



ANNUAL REPORT **FNMT-RCM**



2017



Real Casa de la Moneda
Fábrica Nacional
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 la 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 legal requirements, are given priority consideration in 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any equipment proving harmful to the health of the employees or having a negative impact on the environment has been withdrawn.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 period from 2010 to 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 saw the commencement of the process for ISO 50001 certification in Energy Management, which was completed this year. 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 appropriate action is being taken, using the right resources and taking the necessary steps. 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 Business Plan has been 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.

With a view to improving communication, it was decided to publish a internal newsletter, whose content is supervised by the Communication Committee, a recently-created body in charge, amongst other things, of channelling all the information deriving from the application of the Business Plan. One of the strategic pillars of the Plan consists in promotion onto new markets. So as to achieve this aim, greater backing has been provided for the Asia Regional Sales Office, opened in September 2015; and the first steps have been taken towards opening a new Regional Sales Office in Latin America.

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). 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 2017. [\(G4-28\)](#) [\(G4-29\)](#) [\(G4-30\)](#)

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:

- **Internal Audit and Quality Control Management**
- **Communication [\(G4-31\)](#)**

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 with 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 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 groups of stakeholders of reference which were consulted and which are described in the section on stakeholders. **(G4-21)**



Stakeholders

Identification

The Social Responsibility Policy includes the organisation's commitment to abide by the principles set down in ISO Standard 26000 and in particular, accountability, transparency, ethical behaviour, respect for the concerns of interested parties, the legality principle and human rights. 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 strategy. In accordance with the internal procedure put in place for the identification of these groups of 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	CRITERIA
Employees	<ul style="list-style-type: none"> • Decision-taking capacity in the organisation's activity • Capacity to influence the organisation by negotiation • Protected groups • Groups with special working conditions
Customers	<ul style="list-style-type: none"> • Size of turnover • Consideration as a strategic customer
Suppliers	<ul style="list-style-type: none"> • Volume of purchases • Geographical area • Supply of raw materials, machinery and annual services
Society	<ul style="list-style-type: none"> • Relationship with the institution's productive activity • Relationship with the institution's image
Environment	<ul style="list-style-type: none"> • Seen as a transversal concept to be constantly taken into account in relations with other stakeholders
Alliances and Collaborations	<ul style="list-style-type: none"> • Economic impact on the institution's activity
Competitors	<ul style="list-style-type: none"> • Economic impact on production lines
Administration	<ul style="list-style-type: none"> • Closeness of relations with each of the production lines
Ownership	<ul style="list-style-type: none"> • Sole ownership: Ministry of Finance and Public Service

Engagement

So as to find out 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	<ul style="list-style-type: none"> • Opinion polls • Attendance at trade fairs and congresses • Workshops • Membership of associations and bodies • Customer services • Queries and complaints • Follow-up commissions
Suppliers	<ul style="list-style-type: none"> • Opinion polls • Corporate website • Answering queries and complaints • Approval of suppliers • Meetings
Employees	<ul style="list-style-type: none"> • Employee portal • Quarterly newsletter • Notice boards • Surveys
Society	<ul style="list-style-type: none"> • 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 the engagement of the stakeholders.

- 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 conditions.

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

- Development of the Communication Plan associated to the Business Plan, setting up the FNMT-RCM internal newsletter.
- Signing of Equality Plan II with workers' representatives.
- A skills development system was prepared on the back of the development conversations held by each chief with his own personnel.
- OHSAS 18001 certification was maintained.

- 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.
- Post-sales service.

Further to these issues, the following actions are under consideration:

- Adaptation of ISO 9001 and ISO 14001 to the 2015 version.
- Existence of follow-up commissions for contracts with customers from the Public Administrations.
- Increase the productive capacity by means of investment 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 5 are as follows:

YEARS	2017	2016	2015
Level of overall satisfaction	4.40	4.01	4.32
Satisfaction perceived	4.40	4.02	4.40
Satisfaction perceived re product	4.45	4.29	4.50
Satisfaction perceived re delivery	4.26	4.23	4.45
Satisfaction perceived re service	4.35	4.21	4.29

In 2017, a total of 136 complaints was received. Of these, three were rejected as there was no instance of non-compliance in the products or in the service rendered. The average time taken to analyse a complaint and determine corrective measures was 107 days. However, when a complaint is received, a reply is sent to the customer within the same week, offering a solution for the non-compliance.

- With **suppliers**

- Clarity in information and documents.
- Problem-response time.
- Dialogue and settlement of queries.
- Transparency in the selection of bids.
- Contract fulfilment.
- Payment terms and conditions.
- Delivery terms.
- Outlook for development of the commercial relationship.

By way of implementing the above, the following activities are carried out:

- 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 purchase.
 - The person who purchases 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 4-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, remained separate 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 FNMT 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.

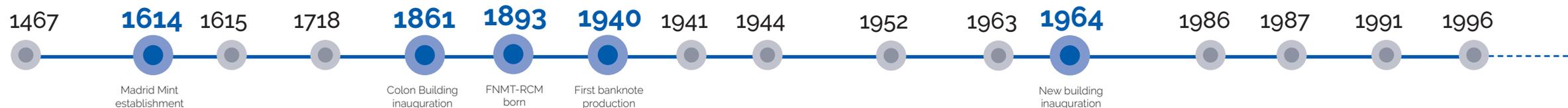
The acquisition of new functions, combined with the obsolete facilities at the building in Plaza de Colón, brought the need to move to new premises. Hindered by a number of difficulties, work took

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 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 the 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 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 and Public Service 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 de 23 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 for 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 documents.
- 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 Administration 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, 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 customer's expectations and ensuring their loyalty.
- **Ethical and 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 contamination.

Risks derive, in the main, from the technological developments of a constantly-evolving market, 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 2017, 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 CORPORATE ACTIVITY	
• Increase the duration of 1, 2 and 5 cent dies	●
• Increase productivity on the passport marking-sewing-cutting line	●
• Increase productivity on the card-sheeting machine	●
• Reduce the number of hours of downtime deriving from faults in the PVC Production Workshop	●
• Implement 5 S procedures in the areas of card-sheeting, die-cutting and checking	●
• Reduce the number of passports packaged manually or semi-automatically	●
• Reduce the number of hours of downtime deriving from breakdowns and changes in card production	●
• Reduce downtime in high-security cards	●
• Reduce the number of batches of printing forms failing to pass the final check	●
• Issuance of a new pseudonym certificate for the Administration of Justice	●
• Start up a new certification authority for the issuance of extended validation certificates	●

ITEM	DEGREE OF FULFILMENT
• Introduce the Certificate Transparency Protocol	●
• Start up a new signature service on the Cloud , to be rolled out in mobile and remote-signature environments	●
IMPROVING MANAGEMENT PROCESSES AND UNDERPINNING THE QUALITY GUARANTEE	
• 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 an R&D&I management system in compliance with ISO 166002	●
• Implementation of the digital signature in laboratory reports	●
• Reduce stock of raw materials for printing processes	●
• Consolidate and boost market presence	●
• Improve customer satisfaction at the Printing Department	●
• Integrate the quality and social responsibility management systems	●
BOOSTING RELATIONS WITH THE EMPLOYEES	
• Negotiate Equality Plan II	●
• Reduce the average response-time for suggestions	●
• Reduce the percentage of absenteeism	●
• Increase the percentage of disabled employees	●

ITEM	DEGREE OF FULFILMENT
• Increase the percentage 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 open selection processes	
MINIMISING ENVIRONMENTAL IMPACT	
• Increase the number of LED luminaires	
• Reduce the generation of hazardous waste in the form of absorbent, contaminated rags	

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 its content 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, safeguard 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 and Public Service, 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 Ministry of Finance and Public Service. There is, however, a website on which any employee or person from one of the other groups of stakeholders 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. <http://portal.fnmt.es/formulariosFirma/>

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 2017, 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 and Public Service. 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 Public Service 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 Competitiveness 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 2017, the Board of Directors (Chairman, members, advisers and Secretary) was made up of 11 men and five women.

The duties of the Board of Directors are laid down in the bylaws of FNMT-RCM and include agreement as 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 Ministry of Finance and Public Service and subsequent inclusion in the pertinent budget acts.



Board of Directors

(at December 31 2017)

Chairman:

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

Members:

- **Mr. José Ángel García Cabrera**
*Deputy Director General of Telecommunications,
Networks and Operators
Ministry of Energy, Tourism and Digital Agenda*
- **Mr. Manuel Tuero Secades**
*Director, Official State Gazette Agency
Ministry of the Presidency and Territorial Administrations*
- **Mr. Rafael Padilla Ruiz**
*Deputy Director General of Operation
Tax IT Department (AEAT)
Ministry of Finance and Public Service*
- **Mr. Diego Pérez de los Cobos Orihuel**
*Director, Office of Coordination and Research
Secretariat of State for Security
Ministry of the Interior*
- **Ms. Elena Aparici Vázquez de Parga**
*Deputy Director General of the Treasury
Ministry of Economy, Industry and Competitiveness*
- **Ms. Alejandra Sánchez Yáñez**
*Adviser at the Office of the Secretariat of State
for Budgets and Spending
Ministry of Finance and Public Service*
- **Mr. Ángel Manuel Marqués Almanza**
*Deputy Director General of Organisation, Planning
and Resource Management at the State's General Audit Office
Ministry of Finance and Public Service*
- **Mr. Alejandro de las Alas-Pumariño y Linde**
*Chief Officer
Ministry of Public Works*

- **Mr. Julio José Díez Menéndez**
*State Counsel-in-Chief
Ministry of Economy, Industry and Competitiveness*
- **Mr. José Luis López González**
*Head of the Budget Office
Ministry of Economy, Industry and Competitiveness*
- **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
Undersecretary of Finance and Public Service
Ministry of Finance and Public Service*
- **Ms. María Teresa Bernedo Arzak**
*Director, Office of the Minister of Agriculture
and Fishing, Food and the Environment
Ministry of Agriculture*
- **Ms. Silvia García Malsipica**
*Deputy Director General of Coordination, Auditing
and Knowledge Management
Ministry of Justice*

Secretary:

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



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

TOTAL REMUNERATION RECEIVED (EUROS)	2017	2016	2015
Board of Directors	143,000	114,000	128,000
Top-management personnel	645,000	647,000	685,000
Other managerial staff	2,275,000	2,373,000	2,418,000

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.

Workforce (G4-10) (G4-11)

All data on employees are further reflected in the report Social Balance 2017.

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 System.
- Fringe benefits to supplement employees' salaries.
- Internal communication, fostered by 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	2017			2016			2015		
	M	F	TOTAL	M	F	TOTAL	M	F	TOTAL
Madrid premises	867	243	1,110	907	252	1,159	835	215	1,050
Burgos premises	110	35	145	127	40	167	125	37	162
Total	977	278	1,255	1,034	292	1,326	960	252	1,212
Management team	31	6	37	32	6	38	31	6	37
Section chiefs	71	16	87	70	16	86	71	16	87
Middle managers	61	5	66	61	5	66	61	4	65
Technical staff	208	74	282	204	75	279	208	72	280
Clerical staff	81	84	165	81	72	153	78	68	146
Operatives	487	85	572	545	112	657	477	80	557
Auxiliary staff	38	8	46	41	6	47	34	6	40
Total	977	278	1,255	1,034	292	1,326	960	252	1,212

At year-end 2017, temporary contracts accounted for 10.06 % of the total workforce, as compared with 12.22 % in 2016 and 6.11% in 2015.

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	2017	2016	2015
Labour grievances	11	5	11

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 information 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		2017	2016	2015
Lifelong training programme	Courses	136	106	134
	Attendees	3,810	3,012	2,996
	Training hours	37,386	31,501	31,365
Other training	Courses	45	75	46
	Attendees	642	853	577
	Training hours	5,329	6,464	3,913
Training hours operative/year		32.63	29.36	24.54
Investment in training		666,838	637,374	568,792

Occupational Health and Safety

Accident figures (LA-6)

YEARS		2017	2016	2015
Total absenteeism rate (*)		8.56 %	8.62 %	8.33 %
Absenteeism rate (**)		5.23 %	5.67 %	5.05 %
(*) Includes all items relating to job attendance, including stoppages. (**) Does not include legal leave or stoppages.				
Accidents on shop floor causing leave Madrid premises	Men	31	31	32
	Women	9	9	8
Accidents on shop floor causing leave Burgos premises	Men	4	6	1
	Women	4	1	1
Days lost due to occupational accidents		1,092	993	764
Frequency rate		25.34	25.22	19.02
Gravity rate		0.64	0.67	0.46
Hazard rate		134.61	150.79	123.66
Incidence rate		194.5	217.75	179.69
Occupational diseases		4	3	4

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 operation, certified pursuant to OHSAS Standard 18001.

The institution has its own health and safety service which is financed with its own resources and covers the following specialities: occupational 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 company ones.

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 (with a response from 17 employees); prostate cancer (160 employees); and colon and rectum (219 employees).

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

- Influenza: 206
- Herpes Zoster: 91
- Tetanus: 29 (LA-5) (LA-8)

FNMT-RCM took part in the Third encounter of companies with a responsible attitude 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. Lastly, so as to encourage the integration of accident prevention and reduction, a preventive action competition was organised, with prizes for individual employees and also for each of the institution's departments.

Equality

FNMT-RCM reached an agreement with workers' representatives, resulting in the Corporate Equality Plan II.

The percentage of the workforce taking advantage of the work-life balance measure in the course of the year, including the flexible timetable, stands at 45.81%. Moreover, 0.96% of the workforce, not included in this percentage, has a fixed timetable to enable them to attend official study courses.

Other work-life balance measures resulted in the following:

- Employees entitled to maternity leave: eight women.
- Employees taking paternity leave: 24 men.
- Employees taking breast-feeding leave: three women and 10 men.
- Employees entitled to maternity protection leave (high-risk pregnancy): one woman.

- Reduced working hours for carers of a relative: 13 women and two men.
 - 50% reduced paid working hours for one month due to the serious illness of an immediate relative: two men.
 - 99.99% reduced paid working hours for the care of offspring suffering from cancer or a serious illness: one man.
 - In the rotating shift work system, a fixed shift was assigned to 21 people on account of work-life balance relating to the care of relatives. Of these, eight were women and 13, men.
 - Unpaid leave for care of a relative: one woman and seven men.
 - In the rotating shift work system, a fixed shift was assigned to 12 people engaged in official studies: four women and eight men.
- (LA-3)**

On-site training on the subject of equality was provided, with a total of 531 attendees (86 women and 445 men).

NUMBER OF COURSES HELD	NUMBER OF COURSE HOURS	NUMBER OF APPLICANTS			NUMBER OF ATTENDEES		
		M	W	TOTAL	M	W	TOTAL
181	42,715	4,438	1,094	5,532	3,526	926	4,452
		80%	20%	100%	79%	21%	100%

As a result of the support provided for less advantaged groups, at year-end, there were 30 employees with a level of disability equal to, or higher than 33%. These employees account for 2.31% of the total workforce. **(LA-12)**

On the subject of 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)**

Premises and the Environment

FNMT-RCM divides its activity between its headquarters in Madrid, where the bulk of 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 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 range of activities, 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 its work centres for the design and production of security paper, 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	2017 (tonnes)	2016 (tonnes)	2015 (tonnes)
Bleached cotton linter 1	119.40	204.57	187.36
Resin, type epichlorhydrin epoxy	140.00	195.00	170.00
Titanium dioxide anatase (slurry)	69.66	174.96	142.06
Euro coin blanks	5,912.52	5,105.67	2,221.52
Polyvinyl alcohol	57.40	64.00	64.00
Plastic (polycarbonate, vinyl polychloride)	106.37	110.98	121.59
Paper	4,915.20	4,304.40	4,247.36
Inks	16.36	52.95	86.46
Cotton floss combing machine	1,570.65	1,804.38	1,820.50

Energy

DIRECT ENERGY CONSUMPTION (EN-3)			
GAS CONSUMPTION / KWH	2017	2016	2015
Madrid-Jorge Juan Centre	6,951,615	8,253,277	7,961,181
Madrid-Warehouse Centre	565,530	770,800	445,381
Burgos Centre	13,832,776	19,709,607	18,621,067
Total	21,349,921	28,733,684	27,023,664
ELECTRICITY CONSUMPTION / KWH	2017	2016	2015
Madrid-Jorge Juan Centre	22,048,293	20,669,804	21,159,426
Madrid-Warehouse Centre	1,014,189	1,003,431	953,301
Burgos Centre	12,970,430	18,134,667	18,298,019
Total	36,032,912	39,807,902	38,972,844

ENERGY SAVED DUE TO CONSERVATION AND EFFICIENCY IMPROVEMENTS (EN-5)			
GAS	2017	2016	2015
kWh/euro invoiced	0.075	0.112	0.118
ELECTRICITY	2017	2016	2015
kWh/euro invoiced	0.126	0.155	0.170

Water

TOTAL WITHDRAWAL OF WATER BY SOURCE (EN-8) (EN-9)			
TOTAL WATER SUPPLY CONTRACT BY SOURCE / m ³	2017	2016	2015
Madrid-Jorge Juan Centre Drinking water network	22,450	21,569	22,320
Madrid-Warehouse Centre Drinking water network	755	711	1,328
Burgos Centre River Arlanzón	659,576	864,138	931,106
Burgos Centre Drinking water network	14,813	14,923	14,986
Total	697,594	901,341	969,876

Emissions

DIRECT EMISSIONS OF GREENHOUSE GASES (SCOPE 1) (EN-15)			
DIRECT CO ₂ EMISSIONS (tonnes) FROM CONSUMPTION OF NATURAL GAS	2017	2016	2015
Madrid Centre	1,518	1,823	1,697
Burgos Centre	2,417	3,415	3,761
DIRECT CO ₂ EMISSIONS (tonnes) FROM CONSUMPTION OF ELECTRICITY	2017	2016	2015
Madrid Centre	6,688	7,954	7,441
Burgos Centre	4,929	5,259	5,306

Electricity generation emission factor:

- 2017: 0.29 CO₂ (kg/kWh)
- 2016: 0.35 CO₂ (kg/kWh)
- 2015: 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	2017	2016	2015
Kg/euro invoiced	0.014	0.020	0.024
ELECTRICITY	2017	2016	2015
Kg/euro invoiced	0.041	0.051	0.049

Effluents and Waste

TOTAL WEIGHT OF WASTE TREATED OR RECYCLED (EN-23)			
TYPE	2017	2016	2015
Sludge, intaglio waste treatment plant	0	0	318,670
Sludge, galvanoplasty waste treatment plant	4,880	0	3,180
Oils and emulsions	3,959	4,795	1,967
Solvent dregs	583	1,747	4,039
Ink waste	69,785	55,763	78,207
Contaminated cloths and absorbents	22,709	23,124	35,353
Coolants	1,020	266	471
Water with hydrocarbons	12,465	10,969	25,678
Developer-fixer	2,246	2,225	2,248
Expired paints	234	386	294
Expired products	127	1,119	453
Waxes and greases	0	7	50
Adhesives and sealants	380	661	482
Contaminated metal containers	15,707	17,044	26,298
Contaminated glass containers	61	78	36
Aerosols	27	37	34
Flexographic polymer	791	742	530
Fluorescent tubes	669	1,240	1,000
Acid-lead batteries	3,194	7,501	3,124
Nickel-cadmium batteries	0	37	0
Toner	1,921	1,777	2,813

TOTAL WEIGHT OF WASTE TREATED OR RECYCLED (EN-23)			
TYPE	2017	2016	2015
Electrical/electronic waste	6,633	5,455	5,574
Solid urban waste	81,884	121,780	101,560
Construction and demolition waste	138,920	5,332	450
Biosanitary waste	178	127	196
Sanitary containers	218	218	336
Demonetisation scrap	68,694	104,657	56,865
Scrap metal	143,130	87,501	69,380
Paper waste	780,650	557,077	435,243
Plastics	147,964	100,372	65,738
Wood	42,269	39,846	17,465
Activator solutions	2,215	5,676	9,852
TOTAL (kg.)	1.553.513	1.157.559	1.267.586

Transport

TRANSPORT OF MATERIALS AND PRODUCTS (EN-30)	2017	2016	2015
Cost of contracted service	2,783,431	2,290,000	2,221,000
Number of proprietary vehicles	8	7	9
Consumption of fuel (litres)	6,153	9,370	12,741

Expenditures and Investments

ENVIRONMENTAL EXPENDITURES AND INVESTMENTS (EN-31)			
DISPOSAL OF WASTE	2017	2016	2015
Cost of waste treatment and disposal	36,347	61,898	74,070
ENVIRONMENTAL PREVENTION AND MANAGEMENT	2017	2016	2015
Outsourced services	89,395	81,002	83,819
Certification of management system	0	14,524	13,050

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

Total production of national circulating coins exceeded 1,500 million pieces, reflecting an increase of 13% on the previous year. Given the magnitude of the domestic programme, no coins were made for other countries.

PRODUCTION		2017
Circulating coins, euro		1,501,048
Total		1,501,048

(Thousand units)

Collector Coins and Medals

The largest issue of collector coins is the silver coin with a face value of €30. This year, it was dedicated to the 25th Anniversary of the European Union Treaty. In addition, eight series of proof-quality collector coins were issued, consisting all together of five gold coins and 11 silver ones:

- International Year of Sustainable Tourism for Development.
- FIFA World Cup. Russia 2018.
- The First Series of *A kilo of gold*.
- The Eighth Series of Numismatic Gems.
- The Third Centenary of the Royal Company of Midshipmen.
- The Second Series of the Ages of Europe Programme.
- The Fifth Series of *Treasures of Spanish Museums*.
- The Eleventh Ibero-American Series. In this series, Spain is joined by Argentina, Cuba, Ecuador, Guatemala, Nicaragua, Paraguay, Peru and Portugal. Dedicated to *Wonders of Nature*, it is made up of nine coins, one for each country taking part, and a silver medal.



Perhaps the most noteworthy of these issues is the Fifth Series of *Treasures of Spanish Museums*, with one gold coin and four silver ones. The coins are dedicated to the most representative works at Museo Thyssen-Bornemisza to commemorate its 25th Anniversary. In terms of technical difficulty, the most challenging coin was the piece in the First Series of *A kilo of gold*, dedicated to the history of the dollar. Laser engraving was used to mark the coin's number on the edge of the piece, which has a diameter of 100 mm.





As in previous years, a euro set finished in proof quality was marketed. The set includes the €2 commemorative coin, on this occasion dedicated to the Church of Santa María del Naranco.

COLLECTOR COIN PRODUCTION		2017
€30 coins (silver)		279,250
Proof-quality coins		124,249
	Total	403,499

(Units)

Paper

Adding together the various types of banknote and medium-security paper, production totalled 1,370 tonnes, below the figures recorded in previous years. The reason for this lower production lies in the closure on August 24 of the paper production line so as to replace the existing machine with a state-of-the-art one. The new machine was located in a new building erected to house all the new equipment and machinery coming into operation in 2018. Most of the banknote paper produced was for IMBISA (€100 and €20). The rest was for the Bank of Belgium

(€50), the Bank of Greece (€5), the Bank of Nigeria (NGN20) and the Bank of Norway (kr50). Medium-security paper production for passports and other documents was up by 63 tonnes, or 185.3% more than one year previous.

The converted paper line, mainly used to make paper for postage stamps, produced a total of 177 tonnes, reflecting a decline of 16.9% in respect of the previous year.

PRODUCTION		2017
	National banknotes	688
	Banknotes for export	585
	National converted paper	177
	Other	97
	Total	1,547

(Thousand kilogrammes)

The year also saw the start-up on all the process lines of a reliable, auditable marking and tracing system (MTS) to be used on all sheets. Compulsory for the production of euro banknote paper, the system was inspected and audited by the European Central Bank, whose inspectors issued a highly-favourable, positive report.

Cards

In 2017, FNMT-RCM continued to produce the main identification documents in card-form: the electronic National Identity Card (DNI-e), which witnessed a considerable increase in deliveries

due to the renewal of the DNI-e issued 10 years ago. In addition, the development of the operating system for the new version (DNle 4.0) was set under way, while work went on in the distribution of apps for mobile devices.

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 licences in compliance with the European Union unified model.

As biometric features are becoming increasingly important in the sphere of identification documents, it is essential to continue to attend the meetings of the biometry working group within the scope of the European Committee for Standardisation (CEN WG 18).

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). Furthermore, in the case of ISFAS and MUGEJU, cards are also issued for members and beneficiaries.

In the banking sector, the production of smart university cards and hospital employee cards for Banco Santander was maintained. So as to comply with the requirements for MasterCard hardware and software certifications, work remained in place on the adaptation of infrastructure for the personalisation of these cards.

With regard to the framework tender organised by Consorcio Regional de Transportes de Madrid for the production of transport

cards, FNMT-RCM was awarded the contract for the supply of the green and blue models of transport card.

Collaboration is ongoing with the Ministry of Public Works as regards the maintenance and development of management and control infrastructure for the digital tachograph, including the terrestrial transport control application for conventional mobile devices (tablets); and approval of two chips for digital tachograph cards, as a result of which there are now two supply sources.

PRODUCTION		2017
	Electronic DNI	7,759
	Driving licence	3,464
	Residence permit	639
	Smart cards	953
	Magnetic band cards	1,297
	Total	14,112

(Thousand units)



Graphic Products

This section covers the bulk of the 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.

The production of National Lottery tickets witnessed an upswing of 8.25%. There were 103 lottery draws, the Christmas draw being of particular note with 170 series of 100,000 tickets.

As a result of the greater technical complexity involved in the issues, the production of postage stamps went down by 5.3%, although the new resources and applications, such as lenticular stamps and special die-cutting lines, increased in terms of value-added. A total of 70 philatelic issues was produced for the Post Office, 13 for Andorra and four for Equatorial Guinea.

The sizeable demand for passports coming to us from both the Ministry of the Interior and the Ministry for Foreign Affairs and Cooperation took up the entire production capacity to reach record figures.

Stamped bills shot up by 107.89% and tobacco seals, by 39%. Conversely, bingo cards recorded a decrease of 16.93%.

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. Worthy of special mention in this section is the considerable ground gained by Environmental Classification Labels for Dirección General de Tráfico.

GRAPHIC PRODUCTION		2017
	National Lottery	60,178
	Postage stamps	157,346
	Passports	2,617
	Bingo cards	464,542
	Betting slips	517,971
	Tobacco seals	2,585,263
	Stamped bills	757,993
	Visas	744
	Various	285,875

(Thousand units)

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

- Intaglio and lithographic plates and production control templates for the Bank of Ireland.
- A matrix for the German Bundesdruckerei.

Services

CERES (Spanish Certification)

In the course of 2017, the total number of active certificates went up from 5,467,228 to 6,140,779, reflecting an increase of 673,551 certificates, or 12.32%, in respect of the previous year. As the figure for the issuance of Representative's Certificates topped the one million mark, this may now be considered to be a consolidated project.

The number of notifications was 12,621,446, showing an 11% increase. Agencia Estatal de Administración Tributaria (the Spanish Tax Office) was the main issuer, taking up 92% of the total. So as to enable the Ministry of Justice to use this service, it was necessary to undertake a number of adaptations. The technological service provider was changed from Telefónica to INDRA. Although this change required a number of trial runs in terms of both development and pre-production and production, there were no significant impacts either for the bodies or for the end-users of the service.

The project to equip the centralised signature service with all the technical infrastructure necessary was finalised and is at the auditing and certification stage for the issuance of the appropriate CAR. The centralised signature service (CERES CloudID) will be accessible via prior authentication of the user, whose consent may be validated by means of a second identification factor. In addition, a mobile authentication service will be provided (CERES MobileID), which will suffice for the user's authentication in applications

benefiting from this option. This second service is expected to come into operation some time in 2018.

The issuance and management of Public Servant Pseudonym Certificates within the scope of the Ministry of Justice came into operation after the installation and configuration of the infrastructure involved and the development of the programmes required. The same process was carried out for the issuance and management of Public Servant Pseudonym Certificates for other bodies who did not consider it necessary for the forename and surname of the holder to appear on the certificate.

Another important achievement was the securing of the certifications necessary to comply with the requirements to be met by trusted service providers, pursuant to European Standard eIDAS (Electronic Identification and Signature), by which electronic identification is regulated.

Research, Development and Innovation

Activities and projects in R&D&I fall into three clearly-differentiated areas:

- External collaborations:
 - With the National Police Force in the maintenance and installation of new 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 and its sub-groups.

- Development of the uniform model, technical specifications and production kits relating to the new residence permit for the European Commission.
- Participation in international forums concerned with value, identification and travel documents (European Commission, ICAO).
- Participation in projects for international customers within the scope of identification and travel documents.
- Training courses in security documents for various official bodies, both national and international.

- Collaboration with other FNMT-RCM departments:

- In the development and/or improvement of new security products, processes and features. The main projects developed in the period of reference are as follows:
 - Internal coordination and development tasks for the new generic DNI 2.0 and generic passport 2.0 projects.
 - Technical approval of new equipment for the personalisation of DNI 3.0 and passport 3.0 (passport printers, rolling mills, DNI laser printers, biometric recording equipment etc.), to be used at the issuance centres of the National Police Force.
- Other noteworthy projects:
 - The joint development with the Burgos Paper Mill of various families of security markers.
 - The development of measuring equipment for FNMT's laboratory and productive departments.

- Internal activity:
 - Development and improvement of security characteristics for the security documents produced by FNMT.
 - Studies on the reproduction/forgability of security documents.
 - Development of a digital stamp for the integration of digital signatures in non-electronic security documents.
 - Integration of the FNMT's patent quadruple latent image in security documents.
 - Technological vigilance tasks within the scopes of production, security features and future technologies in the field of security documents, the following activities being worthy of special note:
 - Attendance at congresses and seminars.
 - Active participation in a number of technological platforms.
 - Follow-up of patent status.
 - Ongoing training of R&D&I personnel.
 - As far as the certification of R&D&I projects was concerned, the main developments were as follows:
 - INNODOCIDE (generic DNI 2.0, period 2016).
 - INNODOPASS (generic passport 2.0, period 2016).
 - NWDOCRESID (new residence permit, period 2016).
 - PUNZOSECUR (digital contrast dies, period 2016).
 - OPTIPRINT (optimisation of laser engraving, period 2016).

At the departmental level, work continued in 2017 on the development and implementation of an R&D&I Management System in accordance with UNE Standard 166002.

Laboratory

First and foremost, it is the task of the FNMT/RCM laboratory to provide productive departments with technical support. As part of this undertaking, a large number of reports were prepared. The most outstanding item in 2017 was the renewal of the ENAC (National Accreditation Agency) accreditation in accordance with the quality criteria required in International Standard UNE EN ISO/IEC 17025 for precious metals.

In 2017, external activity, accounting for 20.7% 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 metal euro coins. FNMT-RCM's laboratory has attained the status of trusted third party for a number of national banks, preparing technical reports on banknotes and metal coins of a range of denominations.

On the request of several law courts, expert reports were prepared on FNMT-RCM's products, thus compounding 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 satisfied and the laboratory collaborated in the preparation of articles on its activity, reflecting the institution's mission to serve society. In turn, the laboratory visited other official bodies and universities, where it also conducted training courses.



International Identification Projects

In this business line, activity centred upon the execution of viability studies; the provision of advisory services to governments through international cooperation agreements; and participation in tenders as a qualified product and services subcontractor.

These goals were set down in a new addendum to the Agreement of International Cooperation signed with RENAPER (National Persons Register), part of the Ministry of the Interior of Argentina, enabling us to carry on with our technical advisory service for the improvement of the issuance and modernisation process applied to the electronic National Identity Card (DNI) and passport. Furthermore, tasks were completed in connection with the viability study for the Tarjeta Vecinal Fronteriza (TVF), or Border Territory Card, under the Agreement of Cooperation with Argentina's National Directorate for Migration.

Certified Digitisation of Documents

Using its technical knowledge and skills, in 2016, FNMT-RCM started up this new service, which comprises the entire value chain in document processing: 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, this service covers the entire certified digitisation process. In the course of 2017, 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.



Associations and Membership of Organisations *(G4-16)*

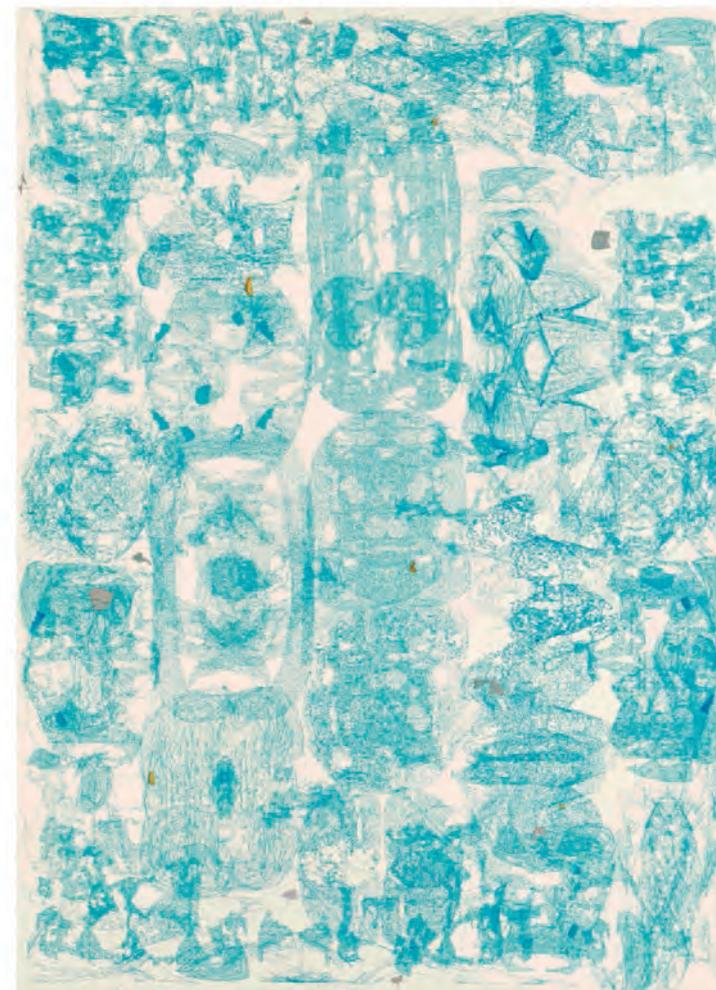
- **AELTE** (European Lotteries and Toto Association)
- **AERCE** (Spanish Association of Purchase, Procurement and Supply Professionals)
- **AUSAPE** (Association of SAP Users)
- **AUTELSI** (Spanish Association of Communication and Information Society Users)
- **CEEP** (European Centre of State-owned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

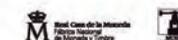
Museo Casa de la Moneda

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 2017, the museum was visited by 32,348 people, 25,829 of whom attended the exhibitions, and 6,519, other activities. Visitors came either as individuals or as groups from schools and associations. A total of 280 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).

José María Sicilia / La locura del ver



Museo Casa de la Moneda. 20 enero / 16 abril, 2017
Calle del Dr. Esquerdo, 36. 28028 Madrid



A. Temporary exhibitions

- **The Tomás Francisco Prieto Award 2015 – José María Sicilia. La locura del ver** A display of major creations representing this Spanish's artist's last six years.



- **El arte del grabado y el ferrocarril del siglo XIX al XXI.** Organised in conjunction with Fundación de los Ferrocarriles Españoles.
- **Feria de Dibujos y Estampas, Gabinete 2017.** Organised by Real Casa de la Moneda as part of the Drawing and Print Fair, with selected works by the students of the Engraving and Graphic Design School of Real Casa de la Moneda.
- **Tinta de verano 2017.** An exhibition of the graphic work, modelling, design and use of mixed media by students of the Engraving School. This complementary training activity reflects not only the quality of the training for the Master Diploma but also the students' creative capacity.
- **45º Premio Internacional de Arte Gráfico Carmen Arozena.** A display of the works which were awarded the prestigious Carmen Arozena International Graphic Arts Prize. A good number of engravers and stampers from all over the world took part in the exhibition, which was held at Museo Casa de la Moneda for the third year running.
- **The Tomás Francisco Prieto Award 2016 – Mitsuo Miura. Memorias Imaginadas.** A display of the most representative work of this Japanese artist, resident in Spain, covering the period from 1968 to 2017.

In addition, the following displays were organised at other venues:

- **Miguel de Cervantes Saavedra, Embajador de España.** Drawing on the collections of Museo Casa de la Moneda, this display has been held in Tenerife, La Palma, La Gomera, Las Palmas de Gran Canaria and Lanzarote.



- **De Mi Real Aprecio, La Real y Distinguida Orden Española de Carlos III.** Held at Edificio Histórico, Oviedo University, Asturias.
- **Tinta de Verano 2017.** When the exhibition ended at Museo Casa de la Moneda, it was taken to Sala Acua, on the campus of Cuenca University.

Museo Casa de la Moneda also loaned pieces from its collections to the organisers of the following exhibitions:

- **Carlos III.** Museo de Historia de Madrid.
- **Carreño de Miranda. Dibujos.** Biblioteca Nacional.

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

- **55º Exposición Filatélica Nacional, EXFILNA 2017,** organised by Federación de Sociedades Filatélicas (FESOFI) in Portugalete (Vizcaya).
- **40º Salón Nacional y 15º Internacional de Numismática,** organised by Asociación Numismática Española, (ANE) in Barcelona.
- **49ª Feria Nacional del Sello,** organised by the Post Office in conjunction with Asociación Nacional de Filatélicos (ANFIL) in Madrid.
- **25ª Exposición Filatélica Juvenil, JUVENIA 2017,** held in Avilés.

B. Other activities

- A total of 16 concerts, consisting of educational ones for schoolchildren and evening ones for the general public.
- Seven morning story-telling sessions.
- Workshop-visits for groups of schoolchildren, with 3,672 attendees.
- A cycle of conferences within the framework of events related to the Third Centenary of King Carlos III.
- Edition and publication of Issue 260 of the magazine *Numisma*.
- Processing of 72 applications from researchers and entities.



The Tomás Francisco Prieto Award

Holding pride of place amongst all the cultural activities organised by FNMT-RCM, the award was presented to the 2017 winner Vicky Civera by Queen Letizia during a solemn presentation ceremony held at Palacio de La Zarzuela on February 9 2018.

The 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 2017, the Master course's sixth year, the students received their diplomas during the Tomás Francisco Prieto award ceremony.

Training Practicals

In 2017, pursuant to the agreements of collaboration in place, training practicals were undertaken at FNMT-RCM involving 49 people: 36 at the university level; 11, in the area of occupational training; and two in connection with the 4th ESO+Empresa Programme.



Annual Accounts and Management Report (Economic Indicators)

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



Audit Report of the Financial Statements

1. 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 2017 which comprise the balance sheet at 31 December 2017, 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 the Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda (FNMT-RCM) is responsible for preparing the entity's financial statements in accordance with the financial reporting framework set out in note 2 of 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 May 2018 and made available to the National Audit Office on the same date.

The General Manager initially submitted the financial statements on 28 March 2018 and they were made available to the National Audit Office on the same date. Those accounts were amended on the date specified in the preceding paragraph.

The information on the financial statements is contained in file NF0568_2017_F_180511_140541_Cuentas.zip the electronic summary of which is 3D4D0C5B864DEF096D572A7F610EC9A388DF5919C5B00505036ED14DC49F9209 and it is filed in the CICEP:red application of the Office of the General State Comptroller.

2. 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.

3. 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 FNMT-RCM at 31 December 2017, 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.

4. Report on other legal and regulatory requirements

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 the 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 of the National Audit Office and by the National Auditor Area Director, at Madrid, on 16 May 2018.

 **Balance Sheet**
(Expressed in €'000)

ASSETS	31-12-2017	31-12-2016
A) NON-CURRENT ASSETS	190,215	290,443
<i>I. Intangible assets</i>	1,092	1,081
5. Computer software	1,092	1,081
<i>II. Property, plant and equipment</i>	149,530	139,832
1. Land and buildings	85,225	86,041
2. Plant and other items of property, plant and equipment	37,608	41,132
3. Property, plant and equipment in the course of construction and advances	26,697	12,659
<i>III. Investment property</i>	13,726	13,946
1. Land	10,487	10,487
2. Buildings	3,239	3,459

ASSETS	31-12-2017	31-12-2016
<i>IV. Non-current investments in Group and affiliated companies</i>	21,075	3,075
1. Equity instruments	21,075	3,075
<i>V. Non-current financial assets</i>	482	128,498
1. Equity instruments	-	18,000
2. Loans to third parties	343	357
5. Other financial assets	139	110,141
<i>VII. Deferred tax assets</i>	4,310	4,011
B) CURRENT ASSETS	312,736	197,919
<i>II. Inventories</i>	43,061	49,996
1. Goods held for resale	311	288
2. Raw materials and other supplies	19,154	21,843
3. Work in progress	10,902	13,377
4. Finished goods	12,694	14,488
<i>III. Trade and other receivables</i>	24,729	31,687
1. Trade receivables for sales and services	24,211	31,028
2. Receivable from Group and affiliated companies	79	-
3. Sundry accounts receivable	72	79
4. Employee receivables	366	487
5. Current tax assets	-	93
6. Other accounts receivable from Public Authorities	1	-

ASSETS	31-12-2017	31-12-2016
<i>V. Current financial assets</i>	160,103	118
2. Short-term loans to third parties	67	97
5. Other financial assets	160,036	21
<i>VI. Current prepayments and accrued income</i>	21	21
<i>VII. Cash and cash equivalents</i>	84,822	116,097
1. Cash	84,822	116,097
TOTAL ASSETS (A + B)	502,951	488,362

LIABILITIES	31-12-17	31-12-16
A) EQUITY	460,911	426,623
<i>A-1) Owners' equity</i>	460,911	426,624
<i>I. Capital</i>	10,047	10,047
1. Authorised capital	10,047	10,047
<i>III. Reserves</i>	409,046	386,453
1. Reserves provided for in the articles	260,108	237,515
2. Voluntary reserves	148,938	148,938
<i>VII. Profit for the year</i>	41,818	30,124

LIABILITIES	31-12-17	31-12-16
B) NON-CURRENT LIABILITIES	5,588	6,667
<i>I. Long-term provisions</i>	5,168	6,107
1. Provisions for long-term employee benefit obligations	3,569	4,784
4. Other provisions	1,599	1,323
<i>II. Long-Term Debts</i>	420	560
1. Other Long-Term debts	420	560
C) CURRENT LIABILITIES	36,452	55,071
<i>II. Short-term provisions</i>	177	192
<i>III. Current payables</i>	4,362	2,242
5. Other financial liabilities	4,362	2,242
<i>V. Trade and other payables</i>	31,719	41,141
1. Payable to suppliers	15,106	14,537
2. Suppliers, jointly controlled and related entities	1,044	3,211
3. Sundry accounts payable	3,122	2,374
4. Personnel (remuneration payable)	1,269	1,855
5. Current tax liabilities	339	1,235
6. Other accounts payable to Public Authorities	4,006	5,594
7. Customer advances	6,833	12,335
<i>VI. Current accruals and deferred income</i>	194	11,496
TOTAL EQUITY AND LIABILITIES (A + B + C)	502,951	488,362



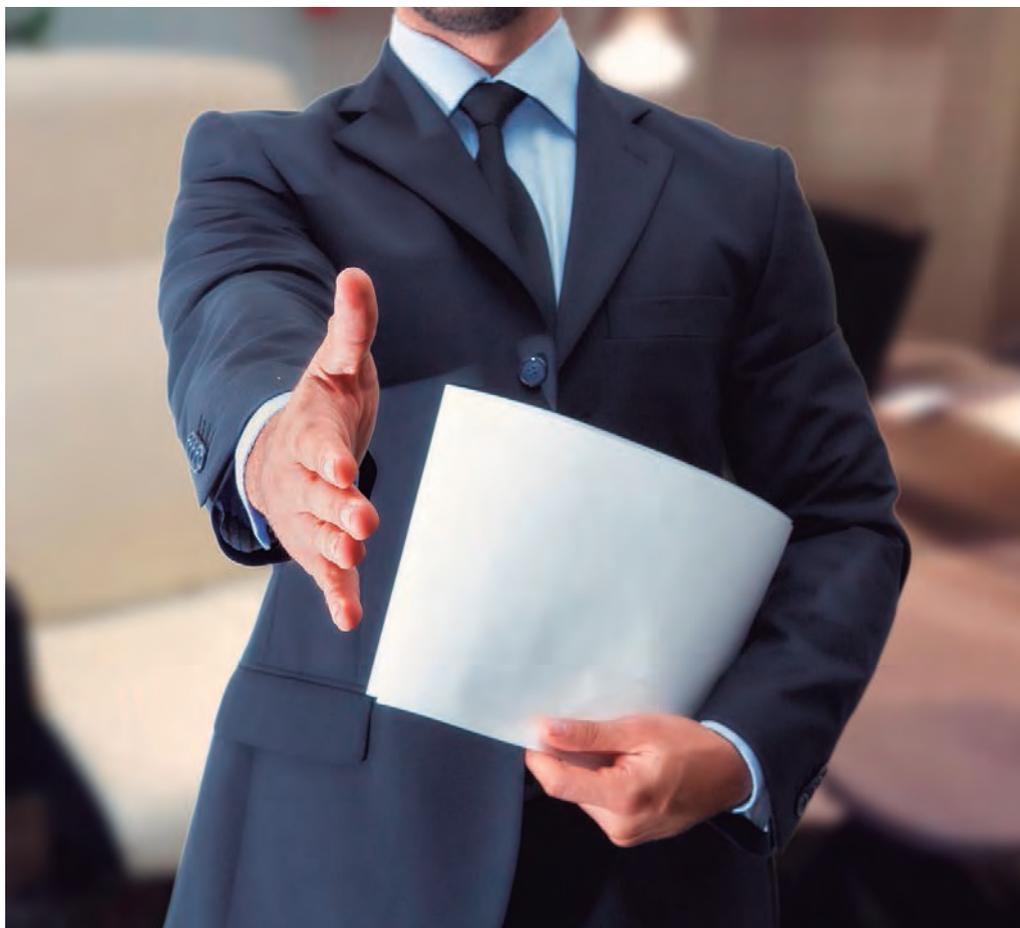
Income Statement

(Expressed in €'000)

	31-12-2017	31-12-2016
A) CONTINUING OPERATIONS		
1. Net turnover	285,867	257,046
a) Sales	247,496	228,796
b) Services	38,371	28,250
2. Change in inventories of finished goods and work in progress	(4,281)	3,267
3. In-house work on non-current assets	876	346
4. Procurements	(99,389)	(98,588)
a) Cost of goods held for resale used	(1,014)	(801)
b) Cost of raw materials and other consumables used	(89,123)	(90,379)
c) Work performed by other companies	(7,895)	(6,467)
d) Write-down of goods held for resale, raw materials and other supplies	(1,357)	(941)
5. Other operating income	257	362
a) Non-core and other current operating income	87	172
b) Income-related grants transferred to profit or loss	170	190
6. Staff costs	(65,600)	(67,099)
a) Wages, salaries and similar expenses	(48,546)	(49,151)

	31-12-2017	31-12-2016
b) Employee benefit costs	(17,054)	(17,948)
c) Provisions	-	-
7. Other operating expenses	(50,238)	(41,752)
a) Outside services	(43,199)	(39,061)
b) Taxes	(1,885)	(1,822)
c) Losses on, impairment of and changes in allowances for trade receivables	(3,940)	(169)
d) Other current management expenses	(1,214)	(700)
8. Depreciation and amortisation charge	(12,051)	(13,952)
11. Impairment and gains or losses on disposals of fixed assets	111	(132)
a) Impairment and other losses	76	(68)
b) Gains or losses on disposals and other	35	(64)
OPERATING PROFIT		
13. Finance income	364	682
a) On interests in equity instruments	101	113
b) On marketable securities and non-current loans	263	569
b2) Third parties	263	569
16. Exchange differences	(455)	(14)
17. Impairment and profit or loss on the sale of financial instruments	-	(9)
a) Impairments and losses	-	628
b) Profit or loss on sales and other	-	(637)

	31-12-2017	31-12-2016
FINANCIAL PROFIT OR LOSS	(91)	659
PROFIT BEFORE TAX	55,461	40,157
<i>18. Income tax</i>	<i>(13,643)</i>	<i>(10,033)</i>
PROFIT FOR THE YEAR	41,818	30,124



Directors' Report

Turnover amounted to EUR 286 million in the financial year 2017, 11% above the previous year's figures. There were revenue increases from activities related to services and supplies to the Interior Ministry, increased sales of coins, and increases in the provision of services. Noteworthy in this connection, given its qualitative effect, is the improvement in electronic certification department sales. On the other hand, sales of banknote paper are down both at home and internationally, and so are sales of stamps and other printing products. During the financial year 2017, back-office support services continued to be provided to the new company resulting from the spin-off carried out in 2015.

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

As for operating expenses, they are up triggered by the greater sales volume.

The average headcount in the year 2017 was 1,308 people, 18 more than in the previous year. This was due to the need for more human resources to deal with greater sales volumes. 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 close to EUR 42 million, which accounts for 15% of net sales. This indicator has also improved due to increased activity levels which allow the results by product group to make a general positive contribution, 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 field, ensuring continuity of the services provided by the Entity within the context of the GSA.

Investments made during the year 2017 are mostly in process, noteworthy being tangible fixed asset investments (machinery and facilities), mainly for the Burgos manufacturing plant.

During the year 2017, the Entity has continued to devote its efforts to seeking out new viable methods and 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.

The Emerging Technology Committee was set up in order to boost the work carried out at the above departments and within the framework of the current Strategic Plan implemented by the Entity, and is tasked with pooling and coordinating the efforts under way in that connection at the Entity's different departments, which should be the starting point for the development of new processes and products both in the physical sphere and in the sphere of the new digital era.

The aforementioned business plan implemented throughout the previous year and which continues to be implemented in 2017 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.

In the financial year 2018, the activity is expected to decline slightly, with turnover amounting to EUR 258 million, and the profit after tax being EUR 18 million.

GRI Indicators

N/A Not applicable

N/E Non-existent

N/D No data

DESCRIPTION		
1.- STRATEGY AND ANALYSIS		
G4 1	Statement by the highest-ranking officer	06
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	50
G4 6	Countries where the organisation operates	N/A
G4 7	Nature of ownership and legal form	26
G4 8	Markets served	60
G4 9	Scale of the organisation	90
G4 10	Employees by type of contract and gender	43
G4 11	Employees under a collective bargaining agreement	43
G4 12	Organisation's supply chain	21
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	78

3.- MATERIALITY AND BOUNDARY		
G4 17	Entities included in financial statements	10
G4 18	Process for defining the report's contents and boundary	12
G4 19	Material aspects covered by the report	13
G4 20	State the boundary of each material aspect within the organisation	13
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	17
G4 27	Key topics and concerns raised through stakeholder engagement and how the organisation has responded	18
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 contents	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	90
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	90
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 used by weight or volume	54
EN 2	Percentage of materials used that are recycled input materials	N/E
Energy		
EN 3	Direct energy consumption	54
EN 4	Indirect energy consumption	S/D
EN 5	Energy saved due to conservation and efficiency improvements	55
EN 6	Reduction of energy consumption	59
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved	N/E
Water		
EN 8	Total water withdrawal by source	55
EN 9	Water sources significantly affected by withdrawal of water	55
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 biodiversity 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)	56
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	56
EN 19	Reduction of greenhouse gas emissions	N/E
EN 20	Emissions of ozone-depleting substances	59
EN 21	NOx, SOx 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	57-58
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 , Annexes I, II, III and VIII, 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	53
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	SI
Overall		
EN 31	Total environmental protection expenditures and investments, by type	59

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	44
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	49
Labour-management relations		
LA 4	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	45
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	46
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	45
LA 10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing their career endings	45
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 employees per 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	45
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 child 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 improvement	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	19

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 marketing 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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