

ANNUAL REPORT **FNMT-RCM**

2018

REAL CASA DE LA MONEDA



Real Casa de la Moneda
Fábrica Nacional
de Moneda y Timbre

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FNMT-RCM

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de Moneda y Timbre





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Statement by the highest-ranking officer

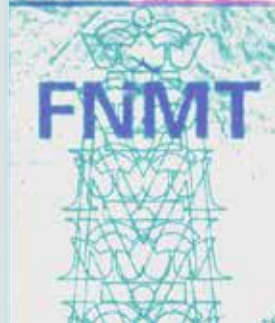
(G4-1)



A good number of the ideas now making up Corporate Social Responsibility (CSR) have formed part of the management of Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda ever since it was created for the purpose of providing Spanish society with coins and stamped bills. Through sound workmanship, the strict fulfilment of the aims in view and impeccable economic management, FNMT-RCM has succeeded in earning the trust of countless public and private institutions and also of the governments that have come and gone in the course of its now long history.

The quality of FNMT-RCM's products is an asset inherited from its predecessors, the old Mint (Casa de Moneda) and the Stamp Works. All the production lines have always been submitted to stringent, thorough quality controls. Notwithstanding its prestige and the widely-recognised quality of its products, some years ago, FNMT-RCM decided to endorse the quality control procedures in place on its production lines in accordance with Standard ISO 9001.

Human resources are a key factor when manufacturing highly-complex technological products in high-security areas. Employee training and fringe benefits, both areas in which FNMT-RCM has always gone beyond minimum requirements, are given priority consideration in terms of management. Occupational health and safety is an aspect of the utmost importance at FNMT-RCM, which holds OHSAS 18001 certification.



Environmental awareness is another key pillar in FNMT-RCM's industrial policy. Both at the Paper Mill situated in Burgos and at the Madrid premises, all the production lines have been constantly upgraded with the latest technologies, while any equipment proving harmful to the health of the employees or having a negative impact on the environment has been withdrawn. The labours of many years in the area of environmental management have borne fruit in the form of ISO 14001 certification, awarded for the full range of activities carried out by the institution.

In addition to possessing certifications for quality, occupational health and safety and environmental management, all of which are indispensable at any socially-responsible enterprise, FNMT-RCM drew up a Code of Conduct and Corporate Plan for the years 2010-2012, in which CSR was included as part of strategic planning. This led to the creation of the Sustainability Committee as a body to serve Management. Moreover, internal communication has been enhanced via the intranet and since 2011, CSR Annual Reports have been published. The year 2014 witnessed the commencement of the process for ISO 50001 certification in Energy Management, which was completed in 2016. As a result of this standard, the institution will have a tool with which to reduce energy consumption, its associated costs and greenhouse gas emissions. Furthermore, under the Energy Saving and Efficiency Plan applicable to buildings belonging to the General State Administration, FNMT-RCM continued to collaborate with IDAE (the Spanish Institute for the Diversification and Saving of Energy).

Subsequent to the work performed in previous years, in 2014, an audit was undertaken with a view to obtaining IQNet SR 10 certification. The audit brought out a number of cases of non-compliance which were finally corrected in early, 2015. Aligned with the requirements laid down in documents enjoying worldwide acceptance, such as International Standard ISO 26000, the ILO Fundamental Conventions and the

Universal Declaration of Human Rights, not only will this certificate be indispensable in the European context and in more advanced countries but it also guarantees that the holder has the capacity to identify and record the real and potential impacts of an enterprise's activity; that the needs and expectations of the stakeholders affected are known; and that the appropriate action is being taken, using the right resources and putting the necessary steps in place. Summing up, it is the best way to improve procedures and management so as to adapt them to future needs.

In order to meet future challenges and mitigate the effects of the spin-off of the euro banknote production line in November 2015, a new Corporate Plan was drawn up for the period from 2016 to 2019. The plan is built on five strategic pillars: cultural change; improved competitiveness; adaptation to the new technologies; consolidation of the public interest; and the promotion of new markets. These strategic pillars are underpinned by three critical components to ensure the accomplishment of the aims pursued: technological innovation; current legal status; and new productive installations.

Pursuant to the Corporate Plan, the year 2018 saw the start-up, after an investment of almost €27m, of a new paper machine with a production capacity of 3,000 tonnes a year of supersize paper, thereby guaranteeing the medium and long-term futures of the Paper Mill in an activity as technified and competitive as is that of high-security paper. To accommodate the new machinery, which is 80 metres long and 14 metres high, a new pavilion was built on FNMT-RCM's premises. In addition, other auxiliary equipment was acquired, including a wire die-sinking press with which to make forming moulds in the new machine's format. The new press is a prototype born of a combined effort of internal and external engineering.

Jaime Sánchez Revenga
Chairman and CEO

Preparation of the Annual Report

This Annual Report of Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda (FNMT-RCM) has been prepared in accordance with the requirements and guidelines for the preparation of Sustainability Reports Version 4.0 (core option) issued by Global Reporting Initiative (GRI) and there has been no restatement of any information included from previous years for the purpose of comparison. [\(G4-3\)](#) [\(G4-22\)](#) [\(G4-32\)](#)

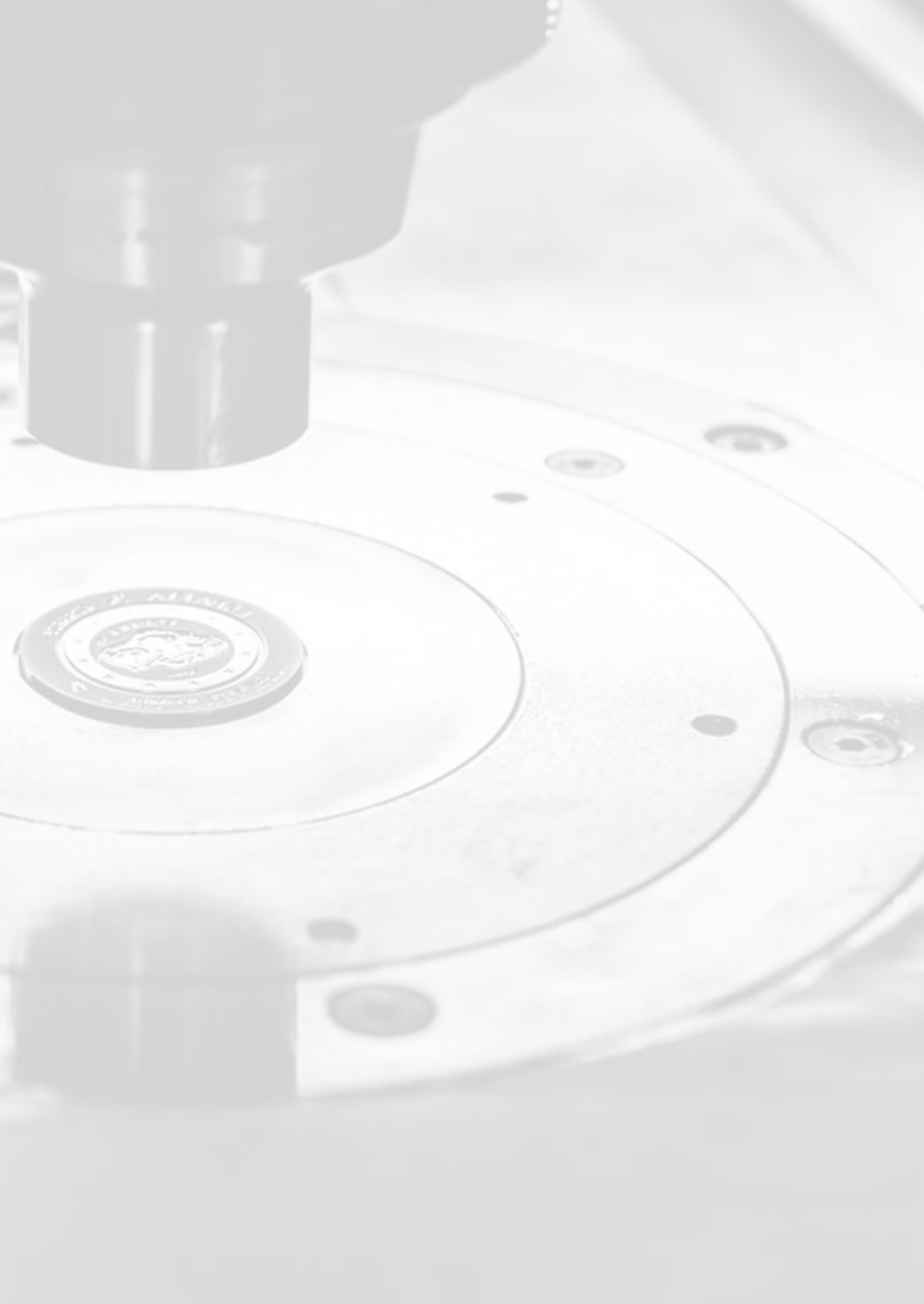
The reports are issued annually, the present one covering the period from January 1 to December 31 2018. [\(G4-28\)](#) [\(G4-29\)](#) [\(G4-30\)](#)

Neither the financial statements nor the body of the report contain data about investee companies or joint ventures. [\(G4-17\)](#)

Contact points for questions regarding the report or its contents are as follows:

- **Marketing Area** (Commercial Management)
- **Communication Area** [\(G4-31\)](#)

Although the content of this report has not been verified externally, as a State-owned Enterprise, FNMT-RCM's Annual Accounts and



Management Report are published in the Official State Gazette (BOE) and are audited annually in accordance with Public Sector Auditing Standards and those of the State's General Auditing Body. **(G4-33)**



Materiality and boundary

When determining the report's content and boundary, the process outlined below was followed: **(G4-18)**

IDENTIFICATION All aspects and basic contents indicated in the GRI Guide were analysed, resulting in a preliminary list of material issues.

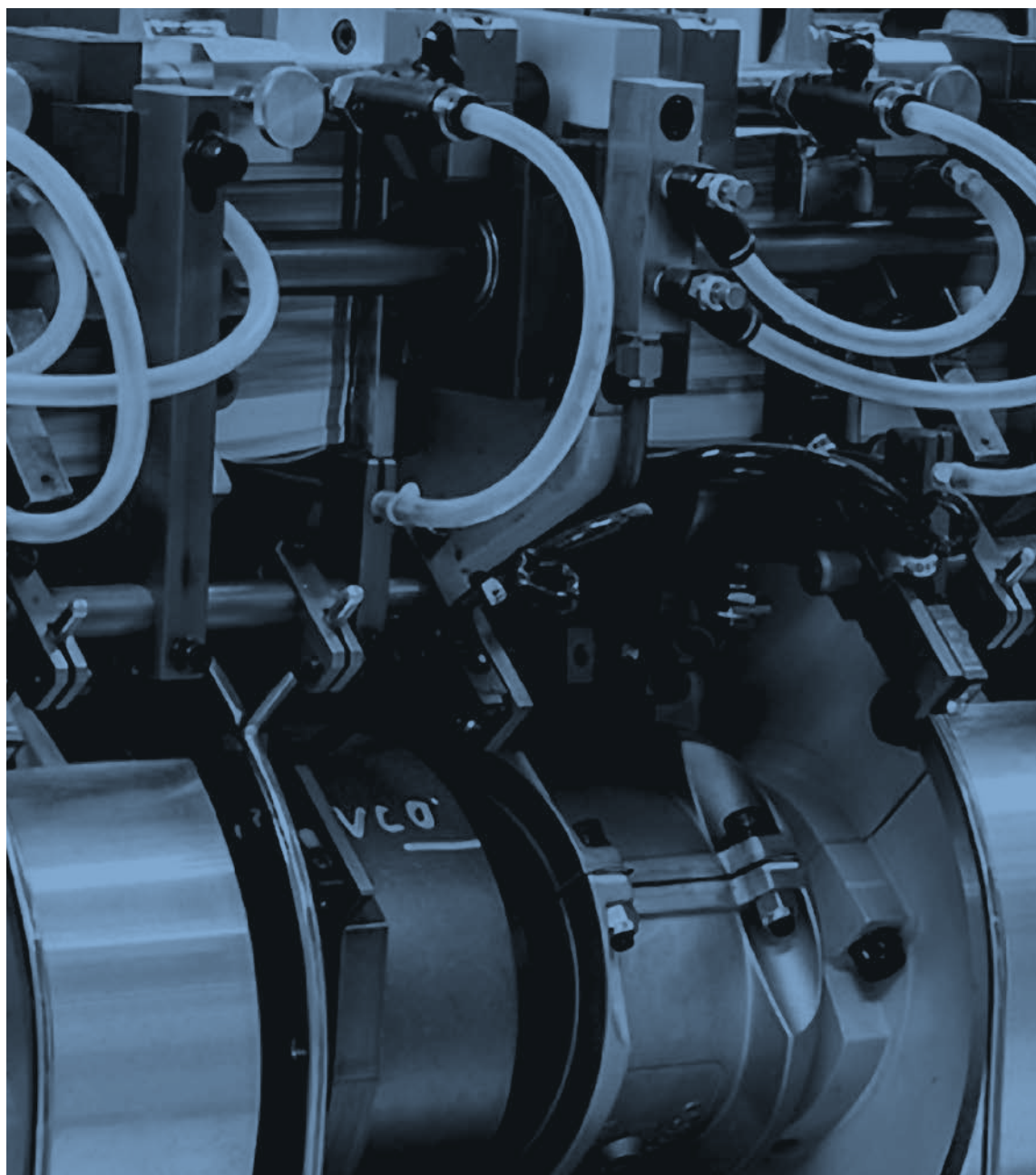
PRIORITISATION Issues were analysed and valued by category and prioritised in accordance with their impact on the organisation and the measures taken, resulting in the list of material issues.

VALIDATION The actions and aspects covered by the Annual Report were discussed with those of the organisation's personnel who were involved.

REVIEW Obtaining the aspects' materiality matrix by category.

This report takes account of those material aspects included in the categories of Economic, Environmental and Social Performance which are relevant to the organisation as a whole as no data relating to any of the investee companies of FNMT-RCM are included. **(G4-19) (G4-20)**

Moreover, by means of surveys and meetings with suppliers and customers, it has been possible to establish that the aspects considered as material in this Annual Report are also considered as such for those organisations belonging to the consulted groups of stakeholders of reference, described in the section on stakeholders. **(G4-21)**



Stakeholders

Identification

In 2018, the quality management (certified under ISO 9001) and the social responsibility (certified under IQNet SR 10) systems were integrated to form a single policy reflecting the organisation's commitment to abide by the principles laid down in Standard ISO 26000; and, in particular, accountability, transparency, ethical behaviour, respect for the concerns of interested parties, the legality principle and human rights, along with quality criteria for each stakeholder. Communication and discussion channels are established and promoted with the stakeholders, identifying their demands and expectations, whilst building a relationship with them on a foundation of transparency, honesty, truthfulness and collaboration.

The stakeholders identified as being the most significant are customers, suppliers, employees, society and the environment (as a transversal concept in relations with all stakeholder groups). Alliances, competitors and administration have also been considered. **(G4-24)**

The identification process was carried out by taking those groups which are engaged in relations with FNMT-RCM on account of the activities and services provided by the institution as a State-owned enterprise of general interest, or because of their capacity to influence the institution's strategies. In accordance with the internal procedure put in place for the identification of these stakeholders, working groups set the criteria for the identification and valuation of relations with the various stakeholders so as to prioritise the appropriate actions. **(G4-25)**



STAKEHOLDERS	
Employees	• Decision-taking capacity in the organisation's activity • Capacity to influence the organisation by negotiation • Protected groups • Groups with special working conditions
Customers	• Size of turnover • Consideration as a strategic customer
Suppliers	• Volume of purchases • Geographical area • Supply of raw materials, machinery and annual services
Society	• Relationship with the institution's productive activities • Relationship with the institution's image
Environment	• Seen as a transversal concept to be constantly taken into account in relations with the other stakeholders
Alliances and collaborations	• Economic impact on the institution's activity
Competitors	• Economic impact on production lines
Administration	• Closeness of relations with each of the production lines
Ownership	• Sole ownership: Ministry of Finance and Public Service



Engagement

So as to ascertain the various stakeholders' expectations and needs and provide an adequate response, FNMT-RCM gathers the pertinent information through the communication channels established in its relations with them. The main communication channels are outlined below: **(G4-26)**

STAKEHOLDERS	CHANNELS
Customers	• Opinion polls • Attendance at trade fairs and congresses • Workshops • Membership of associations and bodies • Customer services • Queries and complaints • Follow-up commissions
Suppliers	• Opinion polls • Corporate website • Answering queries and complaints • Approval of suppliers • Meetings
Employees	• Employee portal • Quarterly newsletter • Notice boards • Surveys • Workforce representation
Society	• Corporate website (Museum) • Collaborative agreements with educational institutions • Patronage agreements • Press releases

Commitments and issues raised with the most representative stakeholders (G4-27)

Through its communication channels, the organisation has succeeded in pinpointing the key issues and problems arising from stakeholder engagement.

- With **employees:**

- Ongoing information about the organisation's situation.
- Equality in treatment and opportunities plus work-life balance.
- Professional development.
- Occupational health and safety.
- Ethical, responsible behaviour.
- Social dialogue with workers' representatives.
- Social action and human relationships.
- Respect for personal data protection.
- Salary conditionss.



On the basis of the above, the following initiatives were launched:

- Development of the Communication Plan associated to the Corporate Plan via the FNMT-RCM newsletter.
- Implementation of actions covered by the Second Equality Plan.
- Ongoing Training Plan focussed on occupational training and skills development.
- Health and Safety System certified under OHSAS: 18001.
- Sickness prevention campaigns.

● With **customers:**

- Quality products and public services that are environmentally-friendly, innovative and technologically advanced.
- Customer loyalty.
- Compliance with clear and transparent contractual conditions.
- Speedier delivery terms and simplification of paperwork.
- Ethical, responsible behaviour.
- Treatment of information in compliance with data protection regulations.
- Eco-friendly products.
- After-sales service.
- Respect for the protection of personal data.

Further to these issues, the following actions were considered:

- ISO 9001 and ISO 14001 certifications.
- Existence of follow-up commissions with Public Administration customers.

- Increase productive capacity by investments in new machinery.
- Update the Code of Conduct.

Every year, FNMT-RCM undertakes a customer satisfaction survey which is distributed by department and by product.

(PR-5)

The main ratings on a scale of five are as follows:

Years	2018	2017	2016
Level of overall satisfaction	4.16	4.40	4.01
Satisfaction perceived re product	4.15	4.45	4.29
Satisfaction perceived re service	4.38	4.35	4.21

In 2018, the number of complaints received fell considerably, while the average resolution time, in which the complaint is analysed and corrective measures are determined, remained practically unchanged. Nevertheless, when a complaint is received, a reply is sent to the customer within one week, offering a solution for the non-compliance.

Years	2018	2017	2016
Number of complaints	84	136	106
Average resolution time	109.46	106.86	132.00

- With **suppliers**:
 - Clarity in information and documents.
 - Problem-response time.
 - Dialogue and resolution of queries.
 - Transparency in the selection of bids.
 - Contract fulfilment.
 - Payment terms and conditions.
 - Delivery terms.
 - Outlook for the development of the commercial relationship.
 - Respect for the protection of personal data.

By way of implementing the above, the following actions were put in place:

- e-billing promotion plan.
- Development of an authorised supplier system enabling selected suppliers to take part in non-advertised negotiated procedures.

FNMT-RCM's supply chain is characterised by **(G4-12)**:

- Centralised management.
- An independent unit for the management of supplier stakeholders and associated processes.
- Supply chain with separate functions:
 - The person who defines the need does not make the purchase.
 - The person who makes the purchase does not rate, certify or pay.
 - The person who certifies does not pay.
- Centralised stock management in the Warehouse Area.



The institution

Its history in brief

Dating as far back as December 2 **1467**, there is documentary evidence of the creation of a mint in Madrid by Enrique IV de Castilla. Of this undertaking, a few reminders still exist today in the form of a number of Enrique IV *cuarto* coins, the first to bear a letter M beneath a royal crown, the mint's trademark. However, the establishment of the Madrid Mint as such came about by a royal commission issued by Felipe III on February 18 **1614**, whereby the post of Treasurer was assigned to the Duke of Uceda and his successors. Production started on April 3 **1615** with the minting of two-escudo gold coins and four-*real* silver coins. Later, with the arrival of the Bourbon Dynasty and the major reforms carried out under its rule, in **1718**, the Madrid Mint became directly accountable to the king.

In the eighteenth century, the Madrid Mint witnessed a period of great splendour, personified during the reign of Carlos III by Tomás Francisco Prieto, Master Engraver of HM The King's Mints and founder of the School of Engraving. It was at this school that the artists who would later ply their trade both in Spain and in Spanish America were trained.

As the building from the period of Felipe III started to deteriorate, from **1833** onwards, new proposals were submitted for the construction of a new industrial building. Works finally began in **1855** and the new building was inaugurated by Isabel II in **1861**. Situated in what is now Plaza de Colón, the building was shared from the outset with the Stamp Works. The origins of the Stamp Works date back to **1636**, when Felipe IV created a new tax,

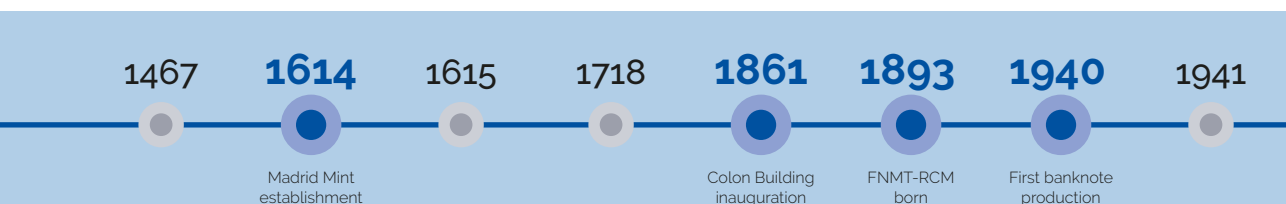


making it obligatory for contracts and deeds to be drawn up on sheets of stamped paper to guarantee their authenticity.

The two institutions, the Mint and the Stamp Works, operated as separate entities until **1893**, when the Queen Regent, María Cristina, had them merged into Fábrica Nacional de Moneda y Timbre. The new institution took over the functions of its predecessors and has been rendering a key service to Spanish society ever since. As a result of the synergies generated by the merger, the institution has succeeded in meeting each and every challenge it has had to face in the course of its history.

In view of the banknote shortage brought on by the Second World War, in **1940**, the government authorised FNMT to print paper money and, in **1941**, granted the institution preference over other national and foreign printers in banknote production. The first issue to leave its premises is dated October 21 **1940**. So as to put an end to any remaining dependence on foreign suppliers, it was decided to set up a security paper mill in Burgos. Works were set under way in **1944** and by **1952**, the first band of watermarked paper was being produced.

The acquisition of new functions, combined with the obsolete facilities at the building in Plaza de Colón, brought the need to move to new premises. Hindered by a number of difficulties, work took over two decades, reaching completion in **1963**, with inauguration the following year. Once the prestigious institution had settled into its new home, it was assigned further tasks such as the production of passports and National Identity Cards, along

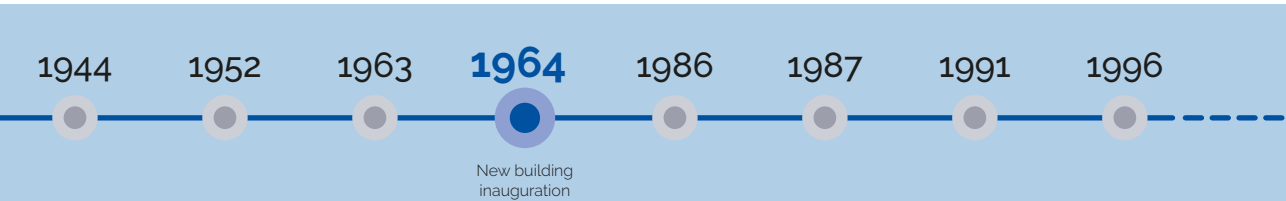


with items used in the area of State gaming: the National Lottery, betting slips and bingo.

Spain's greater involvement in various international bodies and organisations, above all its membership of the European Economic Community in **1986**, marked the dawn of a period in which it would become necessary to adapt documents such as the passport, the driving licence, the residence permit and later, the tachograph, to the requirements of the European authority. In this mission, FNMT, in conjunction with other relevant bodies, played a significant role, as indeed it continues to do today.

In **1987**, with a view to immortalising the events scheduled for **1992** (the Barcelona Olympics, the Fifth Centenary of the Discovery of America and the Seville Expo), the Special Minting Workshop was set up. In the course of its 31-year existence, it has produced a vast number of coins recording key events for posterity.

FNMT's initiatives are not, however, confined to its traditional products. Underpinned by its capacity for innovation and forward vision, it stands at the forefront as regards products in the area of the new technologies. In **1991**, it started to make cards with a built-in chip, a product lending itself to a broad range of applications. In the mid-nineties, mindful of the rapid development of the internet and its potential as a means of processing paperwork in the sphere of the Public Administrations, FNMT saw the need for electronic procedures to have the same guarantees as their paper equivalents; i.e., they should be carried out with maximum security to ensure that they have the same legal validity. This realisation resulted in



A horizontal timeline on a blue background. It features a central blue line with circular markers at each year. The years 1944, 1952, 1963, 1986, 1987, 1991, and 1996 are in grey. The year 1964 is highlighted in blue. Below the 1964 marker, the text 'New building inauguration' is written.

Year	Event
1944	
1952	
1963	
1964	New building inauguration
1986	
1987	
1991	
1996	

New building
inauguration

the birth of CERES (Spanish Electronic Certification), which went ahead with the completion of a viability study in May **1996**. Three years later, the State Tax Office green-lighted the use of electronic certification in income tax returns for the first time.

The euro presented a great challenge. In addition to making sizeable investments and adapting existing technology to the characteristics of the coins and banknotes, FNMT had to cope with a huge production volume whilst making, for a certain period of time, two different currencies: the peseta and the euro. It was also a challenge from the point of view of logistics and security: firstly, with the distribution of the new currency (coins and banknotes) and later, with the reverse operation, the withdrawal of old coins and banknotes, which commenced on New Year's Day 2002.



Legal status *(G4-7)*

In the course of its history, Fábrica Nacional de Moneda y Timbre–Real Casa de la Moneda has had various legal statuses. As things now stand, it is a State-owned corporate entity as provided for in Art. 103 et seq. of Act 40/2015, concerning the legal system governing the Public Sector. As a State-owned body, it is classified as a special public legal entity with its own equity and cash assets and is self-governing as stipulated in the above-mentioned act. It is attached to the Ministry of Finance, which, through the Office of the Under-secretary, exercises strategic management and effectiveness control. Its current by-laws were approved under Royal Decree 1.114/1999 of June 25, with modifications under Royal Decree 199/2009 of February 23 and Royal Decree 390/2011 of March 18.



Objects (G4-4)

- The minting of coins of all types in accordance with legislation applicable.
- The production of coin blanks and the striking of medals, along with similar tasks, for the State and private persons.
- The printing of banknotes in compliance with the legislation by which it is governed and in the terms agreed upon with the Bank of Spain or the relevant issuing bank.
- The production of identification document.
- The production of documents whereby the payment of whatsoever taxes or public charges is made effective; National Lottery tickets, forms and lists; and any other document relating to other games as instructed by the Public Administrations or their public bodies, be the latter attached to said Public Administrations or accountable thereto.
- The production of value or security documents as commissioned by any Public Administration or its public bodies, be the latter attached to said Public Administrations or accountable thereto.
- The stamping of all kinds of documents, stamps, signs or postage and franking effects, as established in the applicable legislation, for the State or, as applicable, for public or private bodies or entities.
- The provision, within the scope of the Public Administrations and their public bodies, both attached and accountable thereto, of security, technical and administrative services in communications via electronic, IT and telematic media and techniques (EIT), together with the issuance, production and supply of those user licences or certificates or card supports which may be necessary for such purpose, as provided for in Art. 81 of Act 66/1997, of December 30 and in the regulations deriving therefrom; or, as applicable, in those terms as may be established in the relevant legal provisions.



- The performance of activities or the provision of services related to the entity's branches of work referred to above for public or private persons or entities, both national and foreign.
- Whatsoever other as may be assigned to it by virtue of a legal provision or regulations deriving therefrom.

Notwithstanding the preferential nature of the various activities and services to be performed for the Spanish State and its public bodies, be they attached or accountable thereto, Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda carries out its activities for other states and their bodies and also for non-national public or private entities as deemed fitting in accordance with the nature of its activity, as established in the pertinent regulations or, as applicable, in the terms and conditions established in the relevant contracts or agreements.



Organisational profile

The main impacts for the institution and its stakeholders are concerned with:

- **The provision of quality products and services**, coming up to the customers' expectations and ensuring their loyalty.
- **Ethical, responsible conduct**. This is covered in the Code of Conduct and reflected in the institution's benchmark values.



- **Transparency in respect of the various stakeholders.** In addition to the fulfilment of clear and transparent contractual terms and conditions, the necessary tools are available to ensure two-way communication through which to ascertain and meet their needs.
- **Environmental impact.** The institution pursues the best practices as regards the renewal of machinery and processes so as to minimise environmental impact as far as is absolutely possible: the reduction of raw material and energy consumption and the replacement, throughout the production processes, of materials and products by others producing zero or less contaminationn.

Risks derive, in the main, from the technological developments of a constantly-evolving market and the need to adapt to the new technologies, largely influenced by changes in the consumer's profile; and also from an organisational structure producing cases of dysfunctionality in certain aspects of corporate management, in addition to a high average age of the workforce.

Opportunities arise in the business lines of products and services based on high technology and security through access to markets in culturally-influential countries, where integral solutions are offered in the areas of electronic certification, identification projects, coinage, security paper etc.

In 2018, a number of targets were set with a view to stepping up corporate activity, improving management processes and underpinning the quality guarantee, boosting relations with the workforce and minimising environmental impact.

 **Fulfilled**

 **Partly fulfilled**

(Value between target and LVA)

 **Not fulfilled**

ITEM	Degree of fulfilment
STEPPING UP PRODUCTION PROCESSES	
• Increase the duration of 1, 2 and 5 cent dies	
• Increase productivity on the passport marking-sewing-cutting line	
• Increase productivity in the card milling/inlaying, preperso and packaging process	
• Reduce the number of passports packaged manually or semi-automatically	
• Implement 5 S procedures in the production of PVC	
• Implement 5 S procedures in plate assembly and pass	
• Renew installations in the Electroplating and Gravure workshops	
• Migrate the developments of CERES services to the WebLogic applications server	
• Extend the use of the pseudonym certificate to groups not considered to be part of the Public Administrations	
• Implement an extended validation service	
• Certify the Business Continuity System under ISO 22301, extending it to a new production line	

ITEM	Degree of fulfilment
IMPROVING MANAGEMENT AND BACK-UP PROCESSES	
• Reduce the number of days involved in the monthly accounting closure	
• Increase the percentage of suppliers on e-billing	
• Introduction of an electronic tendering system	
• Update purchasing procedures in compliance with the Public Sector Contract Act	
• Implementation of a technological vigilance procedure in the R&D&I Management System	
• Standardise the typology used in laboratory reports	
• Control the stock of high-consumption raw materials without causing any breakages	
• Consolidate the foreign expansion commercial plan	
• Launch collector coins in non-precious metals	
• Align service demands with the IT Services Catalogue	
BOOSTING RELATIONS WITH THE EMPLOYEES	
• Renew the employee portal	
• Reduce the average response-time for suggestions	
• Reduce the percentage of absenteeism	
• Increase the percentage of disabled employees	
• Increase the percentage of fulfilment of the Training Plan	
• Reduce the percentage of unplanned courses completed	
• Reach 100% maximum allowance for training courses	
• Reduce the average duration of restricted selection processes	
• Reduce the average duration of free selection processes	

ITEM	Degree of fulfilment
MINIMISING ENVIRONMENTAL IMPACT	
• Reduce electricity consumption in lighting	
• Reduce the total nitrogen parameter in sewage waste	
• Reduce the volume of hazardous residue in residual inks	



Ethics and integrity

Values and principles (G4-56)

Actions by top-management personnel and members of the Board of Directors comply with ethical principles and of conduct pursuant to Order APU/516/2005: Code of Sound Governance for High-ranking Officials of the General State Administration. Nevertheless, as part of its Corporate Plan, FNMT-RCM has developed the following ideas internally:

- **Mission.** FNMT-RCM is a State-owned corporate enterprise whose activity lies in the scope of the public interest, generating a relationship of trust in the manufacture of products and the provision of services for the Public Administration and, more specifically, for the citizen. This calls for the ongoing development of its products and services, which may just as easily be demanded by the private sector. The differentiating factor of its activity is the manufacture of top-quality products and the provision of first-class services with high-security components both used in the productive process and built into the end-product.

- **Vision.** To become a benchmark in the security field as regards both hardware and digital ware, compounding its role as a leading supplier of top-quality, innovative products and services to Public Administrations, private entities and the general public.
- **Code of Conduct.** The Code of Conduct of FNMT-RCM lays down the principles to be followed in the internal and external relations of the institution's managers and workforce. In addition, there is a Supplier's Code of Conduct whereby it is compulsory for companies collaborating with, or hired by FNMT-RCM to assume the commitment of conveying said principles to their own managerial personnel and workforce and, as applicable, to any subcontractors.



Values are as follows:

- **Security.** All activities revolve round integral security.
- **Professionalism.** A commitment to honest, responsible and efficient conduct in the discharge of duties, the overriding aim being excellence.
- **Quality.** FNMT-RCM has made a commitment to quality which governs the institution's day-to-day activity, understanding and meeting needs while fostering ongoing improvement.
- **Confidentiality.** The institution's entire personnel act in accordance with criteria of discretion and prudence in the treatment of information and in their communications with third parties.
- **Sustainable growth.** Understood as industrial development compatible with care for the environment and environmental policies.
- **At the technological forefront.** Seeking to endow products and services with the very best of state-of-the-art technology.
- **Collaboration and commitment to the Administration and public bodies.** To provide companies and citizens alike with the easiest access to the public services related to the institution's activity.

For internal purposes, there is a Code of Conduct Follow-up Committee whose function is to monitor and control the code's application, in addition to preparing proposals for its modification or review. It is the responsibility of the Management Committee to approve and interpret the Code of Conduct.

Externally, the Council for Transparency and Sound Governance, as a public entity pursuant to Act 19/2013 of December 9, concerning Transparency, Access to Public Information and Sound Governance, aims to promote transparency in public activity, ensure the fulfilment of advertising requirements, safeguard the exercise of the right of access to public information and guarantee the fulfilment of sound governance provisions. **(G4-57)**

As FNMT-RCM is a State-owned corporate entity attached to the Ministry of Finance, it cannot, on account of its nature, have its own transparency portal. Instead, any request for access to information must be addressed to the transparency portal of the General State Administration. There is, however, a website on the electronic platform on which any employee or person from one of the other stakeholder groups may submit queries and suggestions as to the institution's Code of Conduct, as well as report any failure to comply with this code. These messages will be managed by the Follow-up Committee. <https://registroqueja.fnmt.gob.es/SedeQuejasYSugerencias/>

The system guarantees strict confidentiality and no anonymous reporting is accepted. The sender's identity is known solely to the Follow-up Committee and to personnel working with its members.

In 2018, there were no reports of non-compliance with the Code of Conduct.

In connection with access to information, it is also possible for any citizen so wishing to lodge a complaint externally by contacting the Council for Transparency and Sound Governance. **(G4-58)**

Personnel

Governing bodies (G4-34)

FNMT-RCM's governing bodies are described in the institution's bylaws, approved by Royal Decree 1.114/1999 of June 25, and in the modifications under Royal Decree 199/2009 of February 23 and Royal Decree 390/2011 of March 18. There are two main governing bodies: the Board of Directors and its commissions and the Chief Executive Officer, who is also the Chairman of the Board of Directors. The Board is appointed by the Council of Ministers via Royal Decree, on the proposal of the Minister of Finance. Its functions include the representation, management, administration and general running of the institution, along with other duties, responsibilities and powers as provided for in the bylaws. Board of Directors' meetings are also attended by a workers' representative.

The Board of Directors is made up of the institution's Chief Executive Officer, who holds the post of Chairman, a minimum of nine members and a maximum of 14 and the Secretary, who has a say in the meetings but no voting right.

In addition, on the proposal of the Chairman, the Board may name a maximum of six advisers with a say but no voting right. Members are appointed by Order from the Ministry of Finance and at the very least, must belong to the grade of Deputy Director General or equivalent within the personnel of the General State Administration. The Ministry of Economy and Business proposes the appointment of four of the members. Furthermore, the main customers of FNMT-RCM, which are, in turn, departments or

bodies belonging to the General State Administration, are also represented by their own members on the Board of Directors.

At year-end 2018, the Board of Directors (Chairman, members and Secretary) was made up 11 men and five women.

The duties of the Board of Directors are laid down in the bylaws of FNMT-RCM and include agreement to the Pluriannual Performance Plan and the operating and capital budgets, along with the approval of the Annual Programmes referred to in Art. 75, a), Act 50/1998, of December 30, on the proposal of the Chief Executive Officer. Furthermore, as applicable, it is incumbent on the Board to approve the proposed Agreement or Contract-Programme with the State for its referral to the Minister of Finance and subsequent inclusion in the pertinent budget acts.

Board of Directors

(at December 31 2018)

Chairman:

- **Mr. Jaime Sánchez Revenga**
Chief Executive Officer of FNMT-RCM

Members:

- **Mr. Manuel Tuero Secades**
Director, Official State Gazette Agency
Ministry of the Presidency, Relations with the Parliament and Equality
- **Mr. Rafael Padilla Ruiz**
Deputy Director General of Operation
Tax IT Department
Ministry of Finance
- **Ms. Alejandra Sánchez Yáñez**
Adviser at the Office of the Secretariat of State
for Budgets and Spending
Ministry of Finance

- **Mr. Ángel Manuel Marqués Almanza**
Deputy Director General of Organisation, Planning and Resource Management at the State's General Audit Office
Ministry of Finance
- **Mr. Alejandro de las Alas-Pumariño y Linde**
Chief Officer
Ministry of Public Works
- **Mr. José Luis López González**
Head of the Budget Office
Ministry of Economy and Business
- **Mr. José García Losada**
Deputy Director General of Logistics
Directorate General of the Police
Ministry of the Interior
- **Ms. María del Carmen Herrera Velasco**
Adviser at the Technical Office of the Under-secretary of Finance
Ministry of Finance
- **Ms. Silvia García Malsipica**
Deputy Director General of Coordination, Auditing and Knowledge Management
Ministry of Justice
- **Ms. Laura Díez Bueso**
Director, Office of the Secretary of State for Relations with the Parliament
Ministry of the Presidency, Relations with the Parliament and Equality
- **Mr. Pau López Ramos**
Director, Office of the Secretary of State for Security
Ministry of the Interior
- **Mr. Pedro Alonso Manjón**
Deputy Director General of Telecommunications Networks and Operators
Ministry of Economy and Business
- **Mr. Javier Lamana Palacios**
State Counsel-in-Chief, State Counsel's Office Secretariat of State
Ministry of Economy and Business
- **Ms. Rocío Chico Hualde**
Deputy Director General of the Treasury
Ministry of Economy and Business

Secretary:

- **Mr. Antonio Panizo García**
State Counsel-in-Chief Secretariat of State for Finance
Ministry of Finance

The total amounts in remuneration received by members of the Board of Directors and management personnel were as follows:

Total remuneration received (euros)	2018	2017	2016
Board of Directors	158,000	143,000	114,000
Top-management personnel	659,000	645,000	647,000
Other managerial staff	2,421,000	2,275,000	2,373,000

Remuneration received by top-management personnel and directors includes the variable part of the salary which is paid in accordance with the attainment of targets, meaning that there is a link between the variable amount and the organisation's performance and results.

Members and advisers of the Board of Directors are subject to the rules on conflict of interest pursuant to Act 5/2006 of April 10, whereby the conflicts of interest of members of the Government and high-ranking officers of the General State Administration are regulated.

The performance of said members complies with the ethical principles and of conduct provided for in Order APU/516/2005: Code of Sound Governance for High-ranking Officers of the General State Administration.

To assist the Management in the discharge of its duties, the following committees and commissions have been set up:

- Management Committee
- Procurement Committee
- Project Committee
- Communication Committee

- International Project Follow-up Committee
- Investment Control and Analysis Commission
- Sustainability Committee
- New Technologies Committee

Employees (G4-10) (G4-11)

All data on employees are further reflected in the report *Social Balance 2018*.

Each and every action on the part of FNMT-RCM in respect of the workforce is geared towards stable employment while creating a good working environment and a sense of commitment. To this end, a number of policies are in place to create the necessary conditions of respect and security so as to further the employees' personal and professional development. Steps in this regard have been taken in the following areas:

- Non-discrimination and equality
- The right to privacy and respect for dignity
- Work-life balance
- Occupational health and safety: the institution has been awarded Certificate OHSAS 18001 Occupational Health and Safety Management System
- Fringe benefits to supplement employees' salaries
- Internal communication, fostered by the intranet and the employee portal as a source of information and a tool for the processing of administrative affairs
- Employee training

Workforce data (LA-1)

Number of employees	2018			2017			2016		
	M	F	Total	M	F	Total	M	F	Total
Madrid premises	894	256	1,150	867	243	1,110	907	252	1,159
Burgos premises	116	34	150	110	35	145	127	40	167
Total	1,010	290	1,300	977	278	1,255	1,034	292	1,326
Management team	32	6	38	31	6	37	32	6	38
Section chiefs	72	16	88	71	16	87	70	16	86
Middle managers	55	3	58	61	5	66	61	5	66
Technical staff	208	83	291	208	74	282	204	75	279
Clerical staff	86	76	162	81	84	165	81	72	153
Operatives	518	99	617	487	85	572	545	112	657
Auxiliary staff	39	7	46	38	8	46	41	6	47
Total	1,010	290	1,300	977	278	1,255	1,034	292	1,326

At year-end 2018, temporary contracts accounted for 10.76% of the total workforce, as compared with 10.06 % in 2017 and 12.22% in 2016.

Labour relations between the company and its workforce are regulated by their own 11th Collective Bargaining Agreement and renewals. Applicable to all employees, this agreement states that the organisation of work, along with the determination of work centres, groups, sectors, departments and services deemed fitting, lies within the power and responsibility of FNMT-RCM's management. Nevertheless, the workers' legal representatives are entitled to be previously informed. In this regard, trial periods for new rules concerning organisation and production will be limited to a maximum of 10 weeks. Once the trial period has



elapsed, the mandatory period of consultations will commence, with a minimum duration, should there be no agreement, of 15 days. **(LA-4)**

Number of labour grievances (LA-16)			
Item	2018	2017	2016
Labour grievances	12	11	5

Training (LA-9) (LA-10)

As far as the training strategy is concerned, the plans put in place in previous years were maintained and furthered:

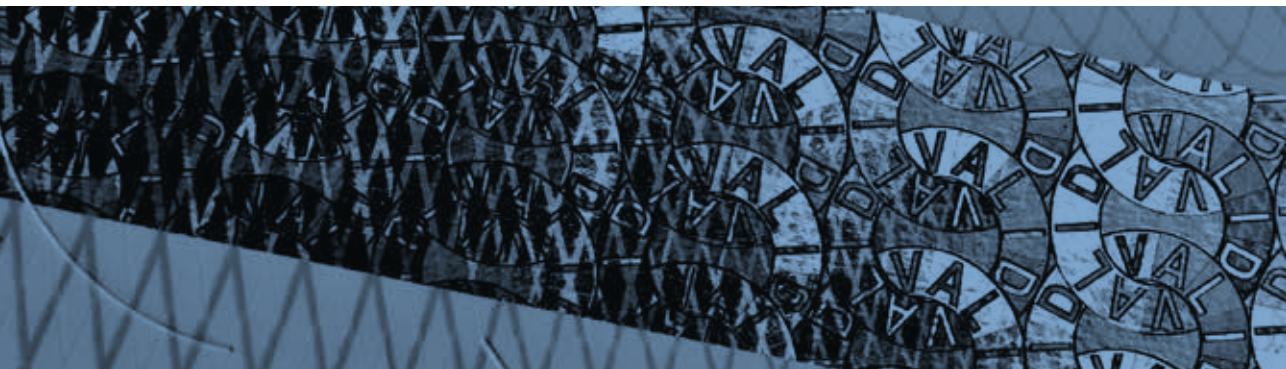
- Internal training, conducted by the employees themselves, providing specific training essential for internal promotion.
- In-company training, in which content is adapted to the specific reality of FNMT-RCM.
- A range of generic courses on various specific subjects related to FNMT-RCM.

Type of training		2018	2017	2016
Lifelong training programme	Courses	173	136	106
	Attendees	3,547	3,810	3,012
	Training hours	40,309	37,386	31,501
Other training	Courses	56	45	75
	Attendees	803	642	853
	Training hours	5,608	5,329	6,464
Training hours operative/year		35.27	32.63	29.36
Investment in training		695,633	666,838	637,374

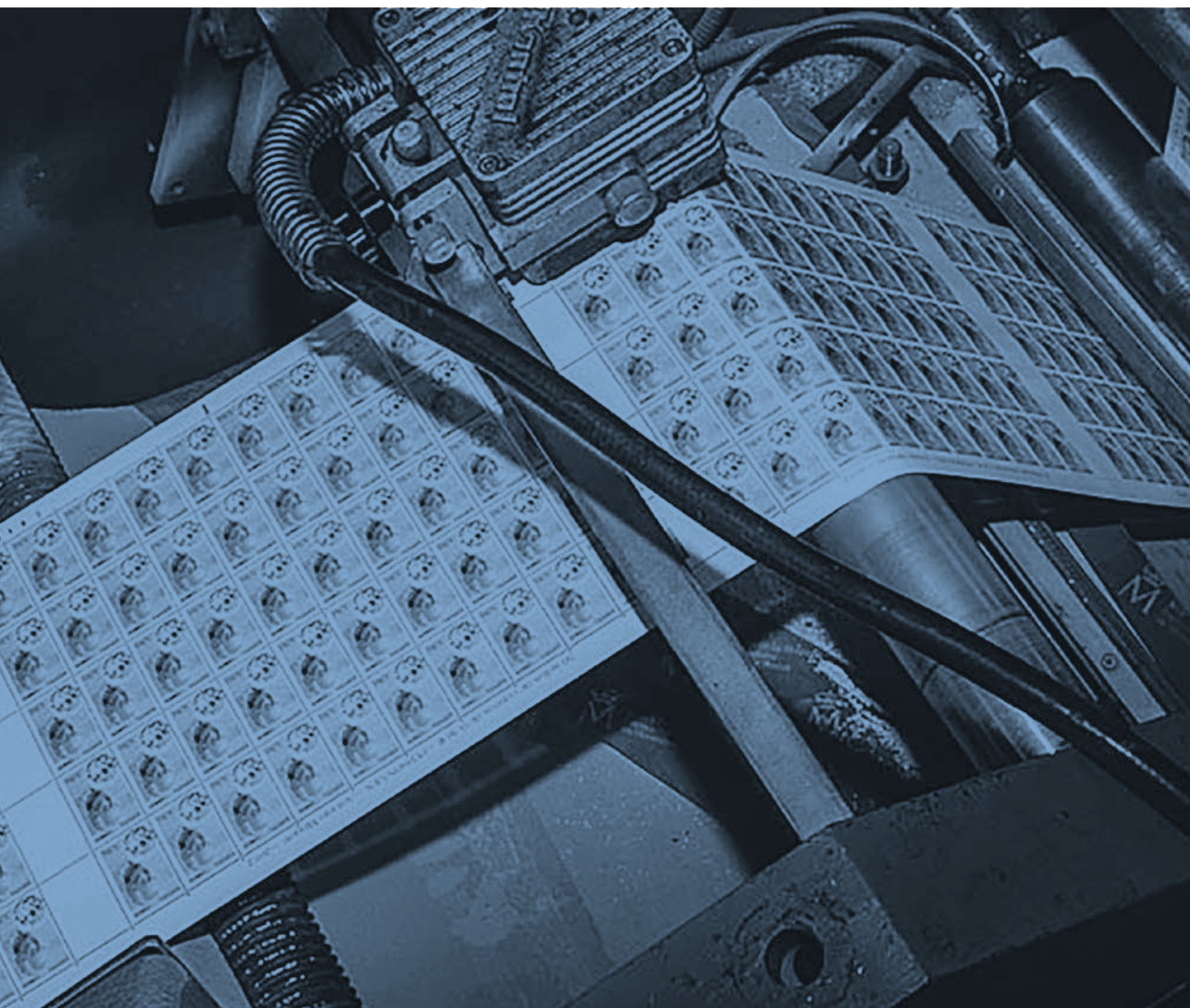
Occupational health and safety

Accident figures (LA-6)

Years		2018	2017	2016
Total absenteeism rate (*)		8.65%	8.56%	8.62%
Absenteeism rate (**)		5.00%	5.23%	5.67%
(*) Includes all items relating to job attendance, including stoppages. (**) Does not include legal leave or stoppages.				
Factory-floor accidents leading to lost days Madrid premises	Men	58	31	31
	Women	6	9	9
Factory-floor accidents leading to lost days Burgos premises	Men	5	4	6
	Women	2	4	1
Days lost due to occupational accidents		2,238	1,092	993
Frequency rate		37.61	25.34	25.22
Gravity rate		1.32	0.94	0.97
Hazard rate		132.94	134.61	150.79
Incidence rate		192.17	194.5	217.75
Occupational diseases		2	4	3



At FNMT-RCM, one of the overriding aims is the correct management of the employees' health and safety. To achieve this end, fitting measures are established to reduce the accident rate, prevent occupational diseases and foster general health. An occupational health and safety management system is in place, certified pursuant to OHSAS Standard 18001. The institution has its own Prevention Service, which is financed with its own resources to cover the following specialties: health and safety; industrial hygiene; ergonomics; psychology; and health care. It should be pointed out, however, that at the Burgos premises, health care has been outsourced to a health and safety service.



FNMT-RCM has set up a Health and Safety Committee at both its centres in Madrid and Burgos. Representing the entire workforce, the Madrid Committee is formed by six workers' representatives and six company representatives while in Burgos, there are three workers' representatives and three from the company.

The Health and Safety Committee has eight Delegate Commissions whose purpose is to examine specific problems and provide fast, flexible solutions. The following meetings took place: four of the Health and Safety Committees at each work centre (Madrid and Burgos); and the Annual Inter-Centre Committee Meeting.

Among the steps taken to prevent serious diseases, voluntary programmes were launched for the early detection of breast and gynaecologically-related cancer (16 employees); prostate cancer (156 employees); and colon and rectum (219 employees).

In addition, the following vaccination campaigns were set in motion:

- Influenza: 218
- Herpes Zoster: 29
- Tetanus: 33 **(LA-5) (LA-8)**

FNMT-RCM took part in the *Fourth encounter of companies with a responsible approach towards HIV and AIDS in Spain*, where the federation known as *Trabajando en Positivo* awards a commendation to those companies and agents who have pursued sound practices aimed at fostering the prevention of HIV and AIDS and putting an end to the discrimination of victims.

Furthermore, on World AIDS Day, FNMT-RCM, together with other companies, launched a simultaneous programme of activities focussing on information, awareness and education in connection

with HIV. The programme was aimed at workers, families and, in general, social agents as a whole.

One of the most noteworthy events in the sphere of preventive action was the launching of a campaign on the subject of healthy habits, covering food and the avoidance of dehydration and heat stroke in the summertime. In addition, with a view to fostering sporting values and healthy habits within a framework of clean competition, 57 workers took part in the third edition of the Healthy Company Olympics.

 Equality

FNMT-RCM reached an agreement with workers' representatives as to a Second Corporate Equality Plan, which covers a number of actions and goals geared towards full equality of individuals both in their working and in their personal lives.

Training data by gender. 2018							
Number of courses held	Number of course hours	Number of applicants			Number of attendees		
		Men	Women	Total	Men	Women	Total
229	45.917	4,040	1,108	5,148	3,364	986	4,350
		78%	22%	100%	77%	23%	100%

On the subject of equality, face-to-face training was received by 531 people, of whom 86 were women and 445, men.

As a result of the support provided for less advantaged groups, at year-end, the number of employees with a level of disability equal to, or higher than 33% stood at 2.62% of the total workforce. **(LA-12)**

With regard to pay, there is total equality at all work centres between the salaries of men and women belonging to the same professional grade, as shown in the Collective Bargaining Agreement. **(LA-13)**

In the course of the year, the percentage of personnel benefiting from a work-life-balance measure, including flexitime, was 53.38%. Moreover, 1.08% of the workforce, not included in this percentage, was assigned a fixed timetable to allow attendance at official courses.



Other recognised work-life-balance measures include:

- People entitled to maternity leave: six women.
- People enjoying paternity leave: 18 men.
- People enjoying breast-feeding leave: five women and eight men.
- Reduced working day to care for children aged under 14: 13 women and two men.
- Reduced working day to care for an elderly person: one woman.
- Reduced working day for work-life balance: one man.
- 50% reduced working day, paid for one month on account of the grave illness of a close relative: one man.
- In the rotating shift system, a fixed shift was assigned to 25 people on account of work-life balance related to the care of relatives: six women and 19 men.
- Unpaid leave to care for relatives: two women and five men.

In the rotating shift system, a fixed shift was assigned to 14 people to attend official courses (four women and 10 men). **(LA-13)**



Premises and the environment

FNMT-RCM divides its activity between its headquarters in Madrid, where the bulk of industrial production and services is located, and its premises in Burgos, used exclusively for the production of security paper. It also has a high-security warehouse, situated in Madrid. **(G4-5)**



The Madrid building

The Madrid building stands on a rectangular footprint bordered by the streets of Jorge Juan, Doctor Esquerdo, Duque de Sesto and Máiquez. The longest facades (300 m) overlook the streets of Jorge Juan, where the main entrance is situated, and Duque de Sesto, the location of the loading bays and vehicle access. The facades on Doctor Esquerdo, where the entrance to the museum, Museo Casa de la Moneda, is found, and on Máiquez have a length of 84.6 m. Of imposing proportions, the building combines classicism with an industrial style. The matching doors on Jorge Juan and Doctor Esquerdo, with their flights of steps and strikingly massive pillars, along with the corners, decorated in granite ashlar, are a clear example of the classicism predominant in Spanish architecture in the period from 1940 to 1960. The frontispieces placed between the doors and the corners and dressed in brick speak of the building's industrial



nature, while their position, set back from the pavements with a fosse in-between, lends an impregnable air to the entire structure. On the building's four storeys (five in the central area), industrial sections alternate with areas decorated in marble, fine wood and gold leaf. There is also a basement, occupied by vaults and various store rooms.



The Burgos Paper Mill

Situated to the west of the city on the right bank of the River Arlanzón, the Burgos premises occupy a piece of land measuring over 55,000 sq.m. The complex is bordered by a small fosse and a wire fence, leaving no doubt as to its function as a high-security compound. Activity is distributed into several pavilions with brick facades which, aesthetically speaking, bear a close resemblance to the sides of the Madrid building.



The high-security warehouse

So as to overcome the problem of space constraints for the storage of products, in 2007, a fully-robotised, high-security warehouse was opened, with 15,300 pallet lots. The warehouse is equipped with up-to-the-minute, anti-intruder video cameras inside and out and a fire-fighting system with a specialist in constant attendance.



The environment

When carrying out its activity, FNMT-RCM is mindful of the fact that the protection of the environment is not just a legal issue but also a social duty falling to each and every member of its personnel. FNMT-RCM states that its environmental performance is based on the assumption of three firm commitments:

- A commitment to ongoing improvement.
- A commitment to the prevention of contamination.
- A commitment to compliance with regulations.

The institution's Environmental Management Policy is available to all stakeholders on the corporate intranet and the website.

FNMT-RCM has implemented an Environmental Management System at all work centres for the design and production of banknotes, coins and security documents; and for the production of security paper at its work centre in Burgos. The system has been certified under ISO Standard 14001.

As a result of these measures, no penalties have been imposed for failure to comply with environmental regulations. **(EN-29)**



Materials

Materials by weight or volume (EN-1)			
Weight of most relevant materials	2018 (tonnes)	2017 (tonnes)	2016 (tonnes)
Bleached cotton linter 1	77.80	119.40	204.57
Resin, type epichlorhydrin epoxy	124.55	140.00	195.00
Titanium dioxide anatase (slurry)	51.83	69.66	174.96
Euro coin blanks	4,909.80	5,912.52	5,105.67
Polyvinyl alcohol	50.78	57.40	64.00
Plastic (polycarbonate, vinyl polychloride)	74.85	106.37	110.98
Paper	3,375.86	4,915.20	4,304.40
Inks	53.70	56.15	52.95
Cotton floss, combing machine	1,187.73	1,570.65	1,804.38

Energy

Direct energy consumption (EN-3)			
Gas consumption kWh	2018	2017	2016
Madrid-Jorge Juan Centre	9,185,810	6,951,615	8,253,277
Madrid-Warehouse Centre	920,447	565,530	770,800
Burgos Centre	13,516,504	13,832,776	19,709,607
Total	23,622,761	21,349,921	28,733,684
Electricity consumption kWh	2018	2017	2016
Madrid-Jorge Juan Centre	19,992,154	22,048,293	20,669,804
Madrid-Warehouse Centre	945,295	1,014,189	1,003,431
Burgos Centre	9,531,185	12,970,430	18,134,667
Total	30,471,634	36,032,912	39,807,902

Energy saved due to conservation and efficiency improvements (EN-5)			
Gas	2018	2017	2016
kWh/euro invoiced	0.092	0.075	0.112
Energía eléctrica	2018	2017	2016
kWh/euro invoiced	0.118	0.126	0.155

Water

Total withdrawal of water by source (EN-8) (EN-9)				
Total water supply contract by source /m³		2018	2017	2016
Madrid-Jorge Juan Centre Drinking water network		19,268	22,450	21,569
Madrid-Warehouse Centre Drinking water network		1,123	755	711
Burgos Centre	River Arlanzón	567,220	659,576	864,138
	Drinking water network	14,923	14,813	14,923
Total		602,534	697,594	901,341

Emissions

Direct emissions of greenhouse gases (Scope 1) (EN-15)				
Direct CO ₂ emissions (tonnes) from consumption of natural gas		2018	2017	2016
Madrid Centre		2,041	1,518	1,823
Burgos Centre		2,370	2,417	3,415
Direct CO ₂ emissions (tonnes) from consumption of electricity		2018	2017	2016
Madrid Centre		6,071	6,688	7,954
Burgos Centre		2,765	4,929	5,259

Electricity generation emission factor:

- 2018: 0.29 CO₂ (kg/kWh)
- 2017: 0.29 CO₂ (kg/kWh)
- 2016: 0.35 CO₂ (kg/kWh)

Natural gas emission factor: 0.202 CO₂ (kg/kWh)

Source: Ministry of Agriculture, Food and the Environment.

Greenhouse gas emission intensity (EN-18)				
Natural gas		2018	2017	2016
kg/euro invoiced		0.017	0.014	0.020
Energía eléctrica		2018	2017	2016
kg/euro invoiced		0.034	0.041	0.051



Effluents and waste

Total weight of waste treated or recycled (EN-23)			
Type	2018	2017	2016
Sludge, intaglio waste treatment plant	0	0	0
Sludge, electroplating waste treatment plant	0	4,880	0
Oils and emulsions	6,110	3,959	4,795
Solvent dregs	285	583	1,747
Ink waste	80,920	69,785	55,763
Contaminated cloths and absorbents	24,195	22,709	23,124
Coolants	400	1,020	266
Water with hydrocarbons	15,540	12,465	10,969
Developer-fixer	2,360	2,246	2,225
Expired inks	180	234	386
Expired products	13,700	127	1,119
Waxes and greases	10	0	7
Adhesives and sealants	280	380	661
Contaminated metal containers	16,510	15,707	17,044
Contaminated glass containers	80	61	78
Aerosols	60	27	37
Flexographic polymer	770	791	742
Fluorescent tubes	1,017	669	1,240
Acid-lead batteries	5,080	3,194	7,501
Nickel-cadmium batteries	0	0	37
Toner	1,521	1,921	1,777
Electrical/electronic waste	5,680	6,633	5,455
Solid urban waste	96,748	81,884	121,780
Construction and demolition waste	119,169	138,920	5,332
Biosanitary waste	166	178	127
Sanitary containers	1,944	218	218
Demonetisation scrap	24,312	68,694	104,657
Scrap metal	156,065	143,130	87,501
Paper waste	481,170	780,650	557,077
Plastics	78,367	147,964	100,372
Wood	73,124	42,269	39,846
Activator solutions	0	2,215	5,676
Total (kg)	1,205,763	1,553,513	1,157,559

Transport

Transport of materials and products (EN-30)	2018	2017	2016
Cost of subcontracted service	1,702,134	2,783,431	2,290,000
Number of proprietary vehicles	8	8	7
Fuel consumption (litres)	4,360	6,153	9,370

Expenditures and investments

Environmental expenditures and investments (EN-31)			
Disposal of waste	2018	2017	2016
Cost of waste treatment and disposal	25,159	36,347	61,898
Environmental prevention and management	2018	2017	2016
Outsourced services	134,929	89,395	81,002
Certification of management system	5,775	0	14,524

An energy and water saving and efficiency plan has been implemented, covering all measures deemed applicable as revealed by the various internal and external audits and diagnoses. The set of measures is concerned with energy management and sources, the building's cladding, lighting, installations, processes and fittings, in addition to water consumption. **(EN-6)**

Production

The main customers habitually served by FNMT-RCM are the Public Administrations of the Spanish State and the public entities and bodies attached or accountable thereto; and, to a lesser degree, the Administrations of other countries, along with private companies engaged in the collector coin sector. **(G4-8)**

Circulating coins

In 2018, total production of circulating coins exceeded 1,151 million pieces, of which almost 1,097 million were Spanish euro coins and just under 55 million were destined for export: 25 million five-peso coins for the Central Bank of the Dominican Republic; 17 million one-lari coins for the Central Bank of Georgia; and 12 million coins of all face values for Servei d' Emissions de Andorra.

Production	2018
Circulating coins, euro	1,096,996
Circulating coins for export	54,666
Total	1,151,662

(Thousand units)





Collector coins and medals

The largest issue of collector coins is the silver coin with a face value of €30. In the period of reference, two issues were launched. In the first, which commemorated the 50th birthday of His Majesty the King Don Felipe VI, 465,000 pieces were struck. A prize-winner at the 30th Mint Directors' Conference held in Seoul, it bears a reproduction in colour of Felipe VI's coat of arms. In the second, launched to commemorate the 1300th Anniversary of the Kingdom of Asturias, 578,000 coins were made. The reverse shows the coat of arms of the Principality of Asturias, set against a ribbon in the colours of the Spanish flag; on the obverse, the first reproduction of an image of Her Royal Highness Princess Leonor of Asturias.



In addition, six series of proof-quality collector coins were issued, comprising a total of seven gold coins and nine silver ones:

- 40th Anniversary of the Constitution.
- 50th Birthday of His Majesty the King.
- 150 years since the withdrawal of the *escudo*.
- 800th Anniversary of the University of Salamanca.
- Europa Series. Baroque and rococo.
- FIFA World Cup. Russia 2018.

The most noteworthy of these issues is the one launched to mark the fiftieth birthday of His Majesty the King. Consisting of six coins (one gold and five silver), the collection recalls some of the most significant events in the monarch's life. The total number of collector coins struck in proof quality was 213,574.

Moreover, the first four pieces in the series *The History of Navigation* were launched. Made up of a total of 20 coins struck in cupronickel, the coins' obverse will bear a colour reproduction of the most representative seafaring vessels in the history of navigation. The reverse, common to all the pieces, shows a face value of €1.5.

As in previous years, a euroset finished in proof quality was marketed. The set included both two-euro commemorative coins issued, dedicated to the 50th birthday of His Majesty the King Felipe VI and the Old Quarter of Santiago de Compostela.

Production	2018
€30 coins (silver)	1,043,800
Proof-quality coins	213,574
Total	1,257,374

(Units)





Paper

The period of reference saw the start-up of the new security paper production installations. Involving trial runs, adjustments and industrial validations of banknote and passport paper, the process comprised the following stages:

- **February 14**, production of the first sheet of rolled paper.
- **March 21**, production of the first passport paper with wood pulp, security thread and Tactocel ®.
- **March 23**, production of the first paper in accordance with euro specifications and a generic watermark.

- **May 17**, performance of the first tests on all the euro watermarks in the Europa Series.
- **May 18**, production of the first euro paper with an ES2 €50 mark and security thread for printing tests at two eurosystem printing facilities.

Furthermore, banknote paper for 200 nairas and 200 pesos was produced and dispatched to Nigeria and the Philippines respectively. On completion of the appropriate validations, the production of new orders for euro paper and other currencies was set under way.

Adding together the various types of banknote paper and medium-security paper, a total of 472 tonnes was produced, well below the figure recorded in previous years. The decline was due to the suspension of activity on the paper production line from August 24 2017 to the commencement of activity in late 2018 so that the existing machine could be replaced by a state-of-the-art one, located in a new building housing all the new equipment and machinery.

On the converted paper line, whose main purpose is the production of postage stamp paper, a total of 140 tonnes was made, 12 tonnes of which were exported to the Philippines.

Production	2018
National banknotes	122
Banknotes for export	281
National converted paper	128
Converted paper for export	12
Other	69
Total	612

(Thousand kilogrammes)



Identification documents

The year saw the continued production of the electronic National Identity Card DNle, the electronic residence permit, the driving licence, the firearms permit and the digital tachograph. Deliveries of DNle 3.0 remained at a very high level due to the renewal process commenced the previous year for the DNle issued 10 years ago.

The institution worked closely with the National Police Force to secure recognition of the electronic DNI 3.0 as a notified



electronic identification system in accordance with European Regulation eIDAS (regulation on electronic identification and trust services). As a result, other notified countries will now have to accept the electronic identity provided by the Spanish DNle. The development of the operating system for the new 4.0 version of the DNle was completed and work continued in the distribution of user applications for mobile devices (apps).

Both the DNle 3.0 operating system and the production, issuance and use environment were adapted for incorporation into the new version of Police Card 3.0, by means of which it is possible to carry out electronic signature operations with mobile devices and control access to police premises.

The institution continued to attend working meetings on biometry in identification documents (CEN WG18) and maintained its involvement in the working group concerned with attacks on smart cards (JHAS).

The production process witnessed the start-up of a new installation for the milling, inlaying, pre-personalisation and packaging of electronic documents in card format. The infrastructure for the personalisation of the new version of the electronic residence permit, which brings in two new types (community student and relative), is available pending the commencement of the document's issuance in the new configuration as, until now, it had been issued on a plastic support with no chip.

Collaboration continued with the Ministry of Public Works regarding the maintenance and development of management and control of the digital tachograph, along with tasks related to migration to the second-generation system, known as the smart tachograph, affecting both the card issuance stage, including the certification authority, and inspection on the road.



Other identification projects remaining in place are as follows: Professional Driver Qualification Cards (CAP); accreditations for foreign diplomats resident in Spain; electronic identification cards for civil servants belonging to various bodies in the Administration; equine movement identification cards; and train driver licences in compliance with the European Union unified model.

Health cards

Work also continued on assignments relating to the production of European Health Cards (EHC) for a number of bodies: ISFAS (Instituto Social de las Fuerzas Armadas); MUGEJU (Mutualidad General Judicial); and MUFACE (Mutualidad General de Funcionarios Civiles del Estado). Futhermore, in the case of ISFAS and MUGEJU, cards are also issued for members.

Bank cards

The production/personalisation of smart university cards and hospital employee cards for Banco Santander was maintained. The bank card personalisation infrastructure continued its adaptation process so as to meet the requirements for hardware and software security certifications.

Transport cards

The institution was awarded a new contract for the supply of tourist transport cards within the framework tender organised by Consorcio Regional de Transportes de Madrid.

Production	2018
Electronic DNI	7,675
Driving licence	3,493
Residence permit	567
Smart cards	559
Magnetic band cards	1,120
Total	13,414

(Thousand units)

Graphic products

This section covers the bulk of products made by FNMT-RCM. They differ greatly from one to another, in terms of technical complexity on the one hand and the volume produced on the other. In cases entailing both complexity and volume, specific equipment is required for production. Such cases include the National Lottery, lottery tickets and State betting slips; bingo cards; and postage stamps. In 2018, there were 103 lottery draws, the most noteworthy being the Christmas draw, with 170 series of 100,000 tickets. As far as stamp issues were concerned, 95 were printed for the Spanish Post Office; 14 for Andorra; and four for Equatorial Guinea.

With a total of 2,735,000 units, passport production topped the record figure chalked up in the previous year. A total of 10,000 maritime passports was sent to the Maritime Authority of Panama, out of a total order of 125,000 units, delivery of which will be completed in the first four months of 2019. Stamped bills, showing an increase of 9.8 percent, beat the record production figure seen in 2017.





The heading Various refers to items produced on a smaller scale, such as security labels for Guarantees of Origin, Moda España and anti-tampering for Consejo General del Notariado; and tickets for Professional Football League matches, Patronato de la Alhambra and Teatro Real. Moreover, there was considerable demand for Environmental Classification Labels for Dirección General de Tráfico, which are compulsory as from April 2019.

Graphic production	2018
National Lottery	57,942
Postage stamps	132,185
Passports	2,735
Bingo cards	361,479
Betting slips	520,416
Tobacco seals	2,435,612
Stamped bills ⁽¹⁾	832,307
Visas	1,172
Documents, Justice	13,126
Various ⁽²⁾	235,169

(Thousand units)

(1) Includes fiscal seals

(2) Includes Guarantee of Origin labels and others

In addition to the graphic products described above, various pre-print products were supplied as follows:

- Printing forms to IMBISA for the printing of euro banknotes.
- Offset plates for ES2 €20 banknotes to the Central Bank of Ireland.
- An ES2 €50 banknote matrix to G&D.
- ES2 €5 intaglio plates to VALORA (Portugal).



2015

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Moneda
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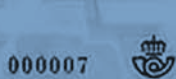
1615



2015

400 años de la
Casa de Moneda
de Madrid

1615

400 años de la
Casa de Moneda
de Madrid

2015

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400 años de la
Casa de Moneda
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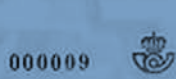
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2015

400 años de la
Casa de Moneda
de Madrid

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400 años de la
Casa de Moneda
de Madrid

Ado: Jaime Sánchez Revenga

+

Services



CERES (Spanish Certification)

In the course of 2018, the total number of active certificates went up from 6,140,779 to 7,621,066, reflecting an increase of 1,480,587 certificates, or a 24.11% rise in respect of the previous year. Representative Certificates, which started to be issued in 2016, are now fully consolidated, posting figures of 153,781 in the case of No Legal Entity and of 851,244 in that of Single or Joint Administrators.

Enabled electronic address

The 274 bodies which had registered by year-end issued 13,509,749 notifications; i.e., about 900,000 more than in 2017, or an increase of 7%. The main issuer was the Spanish Tax Office (AEAT). The number of users rose by around 16% in the period of reference, at a rate of 1,300 new users per day. Throughout the year of 2018, all-time highs were reached in all the items covered by this service.

Signature on the Cloud and CERES Mobile

FNMT's public employee centralised signature certificate is included on the Trusted Supplier List (TSL) published by the supervisory body. This certificate is also integrated with the FIRE

signature folder (integral electronic signature solution) and test runs will shortly be commenced with the Ministry of Justice and FEGA (the Spanish Agricultural Guarantee Fund).



PKI Pseudonym Certificates

With a volume of 27,406 active certificates, the issuance of Public Employee Pseudonym Certificates for the Ministry of Justice has reached a fair degree of maturity. Plans are in place for the issuance of another two different types of Pseudonym Certificate.

Certifications

All the certifications required of trusted service providers under the eIDAS regulation (European Electronic Identity Recognition System) have been obtained and updated.





Research, Development and Innovation

Activities and projects fall into three clearly-differentiated areas: external collaboration; collaboration with other FNMT-RCM departments; and internal projects.

External collaboration

- With the National Police Force in the implementation of systems and equipment for the issuance of DNI 3.0 and passport 3.0.
- With the Ministry of Foreign Affairs and Cooperation and the Ministry of the Interior for attendance at the European Commission Article 6 Committee in the Residence Permit sub-groups. In this regard, it is worth mentioning the development of the uniform model of the new Residence Permit for the European Commission.
- Participation in international forums concerned with value, identification and travel documents (European Commission and the International Civil Aviation Organisation (ICAO)).
- With international customers in projects concerning identification and travel documents.
- With a number of national and international official bodies in the area of security document training.

Collaboration with other FNMT-RCM departments

- In the development and/or improvement of new security products, processes and characteristics.
- Implementation of the European directive on technical standards for the traceability of tobacco products.

- Technical approval of new personalisation equipment for DNI 3.0 and passport 3.0 (passport printers, DNI laser recorders, biometric recording equipment etc.), to be used at the issuance centres of the National Police Force.
- Participation in developments at the Paper Mill relating to various families of security markers.
- Development of measuring equipment for FNMT-RCM's laboratory and automation processes at other productive departments.





Internal projects

- Continued development and implementation of an R&D&I Management System in accordance with UNE Standard 166002.
- Activities involved in the development and improvement of security features for value and identification documents.
- Studies on the reproduction/forgability of security documents, such as the incorporation of a digital stamp for the integration of digital signatures in non-electronic security documents.
- Technological Vigilance tasks within the scopes of production, security features and future technologies in the field of security documents.
- Certification of R&D&I projects.

Laboratory

First and foremost, it is the laboratory's task to provide FNMT-RCM's productive departments with technical support. As part of this undertaking, a large number of reports were prepared. The most outstanding item in 2018 was the renewal of the ENAC (National Accreditation Agency) accreditation in accordance with the quality criteria required under International Standard UNE EN ISO/IEC 17025 for precious metals.

External activity, accounting for 19.4% of the total, was focussed on the analysis of expert reports on metallic coins and testing euro banknotes and coins for other mints, printers and central banks in the European Union. Testing was also performed on banknotes and coins from countries outside the Eurozone, while the department continued to take part in technical working groups engaged in the fight against the forgery of euro coins. FNMT-RCM's laboratory has attained the status of trusted third party for a number of national

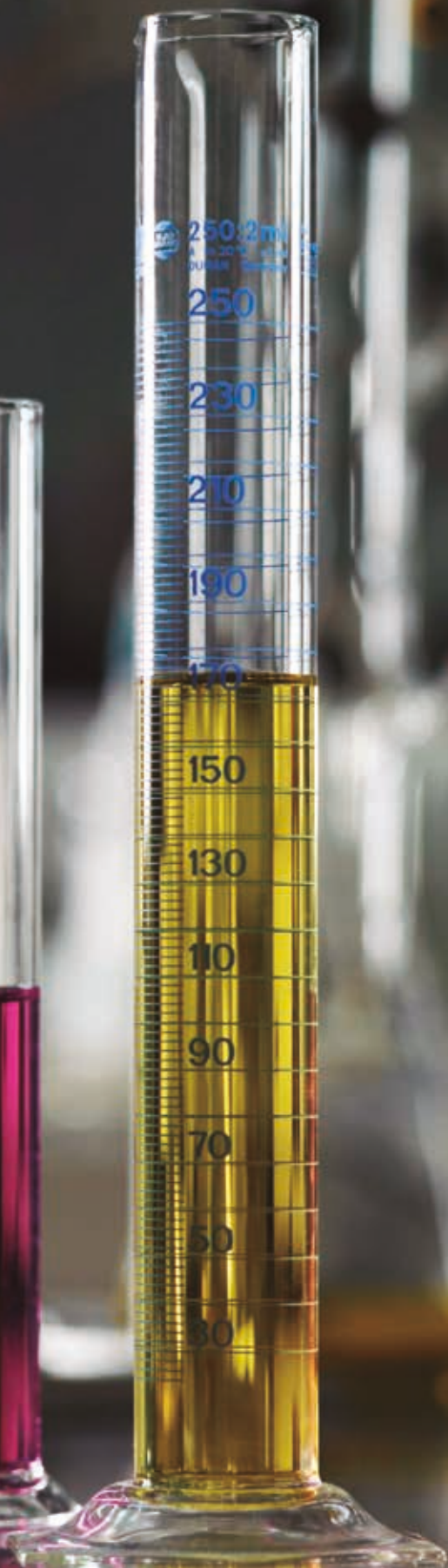


banks, preparing technical reports both on banknotes and on coins of a range of denominations.

On the request of several law courts, expert reports were prepared on FNMT-RCM's products, thus maintaining the department's status as Official Laboratory of the Administration.

As far as collaboration with other companies, both public and private, was concerned, the laboratory received visitors from several institutions and enterprises, including a number of national and international banks and the State Security Force. Moreover, requests for information from the media were addressed and the laboratory collaborated in the preparation of articles on its activity, reflecting the institution's clear mission to serve society. In turn, the laboratory visited other bodies and universities, where it conducted training courses on printed security products and the protection of euro coins.





International identification projects

So as to secure international references, activity centred upon the following aspects:

- Execution of viability studies.
- Provision of advisory services to governments under international agreements of cooperation.
- Participation in tenders as a qualified product and services subcontractor.

The pursuit of these goals was reflected in continued work within the scope of the Agreement of International Cooperation signed with RENAPER (National Persons Register), part of the Ministry of the Interior of Argentina, entailing the improvement of the issuance and modernisation process for the electronic National Identity Card (DNI) and the electronic passport. Furthermore, tasks were carried out in connection with the proposal for the modernisation of the production plant at the National Congress's printing works, together with the first stages in the design of a new employee identification card.





Certified digitisation of documents

Drawing on its technical knowledge and skills, FNMT-RCM launched this service in 2016. It comprises the entire value chain in the document treatment process: collection of paper documents, secure transport and storage, handling, digitisation, metadating and electronic filing, electronic signatures, safekeeping, electronic document consultation and even the destruction of the paper support. In short, the service covers the entire certified digitisation process. In the course of 2018, a considerable number of files were digitised for the General State Administration.

Society and culture

FNMT-RCM's contact with the general public is constant, both through its products and its cultural activity. Many of its products are in regular use, inspiring trust and offering assurance, two concepts that are essential in the complex functioning of developed societies. The manufacture of the institution's products requires continual updating, for which purpose it is present at all the leading national and international forums, where the latest developments and knowledge are shared.



Membership of associations and organisations *(G4-16)*

- **AELTE** (European Lotteries and Toto Association).
- **AERCE** (Spanish Association of Purchase, Procurement and Supply Professionals).
- **AUSAPE** (Association of SAP Users).
- **AUTELSI** (Spanish Association of Communication and Information Society Users).
- **CEEP** (European Centre of State-owned Companies).
- **CIBELAE** (Ibero-American Lottery Association).





- **Ministerial Commission for Digital Administration**, Ministry of Finance and Public Service.
- **CPCSAE** (Standing Commission of the Higher Electronic Administration Board).
- **EUROLAB-España** (Spanish Association of Testing, Calibration and Analysis Laboratories).
- **EUROSMART** (Smart Security Industry).
- **GPSPA** (Government Postage Stamp Printers' Association).
- **GRANCEES** (Large-scale Electricity Consumers).
- **ICMA** (International Card Manufacturers Association).
- **ICOM** (International Council of Museums).
- **MDC** (Mint Directors Conference).
- **MDWG** (Mint Directors Working Group).
- **SIAEN** (Ibero-American Society of Numismatic Studies).

Museo Casa de la Moneda

The museum is the hub of cultural activity. Its collections of about 200,000 pieces are a source of reference for researchers. The permanent exhibition, with free admission and group tours led by volunteers from the world of culture, offers the visitor a *stroll through the history of money*. There are also two spacious areas devoted to FNMT-RCM's traditional crafts: graphic arts and the art of medal-making. At the same time, the museum organises displays, takes part in numismatic and philatelic fairs, arranges loans to other institutions and is the headquarters of the Ibero-American Society of Numismatic Studies, which publishes the magazine *Numisma*. The list of the museum's activities goes on to include concerts, conferences, minting and painting demonstrations, film and an annual drawing competition. In 2018, the museum was visited by 47,546 people, 33,926 of whom were drawn by the permanent exhibition; 5,667 by the temporary displays; and 7,953 by the other activities. Visitors came either as individuals or as groups from schools and associations. A total of 415 groups was organised by the museum to enjoy the guided tours led by 12 cultural volunteers from CEATE (Spanish Federation of Third-age Teaching Centres).





A. Temporary exhibitions

- **The Tomás Francisco Prieto Award 2016 – Mitsuo Miura. Memorias Imaginadas.** A selection of the most representative work produced from 1968 to 2017 by this Japanese artist, resident in Spain.
- **IMAGO REGIS. 500 años de monarquía española en la Medalla.** Designed and developed from the collection of medals brought together by José María Ramón de San Pedro, the display gives a visual insight into 500 years of the history of the Spanish monarchy.
- **Ninth edition of Tinta de Verano.** A selection of the work produced in the academic year 2017-2018 by Master students in Graphic Printing Techniques, Illustration and Artistic Minting at FNMT-RCM's School of Engraving and Graphic Design. Conceived as another curricular activity, the works easily surpass the quality of standard academic exercises whilst reflecting the vision each of these young artists has of the reality in which we live.



- **Certamen de Arte Gráfico de Jóvenes Creadores 2018.**

A display of selected prize-winning works from the 22nd edition of this competition, which is organised by Calcografía Nacional de la Real Academia de Bellas Artes de San Fernando in conjunction with Real Casa de la Moneda. Year after year, it reflects the creative vitality and ability of the new generations of Spanish graphic artists. The display is housed in alternate years by Museo Casa de la Moneda and Calcografía Nacional.

- **46º Premio Internacional de Arte Gráfico Carmen Arozena.**

A display of the works winning the prestigious Carmen Arozena International Graphic Arts Award. Engravers and stampers from all over the world took part.

- **The Tomás Francisco Prieto Award 2017 – Victoria Civera.**

Insasible. A comprehensive selection of works from all the artist's productive periods, including more recent ones, on public display for the first time.

In addition, the following temporary displays were held at other venues:

- **Miguel de Cervantes Saavedra, Embajador de España.** Drawing on the collections of Museo Casa de la Moneda, this display was held in Segovia, Valladolid and Oviedo.
- **De Mi Real Aprecio. La Real y Distinguida Orden Española de Carlos III.** Held at Fundación Caja Cantabria de Santander, Cantabria.
- **La Medalla: Arte Acuñado.** Displayed at Ateneo Obrero de Villaviciosa, Asturias.
- **Feria de Dibujos y Estampas "Gabinete 2018".** Organised at Centro Cultural de la Villa, with collections from Museo Casa de la Moneda. The event formed part of the Drawing and Stamping Fair.

The museum also loaned pieces for the display, **Todo Madrid es Teatro**, held at Casa Museo Lope de Vega, Madrid.

Furthermore, the museum took part in a number of philatelic and numismatic exhibitions:

- **56º Exposición Filatélica Nacional, EXFILNA 2018.** Organised by Federación de Sociedades Filatélicas, FESOFI, in Seville.
- **41º Salón Nacional y 16º Internacional de Numismática.** Organised by Asociación Numismática Española, ANE, in Barcelona.
- **50ª Feria Nacional del Sello.** Organised by the Spanish Post Office in conjunction with Asociación Nacional de Filatélicos, ANFIL, in Madrid.

B. Other activities

- A total of 16 concerts, consisting of educational ones for schoolchildren and evening ones for the general public.
- Nine morning storytelling sessions.
- Workshop-visits, enjoyed by a record-breaking figure of 4,977 schoolchildren.
- Assistance for researchers and entities, with 115 applications.



The Tomás Francisco Prieto Award

Holding pride of place among all the cultural activities organised by FNMT-RCM, the Tomás Francisco Prieto Medal-making Award enjoys great prestige in the world of Spanish arts. The winner of the 2018 award, José Manuel Broto, received the prize from H.M. the Queen Letizia at a ceremony held after her visit to FNMT-RCM's School of Engraving and Graphic Design on April 8 2019. The name of José Manuel Broto has thus been added to the list of prize-winners, which includes artists of the calibre of Eduardo Chillida, Antonio Tàpies, Antonio López, Eduardo Arroyo, Pablo Palazuelo, Andreu Alfaro, Antonio Saura, José Luis Cuevas, Luis Gordillo, Carmen Laffón, Roberto Matta, Juan Barjola, Rafael Canogar, Antoni Clavé, Martín Chirino, Luis Feito, Albert Ràfols Casamada, José Hernández, Guillermo Pérez Villalta, Eva Lootz, Alfredo Alcain, Susana Solano, Juan Navarro Baldeweg, Cristina Iglesias, Jaume Plensa, José María Sicilia, Mitsuo Miura and, in the previous edition, Victoria Civera.



School of Engraving and Graphic Design

The school was founded in 1990 with a view to combining tradition with modernity through the teaching of the age-old technique of burin engraving and the latest trends in computer-assisted design. Nowadays, as a result of the agreements of cooperation signed in 2010 with the Faculty of Fine Arts of the university, Universidad de Castilla-La Mancha, the school offers a Master Diploma in Graphic Printing Techniques, Illustration and Minting. With a maximum of 16 students per intake, the aim is to produce highly-qualified professionals. In 2018, the Master course's seventh year, the 12 students received their diplomas from H.M. the Queen Letizia during the same ceremony at which the Tomás Francisco Prieto Award 2018 was presented to José Manuel Broto.



Training practicals:

TYPE OF PRACTICAL		TOTAL
Agreement of Cooperation with universities	Centres under an agreement	2
	Students on practicals	17
	Months of practicals	84.07
	Financial contribution	48,879
	Social Security contributions	3,403.88
4th ESO + Empresa Programme	Centres under an agreement	1
	Students on practicals	1
	Days of practicals	3



Annual Accounts and Management Report (Economic Indicators)

(G4-g) (EC-1) EC-4)



Audit report on the financial statements

I. Introduction

The Office of the General State Comptroller, through the National Audit Office, using the powers it has under article 168 of the General Budget Act, has audited the financial statements for 2018 which comprise the balance sheet at 31 December 2018, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year then ended..

The General Manager of Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda (FNMTRCM) is responsible for preparing the entity's financial statements in accordance with the financial reporting framework set out in note 2 to the accompanying annual report and, in particular, with the accounting principles and rules. He is also responsible for such internal controls as he shall consider necessary in order for preparation of the aforementioned financial statements to be free from any material misstatement..

The financial statements referred to herein were submitted by the General Manager on 11 July 2019 and made available to the National Audit Office on the same date..

The General Manager initially submitted the financial statements on 29 March 2019 and they were made available to the National Audit Office on the same date. Those financial statements were amended on the date specified in the preceding paragraph..

The information on the financial statements is contained in file NF0568_2018_F_190711_104037Cuentas.ziptheelectronicsummary of which is 5F0B1C6035DB3390366E0B1864569F8FA77E3B1C13BCE46385E72FE5EB74E0EE and it is filed in the CICEP:red application of the Office of the General State Comptroller..

II. Objective And Scope Of The Work: Auditors' Responsibility

Our responsibility is to express an opinion as to whether the accompanying financial statements give a true and fair view based on the work done in accordance with Public Sector Audit Rules. Those rules require us to plan for and carry out the audit in order to give a reasonable, albeit not absolute, assurance that the financial statements are free from material misstatement.

An audit requires the application of procedures in order to obtain suitable and sufficient evidence on the amounts and information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including assessing the risks of material misstatement in the financial statements. In assessing that risk, the auditor takes into account the internal controls relevant to the preparation and reasonable presentation by the management of the financial statements, in order to design audit procedures appropriate to the circumstances, and not in order to express an

opinion as to the efficiency of the company's internal controls. An audit also includes an assessment of whether the accounting policies applied are appropriate and the accounting estimates made by the management are reasonable, and an assessment of the overall presentation of the financial statements.

We consider that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion..

III. Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda (FNMT-RCM) at 31 December 2018, and of its results and cash flows for the financial year then ended, in accordance with the applicable regulatory financial reporting framework and, in particular, with the accounting principles and standards therein contained..

IV. Report on other legal and regulatory requirements

a. FNMT-RCM as an in-house provider

FNMT-RCM provides information in note 23 to the accompanying annual report regarding its status as an in-house provider of the General State Administration and specifically with reference to the activity requirement¹, compliance with which must, pursuant to article 32.2.b) of Public Sector Contracts Act 9/2017, be established in the notes to the annual accounts and be verified by the auditor of the annual accounts in accordance with the laws governing the audit activity.

¹ More than 80 per cent of its activities must be carried out completing assignments given to it by the controlling contracting authorities or by other legal entities controlled by the same contracting authorities, with reference to the three financial years preceding formal placement of the order. Where due to the date on which the contracting authority placing the order was set up or commenced its activities, or due to a reorganisation of its activities, the overall turnover or alternative business indicator, as established in the preceding paragraph, are not available for the three financial years preceding formal placement of the order or are no longer current, it will be sufficient to justify that calculation of the level of activity is realistic, in particular based on business projections.

As a result of the reorganisation of activities triggered by the spin-off of the banknote production business line, the entity has justified its level of activity, as specified in note 23 to the annual report, by means of business projections from which it follows that the percentage of activity as an in-house provider for the 2019-2021 three-year period would be 81.64% (based on total expected sales), and therefore exceeds the required 80%. Our verification was limited to looking into the items used in the analysis provided for the calculation made and testing their reasonableness with respect to the audited financial statements. To the extent that they are projections, the actual outcome could differ from the forecast..

It is to be noted that this check within the audit does not replace the report to be issued pursuant to article 86.3 of Public Sector Legal System Act 40/2015, 1 October, the directions for the drawing up of which are contained in the Decision of 16 May 2019, of the Office of the General State Comptroller..

b. Directors' report and report of article 129.3 of the General Budget Act

Under its articles of association, FNMT-RCM is required to prepare a Directors' Report containing such explanations as are considered appropriate with respect to the Entity's position and progress, but it is not an integral part of the financial statements..

In addition, pursuant to article 129.3 of the General Budget Act, FNMT-RCM is required to submit, together with its financial statements, a report relating to fulfilment of the Entity's economic and financial obligations as a public sector entity..

Our work was limited to assessing that the financial statements have been prepared in accordance with the laws governing the same and that the accounting information they contain is consistent with that of the audited financial statements..

This auditors' report was signed electronically using the CICEP:red application of the Office of the General State Comptroller by the Head of Division IV Public Sector Audit and Financial Control of the National Audit Office and by the National Auditor Team Head, at Madrid, on 17 July 2019..

I, **DAVID LEELAND**, Certified Spanish-English Translator-Interpreter appointed by the Spanish Ministry of Foreign Affairs, European Union and Cooperation, **DO HEREBY CERTIFY** that this is a full, true and faithful translation into English of a document written in Spanish. Madrid, the EIGHTH of OCTOBER TWO THOUSAND AND NINETEEN.



Balance sheet at 31 december 2018

(Expressed in €'000)

ASSETS	Note in the annual report	31-12-2018	31-12-2017
A) NON-CURRENT ASSETS		192,937	190,215
I. Intangible assets	<i>Note 5</i>	2,233	1,092
5. Computer software		2,233	1,092
II. Property, plant and equipment	<i>Note 6</i>	153,629	149,530
1. Land and buildings		87,357	85,225
2. Plant and other items of property, plant and equipment		60,353	37,608
3. Property, plant and equipment in the course of construction and advances		5,919	26,697
III. Investment property	<i>Note 7</i>	11,737	13,726
1. Land		8,715	10,487
2. Buildings		3,022	3,239

ASSETS	Note in the annual report	31-12-2018	31-12-2017
IV. Non-current investments in Group and affiliated companies	<i>Note 9.1</i>	21,075	21,075
1. Equity instruments		21,075	21,075
V. Non-current financial assets	<i>Note 9.2</i>	452	482
1. Equity instruments		-	-
2. Loans to third parties		313	343
5. Other financial assets		139	139
VII. Deferred tax assets	<i>Note 17</i>	3,811	4,310
B) CURRENT ASSETS		334,344	312,736
II. Inventories	<i>Note 10</i>	40,656	43,061
1. Goods held for resale		318	311
2. Raw materials and other supplies		22,036	19,154
3. Work in progress		9,632	10,902
4. Finished goods		8,670	12,694
III. Trade and other receivables	<i>Note 11</i>	77,411	24,729
1. Trade receivables for sales and services		76,955	24,211
2. Receivable from Group and affiliated companies		87	79
3. Sundry accounts receivable		39	72
4. Employee receivables		327	366
5. Current tax assets	<i>Note 17</i>	-	-
6. Other accounts receivable from Public Authorities		3	1
V. Current financial assets		110,036	160,103
2. Short-term loans to third parties		8	67
5. Other financial assets		110,028	160,036
VI. Current prepayments and accrued income		1	21
VII. Cash and cash equivalents		106,240	84,822
1. Cash	<i>Note 12</i>	106,240	84,822
TOTAL ASSETS (A + B)		527,281	502,951

Notes 1 to 24 of the Annual Report are an integral part of the Balance Sheet at 31 December 2018.

BALANCE SHEET AT 31 DECEMBER 2018 (Expressed in €'000)			
LIABILITIES	Note in the annual report	31-12-2018	31-12-2017
A) EQUITY		475,258	460,911
A-1) Owners' equity	<i>Note 13</i>	475,258	460,911
I. Capital		10,047	10,047
1. Authorised capital		10,047	10,047
III. Reserves		440,728	409,046
1. Reserves provided for in the articles		291,790	260,108
2. Voluntary reserves		148,938	148,938
VII. Profit for the year		24,483	41,818
B) NON-CURRENT LIABILITIES		5,738	5,588
I. Long-term provisions	<i>Note 14</i>	5,458	5,168
1. Provisions for long-term employee benefit obligations		3,274	3,569
4. Other provisions		2,184	1,599
II. Long-Term Debts		280	420
1. Other Long-Term debts		280	420
C) CURRENT LIABILITIES		46,285	36,452
II. Short-term provisions		906	177
III. Current payables	<i>Note 15</i>	4,698	4,362
5. Other financial liabilities		4,698	4,362
V. Trade and other payables		40,681	31,719
1. Payable to suppliers		17,084	15,106
2. Suppliers, jointly controlled and related entities	<i>Note 16</i>	1,732	1,044
3. Sundry accounts payable		5,472	3,122
4. Personnel (remuneration payable)		1,298	1,269
5. Current tax liabilities	<i>Note 17</i>	7,675	339
6. Other accounts payable to Public Authorities	<i>Note 17</i>	7,275	4,006
7. Customer advances		145	6,833
VI. Current accruals and deferred income		-	194
TOTAL EQUITY AND LIABILITIES (A + B + C)		527,281	502,951

Notes 1 to 24 of the Annual Report are an integral part of the Balance Sheet at 31 December 2018.



Income statement for the year 2018

(Expressed in €'000)

	Note in the annual report	31-12-2018	31-12-2017
A) CONTINUING OPERATIONS			
1. Net turnover	<i>Nota 18.1</i>	257.154	285.867
a) Sales		220.427	247.496
b) Services		36.727	38.371
2. Change in inventories of finished goods and work in progress		(5.295)	(4.281)
3. In-house work on non-current assets		675	876
4. Procurements	<i>Nota 18.2</i>	(84.162)	(99.389)
a) Cost of goods held for resale used		(886)	(1.014)
b) Cost of raw materials and other consumables used		(73.559)	(89.123)
c) Work performed by other companies		(9.251)	(7.895)
d) Write-down of goods held for resale, raw materials and other supplies		(466)	(1.357)
5. Other operating income		765	257
a) Non-core and other current operating income		87	87
b) Income-related grants transferred to profit or loss	<i>Nota 18.3</i>	678	170
6. Staff costs	<i>Nota 18.4</i>	(68.811)	(65.600)
a) Wages, salaries and similar expenses		(50.261)	(48.546)
b) Employee benefit costs		(18.550)	(17.054)
c) Provisions		-	-
7. Other operating expenses		(47.490)	(50.238)
a) Outside services	<i>Nota 18.5</i>	(44.324)	(43.199)
b) Taxes		(1.998)	(1.885)
c) Losses on, impairment of and changes in allowances for trade receivables	<i>Nota 18.6</i>	(974)	(3.940)
d) Other current management expenses		(194)	(1.214)

	Note in the annual report	31-12-2018	31-12-2017
8. Depreciation and amortisation charge	<i>Note 5, 6 y 7</i>	(12,135)	(12,051)
11. Impairment and gains or losses on disposals of fixed assets	<i>Note 6</i>	60	111
a) Impairment and other losses		-	76
b) Gains or losses on disposals and other		60	35
OPERATING PROFIT		40,761	55,552
13. Finance income		810	364
a) On interests in equity instruments		276	101
b) On marketable securities and non-current loans		534	263
b2) Third parties		534	263
16. Exchange differences	<i>Note 18.7</i>	(32)	(455)
17. Impairment and profit or loss on the sale of financial instruments		-	-
a) Impairments and losses		-	-
b) Profit or loss on sales and other		-	-
FINANCIAL PROFIT OR LOSS		778	(91)
PROFIT BEFORE TAX		41,539	55,461
18. Income tax	<i>Note 17</i>	(17,056)	(13,643)
PROFIT FOR THE YEAR		24,483	41,818

Notes 1 to 24 of the Annual Report are an integral part of the Income Statement for the year 2018..



Directors' Report. Year 2018

Turnover amounted to EUR 257 million in the financial year 2018, 10% below the previous year's figure. This decrease is mainly due to lower turnover on banknote paper both in Spain and abroad. On the other hand, there have been turnover increases from products to be supplied to the Interior Ministry, in the production of coins, and in the provision of services. Noteworthy in this connection is the improvement in electronic certification department sales. During the financial year 2018, back-office support services provided to the new company resulting from the spin-off carried out in 2015 are down 29%.

As usual, the Entity has continued to be closely committed to General State Administration (hereinafter GSA) customers, supplying goods and services as GSA in-house provider. Noteworthy in this regard is the Entity's close cooperation with the Interior Ministry and the Treasury.

As for operating expenses, they are down, triggered by the lower sales volume.

The average headcount in the year 2018 was 1,306 people, in line with the previous year. The percentage of women with respect to the total workforce considered at the year-end remains at 22%.

As a result of the joint effect of the various income statement headings, profit after tax was in excess of EUR 24 million, which accounts for 10% of net sales. The value of this indicator is due to high activity levels which allow a general positive contribution per product group to be achieved, once fixed costs have been covered..

The Entity's after-tax cash flows enabled it to complete the year's investments. The Entity's equity reflects a consolidation of its sound financial structure. This situation will allow major investments to be made in both the industrial and the technological fields, ensuring continuity of the services provided by the Entity within the context of the GSA.

Investments made during the year 2018 amounted to EUR 17.2 million, noteworthy being investments in machinery and facilities, those designed for the production of security paper being particularly relevant.

During the year 2018, the Entity has continued to devote its efforts to seeking out new viable technologies for improving products and processes developed within the Entity. The main areas of focus are improving and developing identification documents, developing new security features to be included in any of the products manufactured by the Entity, developing and improving new equipment, and developing electronic functionality and software engineering products to provide technical support for the manufacture of electronic identification documents, cards and passports..

Similarly, the Emerging Technology Committee, set up in the year 2017 within the Business Plan, in order to boost the work carried out in the different departments, continues to carry on its activity. This committee is tasked with pooling and coordinating the efforts under way in the field of technology in the different departments.

The aforementioned business plan implemented throughout the previous year and which continues to be implemented in 2018 has four main pillars which must be the driving force to ensure the Entity's sustainability and development. On the one hand,

adaptation to emerging technologies, already referred to in the preceding paragraph, and which seeks to apply not only insofar as concerns a modernised product and service catalogue, but also the attainment of more efficient internal processes. Additionally, the focus is on such aspects as cultural change, securing of public interest, encouragement of new markets and improved competitiveness.

As for the foreseeable evolution of the Entity, it is noteworthy that sales are expected to be some EUR 261 million, and the profit after tax EUR 26 million, by the financial year 2019. As of the date of submission of this report, no material events have occurred which might prevent both the revenues and the profit forecast for the financial year 2019 from being achieved.

GRI Indicators

N/A **Not applicable**
N/E **Non-existent**
S/D **No data**

DESCRIPTION		
1.- STRATEGY AND ANALYSIS		
G4 1	Statement by the highest-ranking officer	6
2.- ORGANISATIONAL PROFILE		
G4 3	Name of the organisation	10
G4 4	Primary brands, products and/or services	27
G4 5	Location of the organisation's headquarters	52
G4 6	Countries where the organisation operates	N/A
G4 7	Nature of ownership and legal form	26
G4 8	Markets served	62
G4 9	Scale of the organisation	98
G4 10	Employees by type of contract and gender	41
G4 11	Employees under a collective bargaining agreement	41
G4 12	Organisation's supply chain	20
G4 13	Material changes in the supply chain	N/E
G4 14	Approach to the precautionary principle	N/A
G4 15	Charters, principles and initiatives subscribed	N/E
G4 16	Membership of associations and organisations	88

3.- MATERIALITY AND BOUNDARY		
G4 17	Entities included in financial statements	10
G4 18	Process for defining the report's content and boundary	12
G4 19	Material aspects covered by the report	12
G4 20	State the boundary of each material aspect within the organisation	12
G4 21	State the boundary of each material aspect outside the organisation	13
G4 22	Effects of any restatements of information provided in earlier reports	10
G4 23	Significant changes from previous reporting periods in the scope and boundary of each aspect	N/E
4.- STAKEHOLDER ENGAGEMENT		
G4 24	Stakeholders linked to the organisation	14
G4 25	Selection of stakeholders with whom to engage	14
G4 26	Organisation's approach to stakeholder engagement	16
G4 27	Key topics and concerns raised through stakeholder engagement and how the organisation has responded	17
5.- REPORTING PROFILE		
G4 28	Reporting period	10
G4 29	Date of the most recent previous report	10
G4 30	Reporting cycle	10
G4 31	Contact point for questions regarding the report or its content	10
G4 32	GRI Content Index	10
G4 33	External assurance	12
6.- GOVERNANCE		
G4 34	Governance structure of the organisation	36
7.- ETHICS AND INTEGRITY		
G4 56	Organisation's values, principles, standards and norms	32
G4 57	Internal and external mechanisms seeking advice on ethical and lawful behaviour	35
G4 58	Internal and external mechanisms for reporting concern about unethical or unlawful behaviour and matters related to the organisation's integrity	35

8.- INDICATORS		
8.1. ECONOMIC		
Economic performance		
EC 1	Direct economic value generated and distributed	98
EC 2	Financial implications and other risks and opportunities for the organisation's activity due to climate change	N/A
EC 3	Coverage of the organisation's defined benefit plan obligations	N/A
EC 4	Significant financial assistance received from government	98
Market presence		
EC 5	Ratio of standard entry wage by gender compared to local minimum wage at significant locations of operation	N/A
EC 6	Percentage of senior management hired from the local community at significant locations of operation	N/A
Indirect economic impacts		
EC 7	Development and impact of infrastructure investments and types of service	N/A
EC 8	Significant indirect economic impacts, including the extent of impacts	N/A
Procurement practices		
EC 9	Percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation	N/A
8.2. ENVIRONMENT		
Materials		
EN 1	Materials by weight or volume	57
EN 2	Percentage of materials used that are recycled input materials	N/E
Energy		
EN 3	Direct energy consumption	57
EN 4	Indirect energy consumption	S/D
EN 5	Energy saved due to conservation and efficiency improvements	57
EN 6	Reduction of energy consumption	61
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved	N/E

Water		
EN 8	Total water withdrawal by source	58
EN 9	Water sources significantly affected by withdrawal of water	58
EN 10	Percentage of total volume of water recycled and reused	N/E
Biodiversity		
EN 11	Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	N/A
EN 12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high diversity value outside protected areas	N/A
EN 13	Habitats protected or restored	N/A
EN 14	Number of ICJN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	N/A
Emissions		
EN 15	Direct emissions of greenhouse gases (Scope 1)	58
EN 16	Indirect emissions of greenhouse gases from the generation of energy (Scope 2)	N/A
EN 17	Other indirect greenhouse gas emissions (Scope 3)	N/A
EN 18	Greenhouse gas emission intensity	58
EN 19	Reduction of greenhouse gas emissions	N/E
EN 20	Emissions of ozone-depleting substances	N/E
EN 21	NO _x , SO _x and other significant air emissions	N/E
Effluents and waste		
EN 22	Total water discharge by quality and destination	N/E
EN 23	Total weight of waste by type and disposal method	60
EN 24	Total number and volume of significant spills	N/E
EN 25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention ² , and percentage of transported waste shipped internationally	N/E
EN 26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	N/A

Products and services		
EN 27	Initiatives to mitigate environmental impacts of products and services	N/E
EN 28	Percentage of products sold and their packaging materials that are reclaimed, by category	N/E
Compliance		
EN 29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	57
Transport		
EN 30	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations and transporting members of the workforce	61
Overall		
EN 31	Total environmental protection expenditures and investments, by type	61
Supplier environmental assessment		
EN 32	Percentage of new suppliers that were screened using environmental criteria	N/E
EN 33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	N/E
Environmental grievance mechanisms		
EN 34	Total number of grievances about environmental impacts filed through formal grievance mechanisms	N/E
8.3. SOCIAL PERFORMANCE		
LABOUR PRACTICES AND DECENT WORK		
Employment		
LA 1	Total number and rate of new employee hires and employee turnover by age group, gender and region	42
LA 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	N/E
LA 3	Return to work and retention rates after parental leave, by gender	N/E

Labour-management relations		
LA 4	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	44
Occupational health and safety		
LA 5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help, monitor and advise on occupational health and safety issues	47
LA 6	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region and by gender	45
LA 7	Workers involved in occupational activities with a high incidence or high risk of specific diseases	N/E
LA 8	Health and safety issues covered in formal agreements with trade unions	47
Training and education		
LA 9	Average hours of training per year per employee by gender and by employee category	44
LA 10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing their career endings	44
LA 11	Percentage of employees receiving regular performance and career development reviews, by gender and employee category	N/E
Diversity and equal opportunity		
LA 12	Composition of governance bodies and breakdown of employee category according to gender, age group, minority group membership and other indicators of diversity	49
Equal remuneration for women and men		
LA 13	Ratio of basic salary and remuneration of women to men by employee category and by significant locations of operations	49
Supplier assessment for labour practices		
LA 14	Percentage of new suppliers that were screened using labour practices criteria	N/E
LA 15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	N/E

Labour practices grievance mechanisms		
LA 16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	44
HUMAN RIGHTS		
Investment		
HR 1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	N/E
HR 2	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	N/E
Non-discrimination		
HR 3	Total number of incidents of discrimination and corrective actions taken	N/E
Freedom of association and collective bargaining		
HR 4	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	N/E
Child labour		
HR 5	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the effective abolition of child labour	N/E
Forced and compulsory labour		
HR 6	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	N/E
Security practices		
HR 7	Percentage of security personnel trained in the organisation's policies and procedures concerning aspects of human rights that are relevant to operations	N/E
Indigenous rights		
HR 8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	N/A
Assessment		
HR 9	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	N/E

Supplier assessment for human rights		
HR 10	Percentage of new suppliers that were screened using human rights criteria	N/E
HR 11	Significant actual and potential negative impacts for human rights in the supply chain and actions taken	N/E
Human rights grievance mechanisms		
HR 12	Number of grievances about human rights, filed, addressed and resolved through formal grievance mechanisms	N/E
SOCIETY		
Local community		
SO 1	Percentage of operations with implemented local community engagement, impact assessment and development programmes	N/A
SO 2	Operations with significant potential or actual negative impacts on local communities	N/A
Corruption		
SO 3	Percentage and total number of business units analysed for risks related to corruption and significant risks detected	N/E
SO 4	Anti-corruption communication and training policies and procedures	N/E
SO 5	Actions taken in response to confirmed cases of corruption	N/E
Public policy		
SO 6	Total value of political contributions by country and recipient/beneficiary	N/A
Anti-competitive behaviour		
SO 7	Total number of legal actions for anti-competitive behaviour and monopoly practices and their outcomes	N/E
Compliance		
SO 8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	N/E
Supplier assessment for impacts on society		
SO 9	Percentage of new suppliers that were screened using criteria for impacts on society	N/E
SO 10	Significant actual and potential negative impacts on society in the supply chain and actions taken	N/E
Grievance mechanisms for impacts on society		
SO 11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	N/E

PRODUCT RESPONSIBILITY		
Customer health and safety		
PR 1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvements	N/E
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome	N/E
Product and service labelling		
PR 3	Type of product and service information and labelling required by procedures and percentage of significant products and services subject to such information	N/E
PR 4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling by type of outcome	N/E
PR 5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	21
Marketing communications		
PR 6	Sale of banned or disputed products	N/E
PR 7	Total number of incidents of non-compliance with regulations and voluntary codes concerning market communications, including advertising, promotion and sponsorship, by type of outcome	N/E
Customer privacy		
PR 8	Total number of substantial complaints regarding breaches of customer privacy and losses of customer data	N/E
Compliance		
PR 9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	N/E



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