated and published the 17 Sustainable Development Goals (SDG) in 2017, which bring together

169 specific goals so that countries, citizens, and companies have an effective guide to minimise social, economic, and environmental problems that have been identified globally.

Four of the goals adopted articulate the basis of our company's business model:

6 CLEAN WATER AND SANITATION



Water that is free of impurities and accessible to all as an essential part of the world in which we live. Urbaser stands out both for its integrated water cycle management, as well as its actions in its various phases: designing, building, and operating potable water treatment plants, purifying wastewater, tertiary treatment for reuse, and desalination plants, providing a greater percentage of the population with access to water, currently the equivalent of 8 million individuals.

Urbaser's 'Antivolabossa' solution was identified by a United Nations Programme study for the Environment as one of the 25 most innovative and inspiring solutions for fighting plastic marine garbage in the Mediterranean region¹.

10 REDUCED INEQUALITY



From now through 2030, the UN has established a goal of strengthening and promoting political, economic, and social inclusion for all, regardless their age, sex, disability, race, ethnicity, origin, religion, economic situation, or other condition. Urbaser maintains a strong commitment to the socio-labour integration of individuals with disabilities through its special employment centre, Urbacet, through which the Group promotes the employment of individuals in this collective. In addition, Urbaser takes part in various labour integration programmes for individuals in a situation of social exclusion, or those who are at risk. In 2017, Urbaser achieved the labour insertion of 757 individuals with a disability and/or at risk of social exclusion.

11 SUSTAINABLE CITIES AND COMMUNITIES



From now through 2030, the UN has established a goal of reducing the negative per capita environmental impact of cities on one hand, paying special attention the waste of cities and others, and, on the other, providing universal access to green areas and public spaces that are safe, inclusive, and accessible.

Urbaser is firmly committed to innovation in all processes of the waste management cycle in order to provide more sustainable services to the 58 million individuals we serve. In addition, we manage 63 million square metres of green spaces through the Urban Services business unit.

12 RESPONSIBLE PRODUCTION AND CONSUMPTION



The sustainable production and consumption goal is to do more and better things with fewer resources. This means creating net guarantees for economic activities through a reduction in the use of resources.

Through its circular economy strategy and resource reutilisation, Urbaser is committed to reducing its consumption and the final garbage of handled waste, thanks in part to the creation of new consumable materials that were considered waste until recently.

In 2017, the company produced 1,197 Gigawatt hours (GWh) of electricity from waste, avoiding 1.4 million tonnes of CO₂ by recovering materials and producing renewable energy from waste.

CORPORATE GOVERNANCE AND ETHICS

OUR GOVERNANCE

Urbaser's governance is guided by the principles of efficiency, effectiveness, and transparency in the decision-making process in order to contribute to the company's sustainable growth and profitability.

Corporate Governance

Urbaser's governing body is implemented through different corporate, political, and procedural standards with the goal of making responsible decisions to guarantee the company operates properly.

All of the standards that govern Urbaser's proper internal operations are presented in its Articles of Association.

The Board of Directors is the main governing body, and is responsible for the supervision, evaluation, and monitoring of Urbaser's strategy, whose goal is to seek out profitability through activities that generate long-term value. Another pillar of Urbaser's model for good governance is compliance and internal auditing, developing and implementing standards and controls that guarantee the company acts in the best way possible.

Shareholders

Since December 2016, 100% of Urbaser S.A. shares have belonged to "Firion Investments S.L."

Board of Directors: standards and functions

Urbaser's Board of Directors is the company's highest decision-making body. It is made up of five Board Members –two of which directors representing controlling shareholders, two independents, and another executive director– and the Board Secretary.

Board of Directors compensation policy

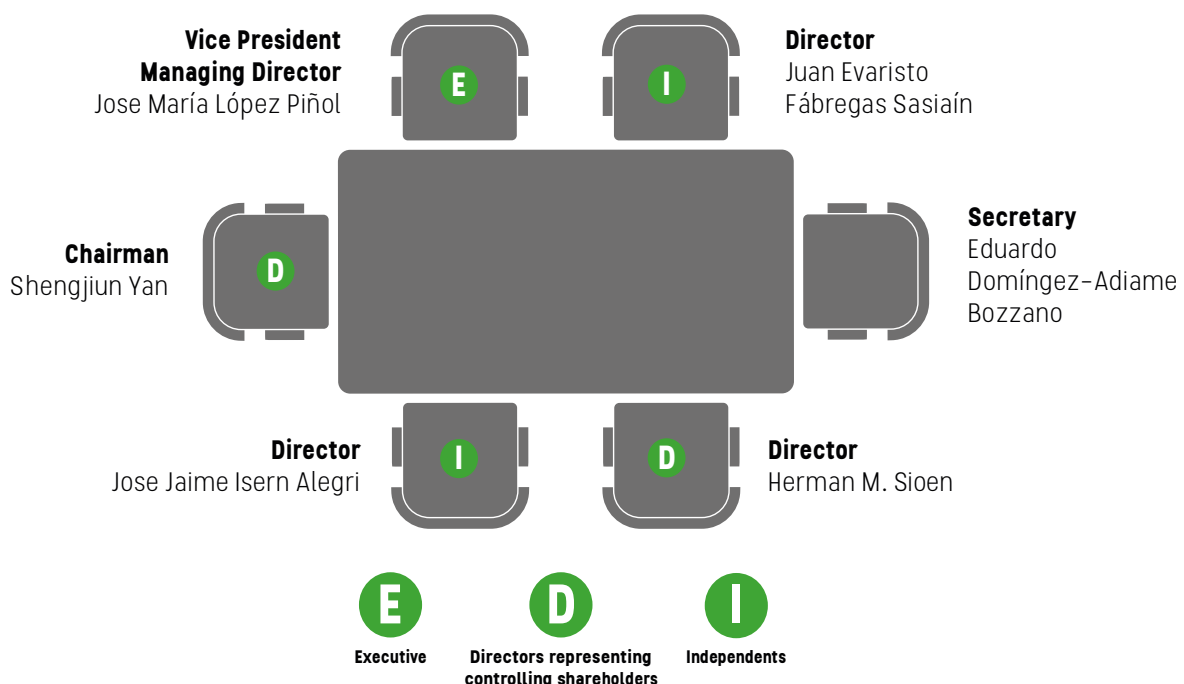
As in compliance with the Articles of Association, the company's sole shareholder approved a maximum sum for Board of Directors member compensation.

Structure of governance: decision-making process



Board of Directors composition

In 2017, the Board of Directors met 4 times, with a 100% attendance rate.



ETHICS AND INTEGRITY

Code of Conduct

Urbaser has a Code of Conduct that has passed through a reinforcement and replacement phase. The Code of Conduct's goal is to establish the ethical principles and guidelines for action that should govern the development of the Group's commercial relationships and activities, both on an internal level in terms of all its employees, directors, and administrators as they carry out their functions, as well as on an external level in terms of dealing with competitors and the market.

Likewise, it seeks to facilitate the ethical, serious, professional, and honest development of daily actions according to the most basic principles of contractual good faith and the laws in effect.

Although Urbaser cannot be responsible for the actions of the third-parties with whom it maintains contractual relations, the company intends for all individuals and companies that it contracts comply with the same standards and ethical principles of the Group, specifically subcontracted companies, consultants, agents, and suppliers.

Claims channel

All of our employees, clients, suppliers, partners, and members of the communities where we operate can make use of the "Ethical Channel" to send notifications relating to non-compliance with the principles included in our Code of Conduct; canaletico@urbaser.com.

In 2017, a total of 4 communications were received through the Ethical Channel and other formal claims mechanisms.

Criminal Offence Prevention Model

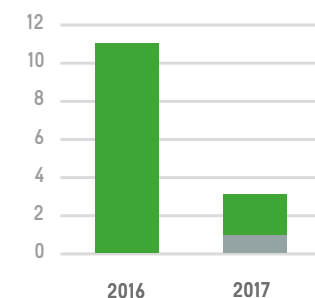
The company also has a Crime Prevention and Response Model, which is a structured control system meant to mitigate the risks of a crime being committed that can lead to criminal responsibility for legal entities.

Both the company's Criminal Offence Prevention Model and the Code of Conduct are currently in the implementation phase in all countries where the Group operated in 2017.

In 2017, Urbaser created the Regulatory Compliance Committee (RCC), which is responsible for ensuring the company's compliance with standards and ethical commitments. This Committee reports directly to the CEO.

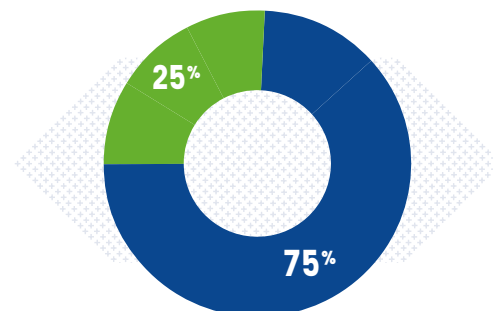
277 HOURS OF TRAINING ON THE URBASER CODE OF CONDUCT IN 2017

Communications received through claims channels



● Investigated - Pending resolution
● Investigated - Resolved

Nature of the communications received in 2017



● Poor practices
● Economic affairs

INNOVATION FOR SUSTAINABLE ENVIRONMENTAL MANAGEMENT

INNOVATION

Urbaser's vision in terms of R&D+i is to be a leading company in the environmental sector by providing innovative solutions to the sustainable development of urban services, integrated water management, and municipal and industrial waste treatment. Our mission is to encourage the production of high-quality knowledge and R&D+i projects relating to the company's business units, strengthening collaboration between employees, administrations, scientific institutions, and civil society, and consolidating the transfer of knowledge between Urbaser's various departments.

Urbaser has a R&D+i Management System that is designed and certified according to the ISO 166002:2014 standard, to produce innovative actions and a culture of open collaboration that develops innovations that are applicable to our business.

The 2015–2018 Strategic Innovation Plan presents the company's main strategy goals, including the circular economy, smart cities, and a culture of innovation.

Circular economy

The circular economy is an economic concept that is interrelated with sustainability. Its goal is for the value of products, materials, and resources to remain in the economy for as long as possible, and for waste production to be reduced to a minimum. This involves implementing a new, circular economy (as opposed to lineal) based on the "closed lifecycle" principle for products, services, waste, materials, water, and energy.

By applying this to the design of Urbaser's services, and integrating these concepts into its management, the company intends to move from waste to resource, giving value to most waste and sub-products that are produced during waste management and water management activities, making the circular economy concept possible. Efficient classification and management will keep waste from reaching dumping sites and, in turn, it will facilitate waste being valued, by converting it into raw materials, secondary materials, or energy through reuse, recovery, or recycling treatments.

CIRCULAR ECONOMY WASTE MANAGEMENT AT URBASER



24,443,585 tonnes
of waste managed
(3.6% hazardous,
96.4% non-
hazardous)

467,406 tonnes
of materials
recovered

1,197,429 MWh
produced from waste
energy recovery

78.700 tonnes
of recovered fuel

28,580 tonnes
of waste produced
from our activity

Waste, a source of resources and energy.

In its daily efforts to positively contribute to the environment and efficiently manage resources, Urbaser works to take maximum advantage of the various renewable energy sources that waste offers and the materials obtained through recycling.

This has already been established in the Waste Framework Directive, which places energy capture in fourth place behind prevention, reuse, and material recovery.

This way, the waste handled by Urbaser is used for the following types of energy:

- **Biogas:** Produced spontaneously at dumping sites as a derivative of the process of biomethanisation or anaerobic digestion of the organic material in waste.
- **Rejected material energy recovery:** allowing unrecyclable materials present in rejected material to be recovered for energy.
- **Biomass:** Biomass waste that is used thermally for energy.

The various energy capture processes let Urbaser produce electricity for its own consumption, and for export.

2018 Goal:

Seeking out new uses for biogas from its own cleaning technologies.

**“ALFONSO MAÍLLO”
INNOVATION CENTRE**

One of the company's major differentiating elements is the creation and management of the “Alfonso Maíllo” Innovation Centre (CiAM) as a unique international benchmark centre that develops public-private collaboration between administrations, clients, companies, universities, and technology centres.

Thanks to its technicians and human resources, CiAM has become a key that is opening the door to national and European R&D+i financing, with directors and participants seeing these facilities as an opportunity to successfully develop projects on a pre-industrial scale.

CiAM is certified according to R&D+i management standards UNE ISO 166002:2014, quality standard ISO 9001:2015, environmental standard ISO 14001:2015, and energy standard ISO 50001:2011. This is where the Urbaser Group's main principles of innovation come together, where R&D+i projects relating to waste treatment in all of its phases are carried out at the demonstration plant.

As it is equipped with human resources, laboratory resources, and advanced industrial technology equipment, not to mention raw materials for various processes (meaning waste), the CiAM acts as the company's tool for producing knowledge and seeking out innovative solutions that minimise rejected materials produced during waste management, then transforming them into new resources. This dynamic pushes Urbaser ahead of its competitors in meeting circular economy objectives.

2017 Figures

797.6 GWh/year of renewable energy produced.



25.6 GWh/year of renewable steam exported.



259 “Zero Emissions” vehicles.



571 Low-Emissions Vehicles.

3R2020 PROJECT

One of the projects currently in development falls within the idea of the circular economy and is the first on a national level. It is called "3R2020", includes the extraction of value-added products, and implements measures to evade the high percentage of current dumping site deposits. Thanks to this project, bio-plastic precursors, fertilizer products, and even "green diesel" have been obtained from plastic film.

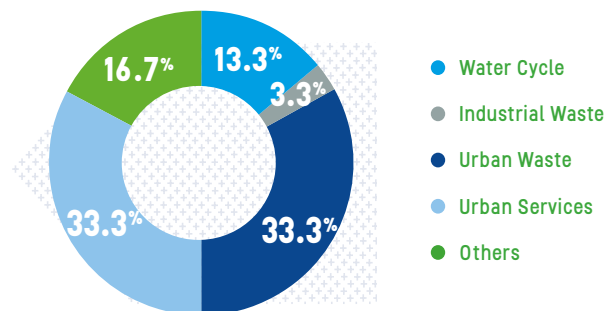
Smart cities

Our goal is to offer a flexible, integrated solution for urban services in cities within the framework of the "Smart City" concept.

The efficient collection of waste is a priority issue according to the European Strategic Implementation Plan on Smart Cities and Communities.

Waste collection management and planning has ample room for improvement, as the simultaneous consideration of a large workforce, vehicles, streets, events in the city, schedules, capacities, locating containers, etc. can lead to situations arising that require a solution with intelligent algorithms. This will mean better service provided to citizens, an economic cost savings for the administration, and an overall improvement for the environment.

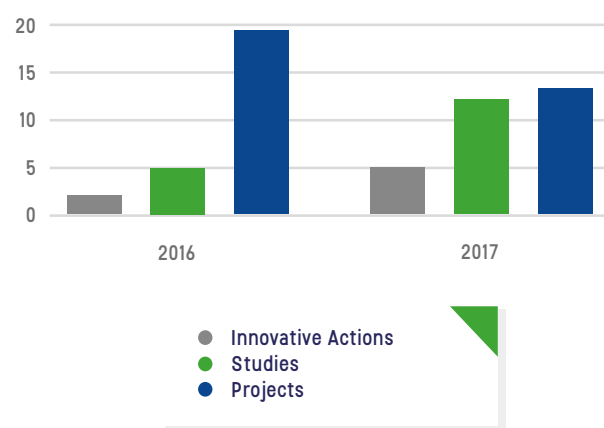
Ideas by business unit



Culture of Innovation

Urbaser tries to encourage all company members to participate in R&D+i actions. We have implemented a Knowledge Management and Technology Monitoring System that can capture, analyse, distribute, and exploit useful knowledge, both internal and external, to continuously improve the business and processes. Through this system, the company received and managed 68 R&D+i proposals in 2017, with 30 being approved. The majority (67%) were geared towards the Urban Services and Urban Waste Treatment business units.

Ideas for all kinds of action



THE “ANTIVOLABOSSA” PROJECT

Urbaser's 'Antivolabossa' solution was identified by a United Nations Programme study for the Environment as one of the 25 most innovative and inspiring solutions for fighting plastic marine garbage in the Mediterranean region.

This small yet efficient device is designed to keep the wind from blowing away garbage bags and scattering their contents over public spaces. This way, bags are also kept from reaching the sea.

All along costal and maritime areas, and on their boulevards where wind is often stronger, bags are easily blown out of their rubbish bins.

In its concern over this issue, the city of Barcelona launched an initiative to improve the bag retention system for existing rubbish bins. Garbage being properly collected from coastal areas is key to preventing marine trash. This is especially important in the Mediterranean region during the summer period, when millions of people head to the beach.

Antivolabossa helps to better attach the bag to the rubbish bin, thereby granting it a longer useful life (contents are emptied into a larger container and the bag remains in the rubbish bin).

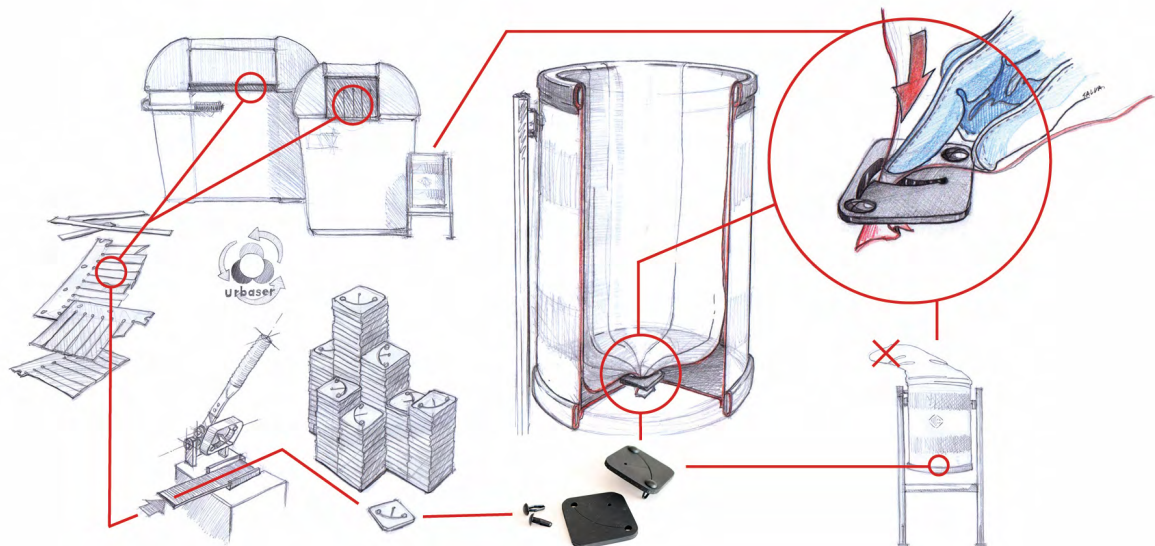
This device, which was also recognised with the Catalonia Eco-Design Award from the Departament de Territori i Sostenibilitat de la Generalitat de Catalunya, keeps thousands of trash bags from being wasted and public spaces free from rubbish.

One of the main characteristics of this product is that it is manufactured with rubber from the recycling container flaps that are going to be replaced. From each of these flaps, 47 Antivolabossa units can be made. This way, a high-quality material with an extremely high recycling cost is recovered.

For example 28,000 rubbish bins in the city of Barcelona can save 2,190,000 bags per year, which translates into 4.3 tonnes of waste saved.

Antivolabossa is being gradually installed as container flaps are replaced. Right now, there are more than 12,000 rubbish bins in the city of Barcelona using this new device.

Lastly, and to round out the product's positive impact, it is manufactured locally in a special work centre called “Xarxa Ambiental”, which promotes social integration among disenfranchised groups.



Outline and concept design by Salvador Fábregas

SUSTAINABLE ENVIRONMENTAL MANAGEMENT

Emissions reduction and energy efficiency constitute one of Urbaser's environmental vectors. In 2016, the company developed a new Energy Policy that covers the energy efficiency of its operations, and the services and products offered to clients. One of the most relevant aspects proposed is that collaborating companies be involved in terms of understanding and accepting the Policy.

Energy consumption and carbon footprint.

Currently, and since 2013, both Urbaser's carbon footprint and its emissions management system are verified by an external entity as per ISO 14064:2012.

In addition, Urbaser is registered in the Carbon Footprint Registry of the Spanish Office on Climate Change, which reports to the Ministry of Agriculture,

Fisheries, Food, and the Environment (MAPAMA, for its Spanish original), in compliance with that outlined by Royal Decree 163/2014, which establishes the registry as a consideration when making public contracting decisions.

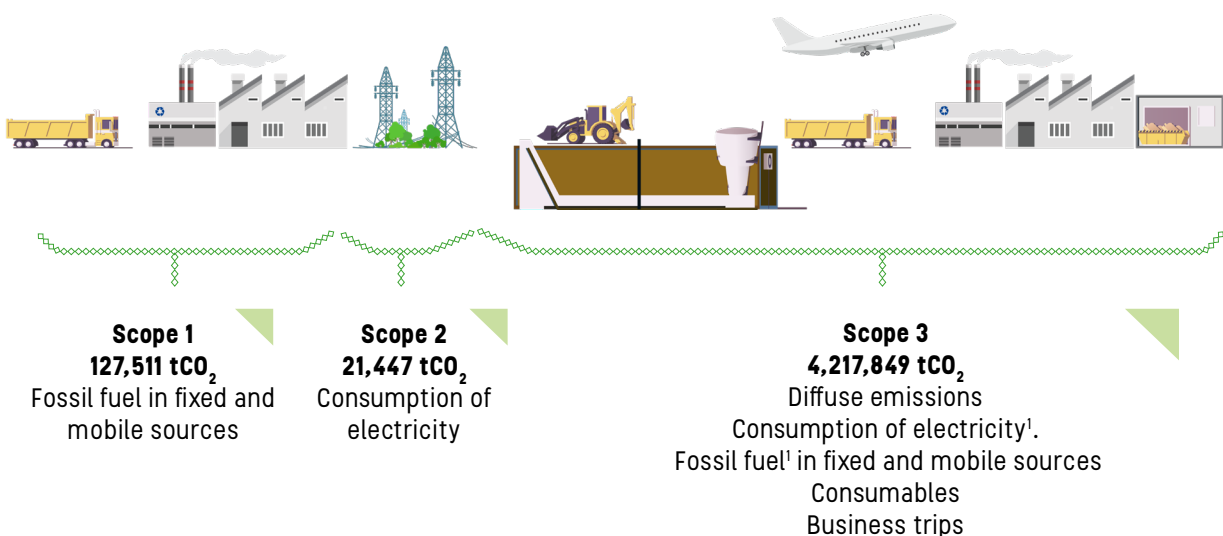
The company works on initiatives that favour conservation and efficiency in order to reduce its energy consumption each year. Urbaser has reduced its energy usage by 1.87 GWh thanks to energy efficient measures implemented between 2016 and 2017. These reductions in consumption, together with renewable energy production, the recovery of materials and fuel, the purchasing of electricity with a Guaranteed Renewable Source (GDO), and the use of compost, have helped to avoid 1,379,886 tCO₂ in 2017, which represents a 10.1% increase over emissions avoided in 2015.



URGE CO₂

Our own emissions calculation tool is the only one in the sector that is capable of integrating GHG emissions produced throughout the entire wastewater and waste management chain (urban services, transfer, treatment, reuse, and elimination of urban and industrial waste), identifying emissions not just on a corporate level, but also by activity, facility, and process.

Elements included in Urbaser's carbon footprint calculation



¹ Activity without operational control

GHG emissions¹**Tonnes of CO₂ equivalents (tCO₂e)**

	2016	2017
CO ₂ Scope 1	117,998	127,511
CO ₂ Scope 2	26,585	21,447
CO ₂ Scope 3	4,181,654	4,217,849

Waste treatment processes encompass much more than plants. Waste collection fleets and auxiliary machinery also generate GHG emissions¹ (Greenhouse Effect Gasses). Some of the projects that Urbaser develops allow for these emissions to be reduced. For example, by substituting the fleet's fuel with natural gas, direct emissions can be reduced by 45%. Using electric vehicles would make this reduction 100%.

The Waste Framework Directive establishes materials recovery as a priority, however, it first highlights the importance of reducing waste production and dump site disposal.

This is a key objective, as wastewater and waste management represents 5% of the world's GHG emissions¹. This sector's main source is spontaneous dumping site methanol leaks.

In terms of integrated waste treatment, we avoid emissions by substituting raw materials with recovered and recycled materials, and by purchasing electricity from a Guaranteed Renewable Source (GDO).

Due to the projects developed, Urbaser was able to avoid 1,379,886 tonnes of CO₂e in 2017's waste treatment processes thanks to recovered materials and the production of renewable energy.

2018 Goal:

In comparison with 2016 volumes, this is a relative gasoil A consumption reduction with respect to the tonnes of waste collected. A 5% reduction of scope 1 and scope 2 emissions in active contracts for the 2017–2022 period.

	2016	2017
NOx	913	1,268
SOx	220	247
Particles	54	63
Other gases	1,440	1,320

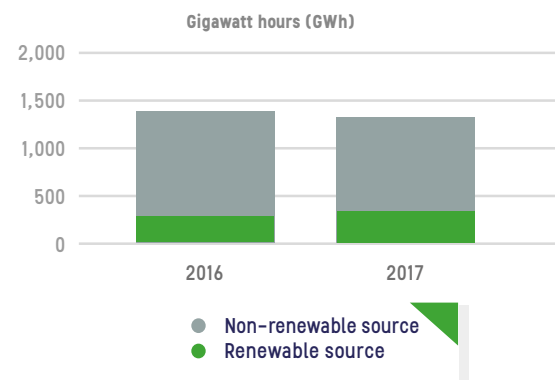
**1.87
GWh**

Urbaser has reduced its energy usage by 1.87 GWh thanks to energy efficient measures implemented between 2016 and 2017.

Energy consumption

The majority of Urbaser's energy consumption is based on the electricity needed for water and waste treatment, and the fossil fuels used by its fleet of vehicles.

The various energy capture processes (biogas, waste recovery, and biomass) let Urbaser produce electric energy during its processes. Of this electric energy produced, 18% is consumed by the company itself, and the remaining 82% is exported.

Energy Consumed**"CLIMA" PROJECTS**

Urbaser promotes CDM (Clean Development Mechanism) projects and generates 800,000 CERs (Certified Emissions Reduction) annually.

On a national level, URBASER participates in "CLIMA" projects that are promoted by the Carbon for a Sustainable Economy Foundation (FES- CO₂) to reduce GHG¹ emissions in various sectors in Spain thanks to renewable energy production projects from waste. Of note are the five "CLIMA" Projects actively degasifying dumping sites approved by Urbaser.

Water consumption in our activities

Due to the nature of its work, Urbaser's activities are not especially intensive in terms of natural resource consumption besides water consumption. Nevertheless, Urbaser carries out resource consumption measurements and control with the goal of optimising its use to the maximum.

Within the framework of natural resource consumption control, the Group establishes a series of mandatory general guidelines with the goal of avoiding unnecessary water consumption. Included among these guidelines are individual standards of behaviour such as shutting off faucets and hydrants when not in use, and control mechanisms such as the installation of flow restrictor devices and other water-saving systems, or the collection of rainwater.

	2016	2017
Total water consumption	6,684,996	5,654,756
Groundwater or well water	1,495,021	1,210,032
Mains water	4,555,944	4,444,724
Rainwater	226,593	178,609
Water discharges	1,313,763	1,325,397
Wastewater produced during operations	551,583	649,817
Water contained in eliminated waste	762,180	675,580

Generated waste

Urbaser guarantees excellence in the management and treatment of the hazardous and non-hazardous waste that its activities produce, which is always collected by an authorised manager that the Group has previously selected.

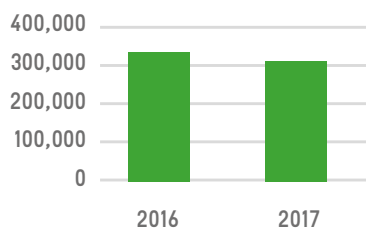
In 2017, the company produced 18,225 tonnes of hazardous waste, and 10,354 tonnes of non-hazardous waste, both of which derived from its activities. We at Urbaser have been able to recover 83% of our hazardous waste.

Within the development of the Group's activity, there is a strict control on leaks, paying special attention to the control of leachate from the waste managed and fly-aways that may occur at facilities.

Urbaser attempts to minimise the amount of waste produced in its management and treatment processes. We prioritise reuse, recycling, and energy recovery as management methods for our waste. When this is not possible, its elimination is used as a last resort.

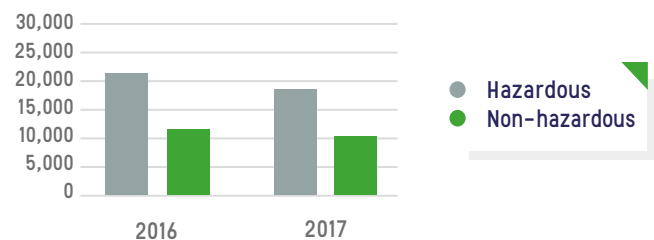
Reused water

Cubic metres (m3)

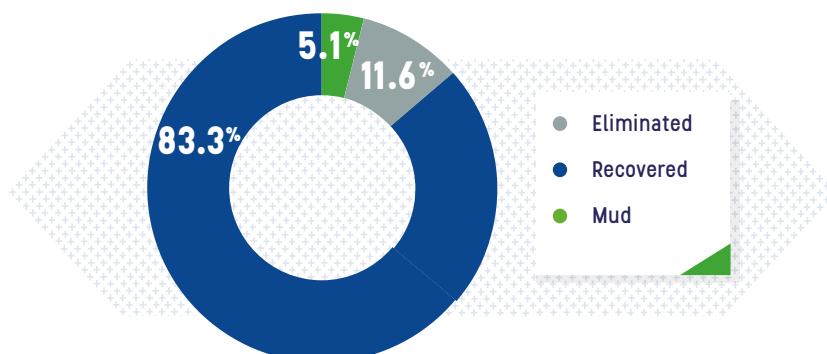


Waste produced by our activity

Tonnes (t)



HAZARDOUS WASTE PRODUCED BY OUR ACTIVITY BY MANAGEMENT TYPE



MANAGEMENT SYSTEM

Urbaser integrates sustainability and innovation into its processes with the goal of controlling natural resource consumption, minimising the production of waste and pollution, and reducing its carbon footprint.

In 2017, the company developed a new Quality, Health and Safety, and Environment policy that was approved by Urbaser's CEO. Its goal is to ensure maximum quality in the provision of services, and guarantee full client satisfaction through exemplary environmental performance and workplace risk controls.

A robust management system

In compliance with standards ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007, which are audited by an independent third-party, the Integrated Quality, Health and Safety, and Environment Management System ensures policy implementation, objective monitoring, and continued improvement.

The company carries out internal audits for its various services and facilities in order to verify compliance with the Integrated Management System. Likewise, Urbaser has defined the functions and responsibilities

of the Group's members in terms of meeting goals and targets in terms of quality, health and safety, and the environment.





In order to make its commitments a reality, Urbaser was a pioneer in implementing an Energy Management System in 2008 that is compliant with the ISO 50001:2011 standard. In order to measure the level of advancement to this regard, and the appropriateness and efficiency of this system, Urbaser establishes objectives and carries out internal audits to certify all processes and services it provides.

Ensuring the proper environmental management of every service

When providing its services, Urbaser identifies and evaluates their real and potential environmental impacts.

Likewise, the company develops a Service Management Plan (reviewed and approved by the direct contract manager) when providing its services. This Plan's goal is to adapt the Integrated Management System to each specific contract and service.

2017 Figures

-  **90.54%** of the company's activities are certified according to ISO 14001:2015.
-  **93 internal environmental audits** and 24 energy audits carried out in 2017.
-  **75 external environmental audits** carried out in 2017.
-  **In 2017**, four environmental claims were received and duly resolved.

ENVIRONMENTAL RISK MODEL

Following the publication of Law 26/2007 on Environmental Responsibility, work was carried out at the heart of the sector's management. Aselip¹ worked together with other companies in the development of a Typical Environmental Risk Model (Mirat) for sector activities subject to the requirement of establishing a Financial Guarantee for environmental damage (IPPC activities). Once the MAPAMA Environmental Damage Prevention and Repair's Technical Commission gave a favourable report in June of 2014, this model could be used to carry out environmental risk analyses at the facilities affected, in compliance with the set calendar for establishing financial guarantees (Order APM/1040/2017).

¹ More information on the Group's Quality, Health and Safety, and Environment Policy.

¹ Association of Urban Environment Care and Public Cleaning Companies.

RESPONSIBLE VALUE CHAIN

Urbaser understands that its responsibility extends throughout the value chain, from the supplier to the client and final user.

URBASER'S PEOPLE

Excellence in human resource management constitutes the main pillar of the Group's leadership. Urbaser's human resource management is geared towards achieving a highly-qualified and motivated team of individuals that identify with the Group's

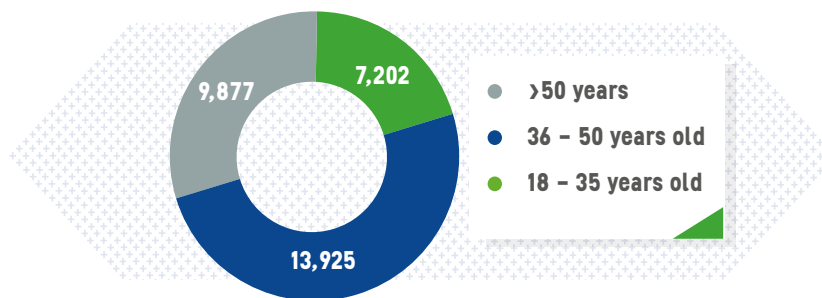
values, are self-driven, and are committed to client service, allowing them to efficiently and profitably manage business opportunities.

The human team in numbers

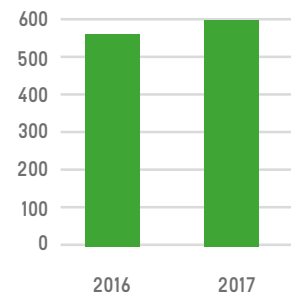
31,004 individuals work at Urbaser, of which 14% are female and 86% are male. 81% of the workforce enjoys a permanent contract.

In 2017, the Group created employment in the regions it operates, reaching 25,025 direct jobs.

Workforce breakdown by age group



Individuals with some type of disability in the workforce



	2016			2017		
	Total workforce	Men	Women	Total workforce	Men	Women
Management team	173	158	15	172	156	16
Middle management	1,019	855	164	962	797	165
Technicians	1,119	821	298	1,552	1,175	377
Operations positions	28,071	24,223	3,848	28,318	24,395	3,923
Total	30,381	26,057	4,324	31,004	26,523	4,481

	2016			2017		
	Total workforce	Men	Women	Total workforce	Men	Women
Permanent contract	23,310	20,040	2,270	25,025	21,547	3,478
Temporary contract	7,071	6,017	1,054	5,979	4,976	1,003
Total	30,381	26,057	4,324	31,004	26,523	4,481
Full time	27,313	24,038	3,244	27,736	24,444	3,292
Reduced schedule	3,068	2,018	1,080	3,268	2,079	1,189
Total	30,381	26,057	4,324	31,004	26,523	4,481

One of the business' most important intangibles is the value added by Urbaser's professionals around the world, which is why the company is committed to quality employment, favouring equal opportunity in the environments in which it operates.

In recent years, an evolution has occurred in employment characteristics within the sector: its move towards perfection, increased reliance on technology, and greater professionalism thanks to improved employment quality in terms of safety, health, training, and compensation. This has led to a more diverse pool of talent being attracted in terms of gender, professional profile, age, etc.

Likewise, the sector is highly unionised and governed by collective agreements that establish worker labour conditions.



Workforce data	2016	2017
Number of retired individuals	181	214
Number of promoted individuals	428	587
Number of hired individuals	12,011	12,263

A firm commitment to gender equality and diversity.

Our vision: Urbaser is a company that stands out and serves as a benchmark for the sector and beyond by achieving integrated diversity in its workforces, policies, and practices.

Urbaser works every day to create a corporate culture in which the gender perspective is applied through formal and informal procedures.

In a sector that is traditionally associated with males, we are working to normalise a greater female presence, both in entry-level positions, as well as those requiring authority, management, and/or leadership. In these efforts, we have always counted on the collaboration of worker representatives as a key component when it comes to establishing joint objectives and commitments.

In Spain, the company has implemented a second Equality Plan that was signed by the company and worker representatives at the end of 2016. As of now, it has been carried over, as its effective date lasted until December 31st, 2017. Currently, a third Equality Plan is being negotiated. This plan is based on a quantitative and qualitative study of the situation at the company in terms of equality, and uses applicable international, European, and national regulations as a framework.

The process of identifying risks derived from the Equality Plan analysis includes a company diagnostic and the analysis of the human resources policies and practices carried out by personnel at the company trained on the subject. Among other risks indicated, in Spain, activities subject to "labour subrogation" stood out, as existing (mainly male) workforces are perpetuated, making the incorporation of female personnel more difficult.

The Equality Monitoring Commission, which is formed jointly between company and union representatives, is the body responsible for monitoring and developing the actions included in Urbaser's Equality Plan.

ANONYMOUS CV

At Urbaser, we evaluate individuals on their competencies and experience, and want to avoid possible discriminatory bias that is sometimes applied unconsciously to hiring processes. That is why we participate in the Anonymous CV Project launched by the Ministry of Health, Social Services, and Equality through the Institute for Women.

Commitment and areas of action for the 2nd Equality Plan.

Commitments

- Achieving equality in labour opportunities and rights.
- Eliminating obstacles that involve risk in terms of discrimination
- Guaranteeing a balance between work and personal life.
- Promoting a culture of equality by promoting personal commitment.

Habits of action

- Culture and communication
- Selection
- Compensation
- Training and professional development
- Work-life balance
- Harassment prevention
- Gender violence

Encouraging equal opportunities

Urbaser is aware of the importance of raising awareness, providing training in this area, and pursuing the goal of promoting a culture of equality throughout the organisation. For this reason, it has created the Equality and Social Commitment Department, a specific department to raise awareness about, promote, and develop equal opportunities, and carry out different actions and good practices to achieve these objectives.

Urbaser is committed to safeguarding positions for individuals with a disability and, in 2010, it created its own Special Work Centre with "Urbacet S.L.", a non-profit organisation that is a leader in workplace integration for individuals with disabilities, carrying out landscaping and urban furniture maintenance work, as well as road, park, square, and beach cleaning.

In 2017, Urbaser moved to having 601 employees with a disability. Over the course of the year, we hired 253 individuals at risk of social exclusion, and 112 individuals with a disability.

Urbaser is part of the Company Network in La Caixa's Obra Social Foundation's Incorporate Programme, whose objective is the labour integration of individuals at risk of social exclusion.

Urbaser is part of the Integration Foundation's trust, which has worked since 2001 on the mission to help individuals at risk of social exclusion and those with a disability through labour integration.

Urbaser is a signatory company of the Diversity Charter, publicly committing itself to, and assuming the following principles:

- Equal opportunities
- Promoting inclusion
- Respecting diversity and the inclusion of diverse profiles in the workforce, managing diversity in HR policies.
- Promoting a balance between work, family, and leisure.



Committed to the fight against discrimination and harassment

As a mechanism to reinforce the actions included in the Equality Plan in terms of harassment, Urbaser has developed a Protocol against Workplace Harassment in Spain that applies to all employees, regardless of if they carry out their work inside or outside the Group's facilities.

Urbaser's clear commitment to equality is reflected in:

- The Urbaser Code of Conduct
- The Equality Plan
- The Supplier Equality Commitment Adherence Document
- The Protocol against Workplace Harassment

MORE WOMEN, BETTER COMPANIES

Urbaser adheres to the Ministry of Health, Social Services, and Equality's "More Women, Better Companies" initiative, which is committed to promoting equality at the highest levels of the company, and increasing the female presence.

AGAINST GENDER VIOLENCE

Urbaser is one of the largest companies to adhere to the "Companies for a Gender Violence-Free Society" initiative, which was implemented by the Ministry of Health, Social Services, and Equality.

Through member companies, its purpose is to raise social awareness about equality, and promote the inclusion of women that are victims of violence into the workforce.

The Protocol against Workplace Harassment revolves around three key objectives: adopting the measures necessary to prevent any situation of harassment from occurring, facilitating employees with the ability to identify any situation of bullying, sexual harassment, discriminatory behaviour, or gender-based harassment, and establishing a procedure for action that allows issues to be investigated and, where applicable, possible situations of harassment to be punished.

Operationally, and with the goal of guaranteeing confidentiality in cases, Urbaser has an instructor figure that workers or their legal representatives must contact in order to report any possible situation of harassment detected.

The Harassment Prevention Commission, which is formed jointly between company representatives

(including the instructor) and union representatives, has the main task of objectively evaluating the facts and actions included in the report produced by the instructor, deciding whether a situation of workplace harassment exists and, where applicable, proposing the appropriate corrective and disciplinary measures.

Talent development: a team of experts

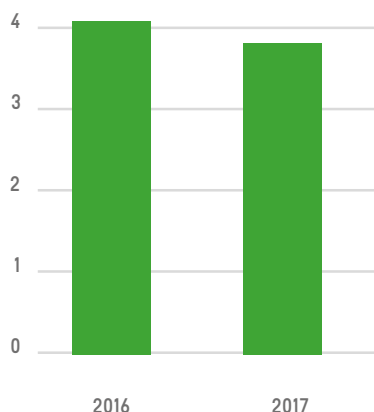
Urbaser is firmly committed to the professional development of its workers. In 2017, 275,684 hours of training were given to 19,804 individuals in the organisation thanks to Urbaser's 3.7 million Euro investment.

With its commitment to training and educating internal talent, Urbaser presents the following goals:

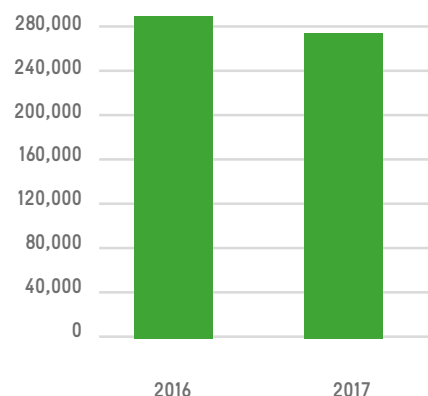
- To develop the professional competencies of employees in order to adapt them to the Group's needs for expansion and competition.
- To update and adapt human resources to technological advancements and improved service quality.
- To introduce a culture of continuous learning in order to update competencies and maintain an attitude that is open to innovation.
- To archive employee motivation and identification with the corporate culture's common project.
- To highlight training programmes for young engineers with the goal of strengthening the Group's international expansion.

Likewise, in 2017, 5,817 employees were subject to performance evaluation processes.

Investment in training
(Millions of Euros)



Training received
(Hours)



Workplace health and safety

Urbaser develops its activities by taking individual health and safety into account for each process, from employees and suppliers, to clients.

A testament to this are the Group's commitments made in its Quality, Health and Safety, and Environment Policy.

In a business group with around 30,527 workers on the street and in its plants that, due to their activity, could be considered industrial, the health and safety of our workers is fundamental. After all, they are the engine of our Group and the basis of the company's performance.

The Group establishes learning as a fundamental piece of Urbaser's culture of safety, and places a focus on three main areas: continuous health and safety training, accident and incident analysis, and sharing lessons learned between Group workers and collaborating companies.

Accident rate indicators

	2016	2017
Incident index ¹	80.2	85.5
Frequency index ²	46.6	43.1
Seriousness index ³	1.8	1.1

Commitment to occupational safety

In this sense, Urbaser is committed to implementing the OSAS 18001 standard in the majority of its activities, and guarantees compliance with its minimum requirements in the centres that lack this certification.

Likewise, the Group accepts the importance that the headquarters in Spain has as an engine to implement and extend its health and safety commitments to the rest of the world.

The Urbaser Group places special importance on health and safety auditing processes as an example of an objective and independent evaluation of the efficiency of policies and commitments made by Management. As a result, data is obtained to evaluate the level of integration in the workplace in terms of health and safety, and the level of compliance with established requirements. This helps establish new systems in the name of continued improvement.

Within its commitment to occupational safety, the Urbaser Group pays special attention to operations where workers are particularly exposed to serious risks. These situations are managed by issuing work permits for the workers involved, ensuring that they have specific training to carry out these operations. Here, the worker's medical fitness becomes a fundamental requirement for being able to carry out the task. The need to be alert in these situation takes on special importance, therefore these functions are assigned to individuals with authority and special qualifications to be present while work is being carried out. All of this means that operations are carried out in the strictest safety conditions.

2017 Figures



54% of employees covered by OHSAS 18001



121 internal audits and **80** external audits carried out for matters of health and safety.



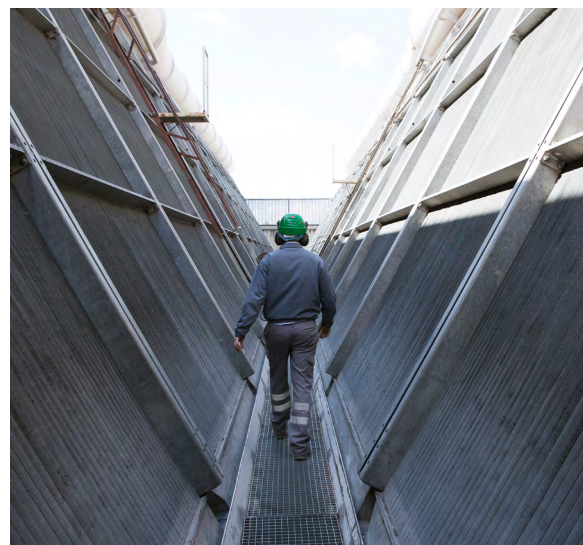
5.6 million Euros invested in health and safety.



95 employees dedicated exclusively to health and safety management.



54,843 million hours of training in health and safety.



¹ Incident index (number of accidents with leave / average number of workers)*1,000

² Frequency index (number of accidents with leave / number of hours worked)* 1,000,000

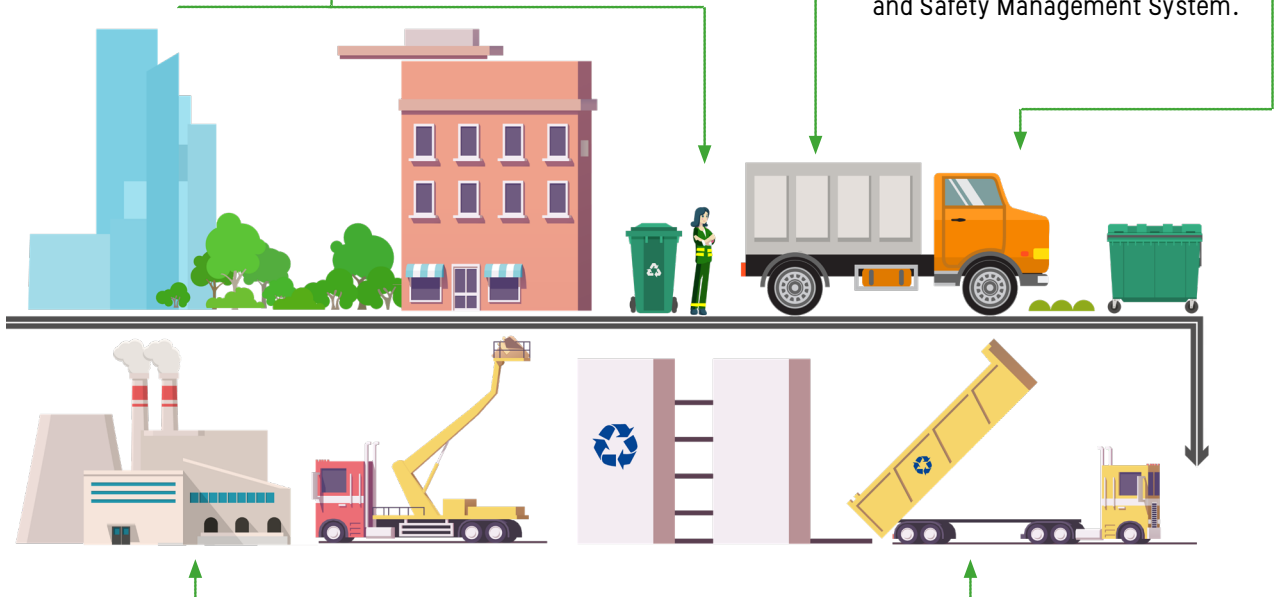
³ Seriousness index (number of days lost / number of hours worked) *1,000

The Urbaser Group wants to be perceived as a healthy company, encouraging a safe work environment, and promoting healthy lifestyle habits among employees. To do this, it has designed a plan that is based on four fundamental pillars: safe working environment, physical and social health, medical monitoring, and social intervention. To see its level of response, a pilot project was carried out at our Barcelona Branch.

As a complement to the health programmes established, Urbaser wants to be able to detect the needs of its employees early through managed and unmanaged absenteeism levels. This study will report on the causes or problems that lead employees to be unable to exercise their functions and take measures to support them in this sense.

ensuring all centres and companies certified under the OHSAS 18001 standard transition to the new ISO 45001:2018 standard, which is the first international standard to determine the basic requirements for implementing a workplace Health and Safety Management System.

Specific training on driving, which improves habits both in terms of health and safety, and the environment. Determining the basic requirements to implement a workplace Health and Safety Management System.



Analysis of the modification and obsolescence of tools and machinery at the plants. National coordination on the project and application by lines of production.

SUPPLIERS

In line with the Group's Purchasing Policy, Urbaser has defined the internal policies necessary to carry out an efficient and responsible monitoring of its suppliers throughout the selection and evaluation process. Likewise, a supplier "Pre-portal" has been implemented in order to cover the Supplier Management Policy.

In 2017, Urbaser worked with a total of 18,561 suppliers with a total purchasing volume of 769,445,795 Euros.

The products and materials that can affect the quality of the service provided, environmental performance, and workplace safety, are purchased whenever possible from suppliers that Urbaser has previously approved.

Likewise, if a service or part thereof is sub-contracted, the Group adopts the necessary measures so that the sub-contracted activities are carried out in conditions that are appropriate for meeting the company's quality, health and safety, and environment requirements, the requirements requested by the client, and to ensure proper environmental performance and worker protections.

In addition, with the application of the "Purchaser", we have improved the traceability of the purchasing process for the entire Group. Purchaser includes an approval flow and a materials master, so that all orders carried out will be approved and associated with a material.

Urbaser's goal when it comes to implementing the supplier "Pre-portal" and the "Purchaser" application is to consolidate and streamline the Group's purchasing process on a national level. Likewise, there is a purchasing model in each country that is adapted to the Group's Internal Control System.

The supplier management phases are designed to guarantee compliance with the technical and economic requirements, basic approvals for operating on a global level, as well as the legal, environment, health and safety, quality, and insurance requirements.

Finally, said suppliers are evaluated as frequently as indicated in the Supplier Management Policies, with this assessment being incorporated again into its management process.

Types of suppliers

	CONTRACTORS AND SUB-CONTRACTORS Suppliers that carry out work related to Urbaser's own activity
	COMPLEMENTARY SERVICE SUPPLIERS Suppliers that carry out work not directly related to Urbaser's own activity
	MATERIALS SUPPLIER Supplier of provisions, supplies, materials, or equipment, including manufacturers
	UTILITIES SUPPLIERS Suppliers of electricity, natural gas

2017 Figures



Total purchasing volume
769.4 million Euros



96% local purchases

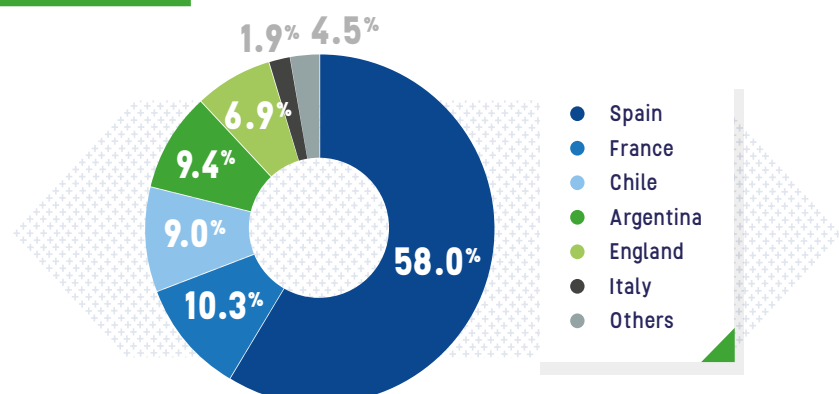


67% of suppliers subjected to an ABC analysis



Critical suppliers that represent **6%** of the supply expenditure have been identified

SUPPLIERS BY ORIGIN



CLIENTS

Client satisfaction is one of the Group's priorities and, as a result, all action guidelines and procedures established have the goal of developing products and providing services according to regulations in effect, the needs and expectations of the clients, and the commitment made to move forward down the path of continued improvement.

In 2017, the Group worked with more than 14,000 clients in different countries around the world. 83% of our turnover volume comes from public sector clients. The Group's experience and efficiency places the company in an advantageous position when it comes closing contracts on the national and international markets.

On November 9th, 2017, the new Law 9/2017, dated 8 November, on public sector contracts was published in Spain's Official State Gazette (BOE). This law establishes the obligation of contracting bodies to ensure that the design of bid criteria allows for high-quality work, supplies, and services to be obtained, specifically though the inclusion of qualitative, environmental, social, and innovative aspects associated with the contract's purpose.

Urbaser considers itself prepared to comply with the changes that said law imposes on public contracts, and has encouraged new research projects for years, allowing for the creation of competitive advantages and providing them to our clients. These solutions make our offer stand out from the rest not merely because of the price of service offered, with a purchasing model that is adapted to the Group's Internal Control System.

The supplier management phases are designed to guarantee compliance with the technical and economic requirements, basic approvals for operating on a global level, as well as the legal, environment, health and safety, quality, and insurance requirements.

Finally, said suppliers are evaluated as frequently as indicated in the Supplier Management Policies, with this assessment being incorporated again into its management process.

Waste treatment clients

The company is wrapped up in an ambitious Strategic Plan that is focused both on expanding market share in countries where the company is present, and the development of new treatment facilities in countries such as the US, China, and others.

Client communication is key for Urbaser, which is why it works on a daily basis to achieve fluid and transparent dialogue. In 2017, as part of a general analysis of the company, client interviews were carried out to understand their level of satisfaction. The company received favourable results in all cases.

Urban services clients

Thanks to its commitment to quality and the trust earned from clients, the company was awarded 43 new projects over the course of 2017.

Urbaser offers its clients solutions to improve communications with citizens (facilitating interaction with public administrations to express worries and questions) and to improve environmental protections.

2017 Figures



58% of sales from activities certified according to ISO 9001:2015



92 internal quality audits



72 external quality audits

CONTRIBUTING TO THE COMMUNITY

SOCIAL ACTION

Urbaser is aware of the roll it plays in the progress of the communities where it operates. Through its social action, the company carries out actions to produce a positive impact on the surroundings where it is present.

The social action activities that Urbaser carries out are developed in line with the company's activity. We are working on the design of a Social Interest Project

Collaboration Policy, whose reference framework will be the principles and behaviours stated in the Code of Conduct and in the guidelines that govern our Corporate Social Responsibility.

In 2017, the Group allocated 2.5 million Euros to its social action activities, both on a national and international level.

Urbaser's three pillars of action

Local communities

The group maintains a strong commitment to the social well-being of communities, seeking to satisfy their needs and cover possible deficiencies that may arise.

Of note are the activities relating to social well-being, social integration, and labour integration, education, and economic development in the communities.

Environmental awareness-raising

Given the nature of the business, Urbaser carries out important environmental awareness-raising work in the areas where it operates, both individually, and accompanied by its clients. Of note are the actions meant to raise societal awareness on the importance of managing waste, as well as caring for and respecting the environment.

Supporting culture and sport

The Urbaser Group contributes to the promotion of a healthy lifestyle and a culture of accessibility for all.

In this area, sponsorships of different cultural events of public interest are carried out, and support is provided to children's teams and groups with the goal of promoting a healthy lifestyle and physical activity among youth.

BREAKDOWN OF CONTRIBUTIONS MADE IN 2017 BY AREA OF ACTION



Local communities 68.1%



Environmental awareness-raising 20.1%



Supporting culture and sport 11.8%

Collaboration with Aportem, Valencia

Urbamar Levante, a Sertego company, which is part of Aportem – The Solidarity Port of Valencia. Aportem reflects the port community's commitment to minors, women, and immigrants in a situation of social exclusion in the neighbourhoods of Marítim (Valencia). The project lets us channel the port community's will to collaborate and work immediately on the neighbourhoods closest to us.

Aportem collaborates with more than 20 organisations in the maritime districts, which has allowed it to support more than 500 minors, more than 30 immigrants, and more than 120 women in a situation of social exclusion since it began operations in 2013. Specifically, among the lines of action promoted by these collectives is the reinforcement of basic food, health, and education through the acquisition of food, hygiene products, clothes, and teaching, sport, and school materials, among others.

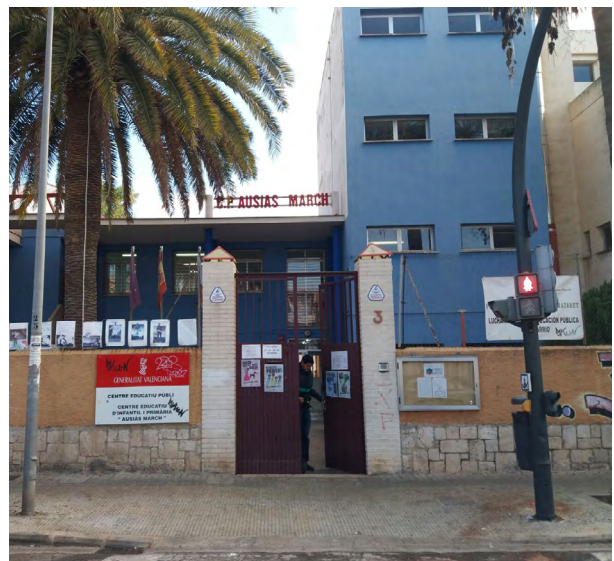
The port community's collaboration in the various solidarity campaigns has allowed for the collection of more than 9 tonnes of food, 12,800 pieces of clothing, 23,200 hygiene products, 36,400 school materials, 2,300 educational games and toys, and 66,000 Euros for nutrition, training, and constructive play in this period, which has made it possible to provide more than 400 minors with vision check-ups.



Social Action Programme in Vulnerable Areas, Buenos Aires, Argentina

The main goal of this Social Action Programme is to implement actions meant to improve the quality of life of residents living in vulnerable areas where service is provided, organising and training locals. It means to maintain hygiene and encourage good practices in the handling of solid waste in vulnerable areas.

Over the course of the programme, we have received direct support from neighbours, and we have observed a change in Barrio 21.24, which is increasingly clean. The company manages the contracting of ten social cooperatives to collect waste and clean areas of Barrio 21.24 where services are provided but are difficult to reach. To do this, more than 190 individuals are provided with economic incentives that help them improve their level of social inclusion.



ABOUT THIS REPORT

- Materiality
- Stakeholders



ABOUT THIS REPORT

Urbaser has produced this Integrated Report for the 2017 year in order to be transparent with its stakeholders and inform them about the company's strategy, performance, and value creation model for the short-, medium-, and long-term. The last Integrated Report was published in January of 2017, corresponding to the 2016 fiscal year.

In order to produce the 2017 Integrated Report, the company used the new Global Reporting Initiative (GRI) – GRI Standards, and the integrated reporting framework of the International Integrated Reporting Council (IIRC).

Likewise, special attention was paid to the requirements of Directive 2014/95/UE on non-financial information and diversity, and the requirements of the Spanish National Securities Market Commission (CNMV) in terms of good governance and corporate responsibility.

Report focused on relevant matters

With the goal of demonstrating Urbaser's ability to create value, the contents of this report stem from materiality analysis, as indicated by the GRI and IIRC reference framework.

On one hand, the analysis places a spotlight on matters of a social, environmental, and economic nature that are most relevant to the company's performance in the countries where it operates. On the other hand, matters that have an impact and/or are of interest to the decision making process of its stakeholders are taken into account.

The materiality study is made up of a background study that takes into account matters that are relevant to the sector according to international benchmarks in

sustainability such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), etc.

Later, a detailed analysis is carried out regarding global trends, risks, and opportunities for the sector and, in turn, for Urbaser.

The company's Senior Management has carried out internal contrasting on the matters, trends, risks, and opportunities with the goal of prioritising and assessing their impact. As a result of this process, eight material aspects have been identified.

Because of the quickly changing nature of current economies, this analysis is designed as a process of continued improvement.

MATERIALITY

Material aspects identified

- Viability and sustainability of the core business
- Occupational health and safety
- Regulatory compliance and ethics
- Complaint mechanisms
- Water management and use
- Equal opportunities and diversity
- Local community development support
- Research, development, and innovation

Each and every one of these material aspects are reported on in-depth throughout this report. In order to facilitate their location within, they have been provided individually in the GRI Index.



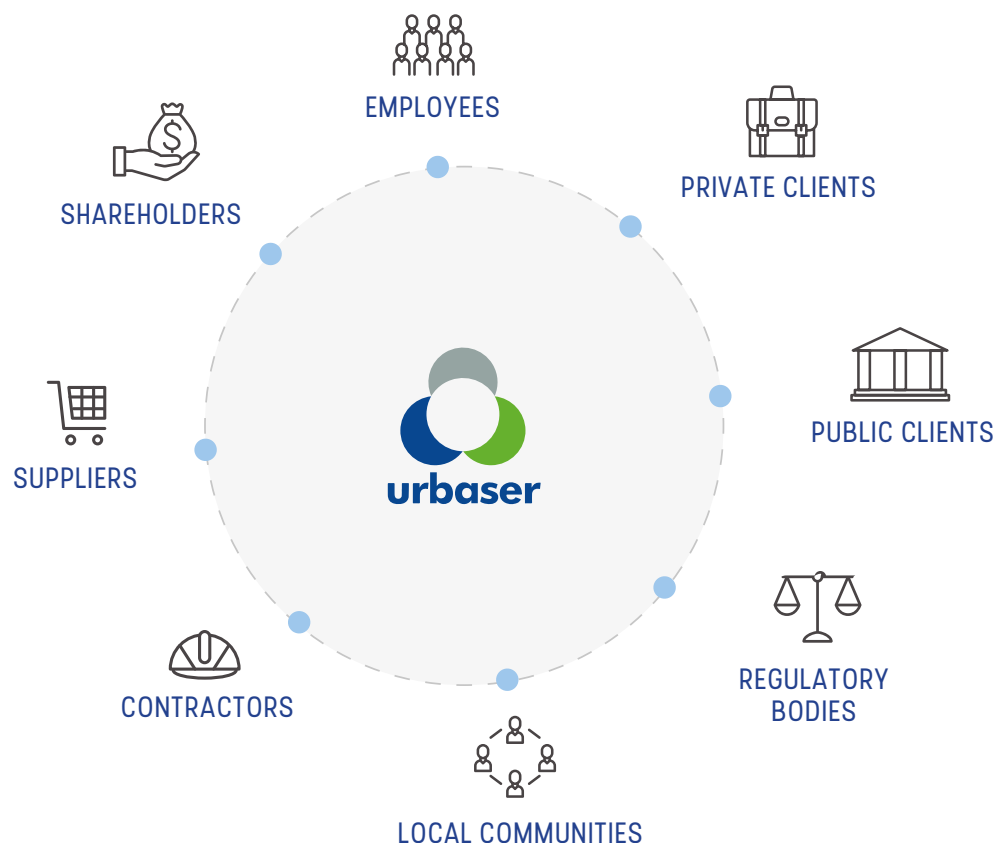
STAKEHOLDERS

For Urbaser, stakeholders are groups or individuals that are affected by the company's present and future actions. This definition includes internal and external stakeholders, depending whether or not they are part of Urbaser's value chain.

Their analysis was carried out following the 'AccountAbility' organisation's 'Stakeholder Engagement Manual', which defines five dimensions of

analysis for the stakeholders: responsibility, influence, proximity, dependence, and representation.

The importance of incorporating stakeholders into the decision-making process derives from the dynamic of the environments in which the company operates, allowing Urbaser to provide an appropriate response to the needs of each environment at all times.



Scope of the information

The information included in this report refers to all activities and services provided by Urbaser during the 2017 year.

Urbaser is working on an advanced integrated report system in which non-financial information enjoys the same reliability and exactness as the financial information. In this first step, two slightly different scopes were considered, so the scope of the financial information is able to continuously and sustainably cover 100% of the company's turnover volume:

Scope of financial and environmental information: corresponding to the integration parameter used in financial consolidation. This is comprised of subsidiary

companies with a majority shareholder position or management control.

Scope of all other non-financial information: comprised of subsidiary companies with a majority shareholder position or management control, and a turnover volume above 0.1% of the total. This means that the information covers 94% of the company's overall turnover volume.

All information on these companies relevant to material aspects has been reported.

Urbaser's central departments have carried out a validation and consolidation process on the information obtained.

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Queries and additional information

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